IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

THIS OFFERING OF THE SECURITIES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER REGULATION 2(1)(SS) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI ICDR REGULATIONS").

IMPORTANT: This e-mail is intended for the named recipient(s) only. If you are not an intended recipient, please delete this e-mail from your system immediately. You must read the following before continuing. The following applies to the pre-numbered placement document of AXISCADES Technologies Limited (the "**Company**") dated January 15, 2024 in relation to the qualified institutions placement of equity shares of ₹ 5 each ("**Equity Shares**") by the Company filed with BSE Limited and National Stock Exchange of India Limited (the "**Stock Exchanges**") (such document, the "**Placement Document**") attached to this e-mail, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Placement Document. In accessing the Placement Document, you acknowledge and agree to be bound by the following terms and conditions, including any modifications to them, from time to time, each time you receive any information from us as a result of such access. The information in the Placement Document is confidential and subject to updation, completion, revision, verification, amendment and change without notice. None of IIFL Securities Limited, Ambit Private Limited and Centrum Capital Limited (the "**Book Running Lead Managers**") or any person who controls any of them or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any liability whatsoever for any loss howsoever arising from any use of this e-mail or the attached Placement Document or their respective contents or otherwise arising in connection therewith. **You acknowledge that the Placement Document is intended for use by you only and you agree not to forward it to any other person, internal or external to your company, in whole or in part, or otherwise provide access via e-mail or otherwise to any other person.**

INVESTING IN THE EQUITY SHARES DESCRIBED IN THE PLACEMENT DOCUMENT INVOLVES RISKS AND YOU SHOULD NOT INVEST ANY FUNDS IN THE EQUITY SHARES, UNLESS YOU ARE PREPARED TO RISK LOSING ALL OR PART OF YOUR INVESTMENT. YOU ARE ADVISED TO CAREFULLY READ THE SECTION TITLED "RISK FACTORS" AS WELL AS INFORMATION CONTAINED ELSEWHERE IN THE ATTACHED PLACEMENT DOCUMENT.

THE EQUITY SHARES OFFERED IN THE ISSUE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR ANY STATE SECURITIES LAWS IN THE UNITED STATES, AND UNLESS SO REGISTERED, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND ANY APPLICABLE U.S. STATE SECURITIES LAWS. YOU UNDERSTAND THAT THE EQUITY SHARES OFFERED IN THE ISSUE ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS", AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE U.S. SECURITIES ACT ("REGULATION S") AND YOU REPRESENT THAT YOU WERE OUTSIDE THE UNITED STATES WHEN THE OFFER TO PURCHASE THE EQUITY SHARES WAS MADE TO YOU AND YOU ARE CURRENTLY OUTSIDE THE UNITED STATES AND THAT YOU ARE NOT ACQUIRING OR SUBSCRIBING FOR THE EQUITY SHARES AS A RESULT OF ANY "DIRECTED SELLING EFFORTS" (AS DEFINED IN REGULATION S).

FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE EQUITY SHARES OF THE COMPANY AND DISTRIBUTION OF THE PLACEMENT DOCUMENT, SEE "SELLING RESTRICTIONS", "NOTICE TO INVESTORS", AND "TRANSFER RESTRICTIONS". THE ATTACHED PRE-NUMBERED PLACEMENT DOCUMENT MAY NOT BE FORWARDED, DOWNLOADED, DELIVERED OR DISTRIBUTED, IN WHOLE OR IN PART, ELECTRONICALLY OR OTHERWISE TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE

PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE EQUITY SHARES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT.

This Issue and the distribution of the Placement Document is being done in reliance on Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 of the Companies Act, 2013, each as amended and the rules framed thereunder. The Placement Document is personal to each prospective investor and does not constitute an offer or invitation or solicitation of an offer to the public or to any other person or class of investors.

Confirmation of your Representation: You are accessing the attached Placement Document on the basis that you have confirmed your representation, agreement and acknowledgement to the Book Running Lead Managers that: (1) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and to the extent that you purchase the securities described in the attached Placement Document, you will be doing so pursuant to Regulation S; (2) the securities offered hereby have not been registered under the Securities Act; (3) you consent to delivery of the attached Placement Document and any amendments or supplements thereto by electronic transmission; (4) you are a “Qualified Institutional Buyer” as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not restricted from participating in the offering under the SEBI ICDR Regulations and other applicable laws and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (5) you are aware that your name will be included in the Placement Document as proposed allottees along with the number of Equity Shares proposed to be Allotted to you and the percentage of your post issue shareholding in the Company and you consent to such disclosure; (6) you are aware that if you, together with any other Qualified Institutional Buyers belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, the Company shall be required to disclose your name, along with the name of such other Allottees and the number of Equity Shares Allotted to you and to such other Allottees, on the website of the Stock Exchanges, and you consent to such disclosure; (7) you are aware that if you are circulated the Placement Document or are Allotted any Equity Shares in the Issue, the Company is required to disclose details such as your name, address, PAN, email-id and the number of Equity Shares Allotted along with other relevant information as may be required, to the Registrar of Companies, Karnataka at Bangalore and you consent to such disclosures; and (8) that you consent to delivery of the attached Placement Document and any amendments or supplements thereto and the final placement document for the Issue by electronic transmission.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Book Running Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a “general solicitation” or “general advertising” (each as defined in Regulation D under the Securities Act) or “directed selling efforts” (as defined in Regulation S) in the United States or elsewhere. You are reminded that the attached Placement Document has been delivered to you on the basis that you are a person into whose possession the attached Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Placement Document to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or invitation or solicitation in any place where offers, invitations or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and Book Running Lead Managers or any affiliate of the Book Running Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Book Running Lead Managers or such affiliate on behalf of the Company in such jurisdiction. Further, nothing in this electronic transmission constitutes an offer or an invitation or solicitation of an offer or an offer or invitation to the public under the Companies Act, 2013, or any other applicable law, by or on behalf of either the Company or the Book Running Lead Managers to subscribe for or purchase any of the equity shares described in the attached Placement Document. The attached Placement Document has not been and will not be filed as a prospectus with any registrar of companies in India and is not and should not be construed as an offer document under the SEBI ICDR Regulations or any other applicable law. The attached Placement Document has not been and will not be reviewed or approved by any regulatory authority in India, including the Securities and Exchange Board of India, the Reserve

Bank of India, any registrar of companies in India or any stock exchange in India. The attached Placement Document is not and should not be construed as an invitation, offer or sale of any securities to the public in India.

The Placement Document been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, Book Running Lead Managers or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any of them accepts any liability or responsibility whatsoever in respect of any difference between the Placement Document distributed to you in electronic format and the hard copy version available to you on request from the Book Running Lead Manager. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. The attached Placement Document is intended only for use by the addressee named herein and may contain legally privileged and / or confidential information. If you are not the intended recipient of the attached Placement Document, you are hereby notified that any dissemination, distribution or copying of the attached Placement Document is strictly prohibited. If you have received the attached Placement Document in error, please immediately notify the sender or the Book Running Lead Managers by reply email and destroy the email received and any printouts of it.

You are reminded that no representation or warranty, expressed or implied, is made or given by or on behalf of any Book Running Lead Managers named herein, nor any person who controls them or any director, officer, employee or agent of them, or affiliate or associate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

Actions That You May Not Take: You should not reply by e-mail to this announcement, and you may not purchase any of the equity shares described in the attached pre-numbered Placement Document by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) FORWARD, DISTRIBUTE OR DELIVER THE ATTACHED PLACEMENT DOCUMENT, ELECTRONICALLY OR OTHERWISE, OR DISCLOSE THE CONTENTS OF THE PLACEMENT DOCUMENT TO ANY OTHER PERSON OR (2) REPRODUCE IN WHOLE OR PART THE ATTACHED PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISSEMINATION, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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Capital terms used but not defined herein shall have the meaning ascribed to such terms in the Placement Document attached hereto.

AXISCADES TECHNOLOGIES LIMITED

Registered and Corporate Office: Block C, Second Floor, Kirloskar Business Park, Bengaluru, Karnataka, India, 560 024 **Tel**: +91 80 4193 9000 |
Contact Person: Sonal Dudani, Company Secretary and Compliance Officer | **Email:** investor.relations@axiscades.in
Website: www.axiscades.com | **CIN**: L72200KA1990PLC084435

Our Company was originally incorporated as I.T. and T Enterprises Private Limited on August 24, 1990 as a private limited company under the Companies Act, 1956, as amended. The Registrar of Companies, NCT of Delhi and Haryana ("**RoC Delhi**") on July 1, 1996 certified that our Company became a deemed public company under section 43A of the Companies Act, 1956, as amended. A fresh certificate of incorporation dated January 7, 1998 was issued by the RoC Delhi consequent to change of name of our Company to 'IT & T Limited'. Thereafter, the name of our Company was changed to 'Axis-IT&T Limited' and a fresh certificate of incorporation was issued on May 12, 2005 by the RoC Delhi. The name of our Company was thereafter changed to 'AXISCADES Engineering Technologies Limited' and a fresh certificate of incorporation was issued on August 1, 2014 by the RoC, Delhi. On December 2, 2015, the RoC certified the registration of an order passed by the Company Law Board, Northern region on September 9, 2015, pursuant to which the state of our Registered Office was changed from the state of Delhi to the state of Karnataka. Subsequently, the name of our Company was changed to 'AXISCADES Technologies Limited' and a fresh certificate of incorporation was issued on November 10, 2020 by the RoC. The Equity Shares of our Company were listed on NSE on December 21, 2000 and on the BSE on January 1, 2001. For details of changes in the name of our Company, see "*General Information*" on page 432.

Our Company is issuing 3,323,262 equity shares of face value of ₹5 each (the "**Equity Shares**") at a price of ₹662.00 per Equity Share (the "**Issue Price**"), including a premium of ₹657.00 per Equity Share, aggregating to ₹21,999.99 lakhs (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 27.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER, EACH AS AMENDED.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE. THE ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBS IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES PRESCRIBED THEREUNDER, AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBS. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBS WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO: (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE COMPANIES ACT, 2013, AS AMENDED, THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" ON PAGE 35 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS SHALL CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND THE COMPANY.

The Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). The closing price of the Equity Shares on BSE and NSE as on January 12, 2024 was ₹798.55 and ₹799.65 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to the Issue, from BSE and NSE, each on January 10, 2024. Our Company shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

A copy of the Preliminary Placement Document and this Placement Document, which include disclosures prescribed under Form PAS-4 (as defined hereinafter), have been delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Karnataka at Bangalore ("**RoC**") within the stipulated period as required under the Companies Act, 2013 (as defined hereinafter) and the PAS Rules (as defined above). This Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority, and is intended only for use by Eligible QIBs (as defined hereinafter). The Preliminary Placement Document and this Placement Document have not been and shall not be filed as a prospectus with the RoC, shall not be circulated or distributed to the public in India or any other jurisdiction, and the Issue shall not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue have been made pursuant to the Preliminary Placement Document, together with the Application Form, this Placement Document and the Confirmation of Allocation Note (each as defined herein). For further details, see "*Issue Procedure*" on page 383. The Preliminary Placement Document and this Placement Document relate to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and no offer has been made to the public or any other class of investors. The distribution of this Placement Document or the disclosure of its contents without our Company's prior consent to any person other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "*offshore transactions*", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made. See "*Selling Restrictions*" on page 398 for information about eligible offerees for the Issue and "*Transfer Restrictions*" on page 405 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information on the website of our Company, any website directly or indirectly linked to website of our Company or on the respective websites of the Book Running Lead Managers (as defined hereinafter) or of their respective affiliates does not form part of this Placement Document and prospective investors should not rely on any such information contained in or available through any such websites for their investment in this Issue.

This Placement Document is dated January 15, 2024.

BOOK RUNNING LEAD MANAGERS		
IIFL SECURITIES LIMITED	AMBIT PRIVATE LIMITED	CENTRUM CAPITAL LIMITED

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company and its Subsidiaries, and the Equity Shares, which we consider material in the context of the Issue. The statements contained in this Placement Document relating to our Company and its Subsidiaries, and the Equity Shares are in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company and its Subsidiaries, and the Equity Shares are honestly held, have been arrived at after considering all relevant circumstances and are based on reasonable assumptions and information presently available with our Company. There are no other facts in relation to our Company and its Subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

IIFL Securities Limited, Ambit Private Limited and Centrum Capital Limited (the "**Book Running Lead Managers**") have made reasonable enquiries but have not separately verified all of the information contained in the Preliminary Placement Document and this Placement Document (financial, legal, or otherwise). Accordingly, neither the Book Running Lead Managers, nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in the Preliminary Placement Document and this Placement Document or any other information supplied in connection with the Issue of the Equity Shares or their distribution.

Each person receiving the Preliminary Placement Document and this Placement Document acknowledges that such person has not relied on any of the Book Running Lead Managers or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and its Subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company, or by or on behalf of the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction and any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offense in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and with reliance on Regulation S of the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. See "*Selling Restrictions*" on page 398 for information about eligible offerees for the Issue and "*Transfer Restrictions*" on page 405 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information contained in the Preliminary Placement Document and this Placement Document has been provided by our Company and from other sources identified herein. The Preliminary Placement Document and this Placement Document are being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider subscribing for the particular securities described herein. The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the Book Running Lead Managers or their representatives, and those retained by Eligible QIBs to advise them with respect to their subscription of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Placement Document does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document, nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For further details, see "*Selling Restrictions*" on page 405.

In making an investment decision, the prospective investors must rely on their own examination of our Company and its Subsidiaries and the Equity Shares and the terms of the Issue, including the merits and risks involved. The prospective investor should not construe the contents of the Preliminary Placement Document and this Placement Document as legal, tax, accounting or investment advice. The prospective investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Managers are making any representation to any investor, purchaser, offeree or subscriber to the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company. If you do not understand the contents of this Placement Document, you should consult an authorised financial advisor and/or legal advisor.

Each investor, purchaser, offeree or subscriber of the Equity Shares is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and it is eligible to invest in India and in our Company under Indian law, including under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the PAS Rules and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in the securities including the Equity Shares or otherwise accessing the capital markets in India.

Each subscriber of the Equity Shares also acknowledges that it has been afforded an opportunity to request from our Company and review information pertaining to our Company and the Equity Shares.

This Placement Document does not purport to contain all the information that any Eligible QIB may require. This Placement Document contains summaries of certain terms of documents, which summaries are qualified in their entirety by the terms and conditions of such documents. Further, this Placement Document has been prepared for information purposes in relation to this Issue only and upon the express understanding that it will be used for the purposes set forth herein.

Our Company does not undertake to update this Placement Document to reflect subsequent events after the date of this Placement Document and thus it should not be relied upon with respect to such subsequent events without first confirming the accuracy or completeness with our Company. Neither the delivery of this Placement Document nor any issue of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company since the date hereof.

Our Company and the Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, that may occur after the date of this Placement Document. The information on our Company's website, www.axiscades.com, any website directly and indirectly linked to the website of our Company or on the website of SEBI or the Stock Exchanges or on the respective websites of the Book Running Lead Managers and of their affiliates, other than this Placement Document shall not constitute nor form part of this Placement Document and no investment decision should be made on the basis of such information. The prospective investors should not rely on any such information contained in, or available through, any such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information to investors in certain other jurisdictions, see "*Selling Restrictions*" and "*Transfer Restrictions*" on page 398 and 405, respectively.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in the Issue. By Bidding (hereinafter defined) and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the Book Running Lead Managers, as follows:

1. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company which is not set forth in the Preliminary Placement Document and this Placement Document;

2. You are a "Qualified Institutional Buyer" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable law in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue;

3. You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;

4. If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Placement Document and have a valid and existing registration with SEBI under the applicable laws in India, or (ii) a multilateral or bilateral development financial institution and can participate in the Issue only under Schedule II of FEMA Rules and you are eligible to invest in India under applicable law, including FEMA Rules, and any other notifications, circulars or clarifications issued thereunder. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You have not been prohibited by SEBI, RBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets. Since FVCIs are not permitted to participate in the Issue, you confirm that you are not a FVCI;

5. You are eligible to invest in and hold the Equity Shares of our Company in accordance with the FDI Policy (as defined hereinafter), read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules;

6. You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

7. You acknowledge that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis;

8. You will provide the information as required under the Companies Act, 2013 and the PAS Rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;

9. If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment (hereinafter defined), except on the Stock Exchanges. For further details in this regard, see "*Selling Restrictions*" and "*Transfer Restrictions*" on page 398 and 405, respectively;

10. You are aware that the Preliminary Placement Document has not been, and this Placement Document will not be, filed as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. The Preliminary Placement Document and this Placement Document have not been reviewed, verified or affirmed by SEBI, the RBI, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible QIBs. The Preliminary Placement Document and this Placement Document have been filed with the Stock Exchanges for record purposes only and will be displayed on the websites of our Company and the Stock Exchanges;

11. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents and authorities, as may be required and complied and shall comply with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document), and will honor such obligations;

12. Neither our Company, the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of the Book Running Lead Managers. Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates has any duty or responsibility to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

13. All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward looking statements, which speak only as of the date of this Placement Document. Neither our Company, nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assumes any responsibility to update any of the forward looking statements contained in this Placement Document;

14. You are aware that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category of investors other than the Eligible QIBs and the Allotment shall be on a discretionary basis at the discretion of our Company in consultation with the Book Running Lead Managers;

15. You have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out under "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 398 and 405, respectively;

16. You have been provided serially numbered copies of the Preliminary Placement Document and this Placement Document, and have read them in their entirety, including in particular the "*Risk Factors*" on page 35;

17. In making your investment decision, you have (i) relied on your own examination of our Company and its Subsidiaries and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company and its Subsidiaries the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company, its Subsidiaries and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

18. Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, either of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

19. You are a sophisticated investor and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv)

have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

20. If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

21. You are not a 'promoter' of our Company (as defined under the SEBI ICDR Regulations), and are not a person related to the Promoter, either directly or indirectly and your Bid does not directly or indirectly represent any Promoter or Promoter Group (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

22. You have no rights under a shareholders' agreement or voting agreement entered into with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoter);

23. You are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

24. To the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

    a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

    b. 'Control' shall have the same meaning as is assigned to it under the SEBI Takeover Regulations;

25. You are aware that (i) applications for in-principle approval, in terms of Regulation 28 of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) final applications will be made for obtaining listing and trading approvals from the Stock Exchanges, and that there can be no assurance that such approvals will be obtained on time or at all. Neither our Company nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

26. You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

27. You are aware that in terms of the requirements of the Companies Act, 2013, upon Allocation, our Company is required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document. However, disclosure of such details in relation to the proposed Allottees in this Placement Document does not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Managers;

28. You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act, 2013;

29. You acknowledge that the Preliminary Placement Document and this Placement Document do not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

30. You are aware that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures being made by our Company;

31. You are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement with our Company, whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set

out therein, severally and not jointly, undertaken to use their reasonable efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

32. The contents of the Preliminary Placement Document and this Placement Document are exclusively the responsibility of our Company and that neither the Book Running Lead Managers nor any person acting on its or their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document and this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or our Company or any other person and neither the Book Running Lead Managers nor our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, and the Book Running Lead Managers and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

33. You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares, including in respect of the right to receive dividend and other distributions declared;

34. Neither the Book Running Lead Managers nor any of their respective affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

35. You acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;

36. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act, 2013;

37. You confirm that either (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company or this Issue; or (ii) if you have participated in or attended any Company presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have the knowledge of the statements that our Company or its agents may have made at such company presentations and are therefore unable to determine whether the information provided to you at such meetings or presentations included any material misstatements or omissions, and, accordingly you acknowledge that Book Running Lead Managers have advised you not to rely in any way on any such information that was provided to you at such meetings or presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

38. You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the U.S. Securities Act.

39. You are outside the United States and are purchasing the Equity Shares in an ‘offshore transaction’ within the meaning of Regulation S and in compliance with laws of all jurisdictions applicable to you and are not our Company’s or the Book Running Lead Manager’s affiliate or a person acting on behalf of such an affiliate;

40. You are not acquiring or subscribing for the Equity Shares as a result of any “general solicitation” or “general advertising” (as those terms are defined in Regulation D under the U.S. Securities Act) or “directed selling efforts” (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described under “*Selling Restrictions*” and “*Transfer Restrictions*” on pages 398 and 405, respectively;

41. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue. You agree to indemnify and hold our Company and the Book Running Lead Managers and their respective affiliates and their respective directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

42. Our Company, the Book Running Lead Managers, their respective affiliates, directors, officers, employees and controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on their own behalf and on behalf of our Company, and are irrevocable;

43. You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Bengaluru, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

44. The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations; and

45. You have no right to withdraw your Application Form or revise your Bid downwards after the Issue Closing Date (as defined hereinafter).

46. You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India and Rule 6 of the FEMA Rules;

47. Your decision to subscribe to the Equity Shares to be issued pursuant to this Issue has not been made on the basis of any information, which is not set forth in this Placement Document.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines, and approvals in terms of Regulation 21 of the SEBI FPI Regulations, FPIs, including the affiliates of the Book Running Lead Managers, who are registered as category I FPIs can issue, subscribe and deal in offshore derivative instruments (as defined under the SEBI FPI Regulations, i.e., as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as category I FPIs can subscribe to or deal in such P-Notes, provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs, subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been, and are not being offered, or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

For further details relating to investment limits of FPIs, please see the section entitled "*Issue Procedure*" on page 383. P-Notes may be issued only in favour of those entities which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Pursuant to its circular dated June 10, 2016, SEBI has introduced additional requirements applicable to P-Notes, including (i) KYC norms for issuers of P-Notes which require identification and verification of beneficial owners of entities subscribing to the P-Note holding more than a prescribed threshold; (ii) the requirement for issuers to file suspicious transaction reports with the Indian Financial Intelligence Unit; and (iii) the requirement for the issuer to report details of intermediate transfers in the monthly reports on P-Notes submitted to SEBI. An Eligible FPI shall also ensure that no further issue or transfer of any instrument referred to above is made by or on behalf of it to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been, and are not being offered, or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above mentioned restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with the FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by and are the sole obligations of, third parties that are unrelated to our Company. Our Company, and, the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and does not constitute any obligations of or claims on the BRLMs.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer clause of the Stock Exchanges

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;

2. warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; and

3. take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document have been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to, or in connection with, such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to the 'Company', 'we', 'us', 'our' or the 'Issuer' are to AXISCADES Technologies Limited together with its Subsidiaries on a consolidated basis.

In this Placement Document, references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. All the numbers in this Placement Document have been presented in lakhs or whole numbers, unless stated otherwise.

Page Numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document

Financial and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'Fiscal Year', 'Fiscal' or 'FY' are to the twelve month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

In this Placement Document, unless the context requires otherwise or unless stated otherwise, all financial information for the six months period ended September 30, 2023 and for the Fiscal 2023, 2022 and 2021 is derived from the Unaudited Interim Condensed Consolidated Financial Statements, Fiscal 2023 Audited Consolidated Financial Statements, Fiscal 2022 Audited Consolidated Financial Statements and Fiscal 2021 Audited Consolidated Financial Statements.

Our Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standard 34, "Interim Financial Reporting" prescribed under Section 133 of the Companies Act and other accounting principles generally accepted in India.

There are significant differences between Ind AS, U.S. GAAP and IFRS. The financial information included in this Placement Document comprise of our Audited Consolidated Financial Statements for Fiscals 2023, 2022, 2021 and the Unaudited Interim Condensed Consolidated Financial Statements. The Unaudited Interim Condensed Consolidated Financial Statements for the six months ended September 30, 2023 have been prepared in accordance with the Indian Accounting Standard 34, "Interim Financial Reporting" prescribed under Section 133 of the Companies Act and other accounting principles generally accepted in India. The financial information for the six months ended September 30, 2023 is not indicative of future operating performance and are not comparable with annual financial information presented.

See "*Risk Factors – Significant differences exist between Ind AS, U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition. Accordingly, financial statements included in this Placement Document might not provide meaningful information to readers whose level of familiarity with Indian accounting practices is limited.*" on page 58.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity, current ratio, interest coverage ratio, net working capital have been included in this Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance and because such measures are frequently used by security analysts, investors and others to evaluate the operational performance of companies in our industry, many of which provide such non-GAAP.

These non-GAAP measures are supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, these non-GAAP measures are not standardised terms, hence a direct comparison of these non-GAAP Measures between companies may not be possible. Other companies may calculate these non-GAAP Measures differently from us, limiting its usefulness as a comparative measure.

For Fiscal 2023, Fiscal 2022 and Fiscal 2021 and the six month period ended September 30, 2023, our financials are prepared in lakhs and have been presented in this Placement Document in lakhs. In this Placement Document, references to "lakh(s)" represent "100,000", "million" represents "10 lakhs" or "10,00,000", "crore(s)"represents "1,00,00,000"or "10 million" or "100 lakhs", and "billion" represents "1,00,00,00,000" or "1,000 million" or "100 crore". Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to our businesses contained in this Placement Document consists of estimates based on data and reports compiled by government bodies, professional organizations, industry publications and analysts, data from other external sources and knowledge of the markets in which we compete. The statistical information included in this Placement Document relating to the various sectors in which we operate has been reproduced from various trade, industry and regulatory/ government publications and websites, more particularly described in "*Industry Overview*" on page 326.

Unless stated otherwise, statistical information, industry and market data used throughout this Placement Document has been obtained from the report titled "Defence and ER&D Industry Report" dated January 2, 2024 (the "**Lattice Report**"), which is a report exclusively commissioned and paid for by our Company and prepared by Lattice Technologies Private Limited pursuant to an engagement letter dated December 7, 2023 in connection with the Issue.

The Lattice Report contains following disclaimer:

"This material has been prepared by 1Lattice, which is the trade name of Lattice Technologies Private Limited ("1Lattice", "we" or "our") with the intent to showcase our capability and disseminate learnings to potential partners/clients. The report has been prepared as a general summary of matters on the basis of our interpretation of the publicly available information, our experiences and the information provided to us, and should not be treated as a substitute for a specific business advice concerning individual matters, situations or concerns. Procedures we have performed do not constitute an audit of the Company's historical financial statements nor do they constitute an examination of prospective financial statements. We have also not performed any procedures to ensure or evaluate the reliability or completeness of the information obtained from the Company. Accordingly, we express no opinion, warranty, representation or any other form of assurance on the historical or prospective financial statements, management representations, or other data of the Company included in or underlying the accompanying information. We have not carried out any financial, tax, environmental or accounting due diligence with respect to the Company."

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. See also "*Risk Factors – Industry information included in this Placement Document has been derived from an industry report exclusively commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate"* on page 56.

Neither our Company, nor the Book Running Lead Managers have independently verified such third party and industry related data and make any representation regarding the accuracy or completeness of such data. Similarly, while we believe that our internal estimates are reasonable, such estimates have not been verified by any independent sources, and neither our Company nor any of the Book Running Lead Managers can assure potential investors as to their accuracy. See also "*Risk Factors – Industry information included in this Placement Document has been derived from an industry report exclusively commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate"* on page 56.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute forward looking statements. The prospective investors can generally identify forward looking statements by terminology such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘goal’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘seek to’, ‘should’, ‘will’, ‘will continue’, ‘will pursue’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward looking statements. However, these are not the exclusive means of identifying forward looking statements.

The forward looking statements appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward looking statements. These forward looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward looking statements contained in this Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections. All forward looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward looking statements include, among others:

- *Our business largely depends upon our top 10 customers. For the six-months ended September 30, 2023 and in the Fiscal 2023, 2022, 2021, our revenue from top 10 customers was ₹34,718.46 lakhs, ₹61,370.85 lakhs, ₹45,883.29 lakhs and ₹40,018.81 lakhs representing 74.65%, 75.42%, 75.42%and 77.35% of our revenue from operations respectively. The loss of any of these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.*

- *Our customers located in Europe and North America make up for a significant proportion of our total revenue. Worsening economic conditions or factors that negatively affect the economic conditions of Europe and North America could materially adversely affect our business, cash flows, financial condition and results of operations.*

- *Our revenues are highly dependent on a limited number of industry verticals, and any decrease in demand for outsourced services in these industry verticals could reduce our revenues and materially adversely affect our business, cash flows, financial condition and results of operations.*

- *We do not have agreements having commitment on part of our customers to purchase or place orders with us. If our customers choose not to source their requirements from us, there may be a material adverse effect on our business, financial condition, cash flows and results of operations.*

- *Our products and solutions business which encompasses our defense offerings is largely dependent on contracts from the Government of India and associated entities including defence public sector undertakings. A decline or reprioritisation of the Indian defense budget, reduction in orders, termination of existing contracts, delay of existing or anticipated contracts or programmes or any adverse change in the GoI’s defense related budget and policies may have a material adverse impact on our business.*

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections titled “*Risk Factors*”, “*Industry Overview*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 35, 326, 352 and 292, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, any future gains, losses or impact on net income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward looking statements are reasonable at this time, it cannot assure the prospective investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward looking statements. In any event, these statements speak only as of the date of this Placement

Document or the respective dates indicated in this Placement Document, and our Company or the Book Running Lead Managers undertake no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI and Stock Exchange requirements, our Company and the Book Running Lead Managers' will ensure that the Shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchange.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. Except for Abidali Zainuddin Neemuchwala who is a resident of United States of America, all the Directors and Senior Management of our Company named herein are resident citizens of India and all of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

a. where the judgment has not been pronounced by a court of competent jurisdiction;

b. where the judgment has not been given on the merits of the case;

c. where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

d. where the proceedings in which the judgment was obtained were opposed to natural justice;

e. where the judgment has been obtained by fraud; and

f. where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards. The execution of a foreign decree under Section 44A of the Civil Procedure Code is also subject to the exception under Section 13 of the Civil Procedure Code as mentioned above.

Each of the United Kingdom, Singapore, United Arab Emirates and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the foreign judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. Our Company and the Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per USD), Euro (in ₹ per EUR) and Canadian dollar (in ₹ per CAD). The exchange rates are based on the reference rates released by the RBI/ FBIL/ Exchangerates.org.uk, which are available on the website of the RBI/ FBIL/Exchangerates.org.uk. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars, Euros and CAD at any particular rate, the rates stated below, or at all.

1. US dollar

(₹ per USD)

	Period end(1)	**Average(2)**	**High(3)**	**Low(4)**
Fiscal*				
2023	82.22	80.39	83.20	75.39
2022	75.81	74.51	76.92	72.48
2021	73.50	74.20	76.81	72.29
Month ended*				
December 31, 2023*	83.12	83.28	83.40	83.02
November 30, 2023	83.35	83.30	83.39	83.13
October 31, 2023	83.27	83.24	83.27	83.15
September 30, 2023	83.06	83.05	83.26	82.66
August 31, 2023	82.68	82.79	83.12	82.28
July 31, 2023	82.25	82.15	82.68	81.81

(Source: www.rbi.org.in and www.fbil.org.in)

(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;
(2) Average of the official rate for each working day of the relevant period;
(3) Maximum of the official rate for each working day of the relevant period; and
(4) Minimum of the official rate for each working day of the relevant period.

Notes:
* *If the RBI/ FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed. The RBI/ FBIL reference rates are rounded off to two decimal places.*

2. EURO

(₹ per EUR)

	Period end(1)	**Average(2)**	**High(3)**	**Low(4)**
Fiscal*				
2023	89.61	83.72	90.26	78.34
2022	84.66	86.56	90.51	83.48
2021	86.10	86.67	90.31	81.50
Month ended*				
December 31, 2023*	92.00	90.84	92.45	89.74
November 30, 2023	91.48	89.99	91.64	88.04
October 31, 2023	88.32	87.88	88.49	87.08
September 30, 2023	87.94	88.74	89.62	87.34
August 31, 2023	90.22	90.37	91.06	89.17
July 31, 2023	90.58	90.84	92.29	89.15

(Source: www.rbi.org.in and www.fbil.org.in)

(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;
(2) Average of the official rate for each working day of the relevant period;
(3) Maximum of the official rate for each working day of the relevant period; and
(4) Minimum of the official rate for each working day of the relevant period

Notes:
* *If the RBI/ FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed. The RBI/ FBIL reference rates are rounded off to two decimal places.*

3. Canadian Dollar

(₹ per CAD)

	Period end(1)	**Average(2)**	**High(3)**	**Low(4)**
Fiscal*				
2023	60.76	60.71	62.37	59.02
2022	60.69	59.44	61.14	57.46
2021	58.28	56.19	58.34	53.17
Month ended*				
December 31, 2023	62.82	62.08	63.06	61.29
November 30, 2023	61.48	60.75	61.48	60.18
October 31, 2023	60.00	60.69	61.33	60.00
September 30, 2023	61.20	61.30	62.06	60.69
August 31, 2023	61.18	61.44	62.05	60.65

July 31, 2023	62.35	62.13	62.57	61.86

(Source: https://www.exchangerates.org.uk/)

(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;

(2) Average of the official rate for each working day of the relevant period;

(3) Maximum of the official rate for each working day of the relevant period; and

(4) *Minimum of the official rate for each working day of the relevant period*

Notes:

* *If the reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed. The reference rates are rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013 the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections titled "Taxation", "Industry Overview", "Financial Statements" and "Legal Proceedings" on pages 412, 326, 76 and 425 respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
"our Company", "the Company", "the Issuer"	AXISCADES Technologies Limited, a company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at Block C, Second Floor, Kirloskar Business Park, Bengaluru, Karnataka, India, 560 024
"we" or "us" or "our" or "group"	Unless the context otherwise indicates or implies, refers to our Company, its Subsidiaries and its associate, on a consolidated basis.* For the purpose of financial information, "we" or "us" or "our" or "group" would mean our Company, its Subsidiaries and its associate as at or during the relevant period/ fiscal. **On July 11, 2022, our Company sold the investment in its associate ASSYSTEMS AXISCADES Engineering Private Limited ("**AAEPL**") pursuant to which AAEPL has ceased to be an associate of our Company.*

Company Related Terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	Articles of association of our Company, as amended
Audit Committee	The audit committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, and as described in "*Board of Directors and Senior Management*" on page 364
Audited Consolidated Financial Statements	Fiscal 2023 Audited Consolidated Financial Statements, Fiscal 2022 Audited Consolidated Financial Statements and Fiscal 2021 Audited Consolidated Financial Statements
"Auditors" or "Statutory Auditors"	M/s S.R. Batliboi & Associates LLP
"Board of Directors" or "Board" or "our Board"	The board of directors of our Company or any duly constituted committee thereof
Capital Raise Committee	Capital Raise Committee of our Company as disclosed in "*Board of Directors and Senior Management*" on page 364
Directors	The directors on the Board of our Company
Equity Shares	Equity shares of our Company of face value of ₹5 each
ESOP	Collectively, Axiscades ESOP 2018 – Series 1 and Axiscades ESOP 2018 – Series 2
Fiscal 2023 Audited Consolidated Financial Statements	Our audited consolidated financial statements for Fiscal 2023 comprising the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss, the consolidated statement of cash flow and the consolidated statement of changes in equity for the year ended March 31, 2023 read along with the notes thereto, including a summary of significant accounting policies and other explanatory information prepared in accordance with Ind AS
Fiscal 2022 Audited Consolidated Financial Statements	Our audited consolidated financial statements for Fiscal 2022 comprising the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss, the consolidated statement of cash flow and the consolidated statement of changes in equity for the year ended March 31, 2022 read along with the notes thereto, including a summary of significant accounting policies and other explanatory information prepared in accordance with Ind AS
Fiscal 2021 Audited Consolidated Financial Statements	Our audited consolidated financial statements for Fiscal 2021 of comprising the consolidated balance sheet as at March 31, 2021, the consolidated statement of profit and loss, the consolidated statement of cash flow and the consolidated statement of changes in equity for the year ended March 31, 2021 read along with the notes thereto, including a summary of significant accounting policies and other explanatory information prepared in accordance with Ind AS
Independent Director(s)	Non-Executive and Independent directors on the Board, as disclosed in "*Board of Directors and Senior Management*" on page 364
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations as disclosed in "*Board of Directors and Senior Management*" on page 364
Lattice Report	"*Defence and ER&D Industry Report*" dated January 2, 2024, which is a report exclusively commissioned and paid for by our Company and prepared by Lattice Technologies Private Limited

Term	Description
Material Subsidiaries	AXISCADES Aerospace and Technologies Private Limited, AXISCADES Aerospace Infrastructure Private Limited, Enertec Controls Limited, Mistral Solutions Private Limited, AXISCADES Inc. and AXISCADES Technology Canada Inc.
"Memorandum" or "Memorandum of Association" or "MoA"	Memorandum of association of our Company, as amended
Mistral	Mistral Solutions Private Limited
Nomination and Remuneration Committee	Nomination and remuneration committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, as described in "*Board of Directors and Senior Management*" on page 364
Preference Shares	Preference shares of our Company of face value of ₹100 each
Promoter	Our Promoter, namely Jupiter Capital Private Limited
Promoter Group	Individuals and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
"Registrar of Companies" or "RoC"	Registrar of Companies, Karnataka at Bangalore
Registered and Corporate Office	Block C, Second Floor, Kirloskar Business Park, Bengaluru, Karnataka, India, 560 024
Risk Management Committee	The risk management committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Board of Directors and Senior Management*" on page 364
Senior Management	Key Managerial Personnel and senior management of our Company, as described in "*Board of Directors and Senior Management*" on page 364
Shareholders	Shareholders of our Company
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Board of Directors and Senior Management*" on page 364
Subsidiaries	AXISCADES Inc., AXISCADES UK Limited, AXISCADES Technology Canada Inc., AXISCADES GmbH, Axis Mechanical Engineering Design (Wuxi) Co. Ltd., Cades Studec Technologies (India) Private Limited, AXISCADES Aerospace and Technologies Private Limited, AXISCADES Aerospace Infrastructure Private Limited, Enertec Controls Limited, Mistral Solutions Private Limited, Aero Electronics Private Limited, Mistral Technologies Private Limited, Mistral Solutions Inc., Mistral Solutions Pte Limited, Explosoft Tech Solutions Private Limited, Add-solutions GmbH and Epcogen Private Limited.
Unaudited Interim Condensed Consolidated Financial Statements	The unaudited interim condensed consolidated balance sheet of the Group as at September 30, 2023 and the related interim condensed consolidated statement of profit and loss (including the interim condensed consolidated statement of other comprehensive income), interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period ended September 30, 2023 and an interim condensed summary of material accounting policy information and other explanatory information, prepared in accordance with the Indian Accounting Standard 34, "Interim Financial Reporting" prescribed under Section 133 of the Companies Act and other accounting principles generally accepted in India.

Issue Related Terms

Term	Description
"Allocated" or "Allocation"	Allocation of Equity Shares, in consultation with the Book Running Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms submitted by them, in compliance with Chapter VI of the SEBI ICDR Regulations
"Allotment" or "Allotted"	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares of our Company are issued pursuant to the Issue
Application Form	Form (including any revisions thereof) which has been submitted by the Eligible QIBs for registering a Bid in the Issue
Bid Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue, including any revisions thereof
Bid(s)	Indication of an Eligible QIB's interest including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bidder(s)	Any investor, being an Eligible QIB, who made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
"Book Running Lead Managers" or "BRLMs" or "Lead Managers"	Collectively IIFL Securities Limited, Ambit Private Limited and Centrum Capital Limited
BSE	BSE Limited
"CAN" or "Confirmation of Allocation Note"	Note, advice or intimation confirming the Allocation of Equity Shares to Successful Bidders confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about January 15, 2024
Designated Date	The date on which the Equity Shares issued pursuant to the Issue, are listed on the Stock Exchanges pursuant to receipt of the final listing and trading approvals for the Equity Shares from the Stock Exchanges or the date on which Form PAS-3 is filed by our Company with the RoC, whichever is later

Term	Description
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that were eligible to participate in the Issue and which were not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations. However, FVCIs were not permitted to participate in the Issue.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheque or overdraft facilities, opened with the Escrow Bank, subject to the terms of the Escrow Agreement
Escrow Bank	RBL Bank Limited
Escrow Agreement	Agreement dated January 10, 2024, entered into by and amongst our Company, the Escrow Bank and the Book Running Lead Managers for collection of the Bid Amount and remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	Floor price of ₹696.70, for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company had offered a discount of 4.98% on the Floor Price in accordance with the special resolution of our Shareholders passed by way of a postal ballot dated December 18, 2023, the results of which were declared on December 19, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Issue	The offer, issue and Allotment of 3,323,262 of the Equity Shares to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	January 15, 2024
Issue Opening Date	January 10, 2024 the date on which our Company (or the Book Running Lead Managers on behalf of our Company) had commenced acceptance of the Application Forms and the Bid Amount
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs submitted their Bids along with the Bid Amount
Issue Price	A price per Equity Share of ₹662.00
Issue Size	The Issue of 3,323,262 Equity Shares aggregating to ₹21,999.99 lakhs
Monitoring Agency	CRISIL Ratings Limited
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
NSE	National Stock Exchange of India Limited
Placement Agreement	Placement agreement dated January 10, 2024 entered into by and among our Company and the Book Running Lead Managers
Placement Document	This placement document dated January 15, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	The preliminary placement document along with the Application Form, dated January 10, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
"QIB" or "Qualified Institutiona Buyer"	Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with the applicable rules of the PAS Rules
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Bid Amount submitted by such Bidder pursuant to the Issue
Refund Intimation	The intimation from the Company to relevant Bidders confirming refund of the Refund Amount to their respective bank accounts
Relevant Date	January 10, 2024 which is the date of the meeting in which the Capital Raise Committee decided to open the Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Bid Amount and who have been Allocated Equity Shares in the Issue
Stock Exchanges	BSE and NSE
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorized or obligated by law to remain closed in Mumbai, India

Business and Industry Related Terms

Term	Description
"3D"	3-Dimensional
"4D"	4-Dimensional
"ADA"	Aeronautical Development Agency
"Adjusted EBITDA"	Adjusted Earnings Before Interest Tax Depreciation & Amortization
"Adjusted EBITDA Margin"	Adjusted Earnings Before Interest Tax Depreciation & Amortization Margin
"ADS"	Aerospace, Defence and Security
"AEW&C"	Airborne Early Warning and Control System
"AI"	Artificial Intelligence
"ALH"	Advanced Light Helicopters
"AMCA"	Advanced Medium Combat Aircraft
"APAC"	Asia Pacific Region
"APEC"	Asia-Pacific Economic Cooperation

"AR/VR"	Augmented Reality/Virtual Reality
"ATAGS"	Advanced Towed Artillery Gun System
"ATUFS"	Amended Technology Upgradation Fund Scheme
"B"	Billion
"BAM"	Battlefield Management System
"BEL"	Bharat Electronics Limited
"BFSI"	Banking, Financial Services and Insurance
"BIMSTEC"	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
"BIW"	Body-In -White
"BPO"	Business Process Outsourcing
"BRICS"	Brazil, Russia, India, China, South Africa
"C4ISR"	Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance
"CAD"	Computer Aided Design
"CAGR"	Compound Annual Growth Rate
"CEMA"	Cyber Electromagnetic Activities
"CEMILAC"	Centre For Military Airworthiness & Certification
"CIW"	Cabin-In-White
"COTS"	Commercial Off The Shelf
"DAP"	Defence Acquisition Procedure
"DBF"	Digital Beam Forming
"DEWs"	Directed Energy Weapons
"DGAQA"	Directorate General of Aeronautical Quality Assurance
"DIH"	Defence Innovation Hub
"DISC"	Defence India Start-Up Challenge
"DPIIT"	Department for Promotion of Industry and Internal Trade
"DPSUs"	Defence Public Sector Undertakings
"DRDO"	Defence Research and Development Organization
"E"	Estimated
"E-bombs"	Electronic Bombs
"EMS"	Electromagnetic Spectrum
"ER&D"	Engineering, Research and Development
"ESM"	Electronic Support Measures
"ESPs"	Engineering Service Providers
"EW"	Electronic Warfare
"FDI"	Foreign Direct Investment
"FOC"	Firm Order Commitment
"FPGA"	Field Programmable Gate Array
"G20"	Group of Twenty
"GCCs"	Global Capability Centres
"HAL"	Hindustan Aeronautics Limited
"HEAUV"	High Endurance Autonomous Underwater Vehicle
"HMI"	Human Machine Interface
"HRMS"	Human Resources Management System
"HX"	Human Experience
"IAF"	Indian Air Force
"ICDP"	Integrated Capability Development Plan
"iDEX"	Innovations for Defence Excellence
"IDMM"	Indigenously Designed Developed and Manufactured
"IIOT"	Industrial Internet of Things
"INS"	Indian Naval Ship
"IOP"	Internet of People
"IoT"	Internet of Things
"ISO"	International Organization for Standardization
"ISRO"	Indian Space Research Organization
"ISTAR"	Intelligence, Surveillance, Target Acquisition, and Reconnaissance
"IT"	Information Technology
"L&T"	Larsen & Toubro
"LCA"	Light Combat Aircraft
"LLTR"	Low Level Transportable Radar
"M"	Million
"MDL"	Mazagaon Dock Shipbuilders Limited
"MH"	Maritime Helicopter
"MK"	Mark
"ML"	Machine Learning
"MoD"	Ministry of Defence, India
"MPR"	Medium Power Radars
"MRFA"	Multirole Fighter Aircraft
"MRSAM"	Medium Range Surface-to-Air Missile
"MSIPS"	Modified Special Incentive Package
"MSMEs"	Micro, Small, and Medium Enterprises

"NATO"	North Atlantic Treaty Organization
"NEP"	National Electronic Policy
"Oceania"	Region comprising Australia, Melanesia, Micronesia, and Polynesia
"OEM"	Original Equipment Manufacturer
"P"	Projection
"PB"IDT	Profit Before Interest Depreciation and Tax
"PIB"	Press Information Bureau, Government of India
"PIL"	Positive Indigenization List
"PPE"	Property, Plant and Equipment
"PLI"	Production Linked Incentive
"PLM"	Product Lifecycle Management
"PoK"	Pakistan Occupied Kashmir
"PSU"	Public Sector Undertaking
"Quad"	Quadrilateral Security Dialogue
"R&D"	Research and Development
"RoW"	Rest of the World
"ROU"	Right of Use
"SAM"	Surface-to-Air Missile
"SCO"	Shanghai Cooperation Organization
"SEZs"	Special Economic Zones
"SoC"	System-on-Chip
"SRIJAN"	System for Real-time Inspection with the Help of Jig on the Assembly Line
"SwaP"	Size, Weight, and Power
"T"	Trillion
"TPM"	Total Productive Maintenance
"UAVs"	Unmanned Aerial Vehicle
"UGVs"	Unmanned Ground Vehicles
"VR"	Virtual Reality

Conventional and General Terms/ Abbreviations

Term	Description
"INR" or "Rupees" or "₹" or "Indian Rupees" or "Rs."	Indian Rupees
AED	United Arab Emirate Dirham
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
CAGR	Compounded Annual Growth Rate
CAD	Canadian Dollar
CDSL	Central Depository Services (India) Limited
CEO	Chief executive officer
CFO	Chief financial officer
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908
CNY	Chinese Yuan
CY	Calendar Year
Companies Act, 1956	The erstwhile Companies Act, 1956 and the rules made thereunder
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996
Depository Participant	A depository participant as defined under the Depositories Act
DKK	Danish Krone
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Extraordinary general meeting
EPS	Earnings per share
EU	European Union
EUR	Euro
FBIL	Financial Benchmarks India Private Limited
FDI	Foreign direct investment
FDI Policy	Consolidated FDI policy issued by the Department for Promotion of Industry and Internal Trade Ministry of Commerce and Industry, Government of India, with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999 and the regulations issued thereunder
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"Financial Year" or "Fiscal Year(s)" or "Fiscal"	Period of 12 months ended March 31 of that particular year, unless otherwise stated
Form PAS-4	Form PAS-4 as prescribed under the PAS Rules
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations

Term	Description
FVCI	Foreign venture capital investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 and registered with SEBI thereunder
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GBP	Great British Pound
GDP	Gross domestic product
GoI or Government or Central Government	Government of India, unless otherwise specified
GST	Goods and services tax
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS	Indian accounting standards as per Companies (Indian Accounting Standards) Rule 2015, notified by the MCA under Section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013
Income Tax Act	The Income Tax Act, 1961
MCA	The Ministry of Corporate Affairs, Government of India
MD	Managing director
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014
PAT	Profit After Tax
PAT Margin	PAT Margin means profit/(loss) for the period/year divided by revenue from contracts with customers
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
SCR (SECC) Regulations	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
SEC	United States Securities and Exchange Commission
SFA	The Securities and Futures Act Chapter 289 of Singapore
SGD	Singapore Dollar
SI-NBFC	Systemically important non-banking financial companies
Stock Exchanges	BSE and NSE
Total Borrowings	Total borrowings includes current borrowings and non-current borrowings
UK	United Kingdom
"U.S.$" or "U.S. dollar" or "USD"	United States Dollar, the legal currency of the United States of America
"USA" or "U.S." or "United States"	The United States of America
U.S GAAP	Generally accepted accounting principles in the United States of America
U.S. Securities Act	The United States Securities Act of 1933
VCF	Venture capital fund
VIP	Very Important Person
Y-o-Y	Year-over-Year

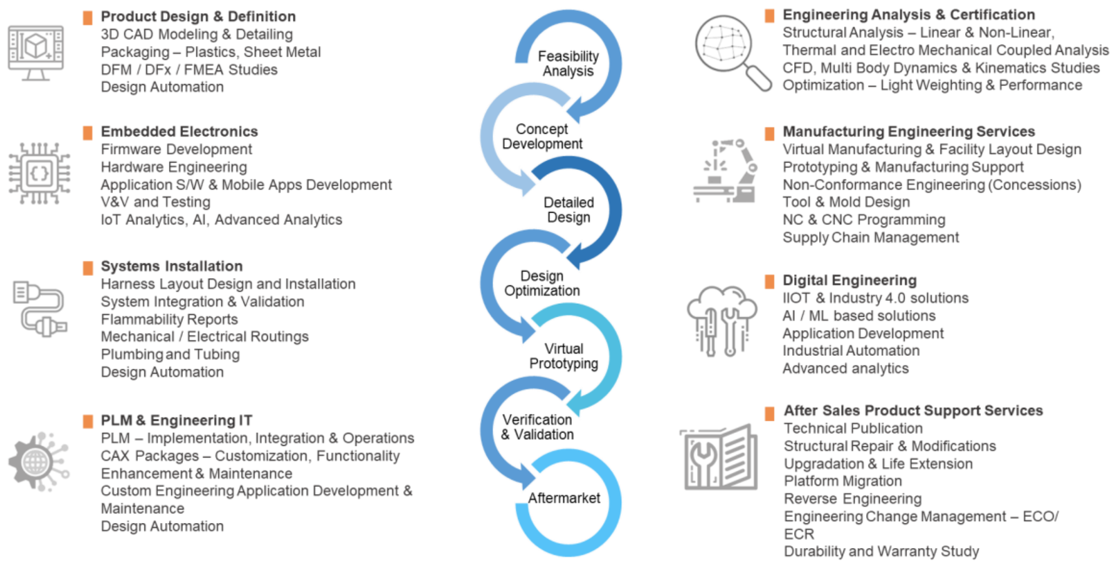
SUMMARY OF BUSINESS

Overview

We are one of the leading, end-to-end engineering and technology solutions company with expertise that caters to the digital, engineering and smart manufacturing needs of large global enterprises. (*Source: Lattice Report*). Our offerings include product design and development, embedded hardware and software, digital engineering, system installation and integration, manufacturing engineering, enterprise solutions, Industry 4.0 and IIOT solutions and aftermarket support. We provide cutting edge technology solutions in order to address the futuristic business needs of our clients in verticals such as products and solutions (encompassing the defence business of our Company), aerospace, automotive, heavy engineering, product engineering services (encompassing the semiconductor business of our Company) and energy. (*Source: Lattice Report*). Our domain expertise ranges from product design, testing and development, engineering analysis, manufacturing engineering solutions design and optimization.

Our Company has been in operation for over three decades and we have built a strong presence in key markets worldwide through strategic partnerships. We have a notable domestic and international footprint through our subsidiaries in six countries viz., India, USA, UK, Canada, Germany, and China. Further, we operate through a comprehensive network of offices spread across North America, Europe, UK and the Asia Pacific regions. Our global engineering centres leverage the skills and capabilities of our employees from our various offices, delivering value to our clients. As of September 30, 2023, we had a global workforce of over 3,000 employees serving multiple global clients from 17 global engineering centres spread across North America, Europe and Asia Pacific regions. We believe that our globally distributed execution model ensures balance between onshore client proximity and offshore efficiency. Our customers include global OEMs across verticals such as products and solutions (encompassing the defence business of our Company), aerospace, automotive, heavy engineering, product engineering services (encompassing the semiconductor business of our Company) and energy.

Our full-service offerings encompassing the entire product lifecycle can be categorized as depicted below:



We completed the acquisition of Mistral in Fiscal 2023. Through Mistral, our subsidiary we offer product engineering services, encompassing the semiconductor business of our Company and products and solutions, encompassing the defence business of our Company.

Our range of services, through Mistral forming a part our products and solutions offerings include product design and product deployment of radar, sonars integrated hardware for underwater acoustic imaging system and telemetry modules, and integrated logistics support tailored specifically for defense applications. Further, as a part of our product engineering services portfolio (encompassing the semiconductor business of our Company) through Mistral, we provide design and fabrication facilities electrical items and electronic items.

We have received quality and standard certifications such as AS 9100D, ISO 9001:2015, ISO 27001:2013 and ISO 14001:2015.

The engineering, research and development services space ("**ER&D**") is at an early stage of penetration with a large total addressable market. (Source: *Lattice Report*) Rapid advancement of technology and faster innovation has translated to a drastic reduction in product development timelines. (Source: *Lattice Report*) This has increased the need for outsourcing ER&D to third-parties with end-to-end capabilities in traditional as well as new-age products. (Source: *Lattice Report*) India has emerged as a favourable destination for outsourced ER&D spend by global enterprises due to its large talent pool, innovation ecosystem, affordable costs, maturing in-house research and development centres landscape and geopolitical support. (Source: *Lattice Report*) The global ER&D spend through GCCs was USD 82 billion in CY23, growing at a CAGR of 10% from CY23 to CY28, translating to USD 132 billion in CY28. The outsourced market of Indian ESPs has grown significantly over the years and has a share of 23% in the outsourced ER&D spending through ESPs. India has shown significant growth due to the availability of a next-generation digital talent pool and attractive billing rates when compared to other nations. (Source: *Lattice Report*) Key drivers for growth within the ER&D market include smaller innovation cycles, cost optimization, widening skill gap, Industry 4.0 and overcoming challenges in manufacturing engineering and Digital twin. (Source: *Lattice Report*) We intend to continue leveraging our strengths to address the opportunities in the ER&D industry generally and more specifically in the automotive and aerospace industries.

We have a diversified and a professional Board, which is supplemented by our strong management team. Our CEO and MD, Arun Krishnamurthi joined our Company in November 2021 We believe that, we are well positioned to harness market opportunities, develop and execute business plans, oversee customer relationships, and adapt dynamically to evolving market conditions.

In Fiscals 2021, 2022 and 2023, our total income was ₹ 53,830.73 lakhs, ₹ 61,940.02 lakhs and ₹ 82,758.05 lakhs respectively and grew at a CAGR of 23.99% between Fiscal 2021 and Fiscal 2023. Our adjusted EBITDA was ₹ 6,400.01 lakhs, ₹ 7,063.60 lakhs and ₹ 14,556.52 lakhs, respectively, in Fiscals 2021, 2022 and 2023 and grew at a CAGR of 50.81% between Fiscal 2021 and Fiscal 2023. In addition, our (loss)/profit after tax for the years was ₹ (2,120.55) lakhs, ₹ 2,267.91 lakhs and ₹ (479.82) lakhs, in Fiscals 2021, 2022 and 2023, respectively.

Performance parameters

In evaluating our business, we consider and use certain performance parameters that are presented below as supplemental measures to review and assess our operating performance. The presentation of these performance parameters is not intended to be considered in isolation or as a substitute for the Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements included in this Placement Document. Further, this information may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these performance parameters should not be considered in isolation or construed as an alternative to GAAP measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

The following table sets forth certain of our performance parameters for the period/ years indicated below:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at and for the six-months ended September 30, 2023	Fiscal		
		2023	2022	2021
Revenue from contracts with customers[(1)]	46,510.10	81,360.47	60,840.77	51,738.61
Other Income	284.01	595.84	909.43	1,446.07
(Loss)/profit after tax for the period/year [(2)]	1,688.15	(479.82)	2,267.91	(2,120.55)
PAT Margin for the period/year (%)[(3)]	3.63%	(0.59%)	3.73%	(4.10%)
EBITDA[(4)]	7,360.20	8,344.21	7,757.87	3,811.04
Adjusted EBITDA[(5)]	7,076.19	14,556.52	7,063.60	6,400.01
Adjusted EBITDA Margin (%)[(6)]	15.21%	17.89%	11.61%	12.37%
Return on Equity(%)[(7)]	4.60%	(1.40%)	6.74%	(6.99%)
Profit/(loss) before tax and non-controlling interests [(8)]	2,607.31	2,102.40	3,676.40	(1,037.94)
Total Equity[(9)]	36,659.99	34,386.27	33,661.07	30,351.12
Total Income[(10)]	46,992.11	82,758.05	61,940.02	53,830.73
Total assets[(11)]	1,02,772.23	90,438.45	79,440.20	74,236.04

Notes:

(1) Revenue from contracts with customers is the revenue generated by the Group and is comprised of ((i) Technology services & Solutions and (ii) Strategic Technology solutions).

(2) (Loss)/profit after tax for the period/year is the Group's (loss)/profit after tax for the period/year.

(3) PAT Margin represents the profit/(loss) for the period/year as a percentage of our revenue from contracts with customers. For a detailed calculation of PAT Margin, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Revenue from contracts with customers to PAT Margin" on page 296.

(4) EBITDA is calculated as profit/(loss) for the period/year plus tax expense, finance costs, depreciation and amortisation expenses. For a detailed calculation of EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Profit/(loss) after tax for the period/year to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin" on page 295.

(5) Adjusted EBITDA is calculated as EBITDA plus exceptional items and share of (profit)/loss of an associate less other income. For a detailed calculation of Adjusted EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Profit/(loss) after tax for the period/year to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin" on page 295.

(6) Adjusted EBITDA Margin is the percentage of adjusted EBITDA divided by revenue from contracts with customers. For a detailed calculation of Adjusted EBITDA Margin, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Profit/(loss) after tax for the period/year to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin" on page 295.

(7) Return on equity is computed as profit/ (loss) after tax for the period/ year divided by total equity.

(8) Profit/(loss) before tax and non-controlling interests is profit/(loss) after exceptional items and before total income tax expense

(9) Total equity is total of equity share capital, other equity and non-controlling interest, if applicable.

(10) Total income comprises of revenue from contracts with customers, other operating income and other income.

(11) Total assets comprises of current assets and non-current assets.

Please also see, *Risk Factors* – "*Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity have been included in this Placement Document. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable"* on page 57.

For EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity reconciliation, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*" on page 295.

Our Competitive Strengths

- Differentiated expertise across verticals enabling us to provide high quality end-to end integrated solutions to our customers globally;
- Proven ability to move up the value chain through organic and inorganic initiatives;
- Long-standing and deep customer relationships;
- Global delivery model enabling intimate client engagement and scalability;
- Significant improvement in performance of our Company; and
- Strong and seasoned Board and senior management team.

Our Strategies

- Deepen engagement with existing client base;
- Enhance domain capabilities by strategically growing through both organic and inorganic channels;
- Further reduce operating costs and improve operating efficiencies; and
- Strengthen service delivery through capacity and capability building and optimizing delivery processes.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections titled "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 35, 66, 396, 383 and 410, respectively.

Issuer	AXISCADES Technologies Limited
Face Value	₹5 per Equity Share
Issue Price	₹662.00 per Equity Share (including a premium of ₹657.00 per Equity Share)
Floor Price	₹696.70 per Equity Share, calculated in accordance with Regulation 176 under Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. However, our Company had offered a discount of 4.98% on the Floor Price in accordance with the special resolution of our Shareholders passed by way of a postal ballot dated December 18, 2023 the results of which were declared on December 19, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of 3,323,262 Equity Shares, at an Issue Price of ₹662.00 per Equity Share including at a premium of ₹657.00 each, aggregating to ₹21,999.99 lakhs. A minimum of 10% of the Issue Size i.e., 332,327 Equity Shares, was available for Allocation to Mutual Funds only and the balance 2,990,935 Equity Shares was available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription in the portion available for allocation only to Mutual Funds, such minimum portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board resolution	November 8, 2023
Date of Shareholders' resolution	December 18, 2023 through a postal ballot, the results of which were declared on December 19, 2023
Eligible Investors	Eligible QIBs as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations, to whom the Preliminary Placement Document and the Application Form were circulated and who were eligible to Bid and participate in the Issue. FVCIs are not permitted to participate in the Issue. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form were delivered was determined by our Company in consultation with the Book Running Lead Managers at its discretion. For further details, see "*Issue Procedure – Qualified Institutional Buyers*" on page 383
Dividend	See "*Description of the Equity Shares*" and "*Dividends*" on pages 410 and 75, respectively
Indian taxation	For the statement of possible tax benefits available to our Company and its Shareholders under the applicable laws in India, see "*Taxation*" on page 412
Equity Shares issued, subscribed, paid-up and outstanding immediately prior to the Issue	38,508,081 Equity Shares of which 38,456,981 Equity Shares are subscribed and paid-up
Equity Shares issued, subscribed, paid-up and outstanding immediately after the Issue	41,831,343 Equity Shares of which 41,780,243 Equity Shares are subscribed and paid-up
Issue Procedure	The Issue has been made only to Eligible QIBs in reliance on Section 42 of the Companies Act, 2013, read with rules made thereunder and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" on page 383
Listing and trading	Our Company has obtained in-principle approvals dated January 10, 2024 in terms of Regulation 28(1)(a) of the SEBI Listing Regulations from the Stock Exchanges, for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges after Allotment to obtain final listing and trading approval for the Equity Shares after the Allotment and after the credit of the Equity Shares to the beneficiary account of the Depository Participant, respectively. The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges.
Lock-up	60 days from the date of Allotment. For details, see "*Placement – Lock-up*" on page 396

<table>
<tr><td>Transferability restrictions</td><td colspan="2">The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. For details in relation to other transfer restrictions, please see “Transfer Restrictions” on page 405</td></tr>
<tr><td>Use of Proceeds</td><td colspan="2">The gross proceeds from the Issue will be ₹21,999.99 lakhs. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹20,345.48 lakhs.

See “Use of Proceeds” on page 66 for additional information regarding the use of net proceeds from the Issue</td></tr>
<tr><td>Risk Factors</td><td colspan="2">See “Risk Factors” on page 35 for a discussion of risks you should consider before investing in the Equity Shares</td></tr>
<tr><td>Closing Date</td><td colspan="2">The Allotment of the Equity Shares pursuant to the Issue is expected to be made on or about January 15, 2024</td></tr>
<tr><td>Ranking</td><td colspan="2">The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares of our Company, including in respect of voting rights and dividends.

The holders of Equity Shares (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in Shareholders’ meetings in accordance with the provisions of the Companies Act, 2013.

For further details, see “Dividends” and “Description of the Equity Shares” on pages 75 and 410, respectively</td></tr>
<tr><td rowspan="4">Security codes for the Equity Shares</td><td>ISIN</td><td>INE555B01013</td></tr>
<tr><td>BSE Code</td><td>532395</td></tr>
<tr><td>BSE Symbol</td><td>AXISCADES</td></tr>
<tr><td>NSE Symbol</td><td>AXISCADES</td></tr>
</table>

SELECTED FINANCIAL INFORMATION

The following selected financial information is derived from and should be read in conjunction with:

a) the Audited Consolidated Financial Statements prepared in accordance with the Ind AS and Companies Act, 2013; and

b) Unaudited Interim Condensed Consolidated Financial Statements of our Company prepared in accordance with the Indian Accounting Standard 34, "Interim Financial Reporting" prescribed under Section 133 of the Companies Act and other accounting principles generally accepted in India.

For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 292 and76, respectively.

SUMMARY OF CONSOLIDATED BALANCE SHEET

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at September 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Assets				
Non-current assets				
Property, plant and equipment	6,887.51	5,683.68	5,780.73	5,200.05
Capital work in progress	42.43	-	-	-
Right-of-use assets	15,131.07	11,568.96	8,745.61	9,618.67
Goodwill	13,466.00	11.347.76	11,157.93	10,470.79
Other intangible assets	3,251.50	2.619.85	2,898.23	3,524.99
Investment in an associate	627.71	-	187.41	233.23
Financial assets				
Investments	124.24	446.19	203.81	697.39
Loans	-	-	-	832.50
Other financial assets	1,621.06	975.53	925.31	859.44
Deferred tax assets, net	2,232.23	1,980.33	2,802.94	2,806.34
Non-current tax assets	2,228.04	1,969.68	1,462.77	1,464.76
Other non-current assets	77.29	42.27	2,034.58	2,109.97
	45,689.08	**36,634.25**	**36,199.32**	**37,818.13**
Current assets				
Inventories	7,052.09	6,585.39	5,157.70	2,330.30
Financial assets				
Investments	3,243.36	2,899.98	1,526.59	4,059.06
Trade receivables	22,237.53	17,902.93	14,516.65	12,754.68
Loans	-	-	-	241.79
Cash and cash equivalent	5,115.43	7,506.73	7,109.49	5,269.93
Bank balances other than cash and cash equivalent	2,205.21	2,456.16	3,427.40	3,208.31
Other financial assets	5,411.56	5,876.19	7,595.35	5,434.22
Other current assets	11,817.97	10,576.82	3,907.70	3,119.62
	57,083.15	**53,804.20**	**43,240.88**	**36,417.91**
Total assets	**1,02,772.23**	**90,438.45**	**79,440.20**	**74,236.04**
Equity and liabilities				
Equity				
Equity share capital	1,924.38	1,911.50	1,897.23	1,889.51
Other equity	34,135.64	31,895.57	31,229.08	27,971.44
Non-controlling interests	599.97	579.20	534.76	490.17
Total equity	**36,659.99**	**34,386.27**	**33,661.07**	**30,351.12**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	24,735.01	17,091.32	45.32	2,082.74
Lease liabilities	6,249.13	2,248.00	1,109.87	2,094.36
Other financial liabilities	1,021.49	-	-	4,707.52
Provisions	1,287.61	984.57	1,055.56	985.26
Deferred tax liabilities, net	377.44	-	-	-
	33,670.68	**20,323.89**	**2,210.75**	**9,869.88**
Current liabilities				
Financial liabilities				
Borrowings	10,931.11	14,309.03	4,835.79	3,061.45
Lease liabilities	1,437.68	947.85	1,214.67	1,038.40
Trade Payables				
(a) total outstanding dues of micro enterprises and small enterprises	276.88	295.89	218.16	119.52
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	9,066.76	7,213.44	6,735.00	4,941.98
Other financial liabilities	1,635.10	3,636.45	22,966.01	19,436.27
Provisions	2,113.42	1,690.12	1,310.60	961.86
Current tax liability, net	1,222.62	1,131.26	161.10	106.67
Other current liabilities	5,757.99	6,504.25	6,127.05	4,348.89
	32,441.56	**35,728.29**	**43,568.38**	**34,015.04**
Total liabilities	**66,112.24**	**56,052.18**	**45,779.13**	**43884.92**
Total equity and liabilities	**1,02,772.23**	**90,438.45**	**79,440.20**	**74,236.04**

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the six month period ended September 30, 2023	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Income				
Revenue from contracts with customers	46,510.10	81,360.47	60,840.77	51,738.61
Other operating income	198.00	801.74	189.82	646.05
Other income	284.01	595.84	909.43	1,446.07
Total income	**46,992.11**	**82,758.05**	**61,940.02**	**53,830.73**
Expenses				
Cost of materials consumed	9,963.66	17,918.63	11,666.82	9,849.61
Employees benefits expense	23,269.80	36,089.20	31,214.39	26,661.40
Finance costs	3,175.00	3,589.98	1,575.41	2,250.40
Depreciation and amortisation expense	1,577.89	2,651.83	2,506.06	2,598.58
Other expenses	6,398.45	13,597.86	11,085.78	9,473.64
Total expenses	**44,384.80**	**73,847.50**	**58,048.46**	**50,833.63**
Profit before share in profit/(loss) of an associate, exceptional items and tax	**2,607.31**	**8,910.55**	**3,891.56**	**2,997.10**
Share in profit/(loss) of an associate, net of tax	-	(4.41)	(45.82)	44.76
Profit before exceptional items and tax	**2,607.31**	**8,906.14**	**3,845.74**	**3,041.86**
Exceptional items	-	(6,803.74)	(169.34)	(4,079.80)
Profit before tax and non-controlling interests	**2,607.31**	**2,102.40**	**3,676.40**	**(1,037.94)**
Income tax expense:				
- Current tax	1,140.85	2,085.61	1,360.14	951.19
- Adjustment of current tax relating to earlier years	-	(368.00)	-	-
- Deferred tax (credit)/charge	(221.69)	864.61	48.35	131.42
Total income tax expense	919.16	2,582.22	1408.49	1,082.61
Profit/(loss) after tax for the period/years	**1,688.15**	**(479.82)**	**2,267.91**	**(2,120.55)**
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Remeasurement gains/(losses) on defined benefit plans	(230.01)	5.50	(15.67)	(30.68)
Income tax effect	61.90	(1.43)	3.03	7.60
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**(168.11)**	**4.07**	**(12.64)**	**(23.08)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Gains/(losses) on cash flow hedges	49.94	(28.72)	53.39	318.35
Income tax effect	(12.52)	8.00	(14.87)	(82.08)
Exchange differences on translation of foreign operations	212.93	528.68	298.08	160.29
Income tax effect	-	-	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**250.35**	**507.96**	**336.60**	**396.56**
Other comprehensive income for the year, net of tax	**82.24**	**512.03**	**323.96**	**373.48**
Total comprehensive income/(loss) for the period/year, net of tax	**1,770.39**	**32.21**	**2,591.87**	**(1,747.07)**
Total profit/(loss) attributable to				
Equity holders of the Company	1,667.38	(523.25)	2,223.32	(2,166.39)
Non-controlling interest	20.77	43.43	44.59	45.84
Other comprehensive income attributable to				
Equity holders of the Company	82.24	511.02	323.96	373.48
Non-controlling interest	-	1.01	-	-
Total comprehensive income/(loss) attributable to				
Equity holders of the Company	1,749.62	(12.23)	2,547.28	(1,792.91)
Non-controlling interest	20.77	44.44	44.59	45.84
Earnings/(loss) per equity share in ₹ [nominal value of ₹ 5]				
a) Basic	4.36^	(1.37)	5.86	(5.74)
b) Diluted	3.96^	(1.37)	5.76	(5.74)

^not annualised

SUMMARY STATEMENT OF CASH FLOWS

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the six month period ended September 30, 2023	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from operating activities				
Profit/(loss) before tax	2,607.31	2,102.40	3,676.40	(1,037.94)
Adjustments to reconcile profit before tax to net cash flows:				
Exceptional items, net	-	6,803.74	169.34	4,079.80
Depreciation and amortization expense	1,577.89	2,651.83	2,506.06	2,598.58
Impairment of property, plant and equipment	-	203.79	-	-
Loss incurred on loss of control on subsidiary	317.34			-
Interest income (including fair value change in financial instruments)	(126.67)	(322.13)	(334.15)	(420.13)
Gain on sale of investment in mutual funds	(55.87)	-	-	-
Fair value gain on financial instruments at fair value through profit and loss	-	(88.77)	(136.45)	(431.34)
Dividend income from mutual funds	(14.73)	(32.51)	(17.89)	(10.29)
Finance costs	3,175.00	3,589.98	1,575.41	2,250.40
Gain on lease modification/ lease rental concession	-	(7.05)	-	-
Lease rental concession	-	-	(75.41)	-
Gain on termination of Right to use assets	-	-	(61.63)	-
Gain on sale of investment in associate	-	(39.55)	-	-
Share of loss/(profit) of an associate	-	4.41	45.82	(44.76)
Provision/liabilities no longer required written back	(36.08)	(6.44)	(62.39)	(140.99)
Recovery of bad debts written off	(1.27)	(25.12)	-	-
Provision for doubtful debts and advances and bad debts written off	76.35	153.44	134.35	52.88
Advances written off		13.40	-	115.45
Share based payment expense	379.70	542.75	636.33	140.89
Provision for foreseeable loss on contracts	-	19.37	-	-
Loss on export incentive receivable	-	17.29	-	-
(Gain)/loss on sale of property, plant and equipment	2.72	(1.50)	22.81	(6.55)
Fair value (gain)/loss on derivative	(565.18)	565.18	-	
Net unrealised foreign exchange loss/(gain)	33.94	(126.96)	127.60	(230.70)
Operating profit before working capital changes	**7,370.45**	**16,017.54**	**8,206.20**	**6,915.30**
Movements in working capital				
(Increase) in inventories	(462.06)	(1,396.02)	(2,827.40)	(368.87)
(Increase)/decrease in trade receivables	(3,056.25)	(3,223.48)	(2,659.92)	3,751.01
Decrease in loans and advances	-	-	-	233.86
(Increase)/decrease in other assets including financial assets	(666.95)	(4,129.35)	(2,857.31)	2,741.72
Increase/(decrease) in trade payables, other liabilities and financial liabilities	(790.24)	871.96	4,234.31	(1,196.20)
Increase in provisions	238.86	189.35	325.63	55.09
Cash generated from operating activities	**2,633.81**	**8,330.00**	**4,421.51**	**12,131.91**
Direct taxes paid, net	(1,249.52)	(1,266.32)	(1,303.72)	80.31
Net cash generated from operating activities (A)	**1,384.29**	**7,063.68**	**3117.79**	**12,212.22**
B. Cash flow from investing activities				
Purchase of property, plant and equipment and intangible assets	(819.18)	(1,088.13)	(1,361.69)	(566.61)
Proceeds from sale of property, plant and equipment	8.97	27.31	2.20	6.55
Interest received	81.96	111.81	364.71	339.14
Payment of deferred purchase consideration	(66.92)	(19,036.36)	-	-
(Investment)/redemption in units of mutual funds and other funds	6.50	(1,497.10)	3,171.34	(1,031.79)
Proceeds from disposal of stake in associate	-	222.55	-	-
Redemption of fixed deposits, net	(432.89)	1,179.04	763.57	(934.78)
Investment in shares of subsidiary, net of cash acquired	(3,024.36)	-	-	-
Dividend received	-	-	17.89	10.29
Net cash (used in)/generated from investment activities (B)	**(4,245.92)**	**(20,080.88)**	**2,958.02**	**(2,177.20)**
C. Cash flow from financing activities				
Repayment of principal portion and interest portion of lease liabilities	(891.95)	(1,441.81)	(1,325.38)	(1,287.64)
Proceeds of long term borrowings	20,882.30	16,081.40	-	-
Repayment of long term borrowings	(20,845.18)	(2,252.34)	(2,037.42)	(1,609.12)
Proceeds/(repayment) of short term borrowings, net	3,822.19	6,463.38	(364.17)	(5,146.92)
Proceeds from exercise of share options	139.98	150.25	81.56	-
Interest paid	(2,639.58)	(5,720.82)	(584.72)	(1,250.10)
Net cash from generated from/(used in) financing activities (C)	**467.76**	**13,280.06**	**(4,230.13)**	**(9,293.78)**

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the six month period ended September 30, 2023	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
Net (decrease)/increase in cash and cash equivalent (A+B+C)	**(2,393.87)**	**262.86**	**1845.68**	**741.24**
Effect of exchange rate changes, net	2.57	134.38	(6.12)	51.00
Cash and cash equivalent at the beginning of the period/years	**7,506.73**	**7109.49**	**5,269.93**	**4,477.69**
Cash and cash equivalent at the end of the period/years	**5,115.43**	**7,506.73**	**7,109.49**	**5,269.93**

RELATED PARTY TRANSACTIONS

For details of the related party transactions for the six months period ended September 30, 2023 and during the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021, as per the requirements under Related Party Disclosures (Ind AS 24) as notified under Section 133 of the Companies Act, 2013 read with Ind AS rules, as amended for, see "*Financial Statements – Unaudited Interim Condensed Consolidated Financial Statements – Note 17, Financial Statements - Fiscal 2023 Audited Consolidated Financial Statements - Note 33, Financial Statements - Fiscal 2022 Audited Consolidated Financial Statements – Note 35 and "Financial Statements - Fiscal 2021 Audited Consolidated Financial Statements – Note 36"* on pages 102, 157, 215 and 275, respectively.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, cash flows, results of operations and financial condition.

If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, cash flows, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. In making an investment decision with respect to this Issue, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved. In order to obtain a more detailed understanding about our Company and our business, prospective investors should read this section in conjunction with the sections "Our Business", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Legal Proceedings" on pages 352, 226, 293 and 425, respectively, as well as the other financial information included in this Placement Document.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document. See "Forward-Looking Statements" on page 13. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless otherwise indicated or the context otherwise requires, in this section, references to "we", "us" and "our" are to the Company together with its subsidiaries and associate (both as at and during the relevant fiscal/ period), on a consolidated basis.

Unless otherwise indicated or the context otherwise requires, the financial information for the six-months period ended September 30, 2023 and Fiscal 2021, 2022 and 2023 included herein is derived from the Unaudited Interim Condensed Consolidated Financial Statements and Audited Consolidated Financial Statements respectively included in this Placement Document. For further information, see "Financial Statements" on page 76. Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year.

*Unless stated otherwise, statistical information, industry and market data used in this section has been derived from the industry report titled "Defense and ER&D Industry Report" dated January 2, 2024, (the "**Lattice Report**") which is a report exclusively commissioned and paid for by our Company and prepared by Lattice Technologies Private Limited pursuant to an engagement letter dated December 7, 2023 in connection with the Issue. For details, see "Industry and Market Data" on page 12.*

INTERNAL RISK FACTORS

Risks related to our Business

1. ***Our business largely depends upon our top 10 customers. For the six-months ended September 30, 2023 and in the Fiscals 2023, 2022, 2021, our revenue from top 10 customers was ₹34,718.46 lakhs, ₹61,370.85 lakhs, ₹45,883.29 lakhs and ₹40,018.81 lakhs representing 74.65%, 75.42%, 75.42% and 77.35% of our revenue from operations respectively. The loss of any of these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

We derive a significant portion of our revenue from our top 10 customers. As of September 30, 2023, our relationship with our top 10 customers ranges from 5 years to 15 years. Of the top 10 customers, two are Indian customers and eight are international customers. Loss of all or a substantial portion of sales to any of our top 10 customers, in particular for any reason (including, due to loss of contracts or failure to negotiate acceptable terms, loss of market share of these customers in their industries, disputes with these customers, adverse change in the financial condition of these customers, decline in their sales, plant shutdowns, labour strikes or other work stoppages affecting production of these customers), could have an adverse impact on our business, results of operations, financial condition and cash flows. While there has been no loss of any of our top 10 customers during the six-months period ended September 30, 2023 and in the last three Fiscals, there is no assurance that such instance will not arise in the future.

The following table sets forth revenue from contracts with customers from our top five and top 10 customers in the period/ years indicated:

(All amounts in ₹ lakhs, unless otherwise stated)

Customers	Six months ended September 30, 2023	
	Consolidated	
	Revenue from contracts with customers	Percentage of revenue from contracts with customers
Top Five	26,185.54	56.30%
Top Ten	34,718.46	74.65%

(All amounts in ₹ lakhs, unless otherwise stated)

Customers	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Consolidated	
	Revenue from contracts with customers	Percentage of revenue from contracts with customers	Revenue from contracts with customers	Percentage of revenue from contracts with customers	Revenue from contracts with customers	Percentage of revenue from contracts with customers
Top Five	44,819.39	55.09%	34,963.47	57.47%	30,757.39	59.45%
Top Ten	61,370.85	75.42%	45,883.29	75.42%	40,018.81	77.35%

Further, the volume and timing of sales to our top 10 customers may vary due to variation in demand for such customers' products or on account of their manufacturing and growth strategy. Thus, any decrease in the demand for our products from our top 10 customers, or a termination of our arrangements altogether, would adversely impact our results of operations, financial condition and cash flow. These customers may change their outsourcing strategy by moving more work in-house, establishment of GCCs, replace us with our competitors, or replace their existing products with alternative products which we do not supply. Also, these customers may demand price reductions and there is no assurance that we will be able to offset any reduction of prices to these customers with reductions in our costs or by acquiring new customers.

2. ***Our customers located in Europe and North America make up for a significant proportion of our total revenue. Worsening economic conditions or factors that negatively affect the economic conditions of Europe and North America could materially adversely affect our business, cash flows, financial condition and results of operations.***

For the six-months period ended September 30, 2023 and in Fiscals 2023, 2022 and 2021, our customers located in Europe and North America contributed 70.31%, 71.70%, 75.70% and 78.90% of our revenue from contracts with customers, respectively.

Existing and potential competitors to our businesses may increase their focus on these markets, which could reduce our market share. The concentration of our revenues in these markets heightens our exposure to adverse developments related to competition, as well as economic, political, regulatory and other changes. Political campaigns and any related transitions may also bring a degree of political and social uncertainty which may cause capital flows and domestic investment to become more volatile. Adoption of anti-sourcing laws in these jurisdictions may also limit the ability of our customers to engage us.

For instance, one of our strategic customers in the aerospace vertical is headquartered in Canada and there have been recent political tensions between India and Canada. If the political situation worsens, it could possibly have an adverse impact on the business received from this customer.

Our reliance on a select group of customers located in Europe and North America may constrain our ability to negotiate our arrangements, which may have an impact on our profit margins and financial performance. The deterioration of the financial condition or business prospects of these customers could reduce their requirement for our services and result in a significant decrease in the revenues we derive from these customers. We cannot assure you that we will be able to maintain historic levels of business from our customers located in these markets or that we will be able to significantly reduce customer concentration in the future.

3. ***Our revenues are highly dependent on a limited number of industry verticals, and any decrease in demand for outsourced services in these industry verticals could reduce our revenues and materially adversely affect our business, cash flows, financial condition and results of operations.***

A substantial portion of our customers are concentrated in a few specific industry verticals, namely, aerospace, products and solutions (defence) and heavy engineering. For the six-months period ended September 30, 2023 and in the Fiscals 2023, 2022 and 2021, 73.49%, 77.80%, 78.80% and 82.40% of our revenue from contracts with customers came from our customers in these verticals collectively. Our business growth largely depends on continued demand for our services from customers in these industry verticals.

A downturn in any of our targeted industry verticals, a slowdown or reversal of the trend to outsource ER&D services in any of these industries or the introduction of regulations that restrict or discourage companies from outsourcing could result in a decrease in the demand for our services and adversely affect our business, cash flows, financial condition and results of operations.

Other developments in these industries may also lead to a decline in the demand for our services in these industry verticals, and we may not be able to successfully overcome the same. For example, consolidation in any of these industries or acquisitions may decrease the potential number of buyers of our services. External risks such as global pandemics could also adversely affect the industry verticals that we operate in. Further, our customers may experience rapid changes in their prospects, substantial price competition and pressure on their profitability. This, in turn, may result in increasing pressure on us from customers in these key industries to lower our prices, which could materially adversely affect our business, cash flows, financial condition and results of operations.

4. We do not have agreements having commitment on part of our customers to purchase or place orders with us. If our customers choose not to source their requirements from us, there may be a material adverse effect on our business, financial condition, cash flows and results of operations.

We typically rely on master service agreements to engage with our customers from time to time that set out the broad terms the arrangement with our customers. We also provide services to our customers based on purchase orders/ work orders issued by them. These agreements set forth the terms of sales and are binding on parties. However, termination can be with or without cause depending on the clauses as outlined in the agreement. Under the agreements, there is no commitment on the part of the customer for specific volumes or to place new orders with us and as a result, our sales from period to period may fluctuate as a result of changes in our customers' supplier preference.

Further, some of the agreements that we have entered into with our customers are governed by foreign laws, which may create both legal and practical difficulties in the case of disputes and affect our ability to enforce our rights under these agreements or to collect damages, if awarded. Such legal and practice difficulties may arise due to the different legal systems and procedures in those jurisdictions, challenges in interpreting the terms of the agreements, and enforcing judgments and awards in those foreign countries. While there has been no instance in the last three Fiscals and during the six-months period ended September 30, 2023 where we have been subject to legal proceedings with any of our international customers, there is no assurance that such instance will not arise in the future or if arises, we cannot assure that we will face challenges in enforcing our rights which could have a material adverse effect our business, cash flows, financial condition and results of operations. Further, since our arrangement with our customers is not exclusive, it entitles the customers to replace us with another supplier which could have a material adverse effect our business, cash flows, financial condition and results of operations.

5. Our products and solutions business which encompasses our defense offerings is largely dependent on contracts from the Government of India and associated entities including defence public sector undertakings. A decline or reprioritisation of the Indian defense budget, reduction in orders, termination of existing contracts, delay of existing or anticipated contracts or programmes or any adverse change in the GoI's defense related budget and policies may have a material adverse impact on our business.

We are a prominent player in the products and solutions vertical for our comprehensive capabilities that contribute significantly to the advancement of defence technologies. We possess a sound portfolio encompassing an array of services embedded with the latest cutting-edge technology for strategic advantage of clients.

Consequently, our business is dependent on projects and programmes undertaken by GoI and associated entities, such as defence public sector undertakings (collectively, the "**GoI Entities**"). We derived ₹ 13,527.50 lakhs, ₹ 23,826.91 lakhs, ₹ 15,740.96 lakhs and ₹ 15,420.37 lakhs amounting to 29.00%, 29.30%, 25.90% and 29.80% of our revenue from contracts with customers during the six-months period ended September 30, 2023, Fiscals 2023, 2022 and 2021 respectively, from sales made to our various customers in our products and solutions (defence) vertical.

Further, our contracts depend upon the continuing availability of budgets extended to government organisations towards military modernisation and research initiatives focussed on defence sector. The level of defence spending and changes in the tax policies by the GoI in the future are difficult to predict and may be impacted by numerous factors such as the evolving nature of the national security concerns, foreign policy, domestic political environment and macroeconomic conditions. The GoI's defence related policies will have a material impact on our business. For instance, our revenue from contracts with customers from sales made to our various customers in our products and solutions (defence) vertical during Fiscal 2022 had reduced to 25.90% as compared to 29.80% in Fiscal 2021. Given the significant reliance on GoI Entities as a source of revenue for our products and solutions (defence) vertical, we cannot assure you that our future earnings under this vertical will be consistent with our present or past earnings.

The nature of our products and solutions (defence) vertical is such that it is difficult to calibrate on a quarter-on-quarter basis and that it is more effective to measure this on a year-on-year basis. Some of the factors which influence this are:

- Delays in completion of inspections, tests by the certifying authorities which are government departments;
- Proportion of production to design business in that specific quarter;
- Investments in materials, inventory and research and development for specific products;
- Delays caused by the public sector undertakings in manufacturing products for which our subsystems are required;
- Risk of obsolescence and stocking of components which reach end of life; and
- Dependencies of partners for design, production which could impact the completion of a product.

Given the significant reliance on the GoI Entities as a source of revenue for our products and solutions (defence) vertical, we cannot assure you that our future earnings under this vertical will be in consistence with our present or past earnings.

Additionally, given that we derive a significant portion of our total sales from contracts with GoI Entities and that we will continue to cater to GoI Entities, we are exposed to various risks inherent in doing business with GoI Entities which may adversely affect our business, results of operations and financial condition. These risks include:

- participation in GoI Entities contracts could subject us to stricter regulatory requirements which may increase our compliance costs;
- GoI Entities tenders are awarded to the lowest bidder that meets the technical conditions of the tender, which makes winning GoI Entities tenders difficult;
- scrapping of defense programs/initiatives for which investments have been made and significant time and money has been spent for developing prototypes.
- Delays in payments due to the time taken to complete internal processes of GoI Entities, time and/or cost overruns on the contracts and levy of liquidated damages due to execution delays;
- Change in specifications which affect our final product could happen at later stages of the project and this could impact inspections and clearances;
- political and economic factors such as pending elections, changes in government policies or initiatives; revisions to tax policies, reduced tax revenues and changes in budgetary allocation; and
- terms and conditions of GoI Entities contracts, including requests for proposals and tenders tend to be more onerous and are often more difficult to negotiate than those for other commercial contracts;

GoI Entities' contracts with us or with our consortium partners may not include a cap on liquidated, direct or consequential damages, which could cause us directly, or through our consortium partners, to assume additional risks and incur additional expenses in servicing these contracts. If any such contract is terminated due to breach of contractual terms or for any reason, apart from direct losses resulting from such termination, we may be subjected to such liquidated, direct or consequential damages, either directly or through our consortium partners, and such circumstances, may have a material adverse impact on our business and profitability.

A decline or reprioritisation of the Indian defence budget, reduction in orders, termination of existing contracts, delay of existing or anticipated contracts or programmes or any adverse change in the GoI Entities' defence requirements and geo-political circumstances, may have a material adverse impact on our business and profitability.

6. ***Our Company has grown through organic growth as well as through strategic acquisitions. We may be unable to effectively manage such rapid growth, which could place significant demands on our management personnel, systems and resources. We may not be able to achieve anticipated growth, which could materially adversely affect our business, cash flows, financial condition and results of operations.***

We have experienced rapid growth and significantly expanded our business in the last three Fiscals. Our total income grew from ₹ 53,830.73 lakhs in Fiscal 2021 to ₹ 82,758.05 lakhs in Fiscal 2023. As of March 31, 2021, we had a global workforce of 1,886 employees, which increased to 2,300 as of March 31, 2022 and was 2,685 as of March 31, 2023. As of September 30, 2023, we had a global workforce of more than 3,000 employees. We intend to continue our expansion in the foreseeable future to pursue existing and potential opportunities. We have also grown through strategic acquisitions, such as the acquisition of Mistral Solutions Private Limited, add-solutions GmbH and Epcogen Private Limited. For further information, see "*Our Business – Our Strategies - Enhance domain capabilities by strategically growing through both organic and inorganic channels*" on page 358.

Our rapid growth has placed and will continue to place significant demands on our management and our administrative, operational and financial infrastructure. Continued expansion increases the challenges we face in:

- recruiting, training and retaining sufficiently skilled professionals and management personnel, both offshore and onsite;
- adhering to and further improving our high-quality and process execution standards and maintaining high levels of customer satisfaction;
- managing a larger number of customers in a greater number of industries and locations;
- technological infrastructure required in place to provide management oversight to such complex operations in the form of integrated MIS, sales oversight and insights, HRMS;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, real estate facilities / locations and other internal systems;
- preserving our innovative culture, values and entrepreneurial environment by conducting an investment analysis to justify capital expenditure for such initiatives; and.
- keeping pace with technological developments in the sectors we service.

Moreover, as we expand our basket of offerings or enter into new markets, we may face new market, technological and operational risks and challenges with which we are unfamiliar, and it may require substantial management efforts and skills to mitigate these risks and challenges. Furthermore, we may not be able to achieve anticipated growth. As a result of any of these problems associated with rapid expansion, our management personnel may face significant demands which in turn could materially adversely affect our business, cash flows, financial condition and results of operations.

7. ***The global nature of our operations exposes us to numerous risks that could materially adversely affect our business, results of operations, financial condition, cash flows and future prospects.***

We cater to customers in India and overseas, including in North America, Europe, UK and the Asia Pacific regions. As a result, we are subject to several and complex legal and regulatory requirements in these jurisdictions. The table below sets out the details of our revenue from contracts with customers outside India:

(All amounts in ₹ lakhs, unless otherwise stated)

	Six months period ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Revenue from contracts with customers outside India (a)	31,865.80	56,409.52	45,316.36	37,667.21
Revenue from contracts with customers (b)	46,510.10	81,360.47	60,840.77	51,738.61
Percentage of revenue from contracts with customers from outside India to revenue from contract with customers (c)=(a)/(b)	68.51%	69.33%	74.48%	72.80%

As evidenced above, the majority of our revenue from contracts with customers is from geographical locations outside India which could adversely affect our business, results of operations, financial condition, cash flows and future prospects in case of risks that are specific to each country where our customers operate. Our customers, suppliers and we are subject to risks that are specific to each country in which we operate, as well as risks associated with carrying out business operations on an international scale, including the following, the occurrence of any of which may adversely affect our business, results of operations, financial condition, cash flows and future prospects:

- Import and export regulations that could among others erode profit margins or restrict imports or exports, changes in foreign exchange controls and tax rates, foreign currency exchange rate fluctuations, including devaluations;
- Changes in regional and local economic conditions, including local inflationary pressures, economic cycle and demand for products in the international markets;
- Difficulty of enforcing agreements and collecting receivables through certain foreign systems;
- Variations in protection of intellectual property and other legal rights;
- Changes in laws and regulations, changes in labour conditions/ related regulations and difficulties in staffing and managing international operations;
- Issues pertaining to language skills in the regions we operate;
- Our customers' decision to move operations to a market / economy where we do not operate or do not have a stronghold;
- Unsettled political conditions and possible terrorist attacks against countries where we sell our products or have other interests;
- Availability and terms of financing; and
- Compliance with overseas taxation laws

While we have not faced any such risks during the six-months period ended September 30, 2023 and in the Fiscals 2023, 2022 and 2021, we cannot assure you that we will not be susceptible to any such risks in the future. In the event that we are unable to anticipate and effectively manage these and other risks, it could have a material and adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

8. ***Our success depends largely on the strength of our skilled professionals and management team. If we fail to attract, retain, train and optimally utilize these personnel, our business may be unable to grow and our revenue and profitability could decline.***

As we grow our business, it is crucial for us to be able to set up and operationalize large teams of qualified senior managers and skilled professionals to service our clients' requirements. Our ability to create innovative offerings and execute our project engagements depends in large part on our ability to attract, train, motivate and retain skilled professionals. Our ability to bid on and obtain new engagements and to continue to expand our service offerings will be impaired if we cannot hire and retain adequate qualified personnel. This could, in turn, lead to a decline in our revenue. We believe that there is significant competition for technology professionals with skills necessary to perform the services we offer, particularly in the locations in which we have operations.

Over the last few years, we have been investing towards attraction, engagement, retention and development of key talent, to keep pace with continuing changes in technology, evolving standards and changing client preferences. However, we may not be able to hire, train and retain skilled and experienced professionals/employees to meet our business requirements. Additionally, if any of our senior executives or key personnel joins a competitor, we may lose clients, suppliers, know-how and key talent to them which may materially adversely affect our business, financial condition and results of operations. There could also be unauthorised disclosure or use of our technical knowledge, practices or procedures by such personnel.

If any dispute arises between our senior executives or key personnel and us, any non-competition, non-solicitation and non-disclosure provisions in our employment agreements we have with our senior executives or key personnel might not provide effective protection to us. We may be subject to litigation or administrative actions resulting from claims against us by current or former employees individually or as part of class actions, including claims of wrongful terminations, discrimination, misclassification or other violations of labour law or other alleged conduct. From time to time, we may enter into settlement agreements with employees in relation to any such potential litigation. We may also, from time to time, be subject to litigation resulting from claims against us by third parties, including for non-adherence to the code of conduct or employment terms by our employees. If the courts or tribunals rule against us in any such matters, we may face monetary losses and may have to make provisions in our financial statements as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, which could increase our expenses and our liabilities. Any adverse publicity associated with such cases may also harm our reputation.

Additionally, we have quite a few personnel who are deployed to our overseas operations among whom some are local nationals of those countries. Our employment contracts with such personnel are governed by local law and are quite complex in nature. We may be subjected to various monetary penalties in case non compliances and breaches in relation to such contracts. Moreover, we may not be able to estimate the financial liability until such circumstances actually arise.

9. ***If we fail to attract and retain highly skilled professionals, we may not have the necessary resources to properly staff projects, and failure to successfully compete for such professionals could materially adversely affect our business, cash flows, financial condition and results of operations.***

Our success depends largely on the contributions of our professionals and our ability to attract and retain qualified professionals. While our attrition rates are in line with industry standards today, we may encounter higher attrition rates in the future driven by competitor actions, technology and skillset shift. A significant increase in the attrition rate among skilled professionals with specialised skills could decrease our operating efficiency and productivity on existing work packages which could lead to a decline in demand for our offerings. The competition for highly skilled professionals may require us to increase salaries, and we may be unable to pass on these increased costs to our customers. This would increase our operational costs which may adversely affect our business, cash flows, results of operations and financial condition and capital allocation decisions.

In addition, our ability to maintain and renew existing engagements and obtain new business will depend, in large part, on our ability to attract, train and retain a skilled workforce, including experienced management professionals, which enables us to keep pace the evolving industry standards and changing customer preferences. If we are unable to attract and retain the highly skilled workforce we need, we may have to forgo projects for lack of resources or be unable to staff projects optimally. Moreover, we may be unable to manage knowledge developed internally, which may be lost in the event of our inability to retain employees.

As of September 30, 2023, our total global workforce comprised 3,113 employees compared to 1,886 employees as of March 31, 2021. Our business is people driven and, accordingly, our success depends upon our ability to attract, develop, motivate, retain and effectively utilise highly-skilled professionals. We believe that there is significant competition for skilled professionals in India and that such competition is likely to continue for the foreseeable future. Internationally, we encounter talent challenges, including a shortage of the required skillset, immigration-related constraints, local regulations, and other macro-economic factors.

The following table describes our attrition rates for full-time employees for the six-months period ended September 30, 2023 and for Fiscals 2023, 2022 and 2021 and the total number of employees as at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021:

Employees	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
Attrition Rates(1)(2)	16.80%	22.64%	27.34%	20.94%
Total as of the end of the period/year(3)	3,113	2,685	2,300	1,886

(1) Attrition only relates to voluntary attrition of full-time employees during the respective period/ years.
(2) Attrition percentage = (Cumulative voluntary attrition during the period / average headcount during the period) x 100.
(3) Includes full-time employees and contractors.

Further, we believe that there is a limited pool of individuals who have the skills and training needed to help us grow our Company. We compete for such talented individuals not only with other companies in our industry but also with companies in other industries. High attrition rates would increase our hiring, reskilling, upskilling and training costs and could have an adverse effect on our ability to complete existing contracts in a timely manner, meet customer objectives and expand our business.

10. ***Our Company is required to comply with the various requirements prescribed under the SEBI Listing Regulations. Failure to comply with the same by our Company may result in certain adverse consequences.***

We had received emails dated May 20, 2023 and August 22, 2022 from BSE and emails dated May 20, 2023 and August 22, 2022 from NSE, each imposing a fine of ₹0.59 lakhs on our Company for the quarter ending March 31, 2022 and a fine of ₹3.77 lakhs for the quarter ending June 30, 2022 for non-compliance with Regulation 17(1) of the SEBI Listing Regulations. We also received an email dated December 14, 2023, from BSE and NSE each imposing a fine of ₹0.11 lakhs for non-compliance of Regulation 29(2) and Regulation 29(3) of the SEBI Listing Regulations. We have paid the aforesaid fines. There can be no assurance that similar fines will not be levied or any other action (as set out in the applicable SEBI Listing Regulations) will not be taken by the Stock Exchanges. Any such instances in future could impact our reputation.

11. ***We operate in rapidly evolving industries, which makes it difficult to evaluate our future prospects and may increase the risk that we will not continue to be successful. If we are not successful, it could materially adversely affect our business, reputation and cash flows.***

The industries we operate in are competitive and continuously evolving, subject to rapidly changing demands and constant technological developments. As a result, success and performance metrics are difficult to predict and measure. Because services and technologies are rapidly evolving and each company within the industry can vary greatly in terms of its offerings, its business model, and its results of operations, it can be difficult to predict how any company's services, including ours, will be received in the market. While businesses have been incurring significant expenditure in the past to adopt emerging technologies and related technological trends, there can be no assurance that they will continue to do so in the future. Further, we have developed offerings in emerging technologies such as AI enabled manufacturing engineering, generative AI, industrial automation, engineering and digital transformation and we intend to continue our investment in such technologies. However, there is no assurance that we will be able to recoup our investments in these technologies as commercial viability of these technologies are subject to factors such as evolving market dynamics, technological advancements by competitors, regulatory changes, and customer adoption rates. We may also encounter unforeseen obstacles during the development, implementation, and commercialization of these technologies, which could have a material adverse effect on our business, cash flows, financial condition and results of operations.

Our revenues, operating results and profitability have varied in the past and are likely to vary in the future. Factors that are likely to cause these variations include:

- the number, timing, scope and contractual terms of the projects in which we are engaged;
- delays in project commencement or staffing delays due to difficulty in assigning appropriately skilled or experienced professionals;
- the accuracy of estimates of resources, time and fees required to complete fixed-price projects and costs incurred in the performance of each project;
- delivery delays and project delays or cancellations, particularly in relation to the products and solutions (defense) business;
- design, manufacturing, and/or any other development-related failures associated with the products we collaborate on with our customers;
- changes in pricing in response to customer demand and competitive pressures;
- changes in the allocation of onsite and offshore staffing;
- the business decisions of our customers regarding the use of our offerings;
- the ability to further grow revenues from existing customers;
- seasonal trends, primarily our hiring cycle and the budget and work cycles of our customers;
- the ratio of fixed-price contracts to time-and-materials contracts in process;
- employee wage levels and increases in compensation costs, including timing of promotions and annual pay increases;
- unexpected changes in the attrition rate of our professionals;
- unanticipated contract or project terminations;
- the timing of collection of accounts receivable;
- the continuing financial stability of our customers; and
- general economic conditions and/or macroeconomic factors pertaining to specific industries and verticals we serve.

Our future profits may vary substantially from those of other companies and those we have achieved in the past. One or any combination of the above factors may cause our customers' demand for our offerings to decline as a result of which our business may suffer and our results of operations, cash flows and financial condition may be adversely affected.

Further, given that the technology services industry is subject to rapidly changing demands and constant technological developments, our failure to promptly upgrade our technology may result in disruptions to or lower quality of our services and our business, results of operations, cash flows and financial condition may be materially and adversely affected.

12. ***We are subject to strict quality requirements, customer inspections and quality audits, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our reputation and our cash flows, financial condition, business and results of operations and future prospects.***

We have design capabilities across the entire spectrum of products and solutions (encompassing our defence business), aerospace, heavy engineering, automotive, product engineering services (encompassing our semiconductor business) and energy verticals.

Therefore, we design, develop, analyse and provide engineering solutions for complex and specialised products and systems for customers based on specific requirements stipulated by them. Given the nature of our solutions, and the sectors in which we operate, our customers typically have high standards for product quality and delivery schedules. Adherence to quality standards is a critical factor as a defect or failure to comply with the specifications of our customers may, in turn, lead to cancellation of purchase orders or non-renewal of agreements by our customers and at certain instances may impose additional costs. Further, any failure to adhere to timelines as per our customers' requirements could result in cancellation or non-renewal of purchase orders and at certain instances may also result in us bearing additional financial exposure.

We have put in place quality control procedures and processes to ensure that our products will be able to satisfy our customers' quality standards. However, it is possible that our procedures and processes may fail to test for all possible conditions of use or identify all defects in the design or specifications of the components. Any negative publicity regarding our Company, or our products could adversely affect our reputation, our operations and our results from operations.

Prior to awarding us contracts, certain of our customers undertake a detailed review process, which involves inspection of our facilities, review of our processes, technical review of the designs and specification of the proposed product and solutions, inspection and review of prototypes of the product and solutions. Further, our customers generally have the right to inspect and audit our facilities and processes and conduct pre-delivery inspections after reasonable notice to ensure that our products and services are meeting their internal and notified standards. If we fail to perform our services in accordance with best practices stipulated by our customers and/or our customers are dissatisfied with the quality of our facilities, products and services in any manner, our products may get rejected, our reputation could be harmed and our customers may terminate/modify their contractual arrangements and/ or refuse to renew their contractual arrangements or purchase orders. This may have an adverse impact on our business, financial condition, results of operations and future prospects.

13. Undetected design defects, errors or failures may result in loss of or delay in market acceptance of our services or in liabilities that could materially adversely affect our business, cash flows, financial condition and results of operations.

Our development solutions involve a high degree of technological complexity and have unique specifications which could contain design defects or software errors such as errors in coding or configuration that are difficult to detect and correct. Errors or defects may result in the loss of current customers and loss of, or delay in, revenues, loss of market share, loss of customer data, a failure to attract new customers or achieve market acceptance, diversion of development resources and increased support or service costs. For instance, we have faced repeated delays in the execution and delivery of our man portable counter drone system due to issues flagged during pre-delivery inspections. The issues flagged during the previous inspections have been resolved and we currently await pre-delivery inspection. We cannot assure you that, despite testing by us and our customers, errors will not be found in new product development solutions, which could result in litigation and other claims for damages against us and thus could materially adversely affect our business, cash flows, financial condition and results of operations.

14. If we fail to integrate or manage acquired companies or businesses efficiently, or if the acquired companies or businesses are difficult to integrate, divert management resources or do not perform to our expectations, we may not be able to realize the benefits envisioned for such acquisitions, and our overall profitability and growth plans could be materially adversely affected.

In the past, we have expanded our capabilities and gained new customers through selective acquisitions. We completed the acquisition of Mistral in Fiscal 2023 with a view to diversifying our offerings, unlocking potential, generating incremental value and achieving sustained growth in the future. We also recently completed the acquisition of Epcogen Private Limited and add-solutions GmbH. For details in relation to these acquisitions, see "*Our Business – Our Strategies - Enhance domain capabilities by strategically growing through both organic and inorganic channels*" on page 358. In the future, while we may acquire additional businesses that we believe could complement and expand our business, enhance our geographic foot print, strengthen capabilities and service offerings, integrating the operations of acquired businesses successfully or otherwise realising any of the anticipated benefits of acquisitions, including operational efficiencies and additional revenue opportunities, involves a number of potential challenges. These integration activities are complex and time-consuming, and we may encounter unexpected difficulties or incur unexpected costs, including:

- retaining key senior management, founding members and key sales and marketing and research and development personnel, particularly those of the acquired operations;
- disengaging with or relieving key senior management, founding members and key sales and marketing and research and development personnel, particularly those of the acquired operations;
- our inability to achieve the operating synergies anticipated in the acquisitions;
- diversion of management attention from on-going business performance and associated concerns to integration matters;
- consolidating and rationalising IT platforms and administrative infrastructures;
- complexities associated with managing the geographic separation of the combined businesses and consolidating multiple physical locations;
- integrating personnel from different corporate cultures while maintaining focus on providing consistent, high quality service to both existing and newly acquired customers;
- demonstrating to both existing and newly acquired customers that the acquisition will not result in adverse changes in customer service standards or business focus;
- possible cash flow interruption or loss of revenue as a result of transitional matters;
- incurring liabilities from the acquired businesses for infringement of intellectual property rights or other claims for which we may not be successful in seeking indemnification;

- incurring debt, amortisation expenses related to intangible assets, large and immediate write-offs, or issuing common stock that would dilute our existing stockholders' ownership;
- generating sufficient revenues and net income to offset acquisition costs;
- potential loss of, or harm to, employee or customer relationships;
- properly structuring our acquisition consideration and any related post-acquisition earn-outs and successfully monitoring any earn-out calculations and payments;
- failing to realise the potential cost savings or other financial benefits and/or the strategic benefits of the acquisition;
- integrating and documenting processes and controls; and
- entry into unfamiliar markets;

Additionally, our acquisitions comprise of companies having individual founders and in the normal course of business, we may experience attrition of some of these founders. There may also be situations where we decide to bring in new leadership either for integration purposes or succession planning and this may result in attrition of some of the founding members in the companies we acquire.

Acquired businesses may have liabilities or adverse operating issues that we may have failed to discover through due diligence prior to the acquisition. In particular, to the extent that prior owners of any acquired businesses or properties failed to comply with or otherwise violated applicable laws or regulations, or failed to fulfil their contractual obligations to customers, we, as the successor owner, may be financially responsible for these violations and failures and may suffer financial or reputational harm or otherwise be adversely affected. Similarly, our acquisition targets may not have as robust internal controls over financial reporting as would be expected of a public company. Acquisitions also frequently result in the recording of goodwill and other intangible assets which are subject to potential impairment in the future that could harm our financial results. We may also become subject to new regulations as a result of an acquisition, including if we acquire a business serving customers in a regulated industry or acquire a business with customers or operations in a country in which we do not already operate.

As a result, if we fail to properly evaluate acquisitions or investments, we may not achieve the anticipated benefits of any such acquisitions, and we may incur costs in excess of what we anticipate. The failure to successfully integrate the operations or otherwise to realise any of the anticipated benefits of the acquisition could seriously harm our cash flows and results of operations.

15. ***We rely on certain third-party software to conduct our business. We may face intellectual property infringement claims that could be time-consuming and costly to defend. If we fail to defend ourselves against such claims, we may lose significant intellectual property rights and may be unable to continue providing our existing services.***

Our success largely depends on our ability to use and develop our technology, tools, code, methodologies and services without infringing the intellectual property rights of third parties, including patents, copyrights, trade secrets and trademarks. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers, redesign or cease offering our infringing services or solutions, or obtain licenses for the intellectual property such services or solutions infringe. If we cannot obtain all necessary licenses on commercially reasonable terms, our customers may be forced to stop using our services or solutions. While we have not faced any such occurrence during the six-months period ended September 30, 2023 and in the Fiscals 2023, 2022 and 2021, we cannot assure you that we will not face such occurrences in the future.

The holders of patents and other intellectual property rights potentially relevant to our service offerings may make it difficult for us to acquire a license on commercially acceptable terms or at all, which could have a material adverse impact on our ability to deliver the relevant service offerings and hence on our business. Also, we may be unaware of intellectual property registrations or applications relating to our services that may give rise to potential infringement claims against us. There may also be technologies licensed to and relied on by us that are subject to infringement or other corresponding allegations or claims by third parties which may damage our ability to rely on such technologies.

16. ***Uncertain and lengthy vendor selection process may have an adverse impact on our business, cash flows, financial conditions and results of operations.***

We undergo through a vendor selection process with our customers, which can take up to several months or years from the date of issue of a Request For Quote ("**RFQ**") to secure business. During this process, we are required to submit a technical proposal that includes features, performance specifications, proposed development timeline, performance and durability expectations. We are also required to develop and supply concept prototypes for the customer based on initial design plans. Once our prototype is confirmed to have met the customer's specifications and clears the testing phase, we may receive firm orders. This vendor selection and prototype development process is both lengthy and costly. If we fail to convert the RFQ process into firm orders, we may not recover these costs. Additionally, there is no assurance that we will be successful in securing new customer relationships or that these relationships will result in long-term business. The uncertain and lengthy vendor selection process could adversely impact our business, cash flows, financial conditions and results of operations.

17. ***Our profitability will suffer if we are not able to maintain our resource utilisation levels and productivity levels.***

Our profitability is significantly impacted by our utilisation levels of fixed-cost resources, including human resources as well as other resources such as computers and office space, and our ability to increase our productivity levels. We have expanded our operations significantly in recent years through organic growth and strategic acquisitions, which has resulted in a significant increase in our headcount and fixed overhead costs.

Our ability to manage our utilisation levels depends significantly on our ability to hire and train high-performing professionals and to staff projects appropriately and on the general economy and its effect on our customers and their business decisions regarding the use of our services. If we experience a slowdown or stoppage of work for any customer or on any project for which we have dedicated professionals or facilities, we may not be able to efficiently reallocate these professionals and facilities to other customers and projects to keep their utilisation and productivity levels high. If we are not able to maintain high resource utilisation levels without corresponding cost reductions or price increases, our profitability will suffer. In the event of a slowdown due to external factors, or if the number of our customers reduce, we may be over-staffed and required to carry excess employee-related expenses which could affect our financial condition.

Our utilisation rates are affected by a number of factors, including:

- our ability to promptly transition our employees from completed projects with adequate training and cross skilling required to new assignments;
- our ability to forecast demand for our services and thereby maintain an appropriate number of employees in each of our industry verticals;
- our ability to deploy employees with appropriate skills and seniority to projects;
- our ability to manage the attrition of our employees and to hire and integrate new employees;
- our need to devote time and resources to training, professional development and other activities that cannot be billed to our customers; and

Employee shortages could prevent us from completing our contractual commitments in a timely manner, taking up new contracts and cause us to lose contracts or customers. Further, to the extent that we lack sufficient employees with lower levels of seniority and daily or hourly rates, we may be required to deploy more senior employees with higher rates on projects without the ability to pass such higher rates to our customers, which could adversely affect our profit margin and profitability.

18. ***We operate in a competitive business environment. Failure to compete effectively against our competitors and new entrants to the industry in any of our business verticals may adversely affect our business, cash flows, financial condition and results of operations.***

Our end-to-end basket of solutions spread across industry verticals is competitive, and it experiences rapid technological developments and changes in customer requirements. Our ability to meet the qualification criteria in our various business areas is critical to being considered for any project. We compete on the basis of our ability to fulfil our contractual obligations including the quality and timely delivery of our offerings. Additionally, while these are important considerations, price is a major factor, and our business is subject to intense price competition. Our competitors may have substantially greater financial, management, research and marketing resources than we have as a result of which they may be able to utilise their resources and economies of scale to develop improved products, divert sales away from us by winning broader contracts or hire our employees by offering more lucrative compensation packages and/or quality of work. Our competitors may be able to provide our customers, including the Government of India entities, with different or greater capabilities or benefits than we can provide in areas such as technology, technical qualifications, post contract performance, price and availability of key professional personnel. Our failure to compete effectively with respect to any of these or other factors could have a material adverse effect on our business, prospects, financial condition or operating results. In such a scenario, we may find difficulties in maintaining our position in the market.

Going forward, in order to remain competitive, we must consistently provide products and/or services with superior performance and capability to our customers, advanced technology solutions and service at an affordable cost and with the agility that our customers require to satisfy their mission objectives. Our inability to successfully do so could have a material adverse effect on our business, prospects, financial condition and/ or operating results. Moreover, if we are not able to further develop our proximity to our customers and make our vendor-supplier ecosystem more efficient or as efficient as our competitors, there can be no assurance we will be able to grow or effectively compete in the industry.

19. ***We may not qualify for or win bids to further expand our business, which may have an adverse effect on our business, cash flows, financial condition, results of operations and prospects.***

Our business and growth depend on our ability to qualify for and win bids for securing contracts. Our Company obtains a substantial portion of its business through a competitive bidding process in which it competes for project awards based on, among other things, pricing, technical and technological expertise, reputation for quality, financing capabilities and track record. The bidding and selection process is affected by a number of factors, including factors which may be beyond our control, such as market conditions, project delays, scope adjustments, or external economic factors. Any increase in competition during the bidding process or reduction in our competitive capabilities could have a material adverse effect on our market share.

In addition to meeting bid capacity requirements, we may also be required to pre-qualify for the orders involving GoI Entities such as in relation to background checks and prior experience of the bidders. However, we cannot assure that we shall always maintain our bid capacity and our pre-qualification capabilities, and that we shall be able to continually secure projects so as to enhance our business operations, financial performance and results of operations. Further, such pre-qualification criteria may also change from time to time. Our inability to fulfil and maintain the bid and pre- qualification capabilities may materially impact our operating revenue and profitability.

There can be no assurance that our current or potential competitors will not offer solutions comparable or superior to those that we offer at the same or lower prices, adapt more quickly to industry challenges, or expand their operations at a faster pace than we do. Increased competition may result in price reductions, reduced profit margins and loss of market share, thereby causing an adverse effect on our operations, prospects and financial condition.

20. ***We design, develop and provide solutions that incorporate advanced technologies. If we are not successful in managing increasingly large and complex projects, we may not achieve our financial goals and our results of operations and cash flows could be materially adversely affected.***

To successfully market our service offerings and obtain larger and more complex projects, we need to establish close relationships with our customers and develop a thorough understanding of their operations. In addition, we may face a number of challenges managing larger and more complex projects, including:

- maintaining high-quality control and process execution standards;
- maintaining planned resource utilisation rates on a consistent basis;
- maintaining productivity levels and implementing necessary process improvements;
- controlling costs; and
- maintaining close customer contact and high levels of customer satisfaction.

Our ability to successfully manage large and complex projects depends significantly on the skills of our management personnel and skilled professionals, some of whom do not have experience managing large-scale or complex projects. In addition, large and complex projects may involve multiple engagements or stages, and there is a risk that a customer may choose not to retain us for additional stages or may cancel or delay additional planned engagements. Such cancellations or delays may make it difficult to plan our project resource requirements. If we fail to successfully obtain engagements for large and complex projects, we may not achieve our revenue growth and other financial goals. Even if we are successful in obtaining such engagements, a failure by us to effectively manage these large and complex projects could damage our reputation, cause us to lose business, impact our margins and materially adversely affect our business, cash flows, financial condition and results of operations.

21. ***We propose to develop new solutions and there can be no assurance that new solutions developed by us will be acceptable to customers or that we would be able to develop commercially viable products in a timely manner or at all.***

As part of our expansion strategy, we intend to design, develop and create newer varieties of existing solutions which may or may not utilise building blocks for these solutions already created by us. There can be no guarantee that we will be able to design, develop or provide engineering solutions at a commercially viable scale or in a timely manner or at all. Further, our solutions may require extensive testing or evaluation trials or design and development approvals by different government agencies prior to commercialisation, which may not render the results desired by us. Our solutions may not perform up to expectations or requirements of various agencies during such trials, leading to requirement to make further changes.

Particularly, we provide complex and specialised solutions for customers in the defence sector based on specific requirements stipulated by them. Given the nature of our solutions, and the sector in which we operate, our customers typically have high standards for product quality and delivery schedules.

Accordingly, there can be no assurance that our future solutions will be commercially viable or that investments made by us towards development or commercialisation of any new solutions would lead to future profits. We may experience difficulties that could delay or hinder the successful development, introduction and marketing of our solutions. There can be no assurance that our solutions will be readily accepted in the market, become commercially successful or that our competitors will not be able to provide similar solutions at a lower price than we can, which would have an adverse effect on our solutions' competitive position. If we are unable to achieve the anticipated returns in such new growth areas, it could have a material adverse effect on our business, results of operations and financial condition.

22. ***We have had negative cash flows in the past and may continue to have negative cash flows in the future, which could adversely affect our liquidity and operations.***

We experienced the cash flows, both positive and negative, set forth in the table below for the six-months period ended September 30, 2023 and in the Fiscals 2023, 2022 and 2021:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
Net cash generated from operating activities	1,384.29	7,063.68	3117.79	12,212.22
Net cash (used in)/generated from investing activities	(4,245.92)	(20,080.88)	2,958.02	(2,177.20)
Net cash generated from/(used in) financing activities	467.76	13,280.06	(4,230.13)	(9,293.78)
Net (decrease) / increase in cash and cash equivalent	(2,393.87)	262.86	1845.68	741.24

We cannot assure you that our operating cash flows or net cash flows will be positive in the future.

23. ***If we are unable to collect our receivables from, or bill our unbilled offerings to, our customers, our results of operations and cash flows could be materially adversely affected.***

Our business depends on our ability to successfully obtain payment from our customers of the amounts they owe us for work performed. We usually bill and collect on relatively short cycles. As per our agreements, our payment terms are 60 to 90 days from the date when the customer receives the invoice. Our average debtor cycle was 88 days, 80 days, 87 days and 90 days for the six-months period ended September 30, 2023 and in the Fiscals 2023, 2022 and 2021, respectively.

We maintain allowances against receivables and unbilled services. Actual losses on customer balances could differ from those that we currently anticipate and, as a result, we might need to adjust our allowances. There is no guarantee that we will accurately assess the creditworthiness and carryout an accurate due diligence of our customers. Weak macroeconomic conditions and related turmoil in the global financial system could also result in financial difficulties, including limited access to the credit markets, insolvency, or bankruptcy for our customers, and, as a result, could cause customers to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance, or default on their payment obligations to us. Timely collection of customer balances also depends on our ability to complete our contractual commitments and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of and/or be unable to collect our customer balances in time, and if this occurs, our results of operations and cash flows could be materially adversely affected. In addition, if we experience an increase in the time to bill and collect for our services, our cash flows could be adversely affected.

24. ***Data networks are vulnerable to attacks, unauthorised access and disruptions. Losses or liabilities that are incurred as a result of any of the foregoing could materially adversely affect our business, cash flows, financial condition and results of operations.***

Data networks are also vulnerable to attacks, unauthorised access and disruptions. For example, in a number of public networks, hackers have bypassed firewalls and misappropriated confidential information, including personally identifiable information. It is possible that, despite existing safeguards, an employee could misappropriate our customers' proprietary information or data, exposing us to a risk of loss or litigation and possible liability. There have been instances in the past of usage of licenced tools and software by resigned/relieved employees, without authorization. While we have undertaken procedural and technical measures to prevent such incidents, there can be no assurance that such incident may not occur in future.

In such cases, if our services cause disruptions to our customers' businesses or result in us providing inadequate service, our customers may have claims for substantial damages against us, which could materially adversely affect our business, cash flows, financial condition and results of operations.

Our computer networks may be vulnerable to unauthorised access, computer hackers, computer viruses, worms, malicious applications and other security problems caused by unauthorised access to, or improper use of, systems by third parties or employees. Although we have not experienced such attacks in the past other than instances of phishing, malware and virus attacks that we handled effectively, we cannot assure you that our security systems in place can prevent any such attacks in the future or that we will be able to handle such attacks effectively. A hacker who circumvents security measures could misappropriate proprietary information, including personally identifiable information, or cause interruptions or malfunctions in our operations. Further, computer attacks or disruptions may jeopardise the security of information stored in and transmitted through our computer systems. Actual or perceived concerns that our systems may be vulnerable to such attacks or disruptions may deter our customers from using our solutions or services. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these breaches.

25. ***We are subject to laws, rules and regulations and may be liable to our clients for damages caused by system failures, disclosure of confidential information or data security breaches, which could require us to incur additional expenses and also harm our reputation, damage our relationship with clients and cause us to lose clients.***

We often have access to, or are required to collect and store, confidential client data. We face a number of threats to our networks such as unauthorized access, security breaches, computer hacks, computer viruses, worms, malicious applications, interruptions or malfunctions in our operations, computer attacks, disruptions or other security problems caused by unauthorized access to, improper use or misappropriation of systems by third parties or our personnel. While we have in place an established process for actively monitoring related risks, the evolving nature of cyber-threats is an ever-present risk of disruption and we are dependent upon the optimum functioning of telecommunications software and hardware to ensure efficient and secure transfer of datasets between our clients, sites, and global teams. Any failure in a client's system using our services or solutions could result in a claim for substantial damages against us, regardless of our responsibility for such failure, exposing us to a risk of loss or litigation and possible liability, including for breach of contractual confidentiality provisions or privacy laws.

In addition, our business activities are also vulnerable to damage or interruption from human error or negligence, intentional bad acts, terrorist attacks, power losses, hardware failures, systems failures, telecommunication failures and similar events. It is critical to our business that our infrastructure remains secure and is perceived by clients to be secure.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes to our insurance policies could adversely affect our revenues and results of operations. Even if such assertions against us are unsuccessful, we may incur reputational harm and substantial legal fees. We may also be liable to our clients for damages or termination of contract if we are unable to address disruption in services to them with adequate business continuity plans and/or for non-compliance with our clients' information security policies and procedures, which may adversely affect our business and results of operations.

We face risks relating to compliance with applicable laws, rules and regulations relating to the collection, storage, use, sharing, disclosure, protection and security of personal information, as well as requests from regulatory and government authorities relating to such data. These laws, rules, and regulations evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation, and changes in enforcement. For instance, in order to ensure data privacy, our Company is required to ensure compliance with the Information Technology Act, 2000 ("**IT Act**") and the rules notified thereunder which prescribe, inter alia, directions for the collection, disclosure, transfer and protection of sensitive personal data. The Government of India recently enacted the Digital Personal Data Protection Act, 2023 ("**Data Protection Act**"). The Data Protection Act requires data fiduciaries (persons who alone or in conjunction with other persons determine purpose and means of processing of personal data), to implement organizational and technical measures to ensure compliance with obligations imposed under the Data Protection Act, protect personal data and impose reasonable security safeguards to prevent breach of personal data and establish mechanism for redressal of grievances of data principals. In case we are notified as a significant data fiduciary under the Data Protection Act, we may have additional obligations imposed on us. Overall, changes in laws or regulations relating to privacy, data protection, and information security, particularly any new or modified laws or regulations, such as the General Data Protection Regulation ("**GDPR**") adopted by the European Union ("**EU**"), or changes to the interpretation or enforcement of such laws or regulations, that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer, or disclosure, could require us to modify our existing systems or invest in new technologies to ensure compliance with such applicable laws, which may require us to incur additional expenses. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal and contractual obligations could cause our clients to lose trust in us and our services. Any perception that the privacy of information is unsafe or vulnerable when using our services, could damage our reputation and substantially harm our business.

26. If we incur serious uninsured loss that significantly exceeds the limit of our insurance policies, it would have an adverse effect on our financial conditions, results of operation and cash flows.

We maintain customary insurance policies for our business premises, workers' compensation insurance, cyber liability insurance and commercial general liability insurance. As of September 30, 2023, our total assets were adequately insured as per management risk assessment. For further information, see "*Our Business – Insurance*" on page 361.

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. We are also required to maintain certain insurance policies under our customer agreements, such as workers' compensation, professional liability insurance and commercial liability insurance under our customer agreements. Our insurance policies may not provide adequate coverage and cover all perceivable risks in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial condition may be adversely affected.

27. We will continue to be controlled by our Promoter after the completion of the Issue and any substantial change in our Promoter's shareholding will have an impact on the trading price of our Equity Shares.

Our Promoter, Jupiter Capital Private Limited holds and will continue to hold a significant percentage of our Equity Share capital. Our Promoter will, therefore, be able to control the outcome of matters submitted to our Board or shareholders for approval. Our Promoter will continue to exercise significant control or influence over our business and major policy decisions. Our Promoter may also pledge the ownership interest in our Company for its business or borrowings. Accordingly, the interests of our Promoter in capacity of a shareholder may conflict with your interests and the interest of our other shareholders. The trading price of our Equity Shares could be adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in our Promoter.

28. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage or accurately report our financial risk.

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. Our internal controls are effective as of date. However, if internal control weaknesses are identified in future, our actions may not be sufficient to correct such internal control weakness. There can be no assurance that additional deficiencies in our internal controls will not arise in the future, or that we will be able to implement and continue to maintain adequate measures to rectify or mitigate any such deficiencies in our internal controls. Such instances may also adversely affect our reputation, thereby adversely impacting our business, cash flows, results of operations and financial condition.

29. Our business depends on a strong brand and corporate reputation and if we are not able to maintain and enhance our brand, our ability to grow our business and our results of operations, cash flows, and financial condition may be adversely affected.

Since many of our specific customer engagements involve highly tailored solutions, our corporate reputation is a significant factor in our customers' and prospective customers' determination of whether to continue engaging us or hire us for prospective services. We believe that our brand name and reputation are important corporate assets that help distinguish our offerings from those of our competitors and also contribute to our efforts to recruit and retain talented professionals. However, our corporate reputation is susceptible to damage by various factors such as actions or statements made by current or former employees or customers, competitors, Promoter, vendors and adversaries in legal proceedings, as well as members of the investment community and the media. There is a risk that negative information about our company, even if based on false rumours or misunderstandings, could adversely affect our business. Any negative news affecting us might also affect our reputation and brand value. In particular, damage to our reputation could be difficult and time-consuming to repair, especially due to the competitiveness in our industry, which could make potential or existing customers reluctant to select us for new engagements, resulting in a loss of business, and could adversely affect our employee recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of our brand name, could reduce investor confidence in us, affect the price of our Equity Shares and adversely affect our ability to grow our business and our results of operations, cash flows and financial condition.

30. Our Company, our Promoter and our Directors are involved in certain legal proceedings, any adverse developments related to which could adversely affect our reputation, business and cash flows.

There are outstanding legal proceedings involving our Company, our Promoter and our Directors. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. We cannot assure you that these proceedings will be decided in our favour. Brief details of material outstanding litigation that have been initiated by and against our Company, our Promoter and our Directors, as applicable, are set forth below:

Name of entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Material civil litigations	Aggregate amount involved (₹ in lakhs)
Company					
By our Company	Nil	N.A.	N.A.	1	186.28
Against our Company	Nil	14	Nil	Nil	1,356.03
Directors					
By our Directors	Nil	N.A.	N.A.	Nil	N.A.
Against our Directors	Nil	Nil	Nil	Nil	N.A.
Promoter					
By our Promoter	2	N.A.	N.A.	3	4,167.27
Against our Promoter	Nil	7	Nil	Nil	3,512.00
Subsidiaries					
By our subsidiaries	Nil	N.A.	N.A.	Nil	N.A.
Against our subsidiaries	Nil	24	Nil	Nil	4,037.48

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions that could increase our expenses and current liabilities. Further, such legal proceedings could divert our management's time and attention and cause us to incur expenses. Any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations, cash flows and financial condition. For further information, see "*Legal Proceedings*" on page 425.

31. ***We conduct our business in various jurisdictions globally and may be unsuccessful in operating and expanding into new markets and face numerous legal and regulatory requirements while operating and expanding and violation of these regulations could harm our business.***

We conduct our business in various jurisdictions globally, including across emerging and developed markets and serve clients primarily in APAC, Europe, and North America. We operate on a global scale and as of September 30, 2023, we served clients across several countries spanning Europe, North America and Asia.

The table below sets forth our revenue from contracts with customers by end market geography (based on location of the specific customer site that we serve, irrespective of the location of the headquarters of the customer) for the period/ years indicated:

(All amounts in ₹ lakhs, unless otherwise stated)

Region	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
APAC				
Percentage of revenue from contracts with customers in APAC to total revenue from contract with customers	29.69%	28.30%	24.30%	21.10%
Europe				
Percentage of revenue from contracts with customers in Europe to total revenue from contract with customers	35.61%	34.30%	32.10%	33.40%
North America				
Percentage of revenue from contracts with customers in North America to total revenue from contract with customers	34.70%	37.40%	43.60%	45.50%
Revenue from contracts with customers				
Revenue from contracts with customers	46,510.10	81,360.47	60,840.77	51,738.61

The markets in which we operate are diverse and fragmented, with varying levels of economic and infrastructure development and distinct legal and regulatory systems, and do not operate seamlessly across borders as a single or common market. The costs involved in entering and establishing ourselves in new markets, and operating and expanding such operations, may be higher than expected and we may face significant competition in these regions. Moreover, breaking the incumbency of local or global competition among clients may require us to make investments that may adversely affect our results of operations. We may also face additional risks in setting up operations in new markets in which we have no prior operating history or have no experience of conducting business. These factors may have an adverse effect on our ability to expand into emerging markets and thus on our business and financial condition.

Since we provide services to clients across various regions, we are also subject to numerous legal requirements and are vulnerable to shifts in global trade laws and regulations and economic policies on matters as diverse as import/export controls, content requirements, trade restrictions, trade pacts, the environment (including electronic waste), tariffs, transfer pricing regulations, duties, taxation, sanctions, government affairs, anti-corruption, whistle blowing, internal and disclosure control obligations, data protection and privacy and labour relations, security service regulations and certain regulatory requirements that are specific to our clients' industries. Non-compliance with these regulations in the conduct of our business could result in termination of client contracts, fines, penalties, criminal sanctions against us or our officers, prohibitions on doing business and have an adverse impact on our reputation.

We are subject to risks relating to compliance with a variety of national and local laws including multiple tax regimes, labour laws, and employee health, safety, wages and benefits laws. For instance, the election and composition of the board of directors of one of our material subsidiary, AXISCADES Inc. may have been in non-compliance with its by-laws. Our failure to comply with applicable regulatory requirements could have a material adverse effect on our business, results of operations and financial condition.

32. ***Our business, cash flows, results of operations and financial condition could be negatively affected if we incur legal liability, including with respect to our indemnification obligations, in connection with providing our solutions and services.***

If we fail to meet our contractual obligations or otherwise breach obligations to our customers, we could be subject to legal liability. We may enter into non-standard agreements because we perceive an important economic opportunity or because our personnel did not adequately adhere to our guidelines. In addition, the contracting practices of our competitors may cause contract terms and conditions that are unfavourable to us to become standard in the marketplace. If we cannot or do not perform our obligations, we could face legal liability and our contracts might not always protect us adequately through limitations on the scope and/or amount of our potential liability. If we cannot, or do not, meet our contractual obligations to provide solutions and services, and if our exposure is not adequately limited through the terms of our agreements, we might face significant legal liability and our business could be materially adversely affected.

In the normal course of business, we have entered into contractual arrangements through which we may be obligated to indemnify customers or other parties with whom we conduct business with respect to certain matters. These arrangements can include provisions whereby we agree to defend and hold the indemnified party and certain of their affiliates harmless with respect to claims related to matters including our breach of certain representations, warranties or covenants made by us, or out of our intellectual property infringement, our gross negligence or wilful misconduct, and certain other claims It is not possible to determine the maximum potential amount under these indemnification agreements due to the unique facts and circumstances involved in an agreement, and any claims under these agreements may not be subject to liability limits or exclusion of consequential, indirect or punitive damages. During the six-months period ended September 30, 2023 and in the Fiscals 2023, 2022 and 2021, we have not made payments under these indemnification agreements. However, if events arise requiring us to make payment for indemnification claims under our indemnification obligations in contracts we have entered, such payments could have a material impact on our business, cash flows, financial condition and results of operations.

33. Failure or delays in obtaining third party certifications and accreditations may cause delays in our delivery schedules and disruptions in our business which may adversely affect our business, cash flows, financial condition and results of operations.

We are required to obtain several third party certifications and accreditations in relation to our products and services. For instance, we have received AS 9100D, ISO 14001:2015, ISO 27001:2013 and ISO 9001:2015 certifications for our management systems. Depending on the product and requirements of our customers, we may need to obtain specific certifications from a particular agency which may not be forthcoming in a timely manner or at all. As a result, we may experience delays and disruptions in our products and services capability which may adversely affect our business, cash flows, financial condition and results of operations.

34. Our international sales and operations are subject to many uncertainties and we are exposed to foreign currency exchange rate fluctuations.

We may be subject to risks inherently associated with international operations, including risks associated with foreign currency exchange rate fluctuations, which may cause volatility in our reported income, and risks associated with the application and imposition of protective legislation and regulations relating to import or export or otherwise resulting from foreign policy or the variability of foreign economic conditions.

We transact business in various currencies other than the Indian rupee and have significant customers abroad, which subject us to currency exchange risks. Any fluctuations in foreign currency exchange rates may have an asymmetric impact on our profits, results of operations and cash flows and consequently on our business condition and profitability. As of September 30, 2023, the net foreign currency exposure of the Group was ₹ 4,103.27 lakhs. Although in order to minimize our exposure to fluctuations in foreign currency exchange, we have entered into hedging arrangements, there can be no assurance that our hedging measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian rupee against the USD, Euro or GBP, or other foreign currencies in which we may transact business in the future.

As we provide technology solutions to customers throughout the world, we are subject to numerous, and sometimes conflicting, legal rules on matters as diverse as import/export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, government affairs, internal and disclosure control obligations, transfer pricing, data privacy and labour relations, particularly in India where we operate. A significant portion of our systems and operations are located in India and laws and regulations that are applicable to us, but not to our competitors, may impede our ability to develop and offer services that compete effectively with those offered by our non-India based competitors and generally available worldwide. Violations of laws or regulations in the conduct of our business could result in fines, criminal sanctions against us or our officers, prohibitions on doing business, damage to our reputation and other unintended consequences such as liability for monetary damages, fines and/or criminal prosecution, unfavourable publicity, restrictions on our ability to process information and allegations by our customers that we have not performed our contractual obligations. Due to the varying degrees of development of the legal systems of the countries in which we operate, local laws might be insufficient to protect our rights. Our failure to comply with applicable legal and regulatory requirements could materially adversely affect our business, cash flows, financial condition and results of operations.

Additional risks associated with international operations include difficulties in enforcing intellectual property and/or contractual rights, the burdens of complying with a wide variety of foreign laws, potentially adverse tax consequences, tariffs, quotas and other barriers and potential difficulties in collecting accounts receivable. In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with international operations. Additionally, such competitors may have long-standing or well-established relationships with customers, which may put us at a competitive disadvantage. We may also face difficulties integrating new operations in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture. There can be no assurance that these and other factors will not impede the success of our international expansion plans, limit our ability to compete effectively in other countries or otherwise materially adversely affect our business, cash flows, financial condition and results of operations.

35. Increases in wages and other employee benefits expense for our professionals could prevent us from sustaining our competitive advantage.

Wage costs for professionals in India are lower than comparable wage costs in more developed countries. However, wage costs in the Indian engineering services industry may increase at a faster rate than in the past, either generally or as a result of establishment of GCCs by global corporations we serve, which ultimately may make us less competitive unless we are able to increase the efficiency and productivity of our professionals as well as the prices we can charge for our services. Increases in wage costs may reduce our profitability. Further, there can be no assurance that the Government of India will not impose wage regulations on professionals. In addition, the issuance of equity-based compensation to our professionals would also result in additional dilution to our shareholders.

The following table sets out our employee benefit expenses as a percentage of our total expenses and our revenue from contracts with customers for the period/ years indicated:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
Employee benefits expense (a)	23,269.80	36,089.20	31,214.39	26,661.40
Total expenses (b)	44,384.80	73,847.50	58,048.46	50,833.63
Percentage of employee benefits expense to total expenses (c) = (a)/(b)	52.43%	48.87%	53.77%	52.45%
Revenue from contracts with customers (d)	46,510.10	81,360.47	60,840.77	51,738.61
Percentage of employee benefits expense to revenue from contracts with customers (e) = (a)/(d)	50.03%	44.36%	51.31%	51.53%

36. ***Our contracts may become unprofitable. This may materially adversely affect our business, cash flows, financial condition and results of operations.***

We perform our services primarily under fixed price contracts. About 66.50% of our revenue from contracts with our customers are fixed price contracts and about 33.50% are based on time and material as on September 30, 2023. The rates and other pricing terms negotiated with our customers are highly dependent on our internal forecasts of our operating costs, effort involved, utilization rates, offsite/onshore mix and predictions of increases in those costs influenced by wage inflation and other marketplace factors, as well as the volume of work provided by the customer. Our predictions are based on limited data and could turn out to be inaccurate, resulting in contracts that may not be profitable. Typically, we do not have the ability to increase the rates established at the outset of a customer project, other than as specified in the agreements with our customers which are often subject to caps. Moreover, customer expectations regarding the anticipated cost of a project may limit our practical ability to increase our rates for on-going work.

Revenue from our fixed-price contracts represented 66.50% 61.60%, 54.40% and 55.30% of our revenue from contracts with customers for the six-months period ended September 30, 2023 and in the Fiscals 2023, 2022 and 2021, respectively. Our pricing in fixed-price contracts is highly dependent on our assumptions and forecasts about the costs we expect to incur to complete the related project, which are based on limited data and could turn out to be inaccurate. Any failure by us to accurately estimate the employee pyramid and other resources such as cost of material, IT, administrative and facility infrastructure required to complete a fixed-price contract on time and on budget or meet a service level on a managed service contract, or any unexpected increase in the cost of our employees assigned to the related project, error or miscalculation of efforts involved, office space or materials could expose us to risks associated with cost overruns and could have a material adverse effect on our business, results of operations, cash flows and financial condition. In addition, any unexpected changes in economic conditions that affect any of the foregoing assumptions and predictions could render contracts that would have been favourable to us when signed unfavourable.

We may not be able to fulfil the time and material contracts or staffing contracts or realize the estimated margins due to non-availability of required skills and resources, mismatch between pay rates and bill rates, resource attrition and various other factors.

In addition, a number of our contracts/ purchase orders contain pricing terms that condition a portion of the payment of fees by the customer on our ability to meet defined performance goals, service levels and completion schedules set forth in the contracts/ purchase orders. Our failure to meet such performance goals, service levels or completion schedules or our failure to meet customer expectations in such contracts may result in less profitable or unprofitable engagements.

Our profitability and operating results are dependent on the rates we are able to charge for our services. We believe our rates are affected by a number of factors, including:

- our customers' perception of our ability to add value through our services;
- our competitors' pricing policies;
- bid practices of customers and their use of third-party advisors;
- the ability of large customers to exert pricing pressure;
- employee wage levels and increases in compensation costs;

- employee utilisation levels;
- cost of material, IT, software's and licenses, office space and any other resource critical to delivery of services or products to our customers;
- computation of effort with respect to statement of work;
- our ability to charge premium prices when justified by market demand or the type of service; and
- general economic conditions.

If we are not able to maintain favourable pricing for our services, our profitability could suffer. This may materially adversely affect our business, cash flows, financial condition and results of operations.

37. We may not be able to recognize revenues in the period in which our services are performed, which may cause our margins to fluctuate.

Our services are performed primarily under fixed-price contract arrangements. Revenue is recognised upon transfer of control of products or services to customers to the extent of an amount that reflects the consideration that we expect to receive in exchange for these offerings.

In instances where final acceptance of the system or solution is specified by the customer, revenues and related costs are deferred until all acceptance criteria have been met.

38. Our ability to expand our business and procure new contracts or enter into beneficial business arrangements could be affected by non-competition clauses in our agreements with existing customers.

Some of our agreements with customers may contain time-based restrictions on reassigning personnel from those customers' accounts to the accounts of competitors of such customers. These clauses may restrict our ability to offer services to different customers in a specific industry or market. Moreover, we may in the future enter into agreements with customers that restrict our ability to accept assignments from, or render similar services to, those customers' customers, require us to obtain our customers' prior written consent to provide services to their customers or restrict our ability to compete with our customers, or bid for or accept any assignment which our customer is bidding for or is negotiating. These restrictions may hamper our ability to compete for and provide services to other customers in a specific industry in which we have expertise and could materially adversely affect our business, cash flows, financial condition and results of operations.

39. Our Company was incorporated in 1990 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may impact our financial condition and reputation.

We are unable to trace some of our historical records, including the form filings made with the RoC, and corresponding resolution maintained by our Company. We may be unable to obtain copies of these documents in the future to ascertain details of the relevant transactions. For instance, we have been unable to trace the following corporate records and regulatory filings of our Company:

(i) return of allotment filed with RoC, with respect to allotments of equity shares made by our Company dated March 30, 1991, April 1, 1993 and March 31, 1996;
(ii) form for filing of resolutions along with the Board resolution approving the allotment and shareholders' resolution for the allotment dated July 28, 1999;
(iii) notice of consolidation, division, etc. or increase in share capital or increase in number of members with respect to the split of equity shares dated July 5, 2000;
(iv) Shareholders' resolution for the allotment dated December 7, 2005 and May 4, 2000;
(v) Board resolution approving the issuance with respect to allotments dated March 30, 1991, April 1, 1993, March 31, 1996 and March 27, 1997; and
(vi) copy of the erstwhile employee stock purchase scheme.

While certain information in relation to these allotments has been disclosed in the section "*Capital Structure*" on page 71 based upon the details provided in the search report dated January 9, 2024, prepared by Sameer Kishore Bhatnagar, Practicing Company Secretary. We may not be able to furnish any further information, other than what is already disclosed in "*Capital Structure*" beginning on page 71.

Additionally, we are unable to identify the allotments for which Form FC-GPR was required to be filed. While no legal proceedings or regulatory action has been initiated against our Company in relation to the unavailable filings and statutory lapses as of the date of this Placement Document, we cannot assure you that such proceedings or regulatory actions will not be initiated against our Company in the future in relation to the missing filings and corporate records. While the amount of penalty is not likely to be material, the actual amount of the penalty which may be imposed or loss which may be suffered by our Company cannot be ascertained at this stage and depends on the circumstances of any potential action which may be brought against our Company.

40. We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, results of operations, cash flows and financial condition.

We have entered into various financing arrangements with various lenders for short-term and long terms facilities. As of September 30, 2023, our Total Borrowings amounted to ₹ 35,666.12 lakhs. Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to generate sufficient cash flows to service such debt. Any additional indebtedness we incur may have significant consequences, including, requiring us to use a significant portion of our cash flow from operations and other available cash to service our indebtedness, thereby reducing the funds available for other purposes and reducing our flexibility in planning for or reacting to changes in our business, competition pressures and market conditions. Moreover, some of our existing borrowings are and our future borrowings may be at an interest rate higher than the prevailing market rate. We cannot assure you that we will be successful in negotiating favourable terms for our future borrowings.

Some of our borrowings are secured, among others, by way of lien on our assets. As these assets are hypothecated or mortgaged, our rights in respect of transferring or disposing of these assets are restricted except in the normal course of business. Further, in the event we fail to service our debt obligations, the lenders have the right to enforce the security created in respect of our secured borrowings and take possession of and/or transfer the assets comprised within the security. If the lenders choose to enforce security and dispose our assets to recover the amounts due from us, our business, results of operations, financial condition, cash flows and future prospects may be adversely affected.

Some of the financing arrangements entered into by us include conditions that require us to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement.

Some of the corporate actions that require prior consents from certain lenders include, amongst others, altering our capital structure, dilution in shareholding of our Promoter of our Company and mobilising capital markets.

While all necessary consents required under the terms of the financing arrangements for the Issue have been obtained, a failure to observe the covenants under our financing arrangements or to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities and suspension of further access/ withdrawals, either in whole or in part, for the use of the facility. If the obligations under any of our financing documents are accelerated, we may have to dedicate a portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our long term working capital requirements and other general corporate purposes. In addition, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing.

41. We have working capital requirements and may require additional financing to meet those requirements, which could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

Our Company requires working capital to finance our direct costs and indirect costs before payment is received from customers. As of September 30, 2023, our borrowings in respect of our working capital facilities was ₹ 6,904.41 lakhs. In addition, set out below are the certain details pertaining to our working capital requirements, including our, current ratio, and net working capital for the six-months period ended September 30, 2023 and Fiscals 2023, 2022 and 2021:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at and for the six-months ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Current ratio(1)	1.76	1.51	0.99	1.07
Net working capital(2)	24,641.59	18,075.91	(327.50)	2,402.87
Total Borrowings(3)	35,666.12	31,400.35	4,881.11	5,144.19
Current assets	57,083.15	53,804.20	43,240.88	36,417.91
Current liabilities	32,441.56	35,728.29	43,568.38	34,015.04
Total liabilities	66,112.24	56,052.18	45,779.13	43,884.92
Finance costs	3,175.00	3,589.98	1,575.41	2,250.40

Notes:(1) Current ratio = current assets / current liabilities. For a detailed calculation of current ratio, see " Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of current assets to current ratio" on page 296.
(2) Net working capital = (current assets –current liabilities). For a detailed calculation of net working capital, see " Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of current assets to net working capital" on page 296.
(3) Total Borrowings include current and non-current borrowings.

The actual amount and timing of our future working capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, larger inventory and receivables holding, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments and new opportunities in the industries in which we operate. Our sources of additional financing, required to meet our working capital requirements and capital expenditure pans, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, could result in a dilution of your shareholding. Accordingly, continued increases in our working capital requirements may have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.

42. *Our funding requirements and proposed deployment of the proceeds from this Issue are based on management estimates and have not been independently appraised.*

We intend to use the Net Proceeds for the purposes described in "*Use of Proceeds*" on page 66. As on the date of this Placement Document, our funding requirements are based on management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below. Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds of the Issue. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. We may have to revise our funding requirement on account of various factors, such as financial and market conditions, delay in procuring and operationalizing assets or necessary licenses and approvals, competition, price fluctuations, interest rate fluctuations and other external factors, which may not be within the control of our management. This may also entail rescheduling of the proposed deployment of the Net Proceeds at the discretion of our management, subject to compliance with applicable laws. Further, in the event, the Net Proceeds are not utilized (in full or in part) for the objects of the Issue during the period stated above due to any reason, including (i) the timing of completion of the Issue; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods in such manner as may be determined by our Company, in accordance with applicable laws. Our management estimates may differ from the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our expenditure, subject to applicable laws, and may have an adverse impact on our business, financial condition, results of operations and cash flows. Accordingly, investors in the Equity Shares will be relying on the judgment of our management regarding the application of the Net Proceeds.

Further, CRISIL has been appointed as the monitoring agency for monitoring the utilization of Proceeds in accordance with the SEBI ICDR Regulations and the monitoring agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

Further, the application of the Net Proceeds in our business may not lead to an increase in the value of your investment. Various risks and uncertainties, including those set forth in this section "*Risk Factors*", may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business.

43. *Any failure to protect or enforce our rights to own or use trademarks and brand name and identity could have an adverse effect on our business and competitive position.*

We have no registered trademarks, including the trademark for our trade name or the corporate logo appearing on the cover page of this Placement Document. If we are unable to register our trademark for various reasons including our inability to remove objections to any trademark application, or if any of our unregistered trademark are registered in favour of or used by a third party in India or abroad, we may not be able to claim registered ownership of such trademark and consequently, we may not be able to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities, causing damage to our business prospects, reputation and goodwill in India and abroad. Apart from this, any failure to register or renew registration of our registered trademark may affect our right to use such trademark in future. Further, our efforts to protect our intellectual property in India and abroad may not be adequate and any third party claim on any of our unprotected intellectual property may lead to erosion of our business value and our reputation, which could adversely affect our operations. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our trademarks in India and abroad.

Further, if we do not maintain our brand name and identity, we may not be able to maintain our competitive edge in India and abroad. If we are unable to compete successfully, we could lose our customers, which would negatively affect our financial performance and profitability. Moreover, our ability to protect, enforce or utilize our brand name is subject to risks, including general litigation risks. Furthermore, we cannot assure you that such brand name will not be adversely affected in the future by actions that are beyond our control, including customer complaints or adverse publicity from any other source in India and abroad. Any damage to our brand name, if not immediately and sufficiently remedied, could have an adverse effect on our business and competitive position in India and abroad.

44. ***Our Registered and Corporate Office and certain properties from which we operate are not owned by us and we have only leasehold rights. If we are unable to renew our current leases or if we renew them on terms which are detrimental to us, we may suffer a disruption in our operations or increased relocating costs, or both, which could adversely affect our business, results of operations, cash flows and financial condition.***

Our Registered and Corporate Office is located in Bengaluru, Karnataka, India on a leased premises. Further, some of our global engineering centres are also on leased premises. For further information, see "*Our Business - Properties*" on page 361.

There is no guarantee that these leases/ licenses will be renewed or extended once their terms are complete. If we are unable to renew or extend our current leases/ licenses, or if we renew or extend them on terms which are detrimental to us, we may suffer a disruption in our operations or increased relocating costs, or both, which could adversely affect our business, results of operations, cash flows and financial condition.

45. ***We may be unable to maintain or renew our statutory and regulatory permits, licences and approvals required to operate our business.***

We require certain statutory and regulatory permits and approvals to operate our business. We may not, at all points of time, have all approvals required for our business. In the event that we are unable to comply with any or all of these terms and conditions or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the license providers may revoke this licence or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations. If we fail to obtain, renew or maintain the required permits, licences or approvals, including those set out above, we could be subjected to penalties by the relevant regulatory authorities, which may result in the interruption of our operations or delay or prevent our expansion plans and may have an adverse effect on our business, financial condition, results of operations and cash flows.

46. ***We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest.***

We have entered into various transactions with related parties. For the six month period ended September 30, 2023 and in the Fiscals 2023, 2022 and 2021, the arithmetic aggregate absolute total of such related party transactions was ₹ 1,143.60 lakhs, ₹ 18,682.78 lakhs, ₹ 4,653.61 lakhs and ₹ 1,198.95 lakhs, respectively, amounting to 2.43%, 22.58%, 7.51% and 2.23% of our total income in the corresponding period/ years. For details please see "*Related Party Transactions*" on page 34.

While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. While all related party transactions that we enter into are subject to board or shareholder approval, as necessary under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such future transactions, individually or in the aggregate, will not have an adverse effect on our financial condition, cash flows and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Accordingly, any future transactions with our related parties could potentially involve conflicts of interest which may be detrimental to our Company. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition and cash flows.

47. ***We have contingent liabilities as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets as on September 30, 2023. The realization of our contingent liabilities may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition***

The following are the tax contingencies as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets on a consolidated basis in our balance sheet, as at September 30, 2023:

(All amounts in ₹ lakhs unless otherwise stated)

Sr. No.	Particulars	As at September 30, 2023
Tax contingencies		
1.	Indirect tax matters for demands pending before various appellate authorities	1,098.76
2.	Direct tax matters under dispute/ pending before Income Tax authorities	4,364.89

Our contingent liabilities may become actual liabilities and if a significant portion of these liabilities materialize, it could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future. If any of these actually occur in the future, they may adversely impact our profitability and may have a material adverse effect on our business, financial condition and our results of operations.

48. Our failure to comply with anti-money laundering, anti-terrorist financing rules and regulations thereunder and applicable Indian securities laws and related circulars and guidelines issued by various regulatory and government authorities could result in criminal and regulatory fines and severe reputational damage.

We are required to comply with applicable anti-money laundering and anti-terrorist financing rules and regulations thereunder ("**AML Laws**") and the applicable Indian securities laws.

Although we seek to adhere to all requirements under applicable law, our business and reputation could suffer if we fail to fully comply with applicable AML Laws and the applicable Indian securities laws. The relevant government agencies and regulatory authorities, including the Stock Exchanges, may, from time to time, may seek to scrutinize our compliance with applicable laws and may impose fines and other penalties against us or our Promoter, which could expose us or our Promoter to significant monetary liabilities, regulatory challenges and adversely affect our business and reputation.

Penalties, if any, imposed by regulators on us or our Promoter may also generate adverse publicity for us and our business. Such adverse publicity or any future scrutiny or investigation could result in damage to our reputation and involve significant time and attention of our management and may materially adversely affect our business and financial results.

49. Industry information included in this Placement Document has been derived from an industry report exclusively commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate.

We have availed the services of an independent third-party research agency, Lattice Technologies Private Limited, to prepare an industry report titled "*Defense and ER&D Industry Report*" dated January 2, 2024, for purposes of inclusion of such information in this Placement Document. This report is not exhaustive and is subject to various limitations and based upon certain assumptions that are subjective in nature. Although we believe that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed, and dependability cannot be assured. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Industry sources and publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document. You should consult your own advisors and undertake an independent assessment of information in this Placement Document based on, or derived from, the Lattice Report. You are advised not to place undue reliance on the Lattice Report or extracts thereof as included in this Placement Document, when making your investment decision.

50. We are subject to transfer pricing regulations in respect of transactions with our foreign Subsidiaries. If the income tax authorities review any of our tax returns and determine that the transfer price applied was not appropriate, we may incur increased tax liabilities, including accrued interest and penalties.

Indian transfer-pricing regulations require that any international transaction involving associated enterprises be at an arm's length price. Transactions among us and our Subsidiaries may be considered such transactions. Accordingly, we determine the pricing among our foreign entities on the basis of detailed functional and economic analysis involving benchmarking against transactions among entities that are not under common control and accordingly we have determined that all such transactions are as per arms length as per provisions of Income Tax Act.

If the income tax authorities review any of our tax returns and determine that the transfer price applied was not appropriate, we may incur increased tax liabilities, including accrued interest and penalties. The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the various jurisdictions, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for pricing intercompany transactions pursuant to our intercompany arrangements or disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

51. ***Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity have been included in this Placement Document. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity, current ratio, interest coverage ratio, net working capital have been included in this Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance and because such measures are frequently used by security analysts, investors and others to evaluate the operational performance of companies in our industry, many of which provide such non-GAAP.

These non-GAAP measures are supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, these non-GAAP measures are not standardised terms, hence a direct comparison of these non-GAAP Measures between companies may not be possible. Other companies may calculate these non-GAAP Measures differently from us, limiting its usefulness as a comparative measure.

EXTERNAL RISK FACTORS

Risks Related to India

52. ***Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

53. ***We may be affected by competition laws, the adverse application or interpretation of which could adversely affect our business.***

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "**CCI**"). Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, since we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects.

54. ***The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. For instance, the current Russia - Ukraine and Israel-Palestine conflict if escalated and prolonged may cause disruptions in our operating geographies of Europe and North America. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

55. ***We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control.***

We are incorporated in India and our Equity Shares are listed on BSE and NSE. A significant share of our revenue comes from our operations in India. Consequently, our business, operations, financial performance and the market price of our Equity Shares is affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health emergencies in India or in countries in the region or globally, including in India's various neighbouring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies; and
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations, cash flows and financial condition and the price of the Equity Shares.

56. ***Significant differences exist between Ind AS, U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition. Accordingly, financial statements included in this Placement Document might not provide meaningful information to readers whose level of familiarity with Indian accounting practices is limited.***

Our financial statements for the six-months period ended September 30, 2023 are prepared in accordance with the Indian Accounting Standard 34, "Interim Financial Reporting" prescribed under Section 133 of the Companies Act and other accounting principles generally accepted in India and Audited Consolidated Financial Statements, have been prepared in accordance with the Ind AS and Companies Act, 2013. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the financial statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. In addition, some of our competitors may not present their financial statements in accordance with Ind AS and their financial statements may not be directly comparable to ours. Therefore, any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

57. ***If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers and our profits might decline.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the Government of India has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

58. ***Foreign investors are subject to foreign investment restrictions under Indian laws which limit our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required for the transfer of shares. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all.

59. ***A downgrade in ratings of India, may affect the trading price of the Equity Shares.***

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

60. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects, cash flows and results of operations.***

Our business and financial performance could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and our general and microfinance businesses, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations.

The Government of India has announced the union budget for the Fiscal 2024, pursuant to which the Finance Bill, 2023 ("**Finance Bill**") has introduced various amendments. The Finance Bill has received assent from the President of India on March 31, 2023, and has been enacted as the Finance Act, 2023 ("**Finance Act**"). We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

The Government has recently introduced (a) the Code on Wages, 2019 ("**Wages Code**"); (b) the Code on Social Security, 2020 ("**Social Security Code**"); (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020, which consolidate, subsume and replace numerous existing central labour legislations. Except certain portions of the Wages Code, which have come into force pursuant to notification by Ministry of Labour and Employment, the rules for implementation under such codes are yet to be notified. Accordingly, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future. For example, the Social Security Code aims to provide uniformity in providing social security benefits to employees which were previously segregated under different acts and had different applicability and coverage. The Social Security Code has introduced the concept of workers outside traditional employer-employee work-arrangements (including online and digital platforms), such as 'gig workers' and 'platform workers' and provides for the mandatory registration of such workers in order to enable these workers to avail benefits of, among others, life and disability cover, health and maternity benefits and old age protection, under schemes framed under the Social Security Code from time to time. The Social Security Code also provides that such schemes may, inter alia, be partly funded by contributions from online platforms. Further, the Wages Code limits the amounts that may be excluded from being accounted toward employment benefits (such as gratuity and maternity benefits) to a maximum of 50% of the wages payable to employees. The implementation of such laws have the ability to increase our employee and labour costs, thereby adversely impacting our results of operations, cash flows, business and financial performance.

Any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

61. A third party could be prevented from acquiring control of us post the Issue, because of anti-takeover provisions under Indian law.

As a listed Indian entity, there are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company subsequent to completion of the Issue. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

Risks Related to the Equity Shares

62. After this Issue, the price of the Equity Shares may be volatile.

The Issue Price, which may include a discount of not more than 5% of the Floor Price in accordance with the SEBI ICDR Regulations, will be determined by our Company in consultation with the Book Running Lead Managers, based on the Bids received in compliance with Chapter VI of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. The price of the Equity Shares on NSE and BSE may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and the global securities market or prospects for our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us;
- volatility in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our Company's profitability and performance;
- perceptions about our Company's future performance or the performance of Indian banks in general;
- the performance of our Company's competitors and the perception in the market about investments in the banking sector;
- adverse media reports about our Company or the Indian banking sector;
- a comparatively less active or illiquid market for the Equity Shares;
- changes in the estimates of our Company's performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- inclusion or exclusion of our Company in indices;
- significant developments in India's fiscal regulations;
- any other political or economic factors; and
- COVID–19 related measures undertaken by the Government of India

We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

63. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution. However, if the laws of the jurisdiction in which the investors are located in, do not permit the investors to exercise their pre-emptive rights, without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value that the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

64. An investor's ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document.

No actions have been taken to permit a public offering of the Equity Shares offered in the Issue in any jurisdiction. As such, an investor's ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Placement Document. For further information, see "*Selling Restrictions*" on page 398. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For further information, see "*Purchaser Representations and Transfer Restrictions*" on page 405. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

65. Investors to the Issue are not allowed to withdraw or revise their Bids downwards after the Bid /Issue Closing Date.

In terms of Regulation 179 (1) of the SEBI ICDR Regulations, investors in the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investors' demat account with the depository participant could take approximately seven (7) days and up to ten (10) days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of our Company, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

66. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade. There is no guarantee that the Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell the Equity Shares held by them on the Stock Exchange.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be granted until after the Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of the Equity Shares. Accordingly, there could be a failure or delay in listing the Equity Shares on NSE and BSE, which would adversely affect your ability to sell the Equity Shares. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

67. An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of allotment of such Equity Shares.

Pursuant to Regulation 178 of the SEBI ICDR Regulations, for a period of 12 months from the date of the allotment of the Equity Shares in the Issue, Eligible QIBs subscribing to the Equity Shares may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares. Our Company cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to certain categories of Eligible QIBs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock - in requirements. This may affect the liquidity of the Equity Shares purchased by such investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

68. An investment in the Equity Shares is subject to general risks related to investments in Indian Companies.

Our Company is incorporated in India and almost all of our assets and employees are located in India. Consequently, our business, results of operations, financial condition and the market price of the Equity Shares will be affected by changes in interest rates in India, policies of the Government of India, including taxation policies along with policies relating to industry, political, social and economic developments affecting India.

69. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as STT paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from the sale of shares of an Indian company.

Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

70. ***Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

71. ***Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

72. ***Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board in accordance with our dividend distribution policy and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We did not pay any dividends for Fiscal 2023, Fiscal 2022 and Fiscal 2021 and we did not pay any interim dividend for the six-months period ended September 30, 2023.

73. ***Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us may dilute your shareholding and any sale of Equity Shares by our Promoter or members of our Promoter Group may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in "*Capital Structure*" on page 71, we cannot assure you that our Promoter or Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

MARKET PRICE INFORMATION

As on the date of this Placement Document, 38,508,081 Equity Shares are issued of which 38,456,981 Equity Shares are subscribed and fully paid up. The Equity Shares have been listed and are available for trading on BSE and NSE.

On January 12, 2024 the closing price of the Equity Shares on BSE and NSE was ₹798.55 and ₹799.65 per Equity Share. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

A. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on the NSE and the BSE and number of Equity Shares traded on the days on which such high and low prices were recorded and the total trading turnover for the Financial Years 2023, 2022 and 2021:

NSE

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the year (₹)	Total no. of Equity Shares traded in the fiscal	Total Turnover of Equity Shares traded in the fiscal (₹ in lakhs)
Fiscal 2023	373.90	November 15, 2022	587,520	2,242.39	113.15	June 22, 2022	32,406	37.55	214.22	36,607,568	83,453.44
Fiscal 2022	127.70	January 20, 2022	107,313	137.22	42.25	April 5, 2021	47,328	19.94	86.24	46,650,922	39,657.85
Fiscal 2021	70.30	August 28, 2020	84,780	60.81	28.85	April 3, 2020	35,132	10.05	48.67	17,806,159	9,292.54

(Source: www.nseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher turnover has been chosen.*

BSE

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the year (₹)	Total no. of Equity Shares traded in the fiscal	Total Turnover of Equity Shares traded in the fiscal (₹ in lakhs)
Fiscal 2023	373.10	November 15, 2022	87,865	333.73	113.55	June 22, 2022	7,205	8.31	214.07	6,117,195	14,174.17
Fiscal 2022	127.45	January 20, 2022	41,696	52.98	42.35	April 6, 2021	7,571	3.21	86.23	9,034,575	7,919.76
Fiscal 2021	70.35	August 28, 2020	13,428	9.55	28.20	April 1, 2020	12,210	3.46	48.70	2,990,896	1,583.33

(Source: www.bseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

B. The following tables set out the reported high and low closing prices of our Equity Shares recorded on the NSE and the BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the turnover of Equity Shares traded in each of the last six months preceding this Placement Document:

NSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the month (₹)	Equity Shares traded in the month	
										No.	Turnover (₹ in lakhs)
December, 2023	675.45	December 26, 2023	1,88,441	1,274.43	535.75	December 5, 2023	68,713	372.13	609.60	29,70,959	18,555.02
November, 2023	586.10	November 22, 2023	157,954	922.94	504.70	November 1, 2023	8,915	45.26	546.48	1,220,782	6,884.77
October, 2023	576.15	October 9, 2023	118,585	651.30	496.10	October 23, 2023	65,327	328.57	529.64	823,489	4,418.30
September, 2023	585.05	September 6, 2023	62,031	360.34	484.20	September 26, 2023	20,448	100.49	533.62	820,664	4,408.29
August, 2023	579.70	August 16, 2023	29,464	170.44	469.50	August 2, 2023	29,269	138.10	533.20	1,089,538	5,854.64
July, 2023	507.60	July 12, 2023	102,909	521.36	449.50	July 24, 2023	65,864	302.29	478.46	1,031,941	4,995.25

(Source: www.nseindia.com)

1. High, low and average prices are based on the daily closing prices.

2. In the case of a month, average represents the average of the closing prices of all trading days of each month presented.

3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

BSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the month (₹)	Equity Shares traded in the month	
										No.	Turnover (₹ in lakhs)
December, 2023	677.40	December 26, 2023	18,045	121.98	535.75	December 5, 2023	18,875	101.56	609.20	3,81,861	2,382.91
November, 2023	586.65	November 22, 2023	67,654	396.10	504.85	November 1, 2023	2,128	10.85	545.59	1,98,526	1,131.82
October, 2023	577.60	October 9, 2023	43,320	244.30	494.70	October 23, 2023	3.859	19.31	529.69	1,52,518	830.42
September, 2023	584.30	September 6, 2023	8,231	47.76	486.05	September 26, 2023	1,884	9.33	534.67	1,22,641	655.01
August, 2023	580.85	August 16, 2023	19,090	110.81	470.05	August 2, 2023	1,789	8.45	532.98	1,46,308	791.86
July, 2023	506.80	July 12, 2023	3,930	19.90	451.55	July 24, 2023	8,771	40.37	479.64	1,60,264	769.13

(Source: www.bseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a month, average represents the average of the closing prices of all trading days of each month presented.*
3. *In case of two days with the same high or low price, the date with the higher turnover has been chosen.*

C. The following table sets forth the market price on the Stock Exchanges on November 9, 2023, the first working day following the approval of our Board for the Issue:

BSE						**NSE**					
Open (₹)	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Turnover (₹ in lakhs)**	**Open (₹)**	**High (₹)**	**Low (₹)**	**Close (₹)**	**Number of Equity Shares traded**	**Turnover (₹ in lakhs)**
527.05	544.35	514	518.05	1400	7.36	533.80	542.95	514.15	517.05	41,122	216.31

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds of the Issue aggregates to ₹21,999.99 lakhs.

The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue (of approximately ₹ 1,654.51 lakhs), are approximately ₹ 20,345.48 lakhs ("**Net Proceeds**").

Purpose of the Issue

Subject to compliance with applicable laws and regulations, and as approved by the Board of Directors, we propose to utilise the Net Proceeds for the following objects:

1. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company; and

2. General corporate purposes.

(collectively, referred to hereinafter as the "**Objects**").

Requirements of Fund

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

Sr. No.	Use of proceeds	Amount (₹ in lakhs)	Tentative timelines for utilisation of Net Proceeds
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company	15,845.48	By December 31, 2024
2.	General corporate purposes(1)	4,500.00	By September 30, 2025

(1) The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.

Our main objects clause and objects incidental or ancillary to the main objects clause, as set out in our Memorandum of Association, enable us to undertake our existing business activities for which the borrowings were availed by our Company, and which are proposed to be repaid or prepaid from the Net Proceeds.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our internal management estimates, operating plans and the growth strategies of our Company and other commercial factors. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution. For details, see "*Risk Factors - Our funding requirements and proposed deployment of the proceeds from this Issue are based on management estimates and have not been independently appraised*." on page 54. We currently propose to deploy the Net Proceeds by September 30, 2025. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, competition and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management and obtaining necessary approvals/ consents, as applicable, in accordance with applicable law. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws.

In the event that the estimated utilization of the Net Proceeds and Issue related expenses in a scheduled fiscal year is not completely met, due to the reasons stated above, the same shall be utilised in the next fiscal year or if required, the amount scheduled for deployment in a specific Fiscal may be utilized in an earlier Fiscal, as may be determined by our Company, in accordance with applicable laws. Subject to applicable laws, in the event of any increase in the actual utilization of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity.

Details of Objects

1. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company.

We avail fund-based and non-fund-based facilities in the ordinary course of business from various banks and financial institutions. The borrowing arrangements entered into by us include, inter alia, term loans and working capital facilities and non-convertible debentures. As of December 15, 2023, we had total outstanding borrowings of ₹33,835.20 lakhs, on a standalone basis. We propose to utilise a portion of the Net Proceeds aggregating to ₹15,845.48 lakhs for repayment or prepayment, in full or in part, of certain outstanding borrowings availed by our Company.

Our Company has obtained necessary consents, wherever required, from the lenders as per the requirements under the borrowing arrangements. Further, pursuant to the terms of the borrowing arrangements, prepayment of certain indebtedness may attract prepayment.

charges as prescribed by the respective lender. Such prepayment charges, as applicable, will also be funded out of the Net Proceeds. The repayment/ prepayment, will help reduce our outstanding indebtedness, assist us in maintaining a favourable debt - equity ratio. In addition, we believe that since our debt - equity ratio will improve, it will enable us to raise further resources at competitive rates and additional funds/ capital in the future to fund potential business development opportunities and plans to grow and expand our business in the future. The details of the outstanding borrowing availed by our Company, proposed for repayment or prepayment, in full or in part, from the Net Proceeds is set forth below:

Name of the lender	Nature of loan	Purpose of the loan	Sanctioned amount (₹ in lakhs)	Amount outstanding as at December 15, 2023 (₹ in lakhs)	Coupon rate	Tenor and Repayment schedule	Pre-payment penalty*	Whether the loan has been utilized for the purpose for which it has been availed
Investec Bank PLC & Emerging India Credit Opportunities Fund 1 Debenture trustee: Vistra ITCL (India) Limited	Secured unlisted redeemable non convertible debentures on private placement	Towards refinancing financial indebtedness to Grand Anicut Fund 2, Tata Capital Financial Services and Jupiter Capital Private Limited	21,000.00	21,000.00	12.75%	48 months paid on a monthly basis	(a)If debentures are redeemed prior to expiry of 9 months from the deemed date of allotment- outstanding debenture will include the coupon rate payable had the debenture been redeemed at the expiry of 9 months; (b)If debenture are redeemed after the expiry of 9 months but before the expiry of 15 months from the deemed date of allotment and the debenture being redeemed exceeds 50% of the total principal amount, outstanding debenture will include the coupon rate payable on the principal amount of debentures had the debenture been redeemed at the expiry of 15 months.	Yes
HDFC Bank Limited	Fund based working capital facility	Working capital	3,000.00	1,892.59	Cash credit- 9.60% Packing credit - 6.88%	-	-	Yes

Name of the lender	Nature of loan	Purpose of the loan	Sanctioned amount (₹ in lakhs)	Amount outstanding as at December 15, 2023 (₹ in lakhs)	Coupon rate	Tenor and Repayment schedule	Pre-payment penalty*	Whether the loan has been utilized for the purpose for which it has been availed
RBL Bank Limited	Fund based working capital facility	Working capital	2,500.00	2,467.71	Cash credit-10.40% Packing credit-7.63%	-	-	Yes

**As certified by the JAA & Associates, Chartered Accountants vide their certificate dated January 10, 2024, the loan has been utilised for the purpose for which it has been availed by the Company.*

2. General corporate purposes.

Our Company proposes to deploy the balance Net Proceeds, aggregating to ₹4,500.00 lakhs, towards general corporate purposes as approved by our management from time to time, subject to such utilisation not exceeding 25% of the Gross Proceeds, in compliance with applicable laws. The general corporate purposes for which our Company proposes to utilise Net Proceeds include, without limitation, funding growth opportunities, meeting ongoing general corporate exigencies and contingencies, expenses of our Company, and/or any other general purposes, as may be permissible under applicable laws, including provisions of the Companies Act.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds our Company shall invest such proceeds in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or to temporarily invest the funds in creditworthy instruments, including money market / mutual funds, as approved by the Board and/or a duly authorized committee of the Board, from time to time, and in accordance with applicable laws. Provided that, in accordance with applicable laws, we undertake to not utilize the proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges.

Monitoring of utilisation of funds

Our Company has appointed CRISIL as the monitoring agency in accordance with Regulation 173A of the SEBI ICDR Regulations for monitoring the utilisation of Proceeds as the size of our Issue exceeds ₹10,000 lakhs. The report of the Monitoring Agency shall be placed before the Audit Committee on a quarterly basis, upon its receipt, until such time as the Proceeds have been utilised in full. Such report, along with the comments (if any) of the Monitoring Agency shall be submitted to the Stock Exchanges within 45 days from the end of each quarter or such other period as may be specified under applicable law and uploaded on the website of our Company at www.axiscades.com.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Proceeds.

On an annual basis, our Company shall (i) prepare a statement of funds utilised for purposes other than those stated in this Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised; and (ii) disclose every year, the utilization of the Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Proceeds have been utilised in full.

Further, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above or the Objects for which the Proceeds were raised, have been achieved. This information will also be published on our website and our Company shall furnish an explanation for the deviations and category-wise variations in the directors' report in its annual report, after placing the same before the Audit Committee.

Other confirmations

As permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds.

Neither our Promoter nor our Directors are making any contribution either as a part of the Issue or separately in furtherance of the use of the Net Proceeds. Further, neither our Promoter nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoter, Directors or Senior Management are not eligible to subscribe to the Issue. Further, since the Net Proceeds of the Issue are proposed to be utilised towards the purposes set forth above, and not for implementing any specific project, the following disclosure requirements under Schedule VII of the SEBI ICDR Regulations are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

There are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds entered into or to be entered into by our Company with our Promoter, Promoter Group, Directors, Key Managerial Personnel and/or Senior Management.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation statement as at September 30, 2023, derived from the Unaudited Interim Condensed Consolidated Financial Statements and as adjusted to give effect to the receipt of the gross proceeds of the Issue. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 292 and 76, respectively:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As of September 30, 2023	As adjusted for the Offer*^
Non-current borrowings	24,735.01	24,735.01
Current borrowings	10,931.11	10,931.11
Total Borrowings (A)	**35,666.12**	**35,666.12**
Equity share capital	1,924.38	2,090.54
Other equity	34,135.64	55,969.48
Non-controlling interest	599.97	599.97
Total Equity (B)	**36,659.99**	**58,659.99**
Total Capitalization (A+B)	**72,326.11**	**94,326.11**
Total Borrowings / Total equity (A/B)	**0.97**	**0.61**

**Adjustments do not include Issue related expenses*

^ As adjusted to reflect the number of Equity Shares issued pursuant to the Issue.

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Placement Document is set forth below:

(in ₹ lakhs, unless otherwise stated)

	Particulars	Aggregate value at face value (except for securities premium account)
A	**AUTHORIZED SHARE CAPITAL**	
	204,000,000 Equity Shares of face value ₹5 each	10,200.00
	100,000 Preference Shares of face value ₹100 each	100.00
B	**ISSUED SHARE CAPITAL BEFORE THE ISSUE**	
	38,508,081 Equity Shares of face value ₹5 each	1,925.40
C	**SUBSCRIBED AND PAID-UP SHARE CAPITAL SHARE CAPITAL BEFORE THE ISSUE(4)**	
	38,456,981 Equity Shares of face value ₹5 each	1,924.38^
D	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	3,323,262 Equity Shares of ₹5 each aggregating to ₹21,999.99 lakhs(1)	166.16
E	**ISSUED SHARE CAPITAL AFTER THE ISSUE**	
	41,831,343 Equity Shares of ₹5 each	2,091.57
F	**SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE(4)**	
	41,780,243 Equity Shares of face value ₹5 each	2,090.54
G	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue(2)	10,615.43
	After the Issue(3)(4)	32,449.26

^ On account of a technical error, the paid up capital on the portal of Ministry of Corporate Affairs has not been updated.

(1) The Issue has been authorised by our Board pursuant to a resolution dated November 8, 2023 and by our Shareholders on December 18, 2023 by way of a postal ballot, the results of which were declared on December 19, 2023.

(2) As on the date of this Placement Document.

(3) The securities premium account after the Issue has been calculated on the basis of gross proceeds from the Issue. Adjustments do not include Issue related expenses.

(4) Pursuant to a resolution of Board dated July 31, 2002, a total of 51,100 Equity Shares allotted to certain shareholders of the Company were forfeited on which our Company has received ₹3 per Equity Share, and accordingly are added to the paid up equity share capital of our Company. For details, see "Capital Structure - Equity Share capital history of our Company" on page 71 of this Placement Document.

a) Equity Share Capital History of our Company

The history of the Equity Share capital of our Company is set forth below:

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Cumulative number of Equity Shares	Nature of consideration	Reason / Nature of allotment
September 1, 1990	100	10	10	100	Cash	Initial subscription to the Memorandum of Association
March 30, 1991^#	9,300	10	10	9,400	Cash	Further allotment
April 1, 1993 ^#	40,600	10	10	50,000	Cash	Further allotment
March 31, 1996^#	50,000	10	10	100,000	Cash	Further allotment
March 27, 1997#	100,000	10	10	200,000	Cash	Further allotment
March 31, 1999	800,000	10	-	1,000,000	-	Bonus issue in the ratio of 1 for every 4 equity shares
July 28, 1999*	317,000	10	27.30	1,317,000	Cash	Further allotment
April 28, 2000	4,214,400	10	-	5,531,400	-	Bonus issue in the ratio of 5 for every 16 equity shares
May 4, 2000#	250,000	10	10	5,781,400	Cash	Further allotment
*Pursuant to a resolution of our Board passed in their meeting held on July 5, 2000 and a resolution of our Shareholders passed in their extraordinary general meeting held on July 4, 2000, each fully paid up equity share of our Company of face value ₹10 was split into Equity Shares of ₹5 each, and accordingly, 5,781,400 equity shares of our Company of ₹10 each were split into 11,562,800 Equity Shares of ₹5 each.^^*						
July 5, 2000	3,660	5	5	11,566,460	Cash	Allotment pursuant to the employee stock purchase scheme
July 19, 2000	30,300	5	81	11,596,760	Cash	Preferential allotment
November 23, 2000	3,890,400	5	81	15,487,160	Cash	Initial public offering
July 31, 2002	(51,100)	5	-	15,436,060	-	Forfeiture of partly paid up Equity Shares for non-payment of allotment money
December 7, 2005^^^	4,202,000	5	-	19,638,060	-	Allotment pursuant to the scheme of amalgamation order dated September 30, 2005

Date of allotment	Number of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Cumulative number of Equity Shares	Nature of consideration	Reason / Nature of allotment
October 13, 2006	322,421	5	10.08	19,960,481	Cash	Preferential allotment
July 9, 2014	7,229,112	5	-	27,189,593	-	Allotment pursuant to the scheme of amalgamation order dated March 10, 2014
December 30, 2016	10,569,937	5	-	37,759,530	-	Allotment pursuant to the scheme of amalgamation order dated November 4, 2016
January 14, 2022	75,000	5	52.95	37,834,530	Cash	Allotment under ESOP 2018-1 and ESOP 2018-2
January 14, 2022	79,500	5	52.65	37,914,030	Cash	Allotment under ESOP 2018-1 and ESOP 2018-2
May 17, 2022	89,000	5	52.65	38,003,030	Cash	Allotment under ESOP 2018-2
December 3, 2022	179,180	5	52.65	38,182,210	Cash	Allotment under ESOP 2018-2
December 3, 2022	17,100	5	52.95	38,199,310	Cash	Allotment under ESOP 2018-2
August 17, 2023	199,771	5	52.65	38,399,081	Cash	Allotment under ESOP 2018-2
August 17, 2023	57,900	5	52.95	38,456,981	Cash	Allotment under ESOP 2018-2

^The Form -2 with respect to these allotments are not available. Accordingly, we have relied on the minutes of the meeting of the board of directors of our Company and the search report dated January 9, 2024, prepared by Sameer Kishore Bhatnagar, Practicing Company Secretary. For details see "Risk Factors - Our Company was incorporated in 1990 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may impact our financial condition and reputation" on page 52.

^^ The Form -5 with respect to the split is not available. Accordingly, we have relied on the minutes of the meeting of the board of directors and shareholders of our Company and the search report dated January 9, 2024, prepared by Sameer Kishore Bhatnagar, Practicing Company Secretary. For details see "Risk Factors - Our Company was incorporated in 1990 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may impact our financial condition and reputation" on page 52.

^^^The Shareholders' resolution with respect to the allotment is not available. Accordingly, we have relied on the minutes of the meeting of the board of directors of our Company and scheme of amalgamation dated July 12,2005 filed in this regard and the search report dated January 9, 2024, prepared by Sameer Kishore Bhatnagar, Practicing Company Secretary. For details see "Risk Factors- Our Company was incorporated in 1990 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may impact our financial condition and reputation" on page 52.

**The Form -23, Board resolution approving the allotment and Shareholders' resolution with respect to this allotment is not available. Accordingly, we have relied on the minutes of the meeting of the board of directors of our Company approving the issuance and the Form-2 filed in this regard and the search report dated January 9, 2024, prepared by Sameer Kishore Bhatnagar, Practicing Company Secretary. For details see "Risk Factors- Our Company was incorporated in 1990 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may impact our financial condition and reputation" on page 52.*

 # Board resolution approving issuance with respect to these allotments is not available. Accordingly, we have relied on the minutes of the meeting of the board of directors of our Company for allotment and the search report dated January 9, 2024, prepared by Sameer Kishore Bhatnagar, Practicing Company Secretary. For details see "Risk Factors- Our Company was incorporated in 1990 and we are unable to trace some of our historical records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to the missing filings and corporate records, which may impact our financial condition and reputation" on page 52.

Employee Stock Option Scheme

ESOP 2018-1

Pursuant to a Board resolution dated February 13, 2018 and Shareholders' resolution dated March 31, 2018, our Company instituted the AXISCADES ESOP 2018-Series 1 ("**ESOP 2018-1**") to provide for the grant of options to employees of our Company who meet the eligibility criteria under ESOP 2018-1. The objectives of ESOP 2018-1 include, inter alia, introducing a long-term incentive tool to motivate and retain talent, aligning key employee's interest with that of the shareholders and providing wealth creation opportunities to critical employees.

ESOP 2018-1 envisages option rights not exceeding 1,510,381 options of which each option upon exercise, grants its holder the right to be allotted one Equity Share, upon payment of the exercise price. The quantum of options that can be granted under the ESOP 2018 and the issue of Equity Shares upon its exercise are subject to corresponding fair and reasonable adjustment in the event of corporate actions by our Company including capitalisation of profits or reserves.

As on the date of this Placement Document, our Company has granted an aggregate of 1,510,381 options under ESOP 2018-1, including lapsed stock options granted under the ESOP 2018-1, which were added back to the pool. Out of the granted options, an aggregate of 214,728 stock options have vested, out of which no options have been exercised, 127,532 options have lapsed and no options are outstanding as on the date of as on the date of this Placement Document.

ESOP 2018-2

Pursuant to a Board resolutions dated February 13, 2018 and August 7, 2021, and Shareholders' resolutions dated March 31, 2018 and September 28, 2021, our Company instituted the AXISCADES ESOP 2018-Series 2 ("**ESOP**

2018-2”) to provide for the grant of options to employees of our Company who meet the eligibility criteria under ESOP 2018. The objectives of ESOP 2018-2 include, inter alia, introducing a long-term incentive tool to motivate and retain talent, aligning key employee’s interest with that of the shareholders and providing wealth creation opportunities to critical employees.

ESOP 2018-2 envisages option rights not exceeding 4,153,548 options of which each option upon exercise, grants its holder the right to be allotted one Equity Share, upon payment of the exercise price. The quantum of options that can be granted under the ESOP 2018-2 and the issue of Equity Shares upon its exercise are subject to corresponding fair and reasonable adjustment in the event of corporate actions by our Company including capitalisation of profits or reserves.

As on the date of this Placement Document, our Company has granted an aggregate of 4,802,863 options under ESOP 2018-2, including lapsed stock options granted under the ESOP 2018-2, which were added back to the pool. Out of the granted options, an aggregate of 1,178,758 stock options have vested, out of which 697,451 have been exercised, 767,386 options have lapsed and 481,307 options are outstanding, as on the date of this Placement Document.

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis. For details of the names of the proposed Allottees and the percentage of the post Issue Equity Share capital that may be held by them, please, see “*Proposed Allottees*” on page 434.

Pre-Issue and post Issue shareholding pattern

The pre-Issue and post Issue shareholding pattern of our Company is set forth below.

S. No.	Category	Pre-Issue^ (As on December 31, 2023)		Post-Issue	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of shareholding
1.	**Promoter’s holding****				
1.	Indian				
	Individual	-	-	-	-
	Bodies corporate	25,282,047	65.74	25,282,047	60.51
	Sub-total	**25,282,047**	**65.74**	**25,282,047**	**60.51**
2.	Foreign	-	-	-	-
	Sub-total (A)	**25,282,047**	**65.74**	**25,282,047**	**60.51**
2.	**Non – Promoter’s holding**				
1.	Institutional Investors	179,967	0.47	**3,503,229**	**8.38**
2.	Non-Institutional Investors			-	
	Corporate bodies	1,595,609	4.15	1,595,609	3.82
	Directors and relatives	-	-	-	-
	Indian public (Resident Individuals)	10,390,811	27.02	10,390,811	24.88
	Others including Non-resident Indians (NRIs)	1,008,547	2.62	1,008,547	2.41
	Sub-total (B)	**13,174,934**	**34.26**	**16,498,196**	**39.49**
	Grand Total (A+B)	**38,456,981**	**100.00**	**41,780,243**	**100.00**

^ *Based on beneficiary position data of our Company as on December 31, 2023.*

** *This includes shareholding of the members of the Promoter Group.*

Other Confirmations

(a) Except 481,307 outstanding options, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Placement Document.

(b) The Promoter, the Directors and the Key Managerial Personnel of our Company do not intend to participate in the Issue.

(c) No change in control in our Company will occur consequent to the Issue.

(d) Except as stated above, our Company has not made any allotment of Equity Shares or preference shares, including for consideration other than cash, in the one year immediately preceding the date of filing of this Placement Document.

(e) Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on recognised stock exchanges in India.

DIVIDENDS

The declaration and payment of dividends by our Company is governed by applicable provisions of the Companies Act, 2013 and the Articles of Association. The Board has approved and adopted a formal dividend distribution policy in accordance with Regulation 43A of the SEBI Listing Regulations on May 25, 2023. For further information, see "*Description of the Equity Shares*" on page 410.

Our Company has not declared any dividend during the six month period ended September 30, 2023 and during Fiscals 2023, 2022 and 2021 and from October 1, 2023 till the date of this Placement Document.

There is no guarantee that any dividends will be declared or paid or that the amount thereof will not decrease in the future. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, operating cash flow of our Company, profit earned during the year, profit available for distribution, accumulated profits, free reserves, working capital requirement, capital expenditure requirement, business expansion and growth, additional investment in subsidiaries of our Company, economic environment, changes in governmental policies, regulatory changes and capital markets.

The Equity Shares to be issued in connection with this Issue shall qualify for all dividends, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted.

Also see "*Risk Factors*" on pages 35.

Prospective investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares issued in the Issue.

FINANCIAL STATEMENTS

Report on Review of Interim Condensed Consolidated Financial Statements

The Board of Directors
AXISCADES Technologies Limited

We, S.R. Batliboi & Associates LLP ("SRBA") have reviewed the accompanying Interim Condensed Consolidated Financial Statements of AXISCADES Technologies Limited (the "Holding Company" or "Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associate which comprise the Interim Condensed Consolidated Balance Sheet as at September 30, 2023 and the related Interim Condensed Consolidated Statement of Profit and Loss (including the Interim Condensed Consolidated Statement of Other Comprehensive Income), Interim Condensed Consolidated Statement of Changes of Equity and Interim Condensed Consolidated Statement of Cash Flows for the six-months period ended September 30, 2023, and an interim condensed summary of material accounting policy information and other explanatory information (together hereinafter referred to as "Interim Condensed Consolidated Financial Statements"). Our responsibility is to express a conclusion on the Interim Condensed Consolidated Financial Statements based on our review.

Management's Responsibility for the Financial Statements

This Interim Condensed Consolidated Financial Statements, which is the responsibility of the Holding Company's Management and have been approved by the Board of Directors of the Holding Company, has been prepared in accordance with the principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended ("the Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India. These Interim Condensed Consolidated Financial Statements have been prepared solely in connection with the proposed offering of equity shares by the Holding Company in a Qualified Institutions Placement in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations") and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the ICAI. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material respects, in accordance with the principles of Ind AS 34 prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Emphasis of Matter

We draw attention to Note 2.2 to the Interim Condensed Consolidated Financial Statements, which describes the basis of accounting. These Interim Condensed Consolidated Financial Statements have been prepared for the purpose of the proposed offering of equity shares by the Holding Company in a Qualified Institutional Placement as referred in Note 2.2 of the accompanying Interim Condensed Consolidated Financial Statements. As a result, the financial statements may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Other matters

a. The Interim Condensed Consolidated Financial Statements includes the unaudited interim condensed financial statements and other financial information, in respect of:

- eleven subsidiaries, whose unaudited interim condensed financial statements include total assets of Rs. Rs. 70,404.19 lakhs as at September 30, 2023 and total revenues of Rs. 22,458.03 lakhs and net cash outflows of Rs. Rs. 2,408.71 lakhs for the period ended on that date, as considered in the Interim Condensed Consolidated Financial Statements which have been reviewed by their respective independent auditors.

- one associate, whose unaudited interim condensed financial statements include Group's share of net loss of Rs. Nil for the six-months period ended September 30, 2023, as considered in the Interim Condensed Consolidated Financial Statements which have been reviewed by their independent auditor.

The independent auditor's reports on unaudited interim condensed financial statements have been furnished to us by the Management and our conclusion on the Interim Condensed Consolidated Financial Statements, in so far as it relates to the amounts and disclosures in respect of these subsidiaries and associate is based solely on the report of such auditors.

The unaudited interim condensed consolidated financial statements include the interim condensed financial statements of one subsidiary which reflect total assets of Rs. 893 lakhs as at September 30, 2023, total revenues of Rs 68 lakhs and net cash outflow amounting to Rs. 313 lakhs for the period April 01, 2023 to September 30, 2023 and another subsidiary whose interim condensed financial statements reflected total revenues of Rs. Nil and net cash inflow amounting to Rs. 3 lakhs for the period April 01, 2023 to September 03, 2023 have not been reviewed or audited. These unaudited/ unreviewed interim condensed financial statements have been furnished to the other auditor by the Management. Our conclusion, in so far as it relates to amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited/ unreviewed financial statements.

In our opinion and according to the information and explanations given to us by the Management, these unaudited/ unreviewed financial statements are not material to the Group.

Our conclusion above on the Interim Condensed Consolidated Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

b. We have not audited or reviewed the comparative financial information of the six-month period ended September 30, 2022 in the accompanying Interim Condensed Consolidated Financial Statements for the six-months period ended September 30, 2023, which has been presented solely based on the information compiled by the Management.

c. Our review report is intended solely for the information and use of the proposed offering of equity shares by the Holding Company in a Qualified Institutional Placement and should not be used by parties other than these specified parties. We do not accept or assume responsibility for any other purpose.

d. The Group has prepared separate Statement of Unaudited Consolidated Financial Results (the "Consolidated Financial Results") for the quarter and half year ended September 30, 2023 in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34), "Interim Financial Reporting" on which we have issued a separate auditor's review report dated November 08, 2023. These Unaudited Consolidated Financial Results are prepared for submission by the Holding Company pursuant to the requirements for Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sunil Gaggar
Partner
Membership No.: 104315

UDIN: 24104315BKEXGZ9150
Place: Bengaluru
Date: January 10, 2024

AXISCADES Technologies Limited

Interim Condensed Consolidated Balance Sheet as at 30 September 2023

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	4	6,887.51	5,683.68
Capital work in progress		42.43	-
Right-of-use assets		15,131.07	11,568.96
Goodwill		13,466.00	11,347.76
Other intangible assets	5	3,251.50	2,619.85
Investment in an associate	6	627.71	-
Financial assets			
Investments	7	124.24	446.19
Other financial assets		1,621.06	975.53
Deferred tax assets, net		2,232.23	1,980.33
Non-current tax asset, net		2,228.04	1,969.68
Other non-current assets		77.29	42.27
		45,689.08	**36,634.25**
Current assets			
Inventories	8	7,052.09	6,585.39
Financial assets			
Investments	7	3,243.36	2,899.98
Trade receivables		22,237.53	17,902.93
Cash and cash equivalent	9	5,115.43	7,506.73
Bank balances other than cash and cash equivalent	10	2,205.21	2,456.16
Other financial assets		5,411.56	5,876.19
Other current assets		11,817.97	10,576.82
		57,083.15	**53,804.20**
Total assets		**1,02,772.23**	**90,438.45**
Equity and liabilities			
Equity			
Equity share capital		1,924.38	1,911.50
Other equity		34,135.64	31,895.57
Attributable to equity holders of the Company		**36,060.02**	**33,807.07**
Non-controlling interests		599.97	579.20
Total equity		**36,659.99**	**34,386.27**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	11	24,735.01	17,091.32
Lease Liabilities		6,249.13	2,248.00
Other financial liabilities		1,021.49	-
Provisions		1,287.61	984.57
Deferred tax liabilities, net		377.44	-
		33,670.68	**20,323.89**
Current liabilities			
Financial liabilities			
Borrowings	11	10,931.11	14,309.03
Lease Liabilities		1,437.68	947.85
Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises		276.88	295.89
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		9,066.76	7,213.44
Other financial liabilities		1,635.10	3,636.45
Provisions		2,113.42	1,690.12
Current tax liability, net		1,222.62	1,131.26
Other current liabilities		5,757.99	6,504.25
		32,441.56	**35,728.29**
Total liabilities		**66,112.24**	**56,052.18**
Total equity and liabilities		**1,02,772.23**	**90,438.45**

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : January 10, 2024

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

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Place : Bengaluru
Date : January 10, 2024

Mr. Venkatraman Venkitachalam
Non - Executive Director
DIN : 05008694

Place : Bengaluru
Date : January 10, 2024

Shashidhar SK
Group Chief Financial Officer

Place : Bengaluru
Date : January 10, 2024

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : January 10, 2024

AXISCADES Technologies Limited

Interim Condensed Consolidated Statement of Profit and Loss for the six-months period ended 30 September 2023

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
Income			
Revenue from contracts with customers	12	46,510.10	37,693.95
Other operating income		198.00	301.78
Other income		284.01	689.69
Total income		**46,992.11**	**38,685.42**
Expenses			
Cost of materials consumed		9,963.66	7,653.80
Employee benefits expense		23,269.80	17,771.24
Finance costs		3,175.00	1,025.88
Depreciation and amortisation expense		1,577.89	1,346.57
Other expenses		6,398.45	6,259.19
Total expenses		**44,384.80**	**34,056.68**
Profit before share in loss of an associate, exceptional items and tax		**2,607.31**	**4,628.74**
Share in loss of an associate, net of tax		-	(4.41)
Profit before exceptional items and tax		**2,607.31**	**4,624.33**
Exceptional items	13	-	(4,444.98)
Profit before tax		**2,607.31**	**179.35**
Income tax expense:			
(i) Current tax		1,140.85	905.20
(ii) Deferred tax (credit)/charge		(221.69)	334.94
Total income tax expense		**919.16**	**1,240.14**
Profit/(loss) after tax for the period		**1,688.15**	**(1,060.79)**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans		(230.01)	(59.49)
Income tax effect		61.90	15.95
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**(168.11)**	**(43.54)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
a) Gains/(losses) on cash flow hedges, net		49.94	(171.72)
Income tax effect		(12.52)	47.74
		37.42	**(123.98)**
b) Exchange differences on translation of foreign operations		212.93	288.16
Income tax effect		-	-
		212.93	**288.16**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		**250.35**	**164.18**
Other comprehensive income for the period, net of tax		**82.24**	**120.64**
Total comprehensive income for the period, net of tax		**1,770.39**	**(940.15)**
Total profit/(loss) attributable to:			
Equity holders of the Company		**1,667.38**	**(1,082.10)**
Non-controlling interests		**20.77**	**21.31**
Other comprehensive income attributable to:			
Equity holders of the Company		**82.24**	**120.64**
Non-controlling interests		**-**	**-**
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**1,749.62**	**(961.46)**
Non-controlling interests		**20.77**	**21.31**
Earning/(loss) per equity share attributable to equity holders of the Company in ₹ [nominal value of shares ₹ 5 (30 September 2022: ₹ 5)]*			
Basic	14	**4.36**	**(2.85)**
Diluted		**3.96**	**(2.85)**

* not annualised

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

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

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : January 10, 2024

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Place : Bengaluru
Date : January 10, 2024

Mr. Venkatraman Venkitachalam
Non - Executive Director
DIN : 05008694

Place : Bengaluru
Date : January 10, 2024

Shashidhar SK
Group Chief Financial Officer

Place : Bengaluru
Date : January 10, 2024

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : January 10, 2024

AXISCADES Technologies Limited

Interim Condensed Consolidated Statement of Changes in Equity for the six-months period ended 30 September 2023

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital

Equity shares of ₹ 5 each, fully paid-up	Equity shares	
	Number (in lakhs)	Amount
As at 1 April 2023	381.99	1,911.50
Add: Issued and subscribed during the period*	2.58	12.88
As at 30 September 2023	**384.57**	**1,924.38**

Equity shares of ₹ 5 each, fully paid-up	Equity shares	
	Number (in lakhs)	Amount
As at 1 April 2022	379.14	1,897.23
Add: Issued and subscribed during the period*	0.89	4.45
As at 30 September 2022	**380.03**	**1,901.68**

* During the period, the Company allotted 257,671 (30 Septebmer 2022: 89,000) equity shares of ₹ 5 each aggregating ₹ 12.88 lakhs (30 September 2022: ₹ 4.45 lakhs), consequent to the exercise of stock options by employees of the Company under the "AXISCADES ESOP 2018 – Series 1" and "AXISCADES ESOP 2018 – Series 2".

B. Other equity

	Reserves and surplus						Items of other comprehensive income		Total other equity	Non-controlling interests	Total
	General reserve	Securities premium	Retained earnings	Capital Contribution Reserve	Share based payment reserve	Capital reserve	Foreign currency translation reserve	Hedge reserve			
Balance as at 1 April 2023	3.39	10,416.51	12,944.91	107.68	1,364.83	5,698.31	1,402.03	(42.09)	31,895.57	579.20	**32,474.77**
Profit for the period	-	-	1,657.92	-	-	-	-	-	1,657.92	30.23	**1,688.15**
Add/(less): Reclass for non-controlling interest	-	-	9.46	-	-	-	-	-	9.46	(9.46)	**0.00**
Less: Change in fair value of non-controlling interest liability (refer note 19)	-	-	(12.20)	-	-	-	-	-	(12.20)	-	**(12.20)**
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	37.42	37.42	-	**37.42**
Re-measurement losses in defined benefit plans, net of tax	-	-	(168.11)	-	-	-	-	-	(168.11)	-	**(168.11)**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	212.93	-	212.93	-	**212.93**
Total comprehensive income for the period	**-**	**-**	**1,487.07**	**-**	**-**	**-**	**212.93**	**37.42**	**1,737.42**	**20.77**	**1,758.19**
Exercise of share options	-	198.92	-	-	(75.97)	-	-	-	122.95	-	**122.95**
Share based payment expenses	-	-	-	-	379.70	-	-	-	379.70	-	**379.70**
Balance as at 30 September 2023	**3.39**	**10,615.43**	**14,431.98**	**107.68**	**1,668.56**	**5,698.31**	**1,614.96**	**(4.67)**	**34,135.64**	**599.97**	**34,735.61**
Balance as at 1 April 2022	3.39	10,197.93	13,464.21	107.68	904.69	5,698.31	873.35	(20.48)	31,229.08	534.76	**31,763.84**
(Loss)/profit for the year	-	-	(1,082.10)	-	-	-	-	-	(1,082.10)	21.31	**(1,060.79)**
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	(123.98)	(123.98)	-	**(123.98)**
Re-measurement gains in defined benefit plans, net of tax	-	-	(43.54)	-	-	-	-	-	(43.54)	-	**(43.54)**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	288.16	-	288.16	-	**288.16**
Total comprehensive income/(loss) for the period	**-**	**-**	**(1,125.64)**	**-**	**-**	**-**	**288.16**	**(123.98)**	**(961.46)**	**21.31**	**(940.15)**
Exercise of share options	-	68.00	-	-	(25.32)	-	-	-	42.68	-	**42.68**
Share based payment expenses	-	-	-	-	70.38	-	-	-	70.38	-	**70.38**
Balance as at 30 September 2022	**3.39**	**10,265.93**	**12,338.57**	**107.68**	**949.75**	**5,698.31**	**1,161.51**	**(144.46)**	**30,380.68**	**556.07**	**30,936.75**

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements. -

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : January 10, 2024

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

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Place : Bengaluru
Date : January 10, 2024

Mr. Venkatraman Venkitachalam
Non - Executive Director
DIN : 05008694

Place : Bengaluru
Date : January 10, 2024

Shashidhar SK
Group Chief Financial Officer

Place : Bengaluru
Date : January 10, 2024

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : January 10, 2024

AXISCADES Technologies Limited

Interim Condensed Consolidated Statement of Cash Flows for the six-months period ended 30 September 2023

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
A. Cash flow from operating activities			
Profit before tax		2,607.31	179.35
Adjustments to reconcile profit before tax to net cash flows:			
Exceptional item	13	-	4,444.98
Depreciation and amortization expense		1,577.89	1,346.57
Impairment of property, plant and equipment		-	203.79
Loss incurred on loss of control on subsidiary	6	317.34	-
Interest income (including fair value change in financial instruments)		(126.67)	(176.61)
Gain on sale of investment in mutual funds		(55.87)	-
Net gain on financial asset measured at fair value through profit and loss		-	(48.41)
Dividend income from mutual funds		(14.73)	(15.57)
Finance costs		3,175.00	1,025.88
Gain on lease modification		-	(4.30)
Gain on sale of investment in associate		-	(39.56)
Share of loss of an associate	6	-	4.41
Provision/liabilities no longer required written back		(36.08)	(31.47)
Recovery of bad debts		(1.27)	-
Provision for doubtful debts and advances and bad debts written off		76.35	165.25
Share based payment expense		379.70	70.38
Provision for foreseeable loss on contracts		-	8.36
Loss on export incentive receivable		-	17.28
Loss/(profit) on sale of property, plant and equipment		2.72	(3.45)
Unrealised fair value gain on derivative		(565.18)	-
Net unrealised foreign exchange loss/(gain)		33.94	(119.10)
Operating profit before working capital changes		**7,370.45**	**7,027.78**
Movements in working capital			
(Increase) in trade receivables		(3,056.25)	(5,367.97)
(Increase) in inventories		(462.06)	(748.71)
(Increase) in other assets including financial assets		(666.95)	(1,063.67)
(Decrease)/increase in trade payables, other liabilities and financial liabilities		(790.24)	1,651.19
Increase in provisions		238.86	193.66
Cash generated from operating activities		**2,633.81**	**1,692.28**
Direct taxes paid, net		(1,249.52)	(761.15)
Net cash generated from operating activities (A)		**1,384.29**	**931.13**
B. Cash flow from investing activities			
Payments for purchase of property, plant and equipment, capital work-in-progress and intangible assets		(819.18)	(544.10)
Proceeds from sale of property, plant and equipment		8.97	6.63
Interest received		81.96	113.92
Payment of deferred purchase consideration		(66.92)	(13,220.82)
Redemption/(investment) in mutual funds		6.50	(260.26)
Proceeds from sale of investment in associate		-	222.55
Investment in fixed deposits		(432.89)	(3,741.12)
Dividend received		-	15.57
Investment in shares of subsidiary, net of cash acquired	19	(3,024.36)	-
Net cash used in investment activities (B)		**(4,245.92)**	**(17,407.63)**
C. Cash flow from financing activities			
Repayment of principal portion and interest portion of lease liabilities		(891.95)	(687.30)
Proceeds from long-term borrowings		20,882.30	10,012.45
Repayment of long-term borrowings		(20,845.18)	-
Proceeds from short term borrowings, net		3,822.19	4,454.51
Proceeds from issue of equity shares and preference shares		139.98	46.86
Interest paid		(2,639.58)	(1,386.58)
Net cash generated from financing activities (C)		**467.76**	**12,439.94**
Net decrease in cash and cash equivalent (A+B+C)		**(2,393.87)**	**(4,036.56)**
Effect of exchange rate changes, net		2.57	147.01
Cash and cash equivalent as at beginning of the period	9	7,506.73	7,109.49
Cash and cash equivalent at the end of the period	9	**5,115.43**	**3,219.94**

Notes:

	As at 30 September 2023 (Unaudited)	As at 30 September 2022 (Unaudited)
a) Cash and cash equivalent include:		
Cash on hand	3.11	0.96
Balances with banks		
- in current accounts	4,898.87	3,170.58
- in cash credit accounts	213.45	48.40
	5,115.43	**3,219.94**

b) Changes in liabilities arising from financing activities:

	Loan from banks and financial institutions	Inter-corporate deposit	Lease liabilities	Total
Balance as at 1 April 2023	20,875.02	10,525.33	3,195.85	34,596.20
Additions to lease liability	-	-	5,850.81	5,850.81
Deletions	-	-	(474.98)	(474.98)
Cash flows	8,501.31	(4,642.00)	(891.95)	2,967.36
Other Adjustments	153.30	253.16	7.08	413.54
Balance as at 30 September 2023	**29,529.63**	**6,136.49**	**7,686.81**	**43,352.93**
Balance as at 1 April 2022	4,881.11	-	2,324.54	7,205.65
Additions to lease liability	-	-	981.95	981.95
Deletion	-	-	(53.92)	(53.92)
Cash flows	9,324.96	5,142.00	(687.30)	13,779.66
Other Adjustments	(110.00)	(68.17)	13.43	(164.74)
Balance as at 30 September 2022	**14,096.07**	**5,073.83**	**2,578.70**	**21,748.60**

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : January 10, 2024

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

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Chief Executive Officer and Managing Director
DIN : 09408190

Place : Bengaluru
Date : January 10, 2024

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Non - Executive Director
DIN : 05008694

Place : Bengaluru
Date : January 10, 2024

Shashidhar SK
Group Chief Financial Officer

Place : Bengaluru
Date : January 10, 2024

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : January 10, 2024

1. Corporate Information:
AXISCADES Technologies Limited ('the Company' / 'the Holding Company' / 'ACTL') is a public limited company and incorporated on 24 August 1990 under the provisions of the Companies Act applicable in India. The Group operates in the business of Technology Services and Solutions and Strategic Technology Solutions. The Company's shares are listed for trading on the National Stock Exchange of India Limited and BSE Limited in India.

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

The Interim Condensed Consolidated Financial Statements comprise of interim condensed financial statements of the Company and its subsidiaries (collectively, "the Group") and an associate listed below:

Information about subsidiaries:

Name of the subsidiaries	Country of incorporation	Ownership interest (%)	
		30 September 2023	30 September 2022
AXISCADES, Inc.	USA	100%	100%
AXISCADES UK Limited, Subsidiary of AXISCADES Inc. ('AXISCADES UK')	UK	100%	100%
AXISCADES Technology Canada Inc. ('AXISCADES Canada')	Canada	100%	100%
Axis Mechanical Engineering Design (Wuxi) Co., Ltd. ('Axis China')	China	100%	100%
AXISCADES GmbH	Germany	100%	100%
Cades Studec Technologies (India) Private Limited ('Studec')	India	76%	76%
AXISCADES Aerospace & Technologies Private Limited ('ACAT')	India	100%	100%
Enertec Controls Limited, subsidiary of ACAT ('Enertec')	India	100%	100%
AXISCADES Aerospace Infrastructure Private Limited, subsidiary of ACAT ('AAIPL')	India	100%	100%
Mistral Solutions Private Limited (MSPL)	India	100%	100%
Aero Electronics Private Limited, subsidiary of MSPL (AEPL) (till 4 Septemer 2023)*	India	74%	100%
Mistral Technologies Private Limited, subsidiary of MSPL (MTPL)	India	100%	100%
Mistral Solutions Inc.,subsidiary of MSPL (MSI)	USA	100%	100%
Explosoft Tech Solutions Private Limited ("Explosoft") (subsidiary with effect from 22 December 2022)**	India	100%	-
Add Solution GmbH ('Add Solution') (with effect from August 01, 2023)^	Germany	94%	-

Information about associates

Name of the associate	Country of incorporation	Ownership interest (%)	
		30 September 2023	30 September 2022
Aero Electronics Private Limited, subsidiary of MSPL ('AEPL') (with effect from 4 Septemer 2023)*	India	74%	100%
ASSYSTEMS AXISCADES Engineering Private Limited ('AAEPL') (till 11 July 2022)@	India	-	-

* As per the Shareholders' Agreement and Share Subscription Agreement ("Share Agreements") between the Company, Mistral Solutions Private Limited, Aero Electronics Private Limited and third-party Investor ("Investor"), it is agreed between the parties to issue 67,900 Equity Shares and 89,486 Cumulative Convertible Preference Shares of AEPL to the Investor for a purchase consideration aggregating ₹ 1,397.59 lakhs and the Investor is entitled to appoint and remove the majority of directors on the Board of Directors of AEPL. Accordingly, the Group has lost control over AEPL. The Group continues to exercise significant influence over AEPL and account for the investments in AEPL under equity method as an associate in the Interim Condensed Consolidated Financial Statements of the Group (refer note 6).

**On 22 December 2022, consequent to non-approval of the scheme of amalgamation, the Company has acquired 100% shares of Explosoft in cash.

^ During the period ended 30 September 2023, AXISCADES GmbH, acquired 94% of shareholding in Add Solution GmbH. Further, Axiscades GmbH has an option to purchase and the shareholders of Add Solution have an option to sell remaining 6% shares of Add Solution (refer note 19 for further details).

@ On 11 July 2022, the Company has sold the investment in its associate ASSYSTEMS AXISCADES Engineering Private Limited for a consideration of ₹ 222.55 lakhs (refer note 6).

2. Basis of Preparation and Interim condensed material accounting policy information

2.1 Basis of Preparation of Interim Condensed Consolidated Financial Statements and compliance with Indian Accounting Standards ("Ind AS")
The Interim Condensed Consolidated Financial Statements of the Group and its associate have been prepared in accordance with the principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. The Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis under historical cost convention and on accrual method of accounting, except for certain financial assets/liabilities measured at fair value as described in accounting policies regarding financial instruments. These Interim Condensed Consolidated Financial Statements are presented in INR which is the Group's functional and presentation currency and all values are rounded off to the nearest lakhs (INR 1,00,000), except when otherwise indicated. The accounting policies adopted in the preparation of these Interim Condensed Consolidated FInancial Statements are consistent with those followed in preparation of the audited consolidated financial statements as at and for the year ended 31 March 2023.

2.2 Purpose of Interim Condensed Consolidated Financial Statements
These Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's latest audited annual consolidated financial statements. These Interim Condensed Consolidated Financial Statements have been prepared solely in connection with the proposed offering of equity shares by the Holding Company in a Qualified Institutional Placement in accordance with the provisions of the Securities and Exchange Board of India (Issue of Captial and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regualtions") and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
These Interim Condensed Consolidated Financial Statements for the six-months period ended 30 September 2023 of the Group and it's associate were approved in accordance with the resolution passed by the Board of Directors of the Holding Company on 9 January 2024.

(This space has been intentionally left blank)

2.3 Current versus non-current classification
The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:
• Expected to be realised or intended to be sold or consumed in normal operating cycle;
• Held primarily for the purpose of trading;
• Expected to be realised within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

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

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

2.4 Basis of consolidation
The Interim Condensed Consolidated Financial Statements comprise the interim condensed financial statements of the Company and its subsidiaries as at 30 September 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
► Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
► Exposure, or rights, to variable returns from its involvement with the investee, and
► The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
► The contractual arrangement with the other vote holders of the investee;
► Rights arising from other contractual arrangements;
► The Group's voting rights and potential voting rights; and
► The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the period are included in the Interim condensed Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Interim Condensed Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Interim Condensed Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's interim condensed financial statements in preparing the Interim Condensed Consolidated Financial Statements to ensure conformity with the group's accounting policies.

The interim condensed Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., six-months period ended on 30 September 2023. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional interim condensed financial information as of the same date as the interim condensed financial statements of the parent to enable the parent to consolidate the interim condensed financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Interim Condensed Consolidated Financial Statements at the acquisition date.
(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Interim Condensed Consolidated Financial Statements. Ind AS 12, Income Taxes, applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
(d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the parent company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the interim condensed financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it:
► Derecognises the assets (including goodwill) and liabilities of the subsidiary;
► Derecognises the carrying amount of any non-controlling interests;
► Derecognises the cumulative translation differences recorded in equity;
► Recognises the fair value of the consideration received;
► Recognises the fair value of any investment retained;
► Recognises any surplus or deficit in profit or loss; and
► Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.5 Investment in associate
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.
The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The Interim Condensed Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the associate . Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate ,the Group recognises its share of any changes, when applicable, in the Interim Condensed Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate .

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Interim Condensed Consolidated Statement of Profit and Loss.

The interim condensed financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate . At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate in the Interim Condensed Consolidated Statement of Profit or Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.6 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

► Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12, Income Tax, and Ind AS 19, Employee Benefits respectively.

► Liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payments arrangement of the Group entered into to replace share-based arrangements of the acquiree are measured in accordance with Ind AS 102, Share-based Payments at the acquisition date

► Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.

► Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in Statement of Profit and Loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109, Financial Instruments, is measured at fair value with changes in fair value recognised in Interim Condensed Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109 it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in Interim Condensed Consolidated Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations between entities under common control is accounted for at carrying value under the provisions of Ind AS 103, Business Combinations.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as and when incurred.

Liability for Non-Controlling Interests

Liability for put option issued to non-controlling interests which do not grant present access to ownership interest to the Group is recognised at present value of the redemption amount and is reclassified from equity. At the end of each reporting period, the non-controlling interests subject to put option is derecognised and the difference between the derecognised and present value of the redemption based on the valuation, which is recorded as a financial liability, is accounted for as an equity transaction.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of respective asset if the recognition criteria for a provision are met.

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

The cost and related accumulated depreciation are eliminated from the Interim Condensed Consolidated Financial Statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Interim Condensed Consolidated 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.

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

	Useful lives (in years)
Computers *	3 - 6
Furniture and fixtures *	7 - 10
Office equipment *	5 - 7
Plant and machinery *	7 - 15
Electrical installations *	7
Office buildings *	61
Vehicles *	5 - 6
Test equipments	6

* Based on an internal assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

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

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

2.8 Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Interim Condensed Consolidated Statement of Profit and Loss when the asset is derecognised.

Process manuals are amortised over the remaining project term or the useful life of the process manual, whichever is shorter. Softwares are amortised over the period of 3 - 6 years Non-compete fee and customer contract are amortised over a period 10 years

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

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

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

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

2.9 Revenue recognition

The Group earns revenue from contract with customer primarily from sale of engineering design services, system integration and other services.

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services and excludes amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods and services:
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from professional engineering services is either on time-and-material basis or fixed price contracts. Revenue on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts, where performance obligation are satisfied over time and where there is no uncertainity as to the measurement or collectibility of consideration, is recognised as per the percentage of completion method. When there is uncertainity as to measurement or ultimate collectibility, revenue recognition is postponed until such uncertainity is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenue from sale of products and system engineering and traded sales is recognised upon transfer of control of promised goods. Revenue from the sale of goods and services is measured at the transaction price net of returns and allowances, trade discounts and volume rebates. Revenue from sale of products, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

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

Significant financing component :
The Group receives short-term advances from its customer Using the practical expedient in Ind AS 115, it does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Warranty obligations:
It provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in use of judgements, estimates & assumptions.

Finance income:
For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividend Income:
Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental Income:
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and is included in revenue in the Statement of Profit and Loss due to its operating nature.

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

Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue). Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section 2 (s) Impairment of financial assets.

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

2.10 Inventories
Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.. The method of determination of cost is as follows:

Raw materials/ components and traded goods are valued at first in first out method

Finished goods/ work in progress - Cost of materials including costs of conversion, where cost of material is determined under first in first out method. Cost of conversion is considered at actuals.

Goods in transit are valued at actual cost.

The Group periodically assesses the inventory for obsolesence and slow moving stocks

2.11 Provisions and contingencies

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

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

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

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

2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
i. Debt instruments at amortised cost;
ii. Debt instruments at fair value through other comprehensive income (FVTOCI);
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
iv. Equity investments

i. Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

ii. Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Interim Condensed Consolidated Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Interim Condensed Consolidated Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Interim Condensed Consolidated Statement of Profit and Loss.

iv. Equity investments
All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Interim Condensed Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Interim Condensed Consolidated Statement of Profit and Loss.

De-recognition of financial assets
A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Group's balance sheet) when:
a. The rights to receive cash flows from the asset have expired, or
b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities like non convertable debenutures are measured at amortised cost using the effective interest method.

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Interim Condensed Consolidated Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Interim Condensed Consolidated Statement of Profit and Loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Financial guarantee contracts

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or 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 Interim Condensed Consolidated Statement of Profit and Loss.

Offsetting of financial instruments

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

Derivative financial instruments and Hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted sales. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Interim Condensed Consolidated Statement of Profit and Loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occur

2.13 Fair value measurement

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Interim Condensed Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurements as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy as explained above.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.
On an interim basis, the Management present the valuation results to the Audit Committee and the Group's independent auditor This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.14 Cash and cash equivalent

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

For the purpose of the statement of cash flows, cash and cash equivalent consists of cash at bank and on hand and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has two business segments, 'Technology Services and Solutions' and 'Strategic technology solutions'.

2.16 Earnings/ (loss) per Share (EPS)

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

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Group (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the reporting period 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.

3.1 Changes in accounting policies and disclosures

There are no new accounting policies applied during the reporting period

3.2 Amendments in Ind AS

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023. However, these amendments does not have any impact on the Interim Condensed Consolidated Financial Statements including material accounting policy information.

(i) Ind AS 8 - Definition of accounting estimates

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a "change in accounting estimates" has been replaced with a definition of "accounting estimates". Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainity". Entities develop accounting estimates if accounting policies requires items in financial statements to be measured in a way that involves measurement uncertainity.

(ii) Ind AS 1 - Disclosure of material accounting policies

The amendments related to shifting of disclosure of erstwhile "significant accounting policies" to "material accounting policies"in the notes to the financial statements requiring companies to reframe their accounting policies to make them more "entity specific".

(iii) Ind AS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

These amendments narrowed the scope of the initial recognition exception in paragraphs 15 and 24 of Ind AS 12. At the date of transition to Ind ASs, a first time adopter shall recognise a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Similarly, a deferred tax liability for all deductible and taxable temporary differences associated with: a) right-of-use assets and lease liabilities, b) decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset. Therefore, if a Group has not yet recognised deferred tax on right-of-use assets and lease liabilities or has recognised deferred tax on net basis, the same need to recognise on gross basis based on the carrying amount of right-of-use assets and lease liabilities.

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4 Property, plant and equipment (PPE)

	Freehold land	Computers	Furniture and fixtures	Test equipments	Office equipments	Electrical installations	Vehicles	Office building	Leasehold improvements	Plant and machinery	Total
Cost or valuation											
Balance as at 1 April 2022	3,370.50	1932.50	291.70	335.25	319.23	12.18	380.62	621.38	384.78	1,910.61	**9,558.75**
Additions	-	297.57	40.30	34.83	82.19	-	186.75	-	177.15	10.15	**828.94**
Disposals	-	(334.29)	(86.44)	-	(37.55)	(10.09)	(28.83)	-	(13.24)	(49.00)	**(559.44)**
Other adjustments (refer note 1 below)	-	8.44	2.04	-	0.85	-	-	-	-	-	**11.33**
Balance as at 31 March 2023	**3,370.50**	**1,904.22**	**247.60**	**370.08**	**364.72**	**2.09**	**538.54**	**621.38**	**548.69**	**1,871.76**	**9,839.58**
Additions	-	354.48	27.17	32.94	9.93	-	172.24	-	23.63	0.76	**621.15**
Disposals	-	(0.48)	-	-	(1.95)	-	(11.95)	-	(5.50)	-	**(19.88)**
Acquired in a business combination (refer note 19)	64.68	228.98	-	-	-	-	-	658.59	-	-	**952.25**
Other adjustments (refer note 1 below)	-	(23.81)	0.23	-	(0.22)	-	-	(11.15)	-	-	**(34.95)**
Balance as at 30 September 2023	**3,435.18**	**2,463.39**	**275.00**	**403.02**	**372.48**	**2.09**	**698.83**	**1,268.82**	**566.82**	**1,872.52**	**11,358.15**
Depreciation											
Balance as at 1 April 2022	-	1,451.83	212.19	256.36	216.92	10.51	142.09	63.04	101.82	1,323.26	**3,778.02**
Charge for the year	-	252.69	35.74	27.42	39.70	0.15	66.40	11.35	111.70	152.01	**697.16**
Impairment (refer note 5 below)	-	-	-	-	-	-	-	-	-	203.79	**203.79**
Disposals	-	(331.26)	(80.25)	-	(36.81)	(10.09)	(22.91)	-	(3.21)	(49.00)	**(533.53)**
Other adjustments (refer note 1 below)	-	8.14	1.86	-	0.46	-	-	-	-	-	**10.46**
Balance as at 31 March 2023	**-**	**1,381.40**	**169.54**	**283.78**	**220.27**	**0.57**	**185.58**	**74.39**	**210.31**	**1,630.06**	**4,155.90**
Charge for the year	-	162.40	12.17	14.77	17.49	0.07	41.98	19.60	55.41	20.42	**344.31**
Disposals	-	(0.43)	-	-	(3.33)	-	(3.32)	-	-	-	**(7.08)**
Other adjustments (refer note 1 below)	-	(17.75)	0.28	-	(0.12)	-	-	(4.90)	-	-	**(22.49)**
Balance as at 30 September 2023	**-**	**1,525.62**	**181.99**	**298.55**	**234.31**	**0.64**	**224.24**	**89.09**	**265.72**	**1,650.48**	**4,470.64**
Net book value											
As at 31 March 2023	**3,370.50**	**522.82**	**78.06**	**86.30**	**144.45**	**1.52**	**352.96**	**546.99**	**338.38**	**241.70**	**5,683.68**
As at 30 September 2023	**3,435.18**	**937.77**	**93.01**	**104.47**	**138.17**	**1.45**	**474.59**	**1,179.73**	**301.10**	**222.04**	**6,887.51**

Notes

1 Represents adjustments consequent to foreign exchange translation of property, plant and equipment in foreign geographies.

2 Capitalised borrowing cost
No borrowing costs are capitalised during the period/year ended 30 September 2023 (31 March 2023: Nil).

3 Property, plant and equipment pledged as security
Details of properties pledged are as per note 11

4 Decommissioning cost
A provision has been recognised for decommissioning costs associated with the premises taken on lease. The Group is committed to decommissioning the premises as a result of leasehold improvements made to the premises.

5 Impairment of property, plant and equipment
During the period/year ended, the impairment loss of ₹ nil lakhs (31 March 2023:₹ 203.79 lakhs) represented the write-down value of certain plant and machinery as a result of technological obsolescence. This was recognised in profit and loss.

(All amounts in ₹ lakhs, unless otherwise stated)

5 Other intangible assets

	Computer software	Non-compete fee	Customer contract	Order Backlog	Process manuals	Total
Cost						
Balance as at 1 April 2022	1,911.21	1,500.87	3,127.52	-	1,849.38	**8,388.98**
Additions	384.36	-	-	-	-	**384.36**
Disposals during the year	(8.05)	-	-	-	-	**(8.05)**
Other adjustments (refer note 1 below)	0.46	-	-	-	-	**0.46**
Balance as at 31 March 2023	**2,287.98**	**1,500.87**	**3,127.52**	**-**	**1,849.38**	**8,765.75**
Additions	175.98	-	-	-	-	**175.98**
Disposals	-	-	-	-	-	**-**
Acquired in a business combination (refer note 19)	1.11	-	815.72	72.51	-	**889.34**
Other adjustments (refer note 1 below)	1.76	-	-	-	-	**1.76**
Balance as at 30 September 2023	**2,466.83**	**1,500.87**	**3,943.24**	**72.51**	**1,849.38**	**9,832.83**
Amortisation						
Balance as at 1 April 2022	1,635.73	650.35	1,355.29	-	1,849.38	**5,490.75**
Charge for the year	200.00	150.08	312.76	-	-	**662.84**
Disposals	(8.05)	-	-	-	-	**(8.05)**
Other adjustments (refer note 1 below)	0.36	-	-	-	-	**0.36**
Balance as at 31 March 2023	**1,828.04**	**800.43**	**1,668.05**	**-**	**1,849.38**	**6,145.90**
Charge for the year	136.92	75.04	189.25	34.22	-	**435.43**
Disposals	-	-	-	-	-	**-**
Other adjustments (refer note 1 below)	-	-	-	-	-	**-**
Balance as at 30 September 2023	**1,964.96**	**875.47**	**1,857.30**	**34.22**	**1,849.38**	**6,581.33**
Net book value						
As at 31 March 2023	**459.94**	**700.44**	**1,459.47**	**-**	**-**	**2,619.85**
As at 30 September 2023	**501.87**	**625.40**	**2,085.94**	**38.29**	**-**	**3,251.50**

Notes:

1 Represents adjustments consequent to foreign exchange translation of other intangible assets in foreign geographies.

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6 Investment in an associate

	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Non-current		
Investment in equity shares of ASSYSTEM AXISCADES Engineering Private Limited [refer note (i) below]	-	-
Investment in equity shares of Aero Electronics Private Limited [refer note (ii) below]	627.71	-
	627.71	**-**

Notes:

(i) ASSYSTEM AXISCADES Engineering Private Limited

The Company entered into a agreement on 10 April 2018 with ASSYSTEM Engineering and Operation Services SAS to form ASSYSTEM AXISCADES Engineering Private Limited (AAEPL) for providing engineering services in the field of energy, building and infrastructure and nuclear sector. Accordingly, AAEPL was incorporated with an equity participation in the ratio of 50:50. The Company invested ₹ 227.50 lakhs in 455,000 equity shares of ₹ 50 each fully paid in cash. The Group's interest in AAEPL is accounted for using the equity method in the Interim Condensed Consolidated Financial Statements.

On 11 July 2022, the Company has sold the investment in its associate, for an amount of ₹ 222.55 lakhs. The Group has recorded the gain on sale of an associate of ₹ 39.55 lakhs being the differential amount of the carrying amount and sale proceeds in its Interim Condensed Consolidated Statement of Profit and Loss.

The following table illustrates the summarised financial information of the Group's investment in AAEPL:

	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Equity	-	-
Proportion of the Group’s ownership	-	-
Carrying amount of the investment	-	-

	Period ended 30 September 2023 (Unaudited)	For the period ended from 1 April 2022 to 11 July 2022 (Audited)
Revenue from contracts with customers	-	-
Other Income	-	3.02
Depreciation and amortisation expense	-	(3.77)
Employee benefits expense	-	(0.69)
Other expenses	-	(7.38)
Loss before tax	**-**	**(8.82)**
(i) Current tax	-	-
(ii) Deferred tax	-	-
Loss for the year	**-**	**(8.82)**
Group’s share of loss for the year	-	(4.41)

(ii) Aero Electronics Private Limited

Aero Electronics Private Limited had entered into a Shareholders’ agreement and a Share subscription agreement (“Transaction documents”) signed on 03 May 2023, with a new investor (Investor). During the six-months period ended 30 September 2023, the Investor subscribed to the first tranche of 24,837 equity shares (Initial Subscription Shares) and basis the terms of agreement, the composition of the Board of Directors of AEPL was amended.

The Group has evaluated the implications thereof and determined that these changes have resulted in cessation of control over the subsidiary. Accordingly, following the principles in Ind AS 110: Consolidated Financial Statements, the Group fair valued its retained investment in AEPL (based on an independent valuers report) on the date of loss of control and derecognised the assets and liabilities related to AEPL and recorded a loss of disposal of subsidiary of ₹ 317.34 lakhs in the Interim Condensed Consolidated Statement of Profit and Loss of the Group grouped under other expenses. The Group continues to exercise significant influence over AEPL and account for the investments in AEPL under equity method as an associate in the Interim Condensed Consolidated Financial Statements of the Group. There were no revenue and expense transactions during the period from 4 September 2023 to 30 September 2023.in AEPL and hence no profit or loss is attributable to the Group in the Interim Condensed Statement of Profit and Loss.

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7 Investments

	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Non-current		
Unquoted		
i) Investments (at amortised cost)		
National savings certificate	0.05	0.05
Total investment carried at amortised cost	**0.05**	**0.05**
ii) Investment in equity shares of other companies (at FVTPL)		
Axis Cogent Global Limited 946,822 (31 March 2023: 946,822) equity shares of ₹ 10 each, fully paid up	-	-
Datum Technology Limited 50,000 (31 March 2023: 50,000) equity shares of ₹ 10 each, fully paid up	-	-
Raaga Axis Avicom Private Limited 1,000 (31 March 2023: 1,000) equity shares of ₹ 10 each, fully paid up	-	-
iii) Other Investment (at FVTPL)		
Investment in real estate fund	124.19	200.75
Quoted		
iv) Other Investment (at FVTPL)		
Investment in mutual funds*	-	245.39
Total investment carried at fair value through profit or loss	**124.19**	**446.14**
Total Investment	**124.24**	**446.19**
Current		
Unquoted		
i) Other investments (at FVTPL)		
Investment in mutual funds	541.50	446.77
Quoted		
ii) Other investments (at FVTPL)		
Investment in mutual funds	2,701.86	2,453.21
Total investment carried at fair value through profit or loss	**3,243.36**	**2,899.98**
Aggregate book value of quoted (current and non-current) investments	**2,701.86**	**2,698.60**
Aggregate market value of quoted (current and non-current) investments	**2,701.86**	**2,698.60**
Aggregate book value of unquoted (current and non-current) investments	**665.74**	**647.57**

* Refer note 11 for details of assets pledged as security for borrowings.

8 Inventories * (lower of cost or net realisable value)	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Raw material/components [including goods-in-transit of ₹ 173.24 lakhs (31 March 2023: ₹ 112.44 lakhs)]	5,937.75	4,871.13
Project work-in-progress	159.37	909.59
Finished goods	735.16	656.90
Traded goods [including goods-in-transit of ₹ 38.03 lakhs (31 March 2023: ₹ 28.96 lakhs)]	219.81	147.77
	7,052.09	**6,585.39**

During the period/year ended 30 September 2023, Inventories is net of provision for obsolescence in respect of raw material ₹ 590.44 lakhs (31 March 2023: ₹ 684.08 lakhs), Project work-in-progress ₹ nil lakhs (31 March 2023: ₹ 127.64 lakhs), finished goods ₹ 370.02 lakhs (31 March 2023: ₹ 355.36 lakhs) and stock-in-trade ₹ 37.98 lakhs (31 March 2023: ₹ 53.33 lakhs)

* Refer note 11 for details of assets pledged as security for borrowings.

9 Cash and cash equivalent *

	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Cash on hand	3.11	2.84
Balances with banks		
- in current accounts	4,898.87	7,121.49
- in cash credit accounts	213.45	382.40
	5,115.43	**7,506.73**

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

(ii) As at 30 September 2023, the Group has ₹ 1,368.31 lakhs (31 March 2023: ₹ 5,758.23 lakhs) of undrawn committed borrowing facilities.

* Refer note 11 for details of assets pledged as security for borrowings.

Note:	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
a) For the purpose of statement of cash flows, cash and cash equivalent comprises the following:		
Cash and cash equivalent	5,115.43	7,506.73
	5,115.43	**7,506.73**

10 Bank balances other than cash and cash equivalent*

	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Bank deposits (with original maturity of more than 3 months but less than 12 months)	2,205.21	2,456.16
Bank deposits (with original maturity of more than 12 months)	789.31	105.47
	2,994.52	**2,561.63**
Less: Amounts disclosed as other non-current financial assets	(785.31)	(105.47)
Less: Amounts disclosed as other current financial assets	(4.00)	-
	2,205.21	**2,456.16**

(i) Fixed deposits of a carrying amount ₹ 2,870.32 lakhs (31 March 2023: ₹ 2,274.36 lakhs) have been deposited as margin money against the packing credit facility, bank guarantees, letter of credit, buyers credit facility availed from various banks.

(ii) Deposits of a carrying amount ₹ 74.18 lakhs (31 March 2023: ₹ 121.06 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers.

(iii) Refer note 11 for assets pledged as security for borrowings.

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(All amounts in ₹ lakhs, unless otherwise stated)

	Effective interest rate	Maturity (Financial year ending)	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
11 Borrowings				
Non-current				
Debentures				
12.75% unrated unlisted redeemable non-convertible debentures (secured) [refer note (a)(i) below]*	13.63%	2027	18,306.38	-
15.75% unrated unlisted non-convertible debentures (secured)* [refer note (a)(ii) below]*	17.40%-17.95%	2025 and 2026	-	9,755.29
13% Cumulative, optionally convertible redeemable debentures (unsecured) [refer note (f) below]	13%	2025	6,136.49	5,908.37
Term loan				
Term loan from banks (secured) [refer note (a)(iii) below]	6.27% - 9.8%	2025 and 2029	284.74	35.49
Term loan from financial institution (secured) [refer note (a)(iv) below]*	16.49%	2025 and 2026	-	1,377.53
Vehicle loan from financial institution (secured) [refer note (a)(v) below]	8.01%	2025	7.40	14.64
			24,735.01	**17,091.32**
Current				
Debentures				
12.75% unrated unlisted redeemable non-convertible debentures (secured) [refer note (a)(i) below]*	13.63%	2027	2,310.00	-
16% unrated unlisted non-convertible debentures (secured) [refer note (a)(ii) below]*	18.93%	2024	-	4,489.45
Working capital loan				
Working capital loan from bank (secured) [refer note (a)(vi) and (g) below]	SOFR+2.20%	on demand	5,601.53	3,339.34
Cash credit (secured) [refer note (a)(vii) (c)(i) and (d)(i) below]	SOFR+1.5%- 2.2%	on demand	1,410.90	1,279.05
Short term loan from financial institution (secured) [refer note (h) below]	9%	2024	1,450.82	-
Loan from related parties				
Intercorporate term loan from holding company (unsecured) [refer note (a)(viii) below]*	13%	2024	-	4,616.96
Current maturities of long term borrowings				
Term loan from banks (secured) [refer note (a)(iii) below]	6%-6.27%	2029	143.66	-
Term loan from financial institution (secured) [refer note (a)(iv) below]*	16.49%	2024	-	570.59
Vehicle loan from financial institution (secured) [refer note (a)(v) below]	8.01%	2024	14.20	13.64
			10,931.11	**14,309.03**
Aggregate Secured loans			**29,529.63**	**20,875.02**
Aggregate Unsecured loans			**6,136.49**	**10,525.33**

* refer note VI below

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I AXISCADES Technologies Limited

a) Details of security for borrowings

(i) The 12.75% unrated unlisted redeemable non-convertible debentures of ₹ 21,000 lakhs is secured and repayable in 14 quarterly installments starting from March 2024. It is secured by first pari-passu charge over all assets (including movable and immovable PPE, intangible assets & intellectual rights, current assets and non-current assets) of the Company, ACAT and MSPL, land and building of the Company situated at D-30, Sector 3, Noida, UP, property owned by step down subsidiary, Enertec at Electronic City, Bangalore, pledge of 100% shares of MSPL and Corporate guarantee from MSPL, ACAT, Enertec and Explosoft (refer note VI below).

(ii) The 15.75% unrated unlisted non-convertible debentures of ₹ 10,000 lakhs was secured and repayable in 12 equal monthly installments of ₹ 833 lakhs starting from August 2024. and 16% unrated unlisted non-convertible debentures of ₹ 4,500 lakhs was secured and repayable on December 2023. The Debentures were secured by exclusive charge on the movable assets, intangible assets of the Company and MSPL, pledge of 100% shares of MSPL and corporate guarantee by Jupiter Capital Private Limited (the Parent Company) and this was fully repaid during the period ended 30 September 2023 (refer note VI below).

(iii) During the six-months period ended 30 September 2023, the Company has borrowed a term loan of ₹ 348 lakhs from a bank and is secured by exclusive charge on current assets, movable PPE, land and building of the Company situated at D-30, Sector 3, Noida, UP, property owned by Enertec at Electronic City, Bangalore, fixed deposits of ₹ 200 lakhs, pledge of 26% shares of MSPL, and corporate guarantee from Enertec. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained. Further, shortfall undertaking and letter of responsibility is backed by board resolution from Jupiter Capital Private Limited, the Parent Company.

(iv) Term Loan of ₹ 2,000.00 lakhs from financial institution was secured and repayable in equal quarterly installment of ₹ 200.00 lakhs starting from August 2023, carries an interest rate of 14.50%. The loan was secured by exclusive charge on current assets, movable assets of the Company and ACAT, land and bulidings of the Company and Enertec and pledge of shares of the Company with minimum cover of 1.15x of the loan amount. Further, unconditional and irrevocable corporate guarantee of Jupiter Capital Private Limited, ACAT and Enertec and this was fully repaid during the period ended 30 September 2023 (refer note VI below).

(v) Vehicle loan of ₹ 40.99 lakhs from financial institution is secured against the vehicle and repayable in equal monthly installment of ₹ 1.28 lakhs from April 2022.

(vi) Packing credit facility in foreign currency ("PCFC") and Cash credit from banks are secured by exclusive charge on current assets, movable PPE, land and building of the Company situated at D-30, Sector 3, Noida, UP, property owned by step down subsidiary, Enertec Controls Limited at Electronic City, Bangalore, fixed deposits of ₹ 200.00 lakhs, pledge of 26% shares of the subsidiary company, Mistral Solutions Private Limited, and corporate guarantee from step down subsidiary, Enertec Controls Limited. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained. Further, shortfall undertaking and letter of responsibility is backed by board resolution from Jupiter Capital Private Limited, the Parent Company.

(vii) Cash credit in India currency from bank bearing an interest rate of 3-month SOFR+1.5%/ SOFR +2.2%(HDFC) (31 March 2023: 3-month SOFR+1.5%/ SOFR +2.2%(HDFC)) are payable on demand.

(viii) Loan from related parties includes intercorporate deposits of ₹ 5,142 lakhs from Jupiter Capital Private Limited is unsecured and repayable on July 2023 and was fully repaid during the period ended 30 September 2023.

b) Loan covenants

The above financial arrangements contains certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied the debt covenants prescribed in the above facilities.

II AXISCADES Aerospace & Technologies Private Limited

c) Terms of borrowings and rate of interest

(i) Cash credit in india currency from bank bearing an interest rate of 3-month SOFR+1.5%/ SOFR +2.2%(HDFC) [(March 31, 2023: SOFR+1.5%/ SOFR +2.2%(HDFC)] are payable on demand.

d) Details of security of borrowings

(i) Cash credit facility (inclusive of post shipment credit facility and packing credit) from bank are secured by first exclusive charge on all current assets (present and future), equitable mortgage on property owned by Enertec situated at 14-15, 1st Phase, Electronic city, Bangalore and D-30, sector 3,Noida,Uttarprdesh property owned by the Company, Exclusive fixed deposit of ₹ 700 lakhs is kept under lien and corporate guarantee given by Enertec & AXISCADES Technologies Limited.

e) Loan covenants

Cash credit from banks contain certain financial covenants such as debt service coverage ratio, total liabilities divide by adjusted net-worth,interest coverage ratio etc. ACAT has satisfied all other debt covenants prescribed in the terms of bank loan.

III Explosoft Tech Solutions Private Limited

f) The 13% Unsecured Cumulative optionally convertible redeemable debentures of ₹ 3,500 lakhs and intrest thereon ₹2,636.49 lakhs is unsecured and redeemable by Jupiter Capital Private Limited (the Parent Company) as on 24 December 2024.

IV AXISCADES Inc

g) The working capital loan carries variable interest rate per annum of Wall Street Journal Prime Rate + 2.00% with a floor of 7.50% per annum. Interest and Maintenance Fees shall be calculated on the higher of the actual average monthly loan balance from the prior month or a minimum average loan balance of USD 500,000. The loan is repayable on demand. The working capital loan is secured by a perfected security interest in all the assets including a first security interest in accounts receivable and contract rights.

V AXISCADES GmbH

h) During the year, AXISCADES GmbH borrowed secured term loan from financial institution amounting to ₹ 1,450.82 lakhs (EUR 16.5 lakhs) and carries interest rate of 9% per annum. The loan along with accrued interest is repayable on 31 October 2023 and secured by pledge of shares.of AXISCADES GmbH held by the Company.

VI The 15.75% and 16% unrated unlisted secured non-convertible debentures along with other borrowings which were outstanding on 31 March 2023 have been refinanced at a lower interest rate of 12.75% per annum through the issuance of unrated unlisted redeemable non-convertible debentures mentioned in I(a)(i) above.

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		Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
12	**Revenue from contracts with customers**		
	Sale of services		
	Technology Services and Solutions	22,529.48	22,099.04
	Strategic Technology Solutions	9,161.07	5,371.46
	Sale of goods		
	Technology Services and Solutions	10,644.35	5,759.54
	Strategic Technology Solutions	4,175.20	4,463.91
		46,510.10	**37,693.95**

12.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
India	14,644.30	13,992.45
Outside India	31,865.80	23,701.50
Total revenue from contracts with customers	**46,510.10**	**37,693.95**

Timing of revenue recognition	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
Goods or services transferred at point in time	14,146.86	9,174.68
Goods or services transferred over time	32,363.24	28,519.27
	46,510.10	**37,693.95**

12.2 Contract balances	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
Trade receivables	22,237.53	17,902.93
Contract Assets - Unbilled revenue	12,238.49	8,373.99
Contract liability - Unearned revenue	904.51	2,418.58
Contract liability - Advance from customer	3,120.53	1,677.19

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days. The Group has provision for expected credit losses of trade receivables of ₹ 233.71 lakhs as at 30 September 2023 (31 March 2023: ₹ 263.69 lakhs).

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenue in excess of invoicing are classified as contract assets (unbilled revenue) while invoicing in excess of revenue are classified as contract liabilities (unearned revenues).

Contract assets relates to revenue earned from engineering design services and strategic technology solutions rendered within the period and for which invoicing happens subsequent to the period end. As such, the balances of this account vary and depend on the quantum of engineering design services and strategic technology solutions at the end of the period. During the period ended 30 September 2023, ₹ 4,968.85 lakhs of contract assets as at 31 March 2023 has been reclassified to receivables on completion of performance obligation. During the year ended 31 March 2023, ₹ 4,484.54 lakhs of contract assets as at 31 March 2022 has been reclassified to receivables on completion of performance obligation. As at 30 September 2023, the Group has provision for expected credit losses on contract assets of ₹ 104.97 lakhs (31 March 2023: ₹ 104.97 lakhs).

12.3 Performance Obligation
Revenue to be recognised for performance obligations not satisfied or partially satisfied at the end of the current period in respect of contracts with customer that are in place (i.e. signed agreements/POs/WOs,etc) :

	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
Within one year	5,610.03	7,778.68
More than one year	2,595.79	1,515.07
	8,205.82	**9,293.75**

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(All amounts in ₹ lakhs, unless otherwise stated)

12.4 Reconcillation of revenue from contracts with customers

	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
Revenue from contracts with customers as per contract price	45,977.88	36,775.02
Adjustments made to contract price on account of:		
a) liquidated damages.	(220.18)	(115.20)
b) Deferrment of revenue.	(423.83)	(1,418.25)
c) Recognition of revenue from contract liability out of opening balance of contract liability	1,176.23	2,452.38
	-	
Revenue from contracts with customers as per the Interim Condensed Consolidated Statement of Profit and Loss	**46,510.10**	**37,693.95**

Note: The amount of ₹ 198.00 lakhs (30 September 2022: ₹ 301.78 lakhs) pertaining to other operating revenue has not been considered in the above revenue disclosure.

13 Exceptional Items

	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
Additional purchase consideration	-	1,500.00
Interest on purchase consideration	-	2,944.98
	-	**4,444.98**

The Company entered into a Share Purchase Agreement ('SPA') on 1 December 2017, to acquire 100% stake in Mistral Solutions Private Limited along with its subsidiaries ('MSPL Group') in a phased manner. MSPL Group is headquartered in Bengaluru, India and is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control on MSPL effective 1 December 2017.

Pursuant to the requirements of SPA, during the quarter ended 30 June 2018, the Company has filed an application with National Company Law Tribunal ('NCLT') for amalgamation of Explosoft Tech Solutions Private Limited, a shareholder of Mistral with the Company, on receipt of observation letter conveying 'no objection' from BSE Limited and the National Stock Exchange. Further, vide order dated 8 March 2019, NCLT, Bengaluru bench has approved the scheme of amalgamation ('Scheme'). As the registered office of the Explosoft is situated in the state of Maharashtra, the Scheme has also been filed by Explosoft on 15 May 2018, with NCLT, Mumbai for approval.

During the quarter ended 30 June 2020, the shareholders of MSPL have demanded for discharge of purchase consideration of Phase II of SPA along with interest as the scheme of merger has not yet been approved. The Company believes that Explosoft did not take steps that were required by Explosoft to diligently prosecute the application for merger before the NCLT Mumbai so as to bring it to completion and accordingly the claim for interest by Explosoft is not tenable. The Company, thereafter initiated arbitration proceedings against the shareholders of MSPL and MSPL contesting the aforesaid claims and seeking Arbitral Tribunal to direct for the completion of acquisition in accordance with the SPA.

The Company has received the Interim Arbitration Award ('Interim Award') on 26 May 2022, dated 21 May 2022, from the Arbitral Tribunal, directing all parties for specific performance of their obligations under the SPA and other definitive agreements, so as to ensure completion of acquisition of 100% of shares of MSPL by the Company. In accordance with the Interim Award, the Company has discharged the purchase consideration for the phases which have fallen due. Pursuant to further directions contained in the Interim Award, the Company had also recorded an additional charge of ₹ 4,444.98 lakhs (including interest of ₹ 2,944.98 lakhs and additional consideration of ₹ 1,500 lakhs) as an exceptional item during the six-months period ended 30 September 2022.

14 Earnings per share (EPS) (basic and diluted)

	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
a) Profit/(loss) after tax attributable to equity shareholders (₹)	1,667.38	(1,082.10)
b) Weighted average number of shares outstanding (in lakhs)	382.63	380.03
c) Nominal value of shares (₹)	5.00	5.00
d) Basic earnings per share (₹)	4.36	(2.85)
e) Number of equity shares used to compute diluted earnings per share (in lakhs) (refer note below)	421.17	380.03
f) Diluted earnings per share (₹)*	3.96	(2.85)

Note:

	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
Weighted average number of shares outstanding (in lakhs)	382.63	380.03
Effect of dilution:		
Share options*	38.54	-
Weighted average number of equity shares adjusted for the effect of dilution	421.17	380.03

*For the purpose of computation of diluted EPS for the period ended 30 September 2022, the effect of stock options granted under ESOP scheme have not been considered as the effect of these potentially diluted equity shares are anti-dilutive . Hence basic and diluted EPS are same.

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15 Segment information

Management currently identifies the Group's two service lines as its operating segments. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

The activities undertaken under Engineering design segment is involved in providing product design, engineering, research and development services.

Under the Strategic technology solutions segment, integration services are provided for defence & offsets business. It includes partnering with major original equipment manufacturers (OEM's) in the areas of strategic electronics, avionics, radar data processing and electronic warfare etc.

The Group Chief Financial Officer is the Chief Operating Decision Maker (CODM) and monitor the results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Performance is internally assessed and evaluated based on the segment revenues and segment profits.

Segment information as at and for the six-months period ended 30 September 2023 is as follows:

	Period ended 30 September 2023 (Unaudited)		Period ended 30 September 2022 (Unaudited)	
A Segment revenues and profits	**Technology Services and Solutions**	**Strategic Technology Solutions**	**Technology Services and Solutions**	**Strategic Technology Solutions**
Revenue*				
From external customers	33,173.83	13,336.27	27,858.58	9,835.37
Segment revenues	**33,173.83**	**13,336.27**	**27,858.58**	**9,835.37**
Segment results	4,009.01	2,386.44	4,671.39	865.78
Segment results	**4,009.01**	**2,386.44**	**4,671.39**	**865.78**

Reconciliation of profit	**Period ended 30 September 2023 (Unaudited)**	**Period ended 30 September 2022 (Unaudited)**
Segment profit	6,395.45	5,537.17
Share in net loss of associate (refer note 6)	-	(4.41)
Exceptional items (refer note 13)	-	(4,444.98)
Finance costs	(3,175.00)	(1,025.88)
Unallocable income net of unallocable expenditure net of other income	(613.14)	117.45
Profit before tax	**2,607.31**	**179.35**

*The amount of ₹ 198.00 lakhs (30 September 2022: ₹ 301.78 lakhs) pertaining to other operating revenue has not been considered in the above revenue disclosure.

	As at 30 September 2023 (Unaudited)		As at 31 March 2023 (Audited)	
B Segment assets and liabilities	**Technology Services and Solutions**	**Strategic Technology Solutions**	**Technology Services and Solutions**	**Strategic Technology Solutions**
Segment assets	45,792.05	36,664.36	38,056.91	31,914.02
Segment liabilities	24,765.50	39,500.85	16,694.93	37,311.97

B1 Reconciliation of Segment assets	**As at 30 September 2023 (Unaudited)**	**As at 31 March 2023 (Audited)**
Total reportable segment assets	82,456.41	69,970.93
Unallocable assets	20,315.82	20,467.52
Total Assets	**1,02,772.23**	**90,438.45**

B2 Reconciliation of Segment liabilities	**As at 30 September 2023 (Unaudited)**	**As at 31 March 2023 (Audited)**
Total reportable segment liabilities	64,266.35	54,006.90
Unallocable liabilities	1,845.89	2,045.28
Total liabilities	**66,112.24**	**56,052.18**

C The Group's revenues from external customers are divided into the following geographical areas:

	Period ended 30 September 2023 (Unaudited)	**Period ended 30 September 2022 (Unaudited)**
India (country of domicile)	14,644.30	13,992.45
Outside India	31,865.80	23,701.50
	46,510.10	**37,693.95**

Revenues from external customers in the Group's domicile, India, as well as its major markets, Europe and the USA, have been identified on the basis of the customer's geographical location.

D The Group's non-current assets are divided into the following geographical areas (refer note below):

	As at 30 September 2023 (Unaudited)	**As at 31 March 2023 (Audited)**
India (country of domicile)	41,218.97	33,098.29
Outside India	492.58	133.92
	41,711.55	**33,232.21**

Non current assets of the Group are used interchangeably amongst geographical segments and are not allocable to any of the geographical segments. Assets have been therefore identified on the basis of their geographic location and not on the basis of usage.

Reportable assets for the purpose of this note constitute non-current assets other than financial assets and deferred tax assets.

16 Contingent liabilities and commitments

Capital and other commitments

	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Capital commitment*	120.29	72.51

* mainly pertains to commitment towards purchase of capital assets of ₹ 120.29 lakhs (31 March 2023: ₹ 72.51 lakhs)

Bank guarantees

		As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
i)	Bank guarantees to government authorities and others	1,531.74	1,477.96

Bank guarantees are issued in favor of government authorities and others towards financial, peformance guarantees and earnest money deposit as part of bidding process.

Tax contingencies

		As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
i)	Direct tax matters under dispute/pending before Income Tax Authorities	4,364.89	5,409.71
ii)	Indirect tax matters for demands pending before various appellate authorities	1,098.76	1,098.76
		5,463.65	**6,508.47**

Notes:

i) The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Interim Condensed Consolidated Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities.

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17 Related party disclosures

	Nature of relationship	Name of Party
I	**Parties where control exists:**	
	Holding Company	Jupiter Capital Private Limited ('JCPL')

II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the six-month period ended:

Fellow subsidiary	Indian Aero Infrastructure Private Limited (step down subsidiary of JCPL)
Associates	ASSYSTEMS AXISCADES Engineering Private Limited (upto 11 July 2022)
	Aero Electronics Private Limited (with effect from 4 September 2023)
Key Management Personnel (KMP):	
Chief Executive Officer & Managing Director	Mr. Arun Krishnamurthi
Chairman and Non - Executive Director	Mr. Abidali Neemuchwala (appointed with effect from 4 October 2023)
Chairman and Non - Executive Director	Mr. David Bradley(upto 28 September 2023)
Independent Director	Mrs. Mariam Mathew
Independent Director	Mr. Desh Raj Dogra
Independent Director	Mr. Dhiraj Mathur
Non - Executive Director	Mr. Harold David Walker(upto 28 June 2023)
Non - Executive Director	Mr. Sudhakar Gande (upto 5 January 2023)
Non - Executive Director	Mr. Sharadhi Chandra Babu Pampapathy
Non - Executive Director	Mr. Abhishek Kumar (upto 3 June 2022)
Non - Executive Director	Mr. David Abikzir
Non - Executive Director	Mr. Venkataraman Venkitachalam (appointed with effect from 6 January 2023)
Non - Executive Director	Mr. S Christopher (appointed with effect from 30 June 2023)

III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the six-months period ended

Key Management Personnel (KMP):	
Chief Financial Officer (CFO)	Mr. Shashidhar SK
Company Secretary	Ms. Sonal Dudani
Company in which Director is a member	Lexicon Infotech Limited

IV Transactions with related parties:

Nature of transactions	Relationship	Period ended 30 September 2023 (Unaudited)	Period ended 30 September 2022 (Unaudited)
Remuneration (Refer note (IV) (a) below)			
Mr. Shashidhar SK (refer note b below)	Key Management Personnel	233.66	179.59
Mr. Arun Krishnamurthi (refer note b below)	Key Management Personnel	405.80	306.24
Ms. Sonal Dudani	Key Management Personnel	8.85	7.62
Service received from			
Lexicon Infotech Limited	Company in which Director is a member	-	1.73
Sitting fees paid to directors			
Mr. Dhiraj Mathur	Independent Director	8.50	6.00
Mr. Desh Raj Dogra	Independent Director	9.00	6.50
Mrs. Mariam Mathew	Independent Director	8.00	5.50
Mr. Harold David Walker	Non - Executive Director	3.30	1.20
Mr. David Bradley	Chairman and Non - Executive Director	7.30	2.10
Mr. Sharadi Chandra Babu Pampapathy	Non - Executive Director	-	1.50
Mr. Sudhakar Gande	Non - Executive Director	-	1.80
Mr. Abhishek Kumar	Non - Executive Director	-	0.30
Mr. David Abikzir	Non - Executive Director	6.30	1.20
Mr. Venkataraman Venkitachalam	Non - Executive Director	4.80	-
Mr. S Christopher	Non - Executive Director	2.00	-
Reimbursement of expenses by			
Mr. Sudhakar Gande	Non - Executive Director	-	35.05
Corporate Guarantee received from			
Jupiter Capital Private limited	Holding Company	-	14,000.00
Interest expense			
Jupiter Capital Private limited	Holding Company	446.09	196.00

(a) As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

(b) Total employee benefit expense includes employee stock compensation expense of ₹ 198.14 lakhs (30 September 2022 - ₹157.99 lakhs) for Mr.Arun Krishnamurthi and ₹ 148.60 lakhs (30 September 2022 - ₹ 118.49 lakhs) for Mr. Shashidhar SK, respectively included in the employee stock option scheme expense in the Interim Condensed Consolidated Statement of Profit and Loss account.

(c) Refer note 11 for details of security provided for borrowings.

V Balances outstanding:

Nature of transactions	Relationship	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
Remuneration payable (refer note (IV) (a) above)*			
Mr. Shashidhar SK	Key Management Personnel	17.81	33.13
Mr. Arun Krishnamurthi	Key Management Personnel	70.31	224.53
Ms. Sonal Dudani	Key Management Personnel	0.56	2.21
Investment in equity shares			
Aero Electronics Private Limited	Associate	627.71	-
Trade payables			
Indian Aero Infrastructure Private Limited	Fellow subsidiary	6.23	6.23
Lexicon Infotech Limited	Company in which Director is a member	-	4.95
Corporate guarantee received from - outstanding			
Jupiter Capital Private limited	Holding Company	4,000.00	20,500.00

Loans from related parties

Particulars	Opening	Loans taken	Repayment	Interest accumulation	Loans outstanding
Jupiter Capital Private Limited					
30 September 2023	10,525.33	-	4,642.00	253.16	6,136.49
31 March 2023	-	11,025.33	500.00	-	10,525.33

* Remuneration payable does not include amount payable on employee stock option scheme

Terms and conditions of transactions with related parties p
Outstanding balances at the period/year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 September 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2023: Nil lakhs). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party

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(All amounts in ₹ lakhs, unless otherwise stated)

18 Financial instruments

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 30 September 2023 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
Assets:					
Investments (Current and Non Current)	0.05	3,367.55	-	3,367.60	3,367.60
Trade receivables (Current)	22,237.53	-	-	22,237.53	22,237.53
Other financial assets (Current and Non Current)	7,032.01	-	0.61	7,032.62	7,032.62
Cash and cash equivalent (refer note 9)	5,115.43	-	-	5,115.43	5,115.43
Bank balances other than cash and cash equivalent (refer note 10)	2,205.21	-	-	2,205.21	2,205.21
Total	**36,590.23**	**3,367.55**	**0.61**	**39,958.39**	**39,958.39**
Liabilities:					
Borrowings	35,666.12	-	-	35,666.12	35,666.12
Lease liability	7,686.81	-	-	7,686.81	7,686.81
Trade payables	9,343.64	-	-	9,343.64	9,343.64
Other financial liabilities	1,576.88	1,079.71	-	2,656.59	2,656.59
Total	**54,273.45**	**1,079.71**	**-**	**55,353.16**	**55,353.16**

The carrying value and fair value of financial instruments by categories as of 31 March 2023 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
Assets:					
Investments (Current and Non Current)	0.05	3,346.12	-	3,346.17	3,346.17
Trade receivables (Current)	17,902.93	-	-	17,902.93	17,902.93
Other financial assets (Current and Non Current)	6,851.72	-	-	6,851.72	6,851.72
Cash and cash equivalent (refer note 9)	7,506.73	-	-	7,506.73	7,506.73
Bank balances other than cash and cash equivalent (refer note 10)	2,456.16	-	-	2,456.16	2,456.16
Total	**34,717.59**	**3,346.12**	**-**	**38,063.71**	**38,063.71**
Liabilities:					
Borrowings	31,400.35	-	-	31,400.35	31,400.35
Lease liability	3,195.85	-	-	3,195.85	3,195.85
Trade payables	7,509.33	-	-	7,509.33	7,509.33
Other financial liabilities	2,896.81	690.31	49.33	3,636.45	3,636.45
Total	**45,002.34**	**690.31**	**49.33**	**45,741.98**	**45,741.98**

The management assessed that the fair value of cash and cash equivalent, trade receivables, loans, other financial assets (excluding security deposits), trade payables and working capital loans approximate the carrying amount largely due to short-term maturity of this instruments. The fair values for security deposits forming part of other financial assets were calculated based on discounted cash flows using a current lending rate.
The fair values of borrowings and lease liabilities were calculated based on cash flow discounted using a current lending/ borrowing rate and other relevant assumptions.
The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(ii) Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Quantative disclosure of fair value measurement hierarchy as at 30 September 2023 :

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investments (Current and Non Current)	30 September 2023	3,367.55	2,701.86	665.69	-
Derivative contracts	30 September 2023	0.61	-	0.61	-
Liabilities measured at fair value:					
Derivative contracts	30 September 2023	-	-	-	-
Purchase consideration payable (Current and Non Current)	30 September 2023	1,079.71	-	-	1,079.71

There have been no transfer among level 1 , Level 2 and level 3 during the period.

Quantative disclosure of fair value measurement hierarchy as at 31 March 2023:

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed					
Investments (Current and Non Current)	31 March 2023	3,346.12	2,698.60	647.52	-
Liabilities measured at fair value:					
Derivative contracts	31 March 2023	49.33	-	49.33	-
Derivative liability on share warrants	31 March 2023	565.18	-	-	565.18
Purchase consideration payable	31 March 2023	125.13	-	-	125.13

(iii) Valuation techniques and significant unobservable input

Type	Valuation technique	Significant unobservable inputs	Range	Inter-relationship between significant unobservable inputs and fair value measurement
Purchase consideration payable	Best estimates of earnings for Adjusted earnings as per the terms of share purchase agreement	Adjusted earnings of acquired entity	₹ 0 lakhs - ₹ 1205.44 lakhs	These inputs would result in determing the contingent consideration payable to the shareholders of acquired entity.
Derivative contracts	Binomial option pricing model	Exercise price per share Risk free rate Sigma range	₹ 969.10 lakhs 7.1% 50.6% - 51.8%	These inputs would result in fair value loss on derivative by ₹ 565.18 lakhs

Valuation technique used to determine fair value

i) Derivative contracts: The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and Currency options are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at 30 September 2023, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

ii) Investments in liquid and short-term mutual funds which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

iii) Investments in equity shares which are classified as FVTPL are measured using market price of share at the reporting date multiplied by the quantity held.

(iv) Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

19 Business Combination
Acquisitions during the period ended 30 September 2023
Acquisition of Add Solution GmbH ('Add Solution')

The Group, has acquired Add Solution, GmbH through its subsidiary, AXISCADES GmbH. Add Solution is a company based out of Wolfsburg, Germany which is engaged in automotive design and development. They are engaged in services such as wiring systems, testing and automation for global automotive OEMs. On 16 June 2023, AXISCADES GmbH has entered into a Share Purchase Agreement ("SPA") with Add Solution and the Selling Shareholders of Add Solution to acquire 100% paid-up share capital of Add Solution in the following manner:

1 Purchase consideration for acquisition of 94% shareholding of Add Solution in the following manner:
- Tranche I: Fixed purchase consideration of ₹ 4,556.29 lakhs (EUR 5.0 million)
- Tranche II purchase consideration will be determined based on 40% of EBITDA of Add Solution for the period between 1 July 2023 to 31 December 2024. Maximum amount of Tranche II consideration should be less than or equal to ₹ 453.17 lakhs (EUR 0.5 million).

All ancillary rights relating to 94% of the shares of Add Solution are transferred with the rights to participate in the profits.

2 Put and call option to purchase remaining 6% of the shareholding in two tranches for a period from 1 July 2023 to 31 Decemer 2025:
- Tranche I purchase consideration will be determined based on 40% of EBITDA of Add Solution for the period between 1 July 2023 to 31 December 2024.
- Tranche II purchase consideration will be determined based on 40% of EBITDA of Add Solution for the period between 1 July 2025 to 31 December 2025.

Purchase consideration payable for both Tranche I and Tranche II together should not exceed ₹ 752.27 lakhs (EUR 0.83 million).

The Company has used services of an external independent expert to carry out a detailed Purchase Price Allocation ("PPA") of the purchase consideration paid/payable to the shareholders of Add Solution. Based on such PPA, the fair value of the identifiable net assets arising from the transaction are as follows:

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of Add Solution as at the date of acquisition were:

		Fair Value recognized on acquisition
Assets		
Non-current assets		
Property, plant and equipment (note 4)		952.25
Right-of-use assets		3,524.15
Intangible assets (note 4)		889.34
		5,365.74
Current assets		
Financial assets		
Trade receivables		1,241.69
Cash and cash equivalent		1,531.93
Other financial assets		5.54
Other current assets		76.63
		2,855.79
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities		3,364.00
Deferred tax liabilities	p	398.67
		3,762.67
Current liabilities		
Financial liabilities		
Borrowings		84.57
Lease laibilites		160.15
Trade payables		448.12
Provisions		137.23
Other current liabilities		154.42
		984.49
Total identifiable net assets at fair value		3,474.37
Goodwill arising on acquisition		2,091.10
Purchase consideration transferred		**5,565.47**

(This space has been intentionally left blank)

The deferred tax liability mainly comprises the tax effect of the temporary differences on account of Business combination.

The Group acquired this business to bring synergies from the business operation of Add Solution and accordingly concluded this transaction as a business combination as per Ind AS 103. The goodwill of ₹ 2,091.10 lakhs comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the Technology Services and Solutions segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, Add Solution has contributed ₹ 1,175.26 lakhs of revenue and ₹ 157.70 lakhs to the net profit of the Group. If the combination had taken place at the beginning of the year, revenue contribtuion would for the Group have been ₹ 3,662.48 lakhs and the net profit contribution for the Group would have been ₹ 292.01 lakhs.

Purchase consideration	
Fixed purchase consideration	4,531.77
Financial liability (refer note a below)	640.01
Contingent consideration payable (refer note b below)	393.69
Total consideration	**5,565.47**

Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary (included in cash flow from investing activities)	1,531.93
Purchase consideration paid	(4,556.29)
Net cashflows on acquisition	**(3,024.36)**

Note
a. Financial liability
The obligation to acquire remaining stake in Add Solution has been recorded as financial liability amounting to ₹ 640.01 lakhs. The Group recorded transferred identifiable assets (tangible and intangible) basis a fair valuation and non-controlling interest on the date of acquistion is recognised at fair value. Consequent to this business acquisition, Add Solution results were consolidated effective 1 August 2023. Pending acquisition of remaining stake, the Group has attributed the profit and each component of OCI (if any) to non-controlling interests, which is included in financial liability for future acquisition. This financial liability has been measured at the date of acquisition, basis a fair valuation report, in accordance with Ind AS 109. At the end of each reporting period, the non-controlling interests subject to put option is derecognised and the difference between the derecognised and present value of the redemption based on the valuation, which is recorded as a financial liability, is accounted for as an equity transaction. The Group has accounted for the NCI liability equivalent to the estimated settlement and has reversed the NCI liability of ₹ 12.20 lakhs for the period ended 30 September 2023 through retained earnings in respect of the Non-controlling interests liability.

b. Contingent Consideration
As per the Share Purchase Agreement, the amount of purchase consideration for acquisition of 94% shares of Add Solution is based on 40% of EBITDA of Add Solution for the period between 1 July 2023 to 31 December 2024. Maximum amount for this contingent consideration should not exceed ₹ 453.17 lakhs (EUR 0.5 million)

As at the acquisition date, the fair value of the purchase consideration payable is ₹ 1,033.70 lakhs.

	As at 30 September 2023	As at 31 March 2023
Opening balance of purchase consideration payable	-	-
Add: Additions during the period	393.69	-
Less: Fair value gain recognised during the period	(24.41)	-
Closing balance as at 30 September 2023	**369.28**	-

20 Events after the reporting period
There are no events or transactions which have occured since the balance sheet date which would have a material effect and require adjustments in the Interim Condensed Consolidated Financial Statements.

21 The Group had prepared separate Statement of Unaudited Consolidated Financial Results (the "Consolidated Financial Results") for the quarter and half year ended 30 September 2023, in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting". These Consolidated Financial Results were prepared for submission by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

22 The Code on Social Security, 2020 (the "Code") relating to employee benefits during employment and post-employment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect is yet to be notified and the final rules/ interpretation are yet to be issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact accordingly.

23 The figures for the corresponding previous period have been regrouped/ reclassified, where necessary, to confirm to current period's presentation.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : January 10, 2024

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

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Place : Bengaluru
Date : January 10, 2024

Mr. Venkatraman Venkitachalam
Non - Executive Director
DIN : 05008694

Place : Bengaluru
Date : January 10, 2024

Shashidhar SK
Group Chief Financial Officer

Place : Bengaluru
Date : January 10, 2024

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : January 10, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of AXISCADES Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of AXISCADES Technologies Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group and associate in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the Management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Assessment of impairment of Goodwill and other intangible assets (as described in note 2(i)(c), 2(i)(e) and note 4 of the consolidated financial statements)	
The Group's Balance Sheet includes Rs. 13,967.61 lakhs of goodwill and other intangible assets representing 15.44% of total Group assets. Goodwill and other intangible assets must be tested for impairment at least on an annual basis. The determination of recoverable amounts requires judgement on the part of the Management in both identifying and then valuing the relevant Cash Generating Units (CGUs). Recoverable amounts are based on Management's assumptions of variables and market conditions such as volume growth rates, future operating expenditure, discount rates and long-term growth rates. The annual impairment testing is a significant accounting estimate as the assumptions on which such estimates are based are judgmental and affected by future market and economic conditions which are inherently uncertain. Accordingly, we have determined this area to be a key audit matter in our audit of the consolidated financial statements.	Our audit procedures included the following: • We understood, evaluated and tested Holding Company's Management key controls over the impairment assessment process; • We assessed the Group's methodology applied in determining the CGUs recoverable value. In making this assessment, we also evaluated the objectivity and independence of Holding Company's expert involved in the process. • We engaged expert to assess the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates and methodologies used by the Holding Company's Management to determine the recoverable amount; • We tested the arithmetical accuracy of the impairment testing model; and • We have assessed the disclosures in the consolidated financial statements as per the relevant accounting standards.

Other Information

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

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

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

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of eleven subsidiaries, whose financial statements include total assets of Rs. 54,057.28 lakhs as at March 31, 2023, and total revenues of Rs. 35,409.90 lakhs and net cash inflows of Rs. 917.26 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

(b) The accompanying consolidated financial statements also include the Group's share of net loss of

Rs. 4.41 lakhs for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of one associate, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of this associate, and our report in terms of Sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors except that with respect to one subsidiary as disclosed in note 49 to the consolidated financial statements, the backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India on daily basis;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer note 35 to the consolidated financial statements;

   ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2023;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, incorporated in India during the year ended March 31, 2023;

   iv. a) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, as disclosed in note 48(v) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   b) The respective Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, as disclosed in note 48(vi) to the consolidated financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) No dividend has been declared or paid during the year by the Holding Company and its subsidiaries companies, incorporated in India.

vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiaries companies incorporated in India, hence reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sunil Gaggar
Partner
Membership Number: 104315

UDIN: 23104315BGXPYR9143

Place of Signature: Bengaluru
Date: May 25, 2023

AXISCADES Technologies Limited
Consolidated Balance Sheet as at 31 March 2023
(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at 31 March 2023	As at 31 March 2022
Assets			
Non-current assets			
Property, plant and equipment	3	5,683.68	5,780.73
Right-of-use assets	34	11,568.96	8,745.61
Goodwill	4	11,347.76	11,157.93
Other intangible assets	5	2,619.85	2,898.23
Investment in an associate	6	-	187.41
Financial assets			
Investments	7	446.19	203.81
Other financial assets	8	975.53	925.31
Deferred tax assets, net	37	1,980.33	2,802.94
Non-current tax asset, net	9	1,969.68	1,462.77
Other non-current assets	10	42.27	2,034.58
		36,634.25	**36,199.32**
Current assets			
Inventories	11	6,585.39	5,157.70
Financial assets			
Investments	7	2,899.98	1,526.59
Trade receivables	12	17,902.93	14,516.65
Cash and cash equivalent	13	7,506.73	7,109.49
Bank balances other than cash and cash equivalent	14	2,456.16	3,427.40
Other financial assets	8	5,876.19	3,411.45
Other current assets	10	10,576.82	8,091.60
		53,804.20	**43,240.88**
Total assets		**90,438.45**	**79,440.20**
Equity and liabilities			
Equity			
Equity share capital	15	1,911.50	1,897.23
Other equity	16	31,895.57	31,229.08
Non-controlling interests		579.20	534.76
Total equity		**34,386.27**	**33,661.07**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	17,091.32	45.32
Lease Liabilities	34	2,248.00	1,109.87
Provisions	18	984.57	1,055.56
		20,323.89	**2,210.75**
Current liabilities			
Financial liabilities			
Borrowings	17	14,309.03	4,835.79
Lease Liabilities	34	947.85	1,214.67
Trade payables	19		
(a) Total outstanding dues of micro enterprises and small enterprises		295.89	218.16
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		7,213.44	6,735.00
Other financial liabilities	20	3,636.45	22,968.90
Provisions	18	1,690.12	1,310.60
Current tax liability, net	21	1,131.26	161.10
Other current liabilities	22	6,504.25	6,124.16
		35,728.29	**43,568.38**
Total liabilities		**56,052.18**	**45,779.13**
Total equity and liabilities		**90,438.45**	**79,440.20**

The accompanying notes are an integral part of these Consolidated Financial Statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : 25 May 2023

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

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Place : Bengaluru
Date : 25 May 2023

David Bradley
Chairman and Non - Executive Director
DIN : 08380717

Place : Bengaluru
Date : 25 May 2023

Shashidhar SK
Chief Financial Officer

Place : Philadelphia, Pennsylvania
Date : 25 May 2023

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 25 May 2023

AXISCADES Technologies Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2023
(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Income			
Revenue from contracts with customers	23	81,360.47	60,840.77
Other operating income	24	801.74	189.82
Other income	25	595.84	909.43
Total income		**82,758.05**	**61,940.02**
Expenses			
Cost of materials consumed	26	17,918.63	11,666.82
Employee benefits expense	27	36,089.20	31,214.39
Finance costs	28	3,589.98	1,575.41
Depreciation and amortisation expense	29	2,651.83	2,506.06
Other expenses	30	13,597.86	11,085.78
Total expenses		**73,847.50**	**58,048.46**
Profit before share in loss of an associate, exceptional items and tax		**8,910.55**	**3,891.56**
Share in loss of an associate, net of tax	6	(4.41)	(45.82)
Profit before exceptional items and tax		**8,906.14**	**3,845.74**
Exceptional items	31	(6,803.74)	(169.34)
Profit before tax and non-controlling interests		**2,102.40**	**3,676.40**
Income tax expense:	37		
(i) Current tax		2,085.61	1,297.33
(ii) Adjustment of current tax relating to earlier years		(368.00)	62.81
(iii) Deferred tax charge		864.61	48.35
Total income tax expense		**2,582.22**	**1,408.49**
(Loss)/profit after tax for the year		**(479.82)**	**2,267.91**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains/(losses) on defined benefit plans	40	5.50	(15.67)
Income tax effect		(1.43)	3.03
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**4.07**	**(12.64)**
a) (Losses)/gains on cash flow hedges, net	39	(28.72)	53.39
Income tax effect		8.00	(14.87)
		(20.72)	**38.52**
b) Exchange differences on translation of foreign operations		528.68	298.08
Income tax effect		-	-
		528.68	**298.08**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		**507.96**	**336.60**
Other comprehensive income for the year, net of tax		**512.03**	**323.96**
Total comprehensive income for the year, net of tax		**32.21**	**2,591.87**
Total (loss)/profit attributable to:			
Equity holders of the Company		**(523.25)**	**2,223.32**
Non-controlling interest		**43.43**	**44.59**
Other comprehensive income attributable to:			
Equity holders of the Company		**511.02**	**323.96**
Non-controlling interest		**1.01**	**-**
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(12.23)**	**2,548.33**
Non-controlling interests		**44.44**	**44.59**
(Loss)/earning per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2022: ₹ 5)]	32		
Basic		**(1.37)**	**5.86**
Diluted		**(1.37)**	**5.76**

The accompanying notes are an integral part of these Consolidated Financial Statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

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

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : 25 May 2023

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Place : Bengaluru
Date : 25 May 2023

David Bradley
Chairman and Non - Executive Director
DIN : 08380717

Place : Bengaluru
Date : 25 May 2023

lace : Philadelphia, Pennsylvania

Shashidhar SK
Chief Financial Officer

Place : Philadelphia, Pennsylvania
Date : 25 May 2023

Sonal Dudani
Company Secretary
Membership No.:
40415

Place : Bengaluru
Date : 25 May 2023

AXISCADES Technologies Limited
Consolidated Statement of Changes in Equity for the year ended 31 March 2023

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital

Equity shares of ₹ 5 each (31 March 2022 : ₹ 5 each), fully paid-up	Equity shares Number (in lakhs)	Equity shares Amount
As at 1 April 2021	377.60	1,889.51
Add: Issued and subscribed during the year*	1.54	7.72
As at 31 March 2022	**379.14**	**1,897.23**
Add: Issued and subscribed during the year*	2.85	14.27
As at 31 March 2023	**381.99**	**1,911.50**

* During the year, the Company allotted 285,280 (31 March 2022 - 154,000) equity shares of ₹ 5 each aggregating ₹ 14.27 lakhs (31 March 2022 - ₹ 7.72 lakhs), consequent to the exercise of stock options by employees of the Company under the "AXISCADES ESOP 2018 – Series 1" and "AXISCADES ESOP 2018 – Series 2".

B. Other equity (refer note 16)

	Reserves and surplus						Items of other comprehensive income				
	General reserve	Securities premium	Retained earnings	Capital Contribution Reserve	Share based payment reserve	Capital reserve	Foreign currency translation reserve	Hedge reserve	Total other equity	Non-controlling interests	Total
Balance as at 1 April 2021	3.39	10,077.23	11,253.53	107.68	315.03	5,698.31	575.27	(59.00)	27,971.44	490.17	**28,461.61**
Profit for the year	-	-	2,223.32	-	-	-	-	-	2,223.32	44.59	**2,267.91**
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	38.52	38.52	-	**38.52**
Re-measurement losses in defined benefit plans, net of tax	-	-	(12.64)	-	-	-	-	-	(12.64)	-	**(12.64)**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	298.08	-	298.08	-	**298.08**
Total comprehensive income for the year	**-**	**-**	**2,210.68**	**-**	**-**	**-**	**298.08**	**38.52**	**2,547.28**	**44.59**	**2,591.87**
Exercise of share options	-	120.70	-	-	(46.67)	-	-	-	74.03	-	**74.03**
Share based payment expenses (refer note 42)	-	-	-	-	636.33	-	-	-	636.33	-	**636.33**
Balance as at 31 March 2022	**3.39**	**10,197.93**	**13,464.21**	**107.68**	**904.69**	**5,698.31**	**873.35**	**(20.48)**	**31,229.08**	**534.76**	**31,763.84**
Loss/(profit) for the year	-	-	(523.25)	-	-	-	-	-	(523.25)	43.43	**(479.82)**
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	(21.61)	(21.61)	0.89	**(20.72)**
Re-measurement gain in defined benefit plans, net of tax	-	-	3.95	-	-	-	-	-	3.95	0.12	**4.07**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	528.68	-	528.68	-	**528.68**
Total comprehensive income/(loss) for the year	**-**	**-**	**(519.30)**	**-**	**-**	**-**	**528.68**	**(21.61)**	**(12.23)**	**44.44**	**32.21**
Exercise of share options	-	218.58	-	-	(82.61)	-	-	-	135.97	-	**135.97**
Share based payment expenses (refer note 42)	-	-	-	-	542.75	-	-	-	542.75	-	**542.75**
Balance as at 31 March 2023	**3.39**	**10,416.51**	**12,944.91**	**107.68**	**1,364.83**	**5,698.31**	**1,402.03**	**(42.09)**	**31,895.57**	**579.20**	**32,474.77**

The accompanying notes are an integral part of these Consolidated Financial Statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : 25 May 2023

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

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Place : Bengaluru
Date : 25 May 2023

David Bradley
Chairman and Non - Executive Director
DIN : 08380717

Place : Bengaluru
Date : 25 May 2023

Shashidhar SK
Chief Financial Officer

Place : Philadelphia, Pennsylvania
Date : 25 May 2023

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 25 May 2023

AXISCADES Technologies Limited
Consolidated Statement of cash flows for the year ended 31 March 2023
(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
A. Cash flow from operating activities			
Profit before tax		2,102.40	3,676.40
Adjustments to reconcile profit before tax to net cash flows:			
Exceptional items, net	31	6,803.74	169.34
Depreciation and amortisation expense	29	2,651.83	2,506.06
Impairment of property, plant and equipment	30	203.79	-
Interest income	25	(322.13)	(334.15)
Fair value gain on financial instruments at fair value through profit or loss	25	(88.77)	(136.45)
Dividend income from mutual funds	25	(32.51)	(17.89)
Finance costs	28	3,589.98	1,575.41
Fair value loss on derivative	30	565.18	-
Gain on lease modification/rental concession	25	(7.05)	(137.04)
Gain on sale of investment in associate	25	(39.55)	-
Share of loss of an associate	6	4.41	45.82
Provision/liabilities no longer required written back	25	(6.44)	(62.39)
Recovery of bad debts written off	25	(25.12)	-
Advances written off	30	13.40	-
Provision for doubtful debts and advances and bad debts written off	30	153.44	134.35
Share based payment expense	27	542.75	636.33
Provision for foreseeable losses on contracts	18	19.37	-
Loss on export incentive receivable		17.29	-
(Gain)/loss on sale of property, plant and equipment	25,30	(1.50)	22.81
Net unrealised foreign exchange (gain)/loss		(126.96)	127.60
Operating profit before working capital changes		**16,017.54**	**8,206.20**
Movements in working capital			
(Increase) in trade receivables		(3,223.48)	(2,659.92)
(Increase) in inventories		(1,396.02)	(2,827.40)
(Increase) in other assets including financial assets		(4,129.35)	(2,857.31)
Increase in trade payables, other liabilities and financial liabilities		871.96	4,234.31
Increase in provisions		189.35	325.63
Cash generated from operating activities		**8,330.00**	**4,421.51**
Direct taxes paid, net		(1,266.32)	(1,303.72)
Net cash generated from operating activities (A)		**7,063.68**	**3,117.79**
B. Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets		(1,088.13)	(1,361.69)
Proceeds from sale of property, plant and equipment		27.31	2.20
Interest received		111.81	364.71
Payment of deferred purchase consideration		(19,036.36)	-
(Investment)/redemption in units of mutual funds and other funds		(1,497.10)	3,171.34
Proceeds from disposal of stake in associate		222.55	-
Redemption of fixed deposits, net		1,179.04	763.57
Dividend received		-	17.89
Net cash (used in)/generated from investment activities (B)		**(20,080.88)**	**2,958.02**
C. Cash flow from financing activities			
Repayment of principal portion and interest portion of lease liabilities	34	(1,441.81)	(1,325.38)
Proceeds of long term borrowings		16,081.40	1,078.88
Repayment of long term borrowings		(2,252.34)	(3,116.30)
Proceeds/(repayment) of short term borrowings, net		6,463.38	(364.17)
Proceeds from exercise of share options		150.25	81.56
Interest paid		(5,720.82)	(584.72)
Net cash generated from/(used in) financing activities (C)		**13,280.06**	**(4,230.13)**
Net increase in cash and cash equivalent (A+B+C)		**262.86**	**1,845.68**
Effect of exchange rate changes, net		134.38	(6.12)
Cash and cash equivalent at the beginning of the year		7,109.49	5,269.93
Cash and cash equivalent at the end of the year	13	**7,506.73**	**7,109.49**
Refer Note 17 for Change in liabilities arising from financing activities.			

The accompanying notes are an integral part of these Consolidated Financial Statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

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

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : 25 May 2023

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Place : Bengaluru
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Chairman and Non - Executive Director
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Shashidhar SK
Chief Financial Officer

Place : Philadelphia, Pennsylvania
Date : 25 May 2023

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 25 May 2023

(All amounts in ₹ lakhs, unless otherwise stated)

1. Corporate Information:
AXISCADES Technologies Limited ('the Company' / 'the Holding Company' / 'ACTL'), a public limited company, operates in the business of Technology Services and Solutions and Strategic Technology Solutions. The Company's shares are listed for trading on the National Stock Exchange of India Limited and BSE Limited in India.

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

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ('the Group') and an associate listed below:
Information about subsidiaries:

Name of the subsidiaries	Country of incorporation	Ownership interest (%)	
		31 March 2023	31 March 2022
AXISCADES, Inc.	USA	100%	100%
AXISCADES UK Limited, Subsidiary of AXISCADES Inc. ('AXISCADES UK')	UK	100%	100%
AXISCADES Technology Canada Inc. ('AXISCADES Canada')	Canada	100%	100%
Axis Mechanical Engineering Design (Wuxi) Co., Ltd. ('Axis China')	China	100%	100%
AXISCADES GmbH	Germany	100%	100%
Cades Studec Technologies (India) Private Limited ('Studec')	India	76%	76%
AXISCADES Aerospace & Technologies Private Limited ('ACAT')	India	100%	100%
Enertec Controls Limited, subsidiary of ACAT ('Enertec')	India	100%	100%
AXISCADES Aerospace Infrastructure Private Limited, subsidiary of ACAT ('AAIPL')	India	100%	100%
Mistral Solutions Private Limited (MSPL)	India	100%	100%
Aero Electronics Private Limited, subsidiary of MSPL (AEPL)	India	100%	100%
Mistral Technologies Private Limited, subsidiary of MSPL (MTPL)	India	100%	100%
Mistral Solutions Inc.,subsidiary of MSPL (MSI)	USA	100%	100%
Mistral Solutions Pte Limited, subsidiary of MSPL (MSP) (dissolved during the previous year)*	Singapore	0%	0%
Explosoft Tech Solutions Private Limited (Subsidiary with effect from 22 December 2022)**	India	100%	0%

Associate
On 11 July 2022, the ACTL has sold the investment in its associate ASSYSTEMS AXISCADES Engineering Private Limited (AAEPL) for a consideration of ₹ 222.55 lakhs (refer note

*During the previous year the MSP has dissolved through Member's voluntary winding up where it's final meeting was held on 12 November 2021 at the Corporate office of the MSPL, the notice of which was published in 4 local (Singapore) newspapers on 11 October 2021. The liquidators made the necessary filings with Accounting and Corporate Regulatory Authority (ACRA) on 19 November 2021 and the MSP was dissolved on the expiration of 3 months from the date of filing i.e., 19 February 2022.

**On 22 December 2022, consequent to non-approval of the scheme of amalgamation, the Company has acquired 100% shares of Explosoft in cash (refer note 20).

2 (i) Summary of significant accounting policies

a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 25 May 2023.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

b) Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
► Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
► Exposure, or rights, to variable returns from its involvement with the investee, and
► The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
► The contractual arrangement with the other vote holders of the investee;
► Rights arising from other contractual arrangements;
► The Group's voting rights and potential voting rights; and
► The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2023. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

(This space has been intentionally left blank)

b) Basis of consolidation (Cont'd)

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12, Income Taxes, applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
(d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the parent company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it:
► Derecognises the assets (including goodwill) and liabilities of the subsidiary;
► Derecognises the carrying amount of any non-controlling interests;
► Derecognises the cumulative translation differences recorded in equity;
► Recognises the fair value of the consideration received;
► Recognises the fair value of any investment retained;
► Recognises any surplus or deficit in profit or loss; and
► Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:
► Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12, Income Tax, and Ind AS 19, Employee Benefits respectively.
► Liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payments arrangement of the Group entered into to replace share-based arrangements of the acquiree are measured in accordance with Ind AS 102, Share-based Payments at the acquisition date
► Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.
► Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in Statement of Profit and Loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109, Financial Instruments, is measured at fair value with changes in fair value recognised in Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109 it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in Statement of Profit and Loss.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations between entities under common control is accounted for at carrying value under the provisions of Ind AS 103, Business Combinations.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as and when incurred.

d) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit and loss reflects the Group's share of the results of operations of the associate . Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate ,the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate .

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate . If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate . At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

e) Use of Judgements, Estimates & Assumptions

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

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

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Leases - Estimating the incremental borrowing rate

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

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

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Recoverability of advances / receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable / amortisable assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

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

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

Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.

Impairment of non-financial assets including Goodwill

Impairment exists when the carrying value of a cash generating unit or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next three to six years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 4.

Share-based payments

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

f) Current versus non-current classification

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

An asset is classified as current when it is:
• Expected to be realised or intended to be sold or consumed in normal operating cycle;
• Held primarily for the purpose of trading;
• Expected to be realised within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

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

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

(All amounts in ₹ lakhs, unless otherwise stated)

g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of respective asset if the recognition criteria for a provision are met.

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

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

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

	Useful lives (in years)
Computers *	3 - 6
Furniture and fixtures *	7 - 10
Office equipment *	5 - 7
Plant and machinery *	7 - 15
Electrical installations *	7
Office buildings *	61
Vehicles *	5 - 6
Test equipments	6

* Based on an internal assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.
The Group has evaluated the applicability of component accounting as prescribed under Ind AS 16, Property plant and equipment, and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Group to identify and depreciate significant components with different useful lives separately.

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

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

h) Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Process manuals are amortised over the remaining project term or the useful life of the process manual, whichever is shorter. Softwares are amortised over the period of 3 - 6 years Non-compete fee and customer contract are amortised over a period 10 years

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

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

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

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

i) Impairment of non-financial assets

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

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

j) Revenue recognition

The Group earns revenue from contract with customer primarily from sale of engineering design services, system integration and other services.

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services and excludes amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods and services:
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from professional engineering services is either on time-and-material basis or fixed price contracts. Revenue on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts, where performance obligation are satisfied over time and where there is no uncertainity as to the measurement or collectibility of consideration, is recognised as per the percentage of completion method. When there is uncertainity as to measurement or ultimate collectibility, revenue recognition is postponed until such uncertainity is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenue from sale of products and system engineering and traded sales is recognised upon transfer of control of promised goods. Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue from sale of products, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

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

Significant financing component :
The Group receives short-term advances from its customers Using the practical expedient in Ind AS 115, it does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Warranty obligations:
It provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in use of judgements, estimates & assumptions.

Finance income:
For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividend Income:
Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental Income:
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases and is included in revenue in the Statement of Profit and Loss due to its operating nature.

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

Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue). Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section 2 (s) Impairment of financial assets.

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

k) Employee benefits

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

Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

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The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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The Group provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Group’s defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to Statement of Profit and Loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Group transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

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

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Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

l) Leases

The Group has lease contracts for buildings used in its operations. Lease terms generally ranges between 3 and 9 years

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

Group as a lessee

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

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 1 April 2019.

i) Right-of-use assets

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

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

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

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs

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

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

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m) Foreign currency transactions

Functional and presentation currency

The Group's consolidated financial statements are presented in Indian Rupees, which is also the Holding Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Statement of Profit and Loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2016), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

n) Borrowing costs

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

o) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.. The method of determination of cost is as follows:

Raw materials/ components and traded goods are valued at first in first out method

Finished goods/ work in progress - Cost of materials including costs of conversion, where cost of material is determined under first in first out method. Cost of conversion is considered at actuals.

Goods in transit are valued at actual cost.

The Group periodically assesses the inventory for obsolesence and slow moving stocks

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p) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

q) Provisions and contingencies

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

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

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

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

r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
i. Debt instruments at amortised cost;
ii. Debt instruments at fair value through other comprehensive income (FVTOCI);
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
iv. Equity investments

i. Debt instruments at amortised cost
A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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(All amounts in ₹ lakhs, unless otherwise stated)

ii. Debt instrument at FVTOCI
A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv. Equity investments
All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition of financial assets
A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Group's balance sheet) when:
a. The rights to receive cash flows from the asset have expired, or
b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Financial liabilities

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities like non convertable debenutures are measured at amortised cost using the effective interest method.

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

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

Gains or losses on liabilities held for trading are recognised in the profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

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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.

Derivative financial instruments and Hedge accounting

r d r

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted sales. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item.

For the purpose of hedge accounting, hedges are classified as:

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs

s) Impairment of financial assets

In accordance with Ind-AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Group tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if the credit risk has increased significantly, life time ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

a. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

b. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

c. Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

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

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t) Fair value measurement

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurements as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy as explained above.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group’s external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group’s accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.
On an interim basis, the Management present the valuation results to the Audit Committee and the Group’s independent auditors This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

u) Cash and cash equivalent

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

For the purpose of the statement of cash flows, cash and cash equivalent consists of cash at bank and on hand and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

v) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has two business segments, 'Technology Services and Solutions' and 'Strategic technology solutions'.

w) Earnings/ (loss) per Share (EPS)

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

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

x) Corporate Social Responsibility (CSR) expenditure
CSR expenditure as per provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is charged to the Statement of Profit and Loss as expense as and when incurred.

y) Share-based payments
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2 (ii) Changes in accounting policies and disclosures
There are no new accounting policies applied during the current year

2 (iii) New and amended standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

(i) Ind AS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated 23 March 2022, which is effective from 01 April 2022 to amend the Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

(ii) Ind AS 109 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated 23 March 2022, which is effective from 1 April 2022 to amend the Ind AS 109 to clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022.These amendments had no impact on the consolidated financial statements of the Group as there were no modifications/exchange's of the Group financial instruments during the period.

(iii) Ind AS 37 - Onerous Contracts – Costs of Fulfilling a Contract

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated 23 March 2022, which is effective from 01 April 2022 to clarify that an onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022.These amendments had no impact on the consolidated financial statements of the Group as there were no contracts for which the Group has not yet fulfilled all of its obligations.

(iv) Ind AS 103 - Reference to the Conceptual Framework

The amendments replaced the reference to the ICAI’s “Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards” with the reference to the “Conceptual Framework for Financial Reporting under Indian Accounting Standard” without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. The exception requires entities to apply the criteria in Ind AS 37 or Appendix C, Levies, of Ind AS 37, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to Ind AS 103 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

2(iv) Standards notified but not yet effective
The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

(i) Ind AS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the consolidated financial statements.

(ii) Ind AS 1 - Disclosure of Accounting Policies

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(All amounts in ₹ lakhs, unless otherwise stated)

(iii) Ind AS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023.

The Group is currently assessing the impact of the amendments.

AXISCADES Technologies Limited
Consolidated Financial Statements
Notes to Consolidated Financial Statements for the year ended 31 March 2023
(All amounts in ₹ lakhs, unless otherwise stated)

3 Property, plant and equipment (PPE)

	Freehold land	Computers	Furniture and fixtures	Test equipments	Office equipments	Electrical installations	Vehicles	Office building	Leasehold improvements	Plant and machinery	Total
Cost or valuation											
Balance as at 1 April 2021	3,370.50	1,629.05	243.99	292.44	289.57	12.18	158.08	621.38	261.21	1,592.47	**8,470.87**
Additions	-	408.11	46.87	42.81	32.89	-	223.32	-	177.08	318.68	**1,249.76**
Disposals	-	(107.83)	-	-	(3.61)	-	(0.78)	-	(53.51)	(0.54)	**(166.27)**
Other adjustments (refer note 1 below)	-	3.17	0.84	-	0.38	-	-	-	-	-	**4.39**
Balance as at 31 March 2022	**3,370.50**	**1,932.50**	**291.70**	**335.25**	**319.23**	**12.18**	**380.62**	**621.38**	**384.78**	**1,910.61**	**9,558.75**
Additions	-	297.57	40.30	34.83	82.19	-	186.75	-	177.15	10.15	**828.94**
Disposals	-	(334.29)	(86.44)	-	(37.55)	(10.09)	(28.83)	-	(13.24)	(49.00)	**(559.44)**
Other adjustments (refer note 1 below)	-	8.44	2.04	-	0.85	-	-	-	-	-	**11.33**
Balance as at 31 March 2023	**3,370.50**	**1,904.22**	**247.60**	**370.08**	**364.72**	**2.09**	**538.54**	**621.38**	**548.69**	**1,871.76**	**9,839.58**
Depreciation											
Balance as at 1 April 2021	-	1,353.66	183.51	228.52	186.49	10.12	115.67	51.36	77.47	1,064.02	**3,270.82**
Charge for the year	-	202.97	27.92	27.84	33.61	0.39	27.13	11.68	39.03	259.68	**630.25**
Disposals	-	(107.56)	(0.01)	-	(3.45)	-	(0.71)	-	(14.68)	(0.44)	**(126.85)**
Other adjustments (refer note 1 below)	-	2.76	0.77	-	0.27	-	-	-	-	-	**3.80**
Balance as at 31 March 2022	**-**	**1,451.83**	**212.19**	**256.36**	**216.92**	**10.51**	**142.09**	**63.04**	**101.82**	**1,323.26**	**3,778.02**
Charge for the year	-	252.69	35.74	27.42	39.70	0.15	66.40	11.35	111.70	152.01	**697.16**
Impairment (refer note 5 below)	-	-	-	-	-	-	-	-	-	203.79	**203.79**
Disposals	-	(331.26)	(80.25)	-	(36.81)	(10.09)	(22.91)	-	(3.21)	(49.00)	**(533.53)**
Other adjustments (refer note 1 below)	-	8.14	1.86	-	0.46	-	-	-	-	-	**10.46**
Balance as at 31 March 2023	**-**	**1,381.40**	**169.54**	**283.78**	**220.27**	**0.57**	**185.58**	**74.39**	**210.31**	**1,630.06**	**4,155.90**
Net book value											
As at 31 March 2022	**3,370.50**	**480.67**	**79.51**	**78.89**	**102.31**	**1.67**	**238.53**	**558.34**	**282.95**	**587.35**	**5,780.73**
As at 31 March 2023	**3,370.50**	**522.82**	**78.06**	**86.30**	**144.45**	**1.52**	**352.96**	**546.99**	**338.38**	**241.70**	**5,683.68**

Notes

1 Represents adjustments consequent to foreign exchange translation of property, plant and equipment in foreign geographies.

2 **Capitalised borrowing cost**
No borrowing costs are capitalised during the year ended 31 March 2023 (31 March 2022: Nil).

3 **Property, plant and equipment pledged as security**
Details of properties pledged are as per note 17.

4 **Decommissioning cost**
A provision has been recognised for decommissioning costs associated with the premises taken on lease. The Group is committed to decommissioning the premises as a result of leasehold improvements made to the premises (refer note 18).

5 Impairment of property, plant and equipment
During the year ended 31 March 2023, the impairment loss of ₹ 203.79 lakhs represented the write-down value of certain plant and machinery as a result of technological obsolescence. This was recognised in the statement of profit and loss (refer note 30).

(All amounts in ₹ lakhs, unless otherwise stated)

4 Goodwill

		As at 31 March 2023	As at 31 March 2022
(a)			
	Gross carrying value at the beginning of the year	15,823.29	15,823.29
	Accumulated Impairment loss and foreign exchange translation differences on goodwill	(4,475.53)	(4,665.36)
	Net carrying value at the end of the year	**11,347.76**	**11,157.93**

Goodwill represents the excess of purchase consideration over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The carrying value of goodwill, net of impairment loss and foreign exchange translation differences, as at 31 March 2023 and 31 March 2022 is as below:

Entity	Allocated operating segment / CGU	As at 31 March 2023	As at 31 March 2022
AXISCADES UK Limited	Technology Services and Solutions	130.95	128.14
AXISCADES Inc.		2,406.02	2,219.00
Cades Studec Technologies India Private Limited		446.07	446.07
AXISCADES Aerospace & Technologies Private Limited	Strategic Technology Solutions	1,419.98	1,419.98
Mistral Solutions Private Limited		6,944.74	6,944.74
		11,347.76	**11,157.93**

(b) The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. The Group has engaged an independent external valuer to carry out an assessment of any impairment on goodwill and other intangibles. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. The recoverable amount of all CGUs has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by senior management covering a period of three to six years.

Key assumptions used for value in use calculations:

The calculation of value in use is most sensitive to the following assumptions:

(i) Revenue growth rates, operating margins
(ii) Discount rates
(iii) Terminal growth rates

Revenue growth rates, operating margins – Revenue growth rates and operating margins are determined based on the past trend of the revenue growth and operating margins and based on future expectations.

Discount rates - Discount rates represent the current market assessment of the risks, taking into consideration the time value of money. The discount rate calculation is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The group has used discount rates in the range of 11.40% to 16.20% (31 March 2022 - 11.60% to 16.50%) for computation of value in use of different CGUs. These estimates are likely to differ from future actual results of operations and cash flows.

Terminal growth rate estimates – The cash flow projections include specific estimates for three to six years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The group has assumed a growth rate ranging from 1% to 5% (31 March 2022 - 1% to 5%) for computation of value in use.

The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase the operating costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount, These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

(All amounts in ₹ lakhs, unless otherwise stated)

5 Other intangible assets

	Computer software	Non-compete fee	Customer contract	Process manuals	Total
Cost					
Balance as at 1 April 2021	1,859.81	1,500.87	3,127.52	1,849.38	**8,337.58**
Additions	49.88	-	-	-	**49.88**
Other adjustments (refer note 1 below)	1.52	-	-	-	**1.52**
Balance as at 31 March 2022	**1,911.21**	**1,500.87**	**3,127.52**	**1,849.38**	**8,388.98**
Additions	384.36	-	-	-	**384.36**
Disposals	(8.05)	-	-	-	**(8.05)**
Other adjustments (refer note 1 below)	0.46	-	-	-	**0.46**
Balance as at 31 March 2023	**2,287.98**	**1,500.87**	**3,127.52**	**1,849.38**	**8,765.75**
Amortisation					
Balance as at 1 April 2021	1,420.41	500.27	1,042.53	1,849.38	**4,812.59**
Charge for the year	214.74	150.08	312.76	-	**677.58**
Other adjustments (refer note 1 below)	0.58	-	-	-	**0.58**
Balance as at 31 March 2022	**1,635.73**	**650.35**	**1,355.29**	**1,849.38**	**5,490.75**
Charge for the year	200.00	150.08	312.76	-	**662.84**
Disposals	(8.05)	-	-	-	**(8.05)**
Other adjustments (refer note 1 below)	0.36	-	-	-	**0.36**
Balance as at 31 March 2023	**1,828.04**	**800.43**	**1,668.05**	**1,849.38**	**6,145.90**
Net book value					
As at 31 March 2022	**275.48**	**850.52**	**1,772.23**	**-**	**2,898.23**
As at 31 March 2023	**459.94**	**700.44**	**1,459.47**	**-**	**2,619.85**

Notes:

1 Represents adjustments consequent to foreign exchange translation of other intangible assets in foreign geographies.

6 Investment in an associate

The Company entered into a agreement on 10 April 2018 with ASSYSTEM Engineering and Operation Services SAS to form ASSYSTEM AXISCADES Engineering Private Limited (AAEPL) for providing engineering services in the field of energy, building and infrastructure and nuclear sector. Accordingly, AAEPL was incorporated with an equity participation in the ratio of 50:50. The Company invested ₹ 227.50 lakhs in 455,000 equity shares of ₹ 50 each fully paid in cash. The Group's interest in AAEPL is accounted for using the equity method in the consolidated financial statements.

On 11 July 2022, the Company has sold the investment in its associate ASSYSTEMS AXISCADES Engineering Private Limited (AAEPL) for a consideration of ₹ 222.55 lakhs. The Company has recognised a gain of ₹ 39.55 lakhs on sale of the aforesaid investment in the Consolidated Statement of Profit and Loss (refer note 25).

The following table gives the summarised financial information of the Group's investment in AAEPL:

	As at 31 March 2023	As at 31 March 2022
Current assets	-	392.97
Non-current assets	-	14.61
Current liabilities	-	(32.76)
Non-current liabilities	-	-
Equity	-	374.82
Proportion of the Group’s ownership	-	50%
Carrying amount of the investment	**-**	**187.41**

	For the period ended from 01 April 2022 to 11 July 2022	Year ended 31 March 2022
Revenue from contracts with customers	-	535.28
Other Income	3.02	1.29
Depreciation and amortisation expense	(3.77)	(26.79)
Employee benefits expense	(0.69)	(268.57)
Other expenses	(7.38)	(326.40)
Loss before tax	**(8.82)**	**(85.19)**
(i) Current tax	-	(1.28)
(ii) Deferred tax	-	(5.17)
Loss for the year	**(8.82)**	**(91.64)**
Group’s share of loss for the year	(4.41)	(45.82)

(All amounts in ₹ lakhs, unless otherwise stated)

7 Investments

	As at 31 March 2023	As at 31 March 2022
Non-current		
Unquoted		
i) Investments (at amortised cost)		
National savings certificate	0.05	0.05
Total investment carried at amortised cost	**0.05**	**0.05**
ii) Investment in equity shares of other companies (at FVTPL)		
Axis Cogent Global Limited 946,822 (31 March 2022: 946,822) equity shares of ₹ 10 each, fully paid up	-	-
Datum Technology Limited 50,000 (31 March 2022: 50,000) equity shares of ₹ 10 each, fully paid up	-	-
Raaga Axis Avicom Private Limited 1,000 (31 March 2022: 1,000) equity shares of ₹ 10 each, fully paid up	-	-
iii) Other Investment (at FVTPL)		
Investment in real estate fund	200.75	203.76
Quoted		
iv) Other Investment (at FVTPL)		
Investment in mutual funds	245.39	-
Total investment carried at fair value through profit or loss	**446.14**	**203.76**
Total Investment	**446.19**	**203.81**
Current		
Unquoted		
i) Other investments (at FVTPL)		
Investment in mutual funds	446.77	974.55
Quoted		
ii) Other investments (at FVTPL)		
Investment in mutual funds	2,453.21	309.34
Investment in other funds	-	242.70
Total investment carried at fair value through profit or loss	**2,899.98**	**1,526.59**
Aggregate book value of quoted (current and non-current) investments	**2,698.60**	**552.04**
Aggregate market value of quoted investments	**2,698.60**	**552.04**
Aggregate book value of unquoted (current and non-current) investments	**647.57**	**1,178.36**

8 Other financial assets

	As at 31 March 2023	As at 31 March 2022
Non-current		
(carried at amortised cost)		
(Unsecured, considered good)		
Bank deposits (with original maturity of more than 12 months) (refer note 14)*	105.47	293.08
Loans to employees	32.03	-
Security deposits	838.03	632.23
	975.53	**925.31**
Current *		
(carried at amortised cost)		
(Unsecured, considered good)		
Interest accrued on fixed deposits	44.94	49.52
Bank deposits (with original maturity of more than 12 months) (refer note 14)	-	25.08
Security deposits	55.66	133.13
Government incentive receivable	-	68.77
Loans to employees	52.60	76.97
Export incentives receivable	1,619.83	365.04
Contract assets - Unbilled revenue	4,022.92	2,518.44
Others	80.24	155.37
	5,876.19	**3,392.32**
(Unsecured, considered doubtful)		
Contract assets - Unbilled revenue	104.97	104.97
Security deposits	45.34	45.34
	150.31	**150.31**
Less :		
Allowance for Contract assets - Unbilled revenue	(104.97)	(104.97)
Allowance for doubtful security deposit	(45.34)	(45.34)
	(150.31)	**(150.31)**
(carried at FVTOCI)		
(Unsecured, considered good)		
Hedge asset	-	19.13
	-	**19.13**

	5,876.19	**3,411.45**

* Refer note 17 for details of assets pledged as security for borrowings.

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9 Non-current tax assets

	As at 31 March 2023	As at 31 March 2022
Advance income tax (net of provision for tax)	1,969.68	1,462.77
	1,969.68	**1,462.77**

10 Other assets

	As at 31 March 2023	As at 31 March 2022
Non-current		
(Unsecured, considered good)		
Duties and taxes recoverable	29.73	58.02
Prepaid expenses	12.54	16.35
Capital advances (refer note 34)	-	1,960.21
	42.27	**2,034.58**
(Unsecured, considered doubtful)		
Capital advances	178.38	178.38
	178.38	**178.38**
Less : Allowance for capital advances	(178.38)	(178.38)
	(178.38)	**(178.38)**
	42.27	**2,034.58**
Current *		
(Unsecured, considered good)		
Advance to employees	58.41	40.24
Duties and taxes recoverable	1,790.32	1,854.21
Prepaid expenses	1,310.36	829.02
Advance to suppliers	627.52	1,100.97
Export incentive receivable	72.79	76.14
Deferred rent	0.96	0.79
Unbilled revenue	6,691.08	4,183.90
Other advances	25.38	6.33
	10,576.82	**8,091.60**
(Unsecured, considered doubtful)		
Duties and taxes recoverable	27.67	27.67
	27.67	**27.67**
Less : Allowance for duties and taxes recoverable	(27.67)	(27.67)
	(27.67)	**(27.67)**
	10,576.82	**8,091.60**

* Refer note 17 for details of assets pledged as security for borrowings.

11 Inventories * (lower of cost or net realisable value)

	As at 31 March 2023	As at 31 March 2022
Raw material/components [including goods-in-transit of ₹ 112.44 lakhs (31 March 2022: ₹ 127.31 lakhs)]	4,871.13	3,311.62
Project work-in-progress	1,037.23	1,359.38
Finished goods	656.90	428.07
Traded goods [including goods-in-transit of ₹ 28.96 lakhs (31 March 2022: ₹ 59.71 lakhs)]	147.77	174.71
	6,713.03	**5,273.78**
Less: Provision for slow/ non-moving inventory (refer note below)	(127.64)	(116.08)
	6,585.39	**5,157.70**

During the year ended 31 March 2023, ACAT has recognised ₹ 127.64 lakhs (31 March 2022 : ₹ 116.08 lakhs) as provision for slow, non-moving and obsolete inventory in respect of write-down of inventory to net realisable value.

* Refer note 17 for details of assets pledged as security for borrowings.

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(All amounts in ₹ lakhs, unless otherwise stated)

12 Trade receivables

	As at 31 March 2023	As at 31 March 2022
Current *		
(a) Trade receivables from other parties	17,902.93	14,516.65
(b) Trade receivable from related parties (refer note 33)	-	-
	17,902.93	**14,516.65**
Break-up for security details:		
Trade receivables (Current)		
Secured, considered good	-	-
Unsecured, considered good	17,902.93	14,516.65
Trade receivables which have significant increase in credit risk	257.93	1,568.26
Trade receivables - credit impaired	5.76	60.51
	18,166.62	**16,145.42**
Impairment Allowance (allowance for bad and doubtful debts)		
Trade receivables which have significant increase in credit risk	(257.93)	(1,568.26)
Trade receivables - credit impaired	(5.76)	(60.51)
	(263.69)	**(1,628.77)**
Total trade receivables	**17,902.93**	**14,516.65**

Trade receivables ageing schedule as at 31 March 2023

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	13,310.97	3,854.75	714.64	8.92	11.37	2.28	**17,902.93**
(ii) Undisputed trade receivables - which has signiifcant increase in credit risk	6.59	29.65	60.60	33.43	29.22	65.36	**224.85**
(iii) Undisputed trade receivables - credit impaired	-	-	-	0.43	-	5.33	**5.76**
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	**-**
(v) Disputed trade receivables - which has signiifcant increase in credit risk	-	-	-	-	-	33.08	**33.08**
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	**-**
Total	**13,317.56**	**3,884.40**	**775.24**	**42.78**	**40.59**	**106.05**	**18,166.62**

Trade receivables ageing schedule as at 31 March 2022

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	10,622.04	3,676.50	113.47	40.04	34.48	30.12	**14,516.65**
(ii) Undisputed trade receivables - which has signiifcant increase in credit risk	2.05	0.94	-	73.51	20.80	20.25	**117.55**
(iii) Undisputed trade receivables - credit impaired	-	-	-	24.39	30.79	5.33	**60.51**
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	**-**
(v) Disputed trade receivables - which has signiifcant increase in credit risk	-	-	-	-	-	1,450.71	**1,450.71**
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	**-**
Total	**10,624.09**	**3,677.44**	**113.47**	**137.94**	**86.07**	**1,506.41**	**16,145.42**

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

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

For terms and conditions relating to related party receivables, refer note 33.

* Refer note 17 for details of assets pledged as security for borrowings.

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13 Cash and cash equivalent *

	As at 31 March 2023	As at 31 March 2022
Cash on hand	2.84	1.11
Balances with banks		
- in current accounts	7,121.49	5,465.16
- in cash credit accounts	382.40	603.22
- Bank deposits with original maturity of less than three months	-	1,040.00
	7,506.73	**7,109.49**

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

(ii) As at 31 March 2023, the Group has ₹ 5,758.23 lakhs (31 March 2022: ₹ 6,427.00 lakhs) of undrawn committed borrowing/overdraft facilities

* Refer note 17 for details of assets pledged as security for borrowings.

Note:

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

	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalent	7,506.73	7,109.49
	7,506.73	**7,109.49**

14 Bank balances other than cash and cash equivalent

	As at 31 March 2023	As at 31 March 2022
Bank deposits (with original maturity of more than 3 months but less than 12 months)	2,456.16	3,427.40
Bank deposits (with original maturity of more than 12 months)	105.47	318.16
	2,561.63	**3,745.56**
Less: Amounts disclosed as other non-current financial assets (refer note 8)	(105.47)	(293.08)
Less: Amounts disclosed as other current financial assets (refer note 8)	-	(25.08)
	2,456.16	**3,427.40**

i Fixed deposits of a carrying amount ₹ 2,274.36 lakhs (31 March 2022: ₹ ₹ 2,592.73 lakhs) have been deposited as margin money against the packing credit facility, bank guarantees, letter of credit, buyers credit facility availed from various banks.

ii Deposits of a carrying amount ₹ 121.06 lakhs (31 March 2022: ₹ 366.02 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers

iii Refer note 17 for assets pledged as security for borrowings.

a) Breakup of financial assets carried at amortised cost

	As at 31 March 2023	As at 31 March 2022
Investments (refer note 7)	0.05	0.05
Trade receivables (Current) (refer note 12)	17,902.93	14,516.65
Other financial assets (Current and Non Current) (refer note 8)	6,851.73	4,336.76
Cash and cash equivalent (refer note 13)	7,506.73	7,109.49
Bank balances other than cash and cash equivalent (refer note 14)	2,456.16	3,427.40

15 Equity share capital

	As at 31 March 2023		As at 31 March 2022	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Authorised share capital				
Equity shares of ₹ 5 each	2,040.00	10,200.00	2,040.00	10,200.00
Preference shares of ₹ 100 each	1.00	100.00	1.00	100.00
	2,041.00	**10,300.00**	**2,041.00**	**10,300.00**
Issued share capital				
Equity shares of ₹ 5 each, fully paid-up	382.50	1,912.52	379.65	1,898.25
Subscribed and paid-up				
Equity shares of ₹ 5 each (31 March 2022: ₹ 5 each), fully paid-up	381.99	1,909.97	379.14	1,895.70
Add: Forfeited shares (amount originally paid ₹ 3 per share on 51,100 equity shares)*	-	1.53	-	1.53
	381.99	**1,911.50**	**379.14**	**1,897.23**

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

(a) Reconciliation of the equity shares

	As at 31 March 2023		As at 31 March 2022	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Equity shares of ₹ 5 each, par value				
Balances as at the beginning of the year	379.14	1,897.23	377.60	1,889.51
Add: Issued and subscribed during the year*	2.85	14.27	1.54	7.72
Balance at the end of the year	**381.99**	**1,911.50**	**379.14**	**1,897.23**

* During the year, the Company allotted 285,280 (31 March 2022 - 154,500) equity shares of ₹ 5 each aggregating ₹ 14.27 lakhs (31 March 2022 - ₹ 7.72 lakhs), consequent to the exercise of the stock options by the employees of the Company under the "AXISCADES ESOP 2018 – Series 1" and "AXISCADES ESOP 2018 – Series 2".

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each equity share is entitled to one vote per share. Dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian rupees. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

(c) Details of shares held by the holding Company and subsidiaries of holding Company

	As at 31 March 2023		As at 31 March 2022	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Holding Company:				
Jupiter Capital Private Limited	252.82	1,264.10	252.82	1,264.10
Subsidiary Company				
Indian Aero Ventures Private Limited	-	-	3.75	18.73

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

	As at 31 March 2023		As at 31 March 2022	
	Number (in lakhs)	Percentage holding	Number (in lakhs)	Percentage holding
Equity shares of ₹ 5 each, par value				
Jupiter Capital Private Limited	252.82	66.18%	252.82	66.68%
Indian Aero Ventures Private Limited	-	-	3.75	0.99%

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

(f) In the period of five years immediately preceding the Balance Sheet date, the Company has not allotted any shares for consideration other than cash.

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(All amounts in ₹ lakhs, unless otherwise stated)

(g) Shares held by promoters at the end of the year

As at 31 March 2023

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total Shares	% change during the year
Jupiter Capital Private Limited	252.82	-	252.82	66.18%	0%
Indian Aero Ventures Private Limited	3.75	(3.75)	-	0.00%	-100%

As at 31 March 2022

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total Shares	% change during the year
Tayana Digital Private Limited	121.42	(121.42)	-	0.00%	-100%
Jupiter Capital Private Limited	73.60	179.22	252.82	66.68%	243%
Indian Aero Ventures Private Limited	61.54	(57.79)	3.75	0.99%	-94%

(h) Shares reserved for issue under options

The ESOP scheme titled "AXISCADES Employee Stock Option Plan- Series 1 & 2" (" ESOP Schemes") was approved by the Shareholders of the Company vide resolution passed at the Extra Ordinary General Meeting through postal ballot held on 31 March 2018 in respect of grant of options exercisable into equity shares of face value of ₹ 5 each fully paid-up, not exceeding 3,020,762 equity shares or 8% of the paid up equity shares of the Company from time to time. Further, the Company has got its shareholders approval in its 31st AGM dated 28 September 2021 for increase in the pool of ESOP additionally by 2,643,167 options under scheme "AXISCADES Employee Stock Option Plan- Series 2" (“ESOP Series 2”) thereby the total pool under both the ESOP Series 1 & 2 shall not exceed 5,663,929 shares or 15% of the paid-up equity shares of the Company from time to time. The total number of options outstanding as on 31 March 2023 is 5,014,394 shares (31 March 2022: 5,299,674).

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(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
16 Other equity		
Securities premium	10,416.51	10,197.93
Capital reserve	5,698.31	5,698.31
Hedge reserve	(42.09)	(20.48)
Foreign currency translation reserve	1,402.03	873.35
Retained earnings	12,944.91	13,464.21
General reserve	3.39	3.39
Share based payment reserve	1,364.83	904.69
Capital contribution Reserve	107.68	107.68
Total	**31,895.57**	**31,229.08**

Refer Consolidated Statement of Changes in Equity, for movement in other equity

Note:

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

Capital reserve
Capital reserve is created pursuant to common control business combination. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

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

Foreign currency translation reserve
Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Retained earnings
It comprises of the accumulated profit of the Group.

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

Capital contribution reserve
Reserve created pursuant to profit on settlement of loan under common control transaction.

	Effective interest rate	Maturity (Financial year ending)	As at 31 March 2023	As at 31 March 2022
17 Borrowings				
Non-current				
Debentures				
15.75% unrated unlisted non-convertible debentures (secured) [refer note (a)(i) below]	17.40%-17.95%	2025 and 2026	9,755.29	-
13% Cumulative, optionally convertible redeemable debentures (unsecured) [refer note (f) below]	13%	2025	5,908.37	-
Term loan				
Term loan from banks (secured) [refer note (c)(i) below]	6.27%	2024	35.49	45.32
Term loan from financial institution (secured) [refer note (a)(iii) below]	16.49%	2025 and 2026	1,377.53	-
Vehicle loan from financial institution (secured) [refer note (a)(iv) below]	8.01%	2025	14.64	-
			17,091.32	**45.32**
Current				
Debentures				
16% unrated unlisted non-convertible debentures (secured) [refer note (a)(i) below]	18.93%	2024	4,489.45	-
Working capital loan				
Working capital loan from bank (secured) [refer note (a)(v) and (g) below]	SOFR+2.20%	on demand	3,339.34	2,325.17
Cash credit (secured) [refer note (a)(vii) (c)(ii) and (d)(i) below]	SOFR+1.5%- 2.2%	on demand	1,279.05	382.44
Loan from related parties				
Intercorporate term loan from holding company (unsecured) [refer note (a)(ii) below]	20.09%-20.55%	2024	4,616.96	-
Current maturities of long term borrowings				
Term loan from banks (secured) [refer note (a)(vi) (c)(i) and (d)(ii) below]	6%-6.27%	2023	-	2,128.18
Term loan from financial institution (secured) [refer note (a)(iii) below]	16.49%	2024	570.59	-
Vehicle loan from financial institution (secured) [refer note (a)(iv) below]	8.01%	2024	13.64	-
			14,309.03	**4,835.79**
Aggregate Secured loans			**20,875.02**	**4,881.11**
Aggregate Unsecured loans			**10,525.33**	**-**

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I AXISCADES Technologies Limited

a) Details of security for borrowings

(i) The 15.75% Unrated Unlisted Non-Convertible Debentures of ₹ 10,000.00 lakhs is secured and repayable in 12 equal monthly installments of ₹ 833.00 lakhs starting from August 2024 and 16% Unrated Unlisted Non-Convertible Debentures of ₹ 4,500.00 lakhs is secured and repayable on December 2023 from a financial institution. The Debentures are secured by exclusive charge on the movable assets and intangible assets of the Company and Mistral Solutions Private Limited. Further it is also secured by pledge of 100% shares of Mistral Solutions Private Limited and corporate guarantee by Jupiter Capital Private Limited, the Parent Company.

(ii) Loan from related parties includes intercorporate deposits of ₹ 4,616.96 lakhs from parent company, Jupiter Capital Private Limited is unsecured and the total loan amount is repayable on July 2023, carries an interest rate of 18.5% per annum.

(iii) Term Loan of ₹ 2,000.00 lakhs from financial institution is secured and repayable in equal quarterly installment of ₹ 200.00 lakhs starting from August 2023, carries an interest rate of 14.50%. The loan is secured by exclusive charge on current assets, movable assets of the Company and Axiscades Aerospace & Technologies Private Limited, land and bulidings of the Company and Enertec Controls Limited and pledge of shares of the Company with minimum cover of 1.15x of the loan amount. Further, unconditional and irrevocable corporate guarantee of Jupiter Capital Private Limited, Axiscades Aerospace & Technologies Private Limited and Enertec Controls Limited.

(iv) Vehicle loan of ₹ 40.99 lakhs from financial institution is secured against the vehicle and repayable in equal monthly installment of ₹ 1.28 lakhs from April 2022.

(v) Packing credit facility in foreign currency ("PCFC") and Cash credit from banks are secured by exclusive charge on current assets, movable fixed assets, land and building of the Company situated at D-30, Sector 3, Noida, UP, property owned by Enertec Controls Limited at Electronic City, Bangalore, fixed deposits of ₹ 200.00 lakhs, pledge of 26% shares of Mistral Solutions Private Limited, and corporate guarantee from Enertec Controls Limited. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained. Further, shortfall undertaking and letter of responsibility is backed by board resolution from Jupiter Capital Private Limited, the Parent Company.

(vi) Foreign currency Term Loan ('FCTL') from a bank is secured by exclusive charge on current assets and movable fixed assets, fixed deposits of ₹ 200.00 lakhs, corporate guarantee from the Enertec Controls Limited, pledge of shares of the Company to the extent of 1.40 times the Foreign currency Term Loan exposure (not to exceed 30%) and pledge of shares of AXISCADES Aerospace & Technologies Private Limited, to the extent of 30% of shares held by the company. Further, shortfall undertaking and letter of responsibility is backed by board resolution from Jupiter Capital Private Limited, the Parent Company. During the year, the outstanding loan amount has been fully repaid.

(vii) Cash credit in india currency from bank bearing an interest rate of 3-month SOFR+1.5%/ SOFR +2.2%(HDFC) (March 31, 2022: LIBOR+1.5%) are payable on demand.

b) Loan covenants

Term loan from banks contain certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied debt covenants prescribed in the terms of bank loan except liabilities to net worth, debt repayment to net operating income, total debt to EBITDA and adjusted total net worth. The Management is of the view that this is a minor breach and hence no adjustments are made to consolidated financial statements in this respect.

II AXISCADES Aerospace & Technologies Private Limited

c) Terms of borrowings and rate of interest

(i) During the financial year 2017-18, ACAT has borrowed foreign currency term loan from a bank amounting to USD 66.15 lakhs (equivalent ₹ 4,300 lakhs) and carries interest rate of 6.27% per annum (31 March 2022: 6.27% per annum). The loan is repayable in 16 quarterly instalments starting from 31 March 2018. ACAT has repaid the loan during the year.

(ii) Cash credit in india currency from bank bearing an interest rate of 3-month SOFR+1.5%/ SOFR +2.2%(HDFC) (March 31, 2022: LIBOR+1.5%) are payable on demand.

d) Details of security of borrowings

(i) Cash credit facility (inclusive of post shipment credit facility and packing credit) from bank are secured by first exclusive charge on all current assets (present and future) , equitable mortgage on property owned by Enertec Controls Limited situated at 14-15, 1st Phase, Electronic city, Bangalore and D-30, sector 3,Noida,Uttarprdesh property owned by AXISCADES Technologies Limited. Exclusive FD of ₹ 70 million is kept under lien and corporate guarantee given by Enertec Controls Limited & AXISCADES Technologies Limited.

(ii) Term loan facility from bank are secured by first pari passu charge on all movable plant, property and equipment (present and future), current assets of ACAT, both present and future, pledge of shares of AXISCADES Technologies Limited to the extent of 1.40 times the term loan exposure (not to exceed 30%).

e) Loan covenants

Cash credit from banks contain certain financial covenants such as debt service coverage ratio, total liabilities divide by adjusted net-worth,interest coverage ratio etc. ACAT has satisfied all other debt covenants prescribed in the terms of bank loan.

III Explosoft Tech Solutions Private Limited

f) The 13% Debentures of ₹ 3,500 lakhs and intrest thereon ₹2,408.37 is unsecured and redeemable by Jupiter Capital Private Limited (the Parent Company) as on 24 December 2024.

IV AXISCADES Inc

g) For the current year and previous year - the working capital loan carries variable interest rate per annum of Wall Street Journal Prime Rate + 2.00% with a floor of 7.50% per annum. Interest and Maintenance Fees shall be calculated on the higher of the actual average monthly loan balance from the prior month or a minimum average loan balance of USD 500,000. The loan is repayable on demand. The working capital loan is secured by a perfected security interest in all the assets including a first security interest in accounts receivable and contract rights.

Changes in liabilities arising form financing activities:

	Loan from banks and financial institutions	Inter-corporate deposit	Lease liabilities	Total
Balance as at 1 April 2021	7,277.61	-	3,132.76	**10,410.37**
Additions to lease liability	-	-	657.86	657.86
Deletion	-	-	(346.38)	(346.38)
Cash flows	(2,401.59)	-	(1,325.38)	(3,726.97)
Other Adjustments	5.09	-	205.69	210.78
Balance as at 31 March 2022	**4,881.11**	**-**	**2,324.54**	**7,205.65**
Additions to lease liability	-	-	2,226.60	2,226.60
Deletion	-	-	(68.93)	(68.93)
Cash flows	15,675.48	4,616.96	(1,441.81)	18,850.63
Other Adjustments	318.43	5,908.37	155.45	6,382.25
Balance as at 31 March 2023	**20,875.02**	**10,525.33**	**3,195.85**	**34,596.20**

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18 Provisions

	As at 31 March 2023	As at 31 March 2022
Non-current		
Employee defined benefits liability		
- Provision for gratuity (refer note 40)	793.53	874.63
- Provision for compensated absences	128.66	123.14
Asset retirement obligation (refer note (a) below)	62.38	57.79
	984.57	**1,055.56**
Current		
Employee defined benefits liability		
- Provision for gratuity (refer note 40)	202.09	132.21
- Provision for compensated absences	555.68	451.28
Provision for foreseeable losses on contract (refer note (b) below)	22.96	3.59
Provision for liquidated damages (refer note (b) below)	783.95	648.86
Provision for warranty (refer note (b) below)	125.44	74.66
	1,690.12	**1,310.60**

(a) Asset retirement obligation

The Group has recognised a provision for asset retirement obligation associated with premises taken on lease. In determining the fair value of the provision, assumptions and estimates are made in relation to the discount rates, the expected cost to dismantle and remove furniture and fixtures from the leased premises and the expected timing of these costs. The carrying amount of the provision as at 31 March 2023 is ₹ 62.38 lakhs (31 March 2022: ₹ 57.79 lakhs). The Group estimates the costs would be incurred within 4 - 5 years time upon the expiration of the lease and calculates the provision using the DCF method based on the following assumptions:

1) Estimated range of cost : 15 days - 30 days lease rental expense
2) Discount rate : 12.17 - 14.00 percent per annum

	Asset retirement obligation
As at 1 April 2021	56.57
Reversed during the year	(3.85)
Unwinding of discount	5.07
As at 31 March 2022	**57.79**
Reversed during the year	(0.46)
Unwinding of discount	5.05
As at 31 March 2023	**62.38**

(b) The disclosure of provisions movement as required under the provisions of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as follows:

Particulars	Provision for foreseeable losses on contracts *	Provision for warranty **	Provision for liquidated damages***
Provision as at the 1 April, 2021	6.36	74.65	353.32
Provisions made during the year	3.59	77.05	697.97
Utilizations/ reversals during the year	(6.36)	(77.05)	(402.43)
Provision as at the 31 March 2022	**3.59**	**74.65**	**648.86**
Provisions made during the year	21.32	171.19	883.02
Utilizations/ reversals during the year	(1.95)	(120.40)	(747.93)
Provision as at the 31 March 2023	**22.96**	**125.44**	**783.95**

* The provision for foreseeable losses on contracts are expected to be utilized over a period of one year.

** Provision for warranty costs are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of sale of goods. These provisions are expected to be utilized over the period of warranty.

*** Provision for liquidated damages relates to estimated outflow in respect of products sold by the Company and estimated to be incurred due to delay in delivery of products to customers as per the contractual terms. These provisions are expected to be utilized over a period of one year.

19 Trade payables

	As at 31 March 2023	As at 31 March 2022
Current		
Dues of micro enterprises and small enterprises (refer note below)	295.89	218.16
Dues of creditors other than micro enterprises and small enterprises *	7,213.44	6,735.00
	7,509.33	**6,953.16**

* Includes ₹ 11.18 lakhs (31 March 2022: ₹ 15.91 lakhs) payable to related parties (refer note 33).

Trade Payables ageing schedule as at 31 March 2023

Particulars	Not Due	Outstanding for the following periods from the due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total outstanding dues of micro enterprises and small enterprises	198.62	95.18	-	0.09	2.00	**295.89**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	4,319.44	2,627.95	236.36	1.45	6.93	**7,192.13**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	**-**
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	21.31	**21.31**
Total	**4,518.06**	**2,723.13**	**236.36**	**1.54**	**30.24**	**7,509.33**

Trade Payables ageing schedule as at 31 March 2022

Particulars	Not Due	Outstanding for the following periods from the due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total outstanding dues of micro enterprises and small enterprises	171.28	5.29	0.09	-	41.50	**218.16**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	4,306.92	2,361.79	20.35	3.53	21.10	**6,713.69**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	**-**
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	21.31	**21.31**
Total	**4,478.20**	**2,367.08**	**20.44**	**3.53**	**83.91**	**6,953.16**

(All amounts in ₹ lakhs, unless otherwise stated)

Disclosure required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006

The Group has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March 2023 and 31 March 2022. The details in respect of such dues are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Principal amount remaining unpaid to any supplier as at the end of the accounting year	272.07	209.54
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	64.84	57.94
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	8.62	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	23.82	8.62
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	23.82	8.62
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	23.82	8.62

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

20 Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
Current		
(carried at amortised cost)		
Dues to employees	2,716.88	1,778.19
Creditors for capital goods	145.42	17.84
Interest accrued but not due on borrowings*	24.85	2.89
Other liabilities	9.66	12.20
(carried at FVTPL)		
Derivative liability on share warrants**	565.18	-
Purchase consideration payable on acquisition of subsidiary [refer note below]	125.13	21,157.12
(carried at FVTOCI)		
Hedge liability	49.33	0.66
	3,636.45	**22,968.90**

* For details of interest rates, repayment and others, refer note 17.

** During the year, the Group has issued Unrated, Unlisted, Secured Non-Convertible Debentures (“NCDs”) aggregating ₹ 14,500 lakhs to a financial institution repayable over a period of three years. The interest rate is 15.75% - 16% per annum on the NCDs payable quarterly. The Group has also entered into an Investment Agreement with the aforesaid financial institution and provided a Right to Invest (“Share Warrants”) in the Compulsorily Convertible Preference Shares (“CCPS”) of the subsidiary, MSPL, at an agreed value and mutually agreed terms and conditions. Share Warrants are classified as Derivative Liability carried at Fair Value through Profit and Loss. The Group has recorded a Share Warrant expense of ₹ 565.18 lakhs in the Statement of Profit and Loss and Derivative Liability of equivalent amount in the Balance Sheet.

Note:

1) During the financial year 2017-18, the Company entered into a Share Purchase Agreement (‘SPA’) to acquire 100% stake in Mistral Solutions Private Limited along with its subsidiaries (“MSPL Group”) in a phased manner. MSPL Group is headquartered in Bengaluru, India and is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control of Mistral Solutions Private Limited ("MSPL") effective 1 December 2017.

During the quarter ended 30 June 2018, the Company has filed an application with National Company Law Tribunal ('NCLT') for amalgamation of Explosoft Tech Solutions Private Limited, a shareholder of MSPL (‘Explosoft’) with the Company, on receipt of observation letter conveying 'no objection' from BSE Limited and the National Stock Exchange. Further, vide order dated 8 March 2019, NCLT, Bengaluru bench has approved the scheme of amalgamation (‘Scheme’). As the registered office of the Explosoft is situated in the state of Maharashtra, the scheme has also been filed by Explosoft on 15 May 2018, with NCLT, Mumbai for approval. Pending necessary approval from NCLT Mumbai Bench, no effect is given to aforesaid scheme of amalgamation.

During the quarter ended 30 June 2020, the shareholders of MSPL have demanded for discharge of purchase consideration of Phase II of SPA aggregating ₹ 7,213 lakhs as the scheme of merger has not yet been approved. The shareholders have also demanded an interest of ₹ 1,431 lakhs at the rate of 12% per annum on account of delay in payment of the aforesaid purchase consideration. The Company believes that Explosoft did not take steps that were required by Explosoft to diligently prosecute the application for merger before the NCLT Mumbai so as to bring it to completion and accordingly the claim for interest by Explosoft is not tenable.

The Company has received the Interim Arbitration Award (‘Interim Award’) on 26 May 2022, dated 21 May 2022, from the Arbitral Tribunal, directing all parties for specific performance of their obligations under the SPA and other definitive agreements, to ensure completion of acquisition of 100% of shares of MSPL by the Company. In accordance with the Interim Award –

i. the Company has discharged the purchase consideration for all the phases including Phase II and has filed an application to withdraw the Scheme of amalgamation;

ii. the Company has recorded an additional charge of ₹ 4,444.98 lakhs (including interest of ₹ 2,944.84 lakhs and additional consideration of ₹ 1,500 lakhs) during the year ended 31 March 2023 as an exceptional item;

iii. on 22 December 2022, consequent to non-approval of the abovementioned Scheme, the Company has acquired 100% shares of Explosoft in cash (including accrued interest of ₹ 2,293.86 lakhs). Accrued interest of ₹ 2,293.86 lakhs has been disclosed as an exceptional item during the year ended 31 March 2023.

The Arbitral Tribunal has issued the Final Arbitration Award dated 13 January 2023, stating that all the parties have discharged their obligations in accordance with the Interim Award and accordingly, terminated the Arbitration proceedings.

2) During the previous year, the Company had recognised a net fair value loss of ₹ 785.38 lakhs on re-estimation of the contingent purchase consideration payable as per the terms of the Share Purchase Agreement ('SPA'), in the Statement of Profit and Loss. The change in fair value is based on the actual performance of MSPL Group. The entire purchase consideration is discharged by the Company except for certain individual shareholders that are in the process of settlement.

	As at 31 March 2023	As at 31 March 2022
Opening balance of purchase consideration payable	**21,157.12**	**19,728.32**
Add: Interest and additional purchase consideration	6,863.50	-
Add: Unwinding of discount (interest expense)	163.27	643.42
Add: Fair value loss	-	785.38
Less: Deferred purchase consideration - settled	(28,058.76)	-
Closing balance of purchase consideration payable	**125.13**	**21,157.12**

(All amounts in ₹ lakhs, unless otherwise stated)

21 Current tax liability, net

	As at 31 March 2023	As at 31 March 2022
Provision for tax, net of advance tax	1,131.26	161.10
	1,131.26	**161.10**

22 Other liabilities

	As at 31 March 2023	As at 31 March 2022
Current		
Duties and taxes payable	1,842.98	1,396.85
Contract liability - Unearned revenue	925.75	711.23
Contract liability - Advance from customer	3,116.79	4,016.08
Deferred income	580.20	-
Others	38.53	-
	6,504.25	**6,124.16**

a) Breakup of financial liabilities carried at amortised cost

Borrowings (refer note 17)	31,400.35	4,881.11
Lease liability (refer note 34)	3,195.85	2,324.54
Trade payables (refer note 19)	7,509.33	6,953.16
Other financial liabilities (refer note 20)	2,896.81	1,808.23

		Year ended 31 March 2023	Year ended 31 March 2022
23	**Revenue from contracts with customers**		
	Sale of services		
	Technology Services and Solutions	50,032.66	41,411.28
	Strategic technology solutions	6,916.32	5,197.74
	Sale of goods		
	Technology Services and Solutions	7,501.23	3,671.99
	Strategic technology solutions	16,910.26	10,559.76
		81,360.47	**60,840.77**

23.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:	Year ended 31 March 2023	Year ended 31 March 2022
India	24,950.95	15,524.41
Outside India	56,409.52	45,316.36
Total revenue from contracts with customers	**81,360.47**	**60,840.77**

Timing of revenue recognition	Year ended 31 March 2023	Year ended 31 March 2022
Goods or services transferred at point in time	23,510.83	21,927.49
Goods or services transferred over time	57,849.64	38,913.28
	81,360.47	**60,840.77**

23.2 Contract balances	As at 31 March 2023	As at 31 March 2022
Trade receivables (refer note 12)	17,902.93	14,516.65
Contract Assets - Unbilled revenue (refer note 8 and 10)	10,714.00	6,702.34
Contract liability - Unearned revenue (refer note 22)	925.75	711.23
Contract liability - Advance from customer (refer note 22)	3,116.79	4,016.08

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days. The Group has provision for expected credit losses of trade receivables of ₹ 263.69 lakhs as at 31 March 2023 (31 March 2022: ₹ 1,628.77 lakhs).

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenue in excess of invoicing are classified as contract assets (unbilled revenue) while invoicing in excess of revenue are classified as contract liabilities (unearned revenues).

Contract assets relates to revenue earned from engineering design services and strategic technology solutions rendered within the financial year and for which invoicing happens subsequent to the year end. As such, the balances of this account vary and depend on the quantum of engineering design services and strategic technology solutions at the end of the year. During the year ended 31 March 2023, ₹ 4,484.54 lakhs of contract assets as at 31 March 2022 has been reclassified to receivables on completion of performance obligation. During the year ended 31 March 2022, ₹ 3,056.97 lakhs of contract assets as at 31 March 2021 has been reclassified to receivables on completion of performance obligation. As at 31 March 2023, the Group has provision for expected credit losses on contract assets of ₹ 104.97 lakhs (31 March 2022: ₹ 104.97 lakhs).

Contract liabilities include short-term advances received against the sale of products and services in the future.

Below is the revenue recognised from :	Year ended 31 March 2023	Year ended 31 March 2022
Amount included in the contract liabilities at the beginning of the year	2,664.29	2,089.52
Performance obligation satisfied in previous years	-	-

23.3 Performance Obligation

Revenue to be recognised for performance obligations not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place (i.e. signed agreements/POs/WOs,etc) at the year end :

	Year ended 31 March 2023	Year ended 31 March 2022
Within one year	8,984.88	10,820.11
More than one year	732.18	1,885.66
	9,717.06	**12,705.77**

		Year ended 31 March 2023	Year ended 31 March 2022
23.4	**Reconciliation of contract with customers**		
	Revenue from contract with customer as per contract rate	81,107.26	62,637.18
	Adjustment made to the contract price on account of :-		
	a) Liquidated damages	(362.43)	(441.84)
	b) Deferment of revenue	(2,048.65)	(3,444.09)
	c) Recognition of revenue from contract liability out of opening balance of contract liability	2,664.29	2,089.52
	Revenue from contract with customer as per the Statement of Profit and Loss	**81,360.47**	**60,840.77**

		Year ended 31 March 2023	Year ended 31 March 2022
24	**Other operating Income**		
	Export incentives (refer note (i))	17.28	34.46
	Other operating income (refer note (ii))	784.46	155.36
		801.74	**189.82**

(i) During the current year, the Group has recognised other operating income from export incentives under the provisions of Foreign Trade Policy (1 April 2015 - 31 March 2020), as amended from time to time, aggregating ₹ 17.28 lakhs (31 March 2022: ₹ 34.46 lakhs). The Management believes that it has satisfied all the conditions to receive the incentive and is in the process of filing the claim.

(ii) Amount mainly consists of input availed on import of FOC materials shipped by customers and duty paid by them.

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(All amounts in ₹ lakhs, unless otherwise stated)

25 Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Interest income		
- from fixed deposits with banks	127.40	142.35
- from financial assets carried at amortised cost	194.73	191.80
- from income tax refund	1.97	39.30
- from value added tax refund	-	1.13
- from others (refer note (i) below)	63.03	-
Gain on sale of property, plant and equipment	1.50	-
Gain on lease modification/rental concession	7.05	137.04
Fair value gain on financial instruments at fair value through profit or loss (refer note (ii) below)	88.77	136.45
Provision/liabilities no longer required, written back	6.44	62.39
Gain on sale of associate	39.55	-
Dividend income	32.51	17.89
Recovery of bad debts written off	25.12	11.29
Miscellaneous income	7.77	169.79
	595.84	**909.44**

Note:

(i) During the year ended 31 March 2023, AXISCADES, Inc. (subsidiary) has received interest aggregating INR 63.03 lakhs from the U.S. Government towards delay in disbursement of compensation of employee expenses incurred by the Company during the Covid-19 period, in accordance with Employee Retention Credit scheme.
(ii) Fair value gain on financial instruments at fair value through profit or loss mainly pertains to foreign exchange currency options that did not qualify for hedge accounting.

26 Cost of material consumed

	Year ended 31 March 2023	Year ended 31 March 2022
Opening inventory	5,157.70	2,330.30
Add: Purchases during the year	19,346.32	14,494.22
	24,504.02	16,824.52
Less: Closing inventory	(6,585.39)	(5,157.70)
	17,918.63	**11,666.82**

27 Employee benefits expense

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	31,567.12	27,468.59
Contribution to provident and other funds	1,090.09	878.66
Contribution to overseas social security	1,484.53	1,217.15
Gratuity expense (refer note 40)	209.58	173.92
Compensated absences expense	183.66	103.85
Employee stock option scheme (refer note 42)	542.75	636.33
Staff welfare expense	1,011.47	735.89
	36,089.20	**31,214.39**

During the year ended March 31, 2023, AXISCADES, Inc. (subsidiary) has received financial assistance aggregating INR 2,112.35 from the U.S. Government towards compensation of employee expenses incurred by AXISCADES, Inc. during the Covid-19 period, in accordance with Employee Retention Credit scheme. The Group has netted off the aforesaid amount of financial assistance received with the employee benefit expense during the year ended March 31, 2023.

28 Finance costs

	Year ended 31 March 2023	Year ended 31 March 2022
Interest expense		
- on facilities from banks	478.61	527.92
- on Intercorporate deposit from related parties (refer note 33)	670.80	-
- on debentures	1,413.84	-
- on others	148.48	-
- on financial liabilities carried at amortised cost	1.43	0.39
Other borrowing cost (processing fees)	457.80	632.44
Net interest expense on net defined benefit obligation	82.27	77.75
Unwinding of discount on asset retirement obligation (refer note 18(a))	5.05	5.07
Bank guarantee commision	14.09	44.48
Interest on lease liabilities (refer note 34)	264.65	281.09
Interest on income tax	52.96	6.27
	3,589.98	**1,575.41**

29 Depreciation and amortisation expense

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation of PPE (refer note 3)	697.16	630.25
Amortisation of intangible assets (refer note 5)	662.84	677.58
Depreciation of Right-of-use asset (refer note 34)	1,291.83	1,198.23
	2,651.83	**2,506.06**

(All amounts in ₹ lakhs, unless otherwise stated)

		Year ended 31 March 2023	Year ended 31 March 2022
30	**Other expenses**		
	Rent (refer note 34)	226.75	364.27
	Power and fuel	377.66	309.11
	Travelling and conveyance	1,155.04	518.91
	Legal and professional charges	1,550.81	1,431.38
	Consultancy expense	358.41	149.81
	Repairs and maintenance	-	-
	- Building	325.23	251.97
	- Others	298.04	227.56
	- Plant and machinery	167.14	108.28
	Recruitment and training expenses	375.31	261.45
	Office maintenance expense	95.73	55.61
	Communication expenses	374.01	351.92
	Equipment hire charges	557.75	315.10
	Auditor's remuneration (refer note (a) below)	109.39	84.78
	Security charges	54.17	58.07
	Rates and taxes	327.71	283.95
	Sub contracting charges	3,645.99	3,598.24
	Software subscription charges	1,390.55	1,471.29
	Directors sitting fees (refer note 33)	55.80	39.90
	Marketing and advertising expenses	607.00	468.06
	Insurance expenses	156.39	147.03
	Bank charges	92.92	118.43
	Corporate social responsibility expenses (refer note 43)	53.81	29.69
	Provision for doubtful debts and advances	104.83	96.47
	Bad debts written off	48.61	37.88
	Advances written off	13.40	-
	Impairment of property, plant and equipment	203.79	-
	Fair value loss on derivative	565.18	-
	Loss on sale of property, plant and equipment	-	22.81
	Net loss on foreign currency transaction and translation	175.10	160.75
	Miscellaneous expenses	131.34	123.06
		13,597.86	**11,085.78**
a)	**Auditor's remuneration ***		
	Statutory audit fees	100.76	66.69
	Other fees	4.00	15.75
	Out of pocket expenses	4.63	2.34
		109.39	**84.78**

* excluding goods and service tax.

		Year ended 31 March 2023	Year ended 31 March 2022
31	**Exceptional Items**		
	Impairment on goodwill and fair value change in contingent purchase consideration payable	-	(169.34)
	Interest and additional purchase consideration [refer note 20(2)]	(6,803.74)	-
		(6,803.74)	**(169.34)**

(All amounts in ₹ lakhs, unless otherwise stated)

32 Earnings per share (EPS) (basic and diluted)	**Year ended 31 March 2023**	**Year ended 31 March 2022**
a) (Loss)/profit after tax attributable to equity shareholders (₹)	(523.25)	2,223.32
b) Weighted average number of shares outstanding (in lakhs)	380.56	379.14
c) Nominal value of shares (₹)	5.00	5.00
d) Basic earning per share (₹)	(1.37)	5.86
e) Number of equity shares used to compute diluted earnings per share (in lakhs) (refer note below)	380.56	386.20
f) Diluted earnings per share (₹)*	(1.37)	5.76

Note:

	Year ended 31 March 2023	**Year ended 31 March 2022**
Weighted average number of shares outstanding (in lakhs)	380.56	379.14
Effect of dilution:		
Share options*	-	7.06
Weighted average number of Equity shares adjusted for the effect of dilution	380.56	386.20

*For the purpose of computation of diluted EPS for the year ended 31 March 2023, the effect of stock options granted under ESOP scheme have not been considered as the effect of these potentially diluted equity shares are anti-dilutive . Hence basic and diluted EPS are same.

(All amounts in ₹ lakhs, unless otherwise stated)

33 Related party disclosures

	Nature of relationship	Name of Party
I	**Parties where control exists:**	
	Holding Company	Jupiter Capital Private Limited ('JCPL') *

* JCPL hold 66.18 percent voting rights of the Company as at 31 March 2023 (JCPL and its subsidiary Indian Aero Ventures Private Limited hold 67.67 percent voting rights of the Company as at 31 March 2022)

	Associate	ASSYSTEMS AXISCADES Engineering Private Limited (upto 11 July 2022)
II	**Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year:**	
	Fellow subsidiary	Indian Aero Infrastructure Private Limited (step down subsidiary of JCPL)
	Key Management Personnel (KMP):	
	Chief Executive Officer & Managing Director	Mr. Arun Krishnamurthi (appointed w.e.f. 22 November 2021)
	Chief Executive Officer & Executive Director	Mr. Sharadhi Chandra Babu Pampapathy (stepped down from Chief Executive Officer & Executive Director w.e.f. 21 November 2021)
	Chairman and Non - Executive Director	Mr. David Bradley
	Independent Director	Mrs Mariam Mathew
	Independent Director	Mr. Desh Raj Dogra
	Independent Director	Mr. Dhiraj Mathur
	Non - Executive Director	Mr. Harold David Walker
	Non - Executive Director	Mr. Sudhakar Gande (stepped down w.e.f. 5 January 2023)
	Non - Executive Director	Mr. Sharadhi Chandra Babu Pampapathy (apppointed as Non - Executive Director w.e.f. 22 November 2021)
	Non - Executive Director	Mr. Abhishek Kumar (stepped down w.e.f. 3 June 2022)
	Non - Executive Director	Mr. David Abikzir (appointed w.e.f. 22 March 2022)
	Non - Executive Director	Mr. Venkataraman Venkitachalam (appointed w.e.f. 6 January 2023)
III	**Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year**	
	Key Management Personnel (KMP):	
	Chief Financial Officer (CFO)	Mr. Shashidhar SK (appointed w.e.f. 3 January 2022)
	Chief Financial Officer (CFO)	Mr. Anumanchipalli Srinivas (till 31 July 2021)
	Company Secretary	Ms. Sonal Dudani (appointed w.e.f. 22 March 2022)
	Company Secretary	Ms. Shweta Agrawal (till 31 October 2021)
	A Company in which Director is a member	Lexicon Infotech Limited

IV Transactions with related parties:

Nature of transactions	Relationship	Year ended 31 March 2023	Year ended 31 March 2022
Remuneration (Refer note (IV) (a) below)			
Ms. Shweta Agarwal (refer note b below)	Key Management Personnel	-	24.35
Mr. Anumanchipalli Srinivas (refere note b below)	Key Management Personnel	-	64.73
Mr. Sharadhi Chandra Babu pampapathy (refer note b below)	Key Management Personnel	-	196.77
Mr. Shashidhar SK (refer note b below)	Key Management Personnel	431.29	39.34
Mr. Arun Krishnamurthi (refer note b below)	Key Management Personnel	817.78	146.86
Ms. Sonal Dudani	Key Management Personnel	15.49	0.39
Service received from			
Lexicon Infotech Limited	A Company in which Director is a member	11.91	22.09
Revenue from operations			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	-	53.65
Sitting fees paid to directors			
Mr. Dhiraj Mathur	Independent Director	12.00	9.50
Mr. Desh Raj Dogra	Independent Director	14.50	11.50
Mrs Mariam Mathew	Independent Director	12.50	9.00
Mr. Harold David Walker	Non - Executive Director	2.70	2.10
Mr. David Bradley	Chairman and Non - Executive Director	4.50	3.90
Mr. Sharadi Chandra Babu Pampapathy	Non - Executive Director	2.40	0.90
Mr. Sudhakar Gande	Non - Executive Director	3.00	3.00
Mr. Abhishek Kumar	Non - Executive Director	0.30	-
Mr. David Abikzir	Non - Executive Director	3.30	-
Mr. Venkataraman Venkitachalam	Non - Executive Director	0.60	-
Reimbursement of rental income			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	-	45.53
Corporate guarantee fee charged by			
Jupiter Capital Private Limited	Holding Company	20.00	20.00
Reimbursement of expenses by			
Mr. Sudhakar Gande	Non - Executive Director	35.05	-
Interest expense on intercorporate deposit			
Jupiter Capital Private limited	Holding Company	795.46	-
Corporate guarantee received from			
Jupiter Capital Private Limited	Holding Company	16,500.00	4,000.00

Related party disclosures (cont'd)

(a) As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

(b) Total employee benefit expense includes employee stock compensation expense of ₹ Nil lakhs (31 March, 2022 - ₹ 80.21 lakhs) for Mr. Sharadhi Chandra Babu Pampapathy, ₹ 396.29 lakhs(31 March, 2022 - ₹ 10.42 lakhs) for Mr.Arun Krishnamurthi, and ₹ 297.21 lakhs(31 March, 2022 - ₹ 7.82 lakhs) for Mr. Shashidhar SK, respectively included in the employee stock option scheme expense in the consolidated Statement of Profit and Loss account.

(c) Refer note 17 for details of security provided for borrowings.

V Balances as at the year end:

Nature of transactions	Relationship	As at 31 March 2023	As at 31 March 2022
Remuneration payable (refer note (IV) (a) above)*			
Mr. Sharadhi Chandra Babu Pampapathy	Key Management Personnel	-	59.11
Mr. Shashidhar SK	Key Management Personnel	33.13	13.12
Mr. Arun Krishnamurthi	Key Management Personnel	224.53	64.53
Ms. Sonal Dudani	Key Management Personnel	2.21	0.39
Other receivable			
Jupiter Capital Private Limited	Holding Company	-	-
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	-	-
Investment in equity shares			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	-	187.41
Trade payables			
Indian Aero Infrastructure Private Limited	Fellow subsidiary	6.23	6.23
Lexicon Infotech Limited	Company in which Director is a member	4.95	9.68
Corporate guarantee received from - outstanding			
Jupiter Capital Private limited	Holding Company	20,500.00	4,000.00

Loans from related parties

Particulars	Opening	Loans taken	Repayment	Loan outstanding	Interest payable
Jupiter Capital Private Limited					
31 March 2023	-	11,025.33	500.00	10,525.33	-
31 March 2022	-	-	-	-	-

* Remuneration payable does not include amount payable on employee stock option scheme

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2022: Nil lakhs). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

34 Right of use asset and Lease liabilities

Group as a lessee
The Group has lease contracts for plant and machinery and property leases for office, product assembling space and other business operations. These leases are for a period of three to nine years The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. These lease contracts include extension and termination options.

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

	As at 31 March 2023	As at 31 March 2022
Balance as on 01 April	8,745.61	9,618.67
Additions*	4,283.62	662.09
Deletions	(60.71)	(336.92)
Lease Modifications	(113.82)	-
Exchange difference	6.09	-
Depreciation expense (refer note 29)	(1,291.83)	(1,198.23)
Carrying amount as on 31 March	**11,568.96**	**8,745.61**

* Out of ₹ 4,283.62 lakhs, ₹1,956.68 lakhs pertains to Leasehold land in AAIPL. Leasehold land represents land acquired from Karnataka Industrial Areas Development Board (KIADB) on a lease cum sale basis wherein this land would transfer to AAIPL after a period of 10 years on the fulfilment of the conditions of the allotment letter. The amount paid towards land for which possession has been taken over has been disclosed as Leasehold land since KIADB vide letter no KIADB/HO/Allot/18403/8992/2017-18 dated 12 September 2017 has allotted 10 acres of land in 'Bengaluru Aerospace Park', and vide letter number KIADB/AE/18403/86/2022-23 dated 11 May 2022 the KIADB issued possession certificate for 10.8 acres of land to AAIPL. AAIPL has paid an amount of ₹ 3,757.69 lakhs out of which ₹ 1,801.01 lakhs already considered as Leasehold land (Right-to-use assets) and balance amount of ₹ 1,956.68 lakhs which was classified Capital advance earlier is transferred to Leasehold land (Right-to-use assets).

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

	As at 31 March 2023	As at 31 March 2022
Balance as on 01 April	2,324.54	3,132.76
Additions	2,226.60	657.86
Deletions	(68.93)	(346.38)
Lease modifications/ rental concession	(115.89)	(75.41)
Accretion of interest (refer note 28)	264.65	281.09
Exchange difference	6.70	-
Payment of principal portion of lease liabilities	(1,177.17)	(1,044.29)
Payment of Interest portion of lease liabilities	(264.65)	(281.09)
Carrying amount as on 31 March	**3,195.85**	**2,324.54**
Current	947.85	1,214.67
Non-current	2,248.00	1,109.87
Total	**3,195.85**	**2,324.54**

The weighted average incremental borrowing rate for lease liabilities is between 8.40% - 12.17% per annum, with maturities between financial year 2022-2030 for leasehold properties.

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	31 March 2023	31 March 2022
Less than one year	1,276.69	1,282.79
one to five years	2,697.52	1,123.21
more than five years	34.38	132.17

The following are the amounts recognised in the statement of profit or loss:

	31 March 2023	31 March 2022
Depreciation expense of right-of-use assets	1,291.83	1,198.23
Interest expense on lease liabilities	264.65	281.09
Expense relating to short-term leases and low value leases (included in other expenses)	226.75	364.27
Lease rental concession	-	(75.41)
Lease modification	(7.05)	-
Total amount recognised in profit or loss	**1,776.18**	**1,768.19**

The Group had total cash outflows for leases of ₹ 1,668.56 lakhs for the year ended 31 March 2023(31 March 2022: ₹ 1,690.15 lakhs). The Group has made non-cash additions of ₹ 4,283.62 lakhs (31 March 2022: ₹ 662.09 lakhs) and ₹ 2,226.60 lakhs (31 March 2022: ₹ 657.86 lakhs) to right-of-use assets and lease liabilities, respectively. There are no future cash outflows relating to leases that have not yet commenced.

35 Contingent liabilities and commitments

Capital and other commitments

	As at 31 March 2023	As at 31 March 2022
Capital commitment*	72.51	13.94

* Mainly pertains to commitment towards purchase of capital assets of ₹ 72.51 lakhs (31 March 2022: ₹ 13.94 lakhs)

Bank guarantees

		As at 31 March 2023	As at 31 March 2022
i)	Bank guarantees to government authorities and others	1,477.96	1,069.25

Bank guarantees are issued in favor of government authorities and others towards financial, peformance guarantees and earnest money deposit as part of bidding process.

Tax contingencies

		As at 31 March 2023	As at 31 March 2022
i)	Direct tax matters under dispute/ pending before Income Tax Authorities	5,409.71	2,048.14
ii)	Indirect tax matters for demands pending before various appellate authorities	1,098.76	142.39
		6,508.47	**2,190.53**

Notes:

i) The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities.

(All amounts in ₹ lakhs, unless otherwise stated)

36 Capital management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been breaches in the financial covenants of any interest-bearing loans and borrowing in the current period as mentioned in note 17.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalent.

	As at 31 March 2023	As at 31 March 2022
Borrowings including current maturities of long term borrowings (refer note 17)	31,400.35	4,881.11
Less: Cash and cash equivalent (refer note 13)	(7,506.73)	(7,109.49)
Net debt*	**23,893.62**	**-**
Equity share capital (refer note 15)	1,911.50	1,897.23
Other equity (refer note 16)	31,895.57	31,229.08
Capital and net debt	**57,700.69**	**33,126.31**
Gearing ratio	41%	0%

* For previous year, where the total debts are less than cash and cash equivalent, the net debts were shown as Nil.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

The Group is not subject to any externally imposed capital requirements.

37 Income Tax

The major components of income tax expense are:

	Year ended 31 March 2023	Year ended 31 March 2022
Current income tax:		
Current income tax charge	2,085.61	1,297.33
Adjustment of tax relating to earlier years	(368.00)	62.81
Deferred tax charge	864.61	48.35
Income tax expense reported in consolidated statement of profit and loss	**2,582.22**	**1,408.49**
Deferred tax related to items recognised in other comprehensive income		
Income tax relating to re-measurement (gains)/losses on defined benefit plans	(1.43)	3.03
Income tax relating to losses/(gains) on cash flow hedges	8.00	(14.87)
	6.57	**(11.84)**

Reconciliation of deferred tax (net)	As at 31 March 2023	As at 31 March 2022
Opening balance	**2,802.94**	**2,806.34**
Tax expense during the year recognized in the consolidated statement of profit and loss	(864.61)	(48.35)
Tax expense/ (credit) during the year recognised in other comprehensive income	6.57	(11.84)
Exchange translation difference	35.43	56.79
Closing balance	**1,980.33**	**2,802.94**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	Year ended 31 March 2023	Year ended 31 March 2022
Accounting loss before tax	**2,102.40**	**3,676.40**
Tax on accounting profit at statutory income tax rate	584.89	1,036.96
Expenditure disallowed on cancellation of employee stock option plan	283.02	-
Disallowance for capital expenditure	780.99	-
Effect of lower tax rate in the capital gains	94.34	-
Tax for earlier year	14.46	-
Adjustments in respect of current income tax of previous years	(340.79)	-
Impact of change in tax rate	(14.91)	-
Purchase consideration re-measurement	1,502.32	218.49
Other non-deductible expenses	6.00	18.59
Tax benefit on utilisation/expected utilisation of benefit on previously unrecognised tax losses	(63.70)	(34.32)
GILTI Income	27.59	13.68
Others (net)	(291.99)	155.09
At the effective income tax rate of 122.82% [31 March 2022: 38.31%]	**2,582.22**	**1,408.49**
Income tax expense reported in the Statement of Profit and Loss	2,582.22	1,408.49

* Deferred tax is recognized to the extent that the future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised.

	As at 31 March 2023	As at 31 March 2022
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years	208.51	988.43
Impact of difference between depreciation charged for financial reporting and expenses allowed for tax purposes	476.32	422.07
Impairment of investment	146.22	-
Unutilised tax losses	73.78	484.33
Hedge Liability	8.17	0.17
Minimum alternate tax credit entitlement	696.07	913.22
Non-deductible expenses for tax purpose allowed on payment basis	335.54	-
Other adjustments	37.38	27.59
Deferred tax asset, net	**1,981.99**	**2,835.81**
Deferred tax liability		
Hedge Liability	-	5.31
Other items	1.66	27.56
	1.66	**32.87**
Deferred tax asset, net	**1,980.33**	**2,802.94**

Reflected in the balance sheet as follows:

	As at 31 March 2023	As at 31 March 2022
Deferred tax assets	1,981.99	2,835.81
Deferred tax liabilities	(1.66)	(32.87)
Deferred tax assets, net	**1,980.33**	**2,802.94**

(All amounts in ₹ lakhs, unless otherwise stated)

38 Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2023 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
Assets:					
Investments (Current and Non Current) (refer note 7)	0.05	3,346.12	-	3,346.17	3,346.17
Trade receivables (Current) (refer note 12)	17,902.93	-	-	17,902.93	17,902.93
Other financial assets (Current and Non Current) (refer note 8)	6,851.73	-	-	6,851.73	6,851.73
Cash and cash equivalent (refer note 13)	7,506.73	-	-	7,506.73	7,506.73
Bank balances other than cash and cash equivalent (refer note 14)	2,456.16	-	-	2,456.16	2,456.16
Total	**34,717.60**	**3,346.12**	**-**	**38,063.71**	**38,063.71**
Liabilities:					
Borrowings (refer note 17)	31,400.35	-	-	31,400.35	31,400.35
Lease liability (refer note 34)	3,195.85	-	-	3,195.85	3,195.85
Trade payables (refer note 19)	7,509.33	-	-	7,509.33	7,509.33
Other financial liabilities (refer note 20)	2,896.81	690.31	49.33	3,636.45	3,636.45
Total	**45,002.34**	**690.31**	**49.33**	**45,741.98**	**45,741.98**

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Carrying value	Fair value
Assets:					
Investments (Current and Non Current) (refer note 7)	0.05	1,730.30	-	1,730.35	1,730.35
Trade receivables (Current) (refer note 12)	14,516.65	-	-	14,516.65	14,516.65
Other financial assets (Current and Non Current) (refer note 8)	4,317.63	-	19.13	4,336.76	4,336.76
Cash and cash equivalent (refer note 13)	7,109.49	-	-	7,109.49	7,109.49
Bank balances other than cash and cash equivalent (refer note 14)	3,427.40	-	-	3,427.40	3,427.40
Total	**29,371.22**	**1,730.30**	**19.13**	**31,120.65**	**31,120.65**
Liabilities:					
Borrowings (refer note 17)	4,881.11	-	-	4,881.11	4,881.11
Lease liability (refer note 34)	2,324.54	-	-	2,324.54	2,324.54
Trade payables (refer note 19)	6,953.16	-	-	6,953.16	6,953.16
Other financial liabilities (refer note 20)	1,811.12	21,157.12	0.66	22,968.90	22,968.90
Total	**15,969.93**	**21,157.12**	**0.66**	**37,127.71**	**37,127.71**

The management assessed that the fair value of cash and cash equivalent, trade receivables, loans, other financial assets (excluding security deposits), trade payables and working capital loans approximate the carrying amount largely due to short-term maturity of this instruments. The fair values for security deposits forming part of other financial assets were calculated based on discounted cash flows using a current lending rate.

The fair values of borrowings and lease liabilities were calculated based on cash flow discounted using a current lending/ borrowing rate and other relevant assumptions.

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

(ii) Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Quantative disclosure of fair value measurement hierarchy as at 31 March 2023 :

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investments (Current and Non Current) (refer note 7)	31 March 2023	3,346.12	2,698.60	647.52	-

(ii) Fair value hierarchy (cont'd)

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Derivative contracts (refer note 20)	31 March 2023	49.33	-	49.33	-
Purchase consideration payable (refer note 20)	31 March 2023	125.13	-	-	125.13
Derivative liability on share warrants (refer note 20)	31 March 2023	565.18	-	-	565.18

There have been no transfer among level 1, level 2 and level 3 during the year.

Quantative disclosure of fair value measurement hierarchy as at 31 March 2022 :

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed					
Investments (Current and Non Current) (refer note 7)	31 March 2022	1,730.30	1,026.24	704.06	-
Derivative contracts (refer note 8)	31 March 2022	19.13	-	19.13	-
Liabilities measured at fair value:					
Derivative contracts (refer note 20)	31 March 2022	0.66	-	0.66	-
Purchase consideration payable (refer note 20)	31 March 2022	21,157.12	-	-	21,157.12

Refer note 20(2) for the reconcialition of fair value measurements categorized within level 3 of the fair value hierarchy.

(iii) Valuation techniques and significant unobservable input

Type	Valuation technique	Significant unobservable inputs	Range	Inter-relationship between significant unobservable inputs and fair value measurement
Purchase consideration payable	Actual as per the terms of share purchase agreement	Adjusted earning of acquired entity	-	-
Derivative liability on share warrants	Binomial option pricing model	Exercise price per share Risk free rate Sigma range	₹ 969.10 7.1% 50.6% - 51.8%	These inputs would result in fair value loss on derivative by ₹ 565.18 lakhs

Valuation technique used to determine fair value

i) Derivative contracts: The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and Currency options are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at 31 March 2023, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

ii) Investments in liquid and short-term mutual funds which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

iii) Investments in equity shares which are classified as FVTPL are measured using market price of share at the reporting date multiplied by the quantity held.

(iv) Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

39 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on it's financial performance. The primary market risk to the Group is foreign exchange exposure risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Group's risk management activity focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

(A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group, resulting in a financial loss. The Group's maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 17,902.93 lakhs as at 31 March 2023 [31 March 2022: ₹ 14,516.65 lakhs].

Assets under credit risk:	**As at 31 March 2023**	**As at 31 March 2022**
Trade receivables (Current) (refer note 12)	17,902.93	14,516.65
Security deposit (Current and Non Current) (refer note 8)	893.69	765.36
Unbilled revenue (Current) (refer note 8)	4,022.92	2,518.44
Loans to employees (Current and Non Current) (refer note 8)	52.60	76.97
	22,872.14	**17,877.42**

A1 Trade receivables, unbilled revenue and security deposits

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in India, USA and Europe. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, Financial Instruments, the Group uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors including the credit ratings of the various customers and Group's historical experience for customers

The allowance for life time expected credit loss on customer balances and security deposit for the year ended 31 March 2023 is ₹ 414.00 lakhs (31 March 2022 is ₹ 1,779.08 lakhs).

Particulars	**As at 31 March 2023**	**As at 31 March 2022**
Balance at the beginning	1,779.08	2,292.32
Impairment loss recognised	104.83	96.47
Impairment loss reversed/ written off	(1,469.91)	(609.71)
Balance at the year end	**414.00**	**1,779.08**

A2 Cash and cash equivalent

The credit risk for cash and cash equivalent, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial assets that are neither past due nor impaired

Cash and cash equivalent,bank balances other than cash and cash equivalent,other receivables and other financial assets are neither past due nor impaired.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for receivables of ₹ 263.69 lakhs and ₹ 1,628.77 lakhs, unbilled revenue of ₹ 104.97 lakhs and ₹ 104.97 lakhs and security deposit of ₹ 45.34 lakhs and ₹ 45.34 lakhs as at 31 March 2023 and 31 March 2022, respectively. The Group's credit period generally ranges from 30-120 days from invoicing date. The ageing analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of trade receivables, unbilled revenue and security deposit, net of allowances that are past due, is given below:

Particulars	**As at 31 March 2023**	**As at 31 March 2022**
Financial assets that are neither past due nor impaired _(A)	18,280.18	13,982.81
Financial assets that are past due but not impaired		
Past due 0-60 days	1,290.16	2,989.30
Past due 61-180 days	2,564.59	687.20
Past due over 180 days	737.21	218.11
Total past due but not impaired_(B)	**4,591.96**	**3,894.61**
Total (A+B)	**22,872.14**	**17,877.42**

(All amounts in ₹ lakhs, unless otherwise stated)

39 Financial risk management (cont'd)

(B) Liquidity risk
Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

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

Maturities of financial liabilities

As at 31 March 2023	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (refer note 17)	14,344.62	17,336.03	-	31,680.65
Lease liability (refer note 34)	1,276.69	2,697.52	34.38	4,008.59
Trade payables (refer note 19)	7,509.33	-	-	7,509.33
Other financial liabilities (refer note 20)	3,636.45	-	-	3,636.45
Total	**26,767.09**	**20,033.55**	**34.38**	**46,835.02**

As at 31 March 2022	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings (refer note 17)	4,835.79	45.32	-	4,881.11
Lease liability (refer note 34)	1,282.79	1,123.21	132.17	2,538.17
Trade payables (refer note 19)	6,953.16	-	-	6,953.16
Other financial liabilities (refer note 20)	22,968.90	-	-	22,968.90
Total	**36,040.64**	**1,168.53**	**132.17**	**37,341.34**

(C) Market risk
The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

Foreign currency sensitivity
The Group operates internationally and a significant portion of the business is transacted in USD and EURO currencies and consequently the Group is exposed to foreign exchange risk through its sales in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

Particulars	Currency	As at 31 March 2023		As at 31 March 2022	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Financial assets					
Trade receivables	USD	65.34	5,369.28	59.15	4,483.48
	EURO	16.33	1,459.72	20.76	1,746.44
	GBP	0.88	88.95	-	-
	CAD	0.28	17.13	-	-
	CNY	21.16	252.98	-	-
	SGD	0.21	12.91	0.21	11.70
	DKK	4.20	50.27	4.15	47.08
Unbilled revenue	USD	22.71	1,866.11	15.55	1,178.83
	EURO	1.14	101.88	1.11	93.71
	GBP	0.56	56.82	-	-
	CAD	0.33	20.29	-	-
	DKK	1.42	17.03	3.75	42.54
Cash and bank balances	USD	7.61	625.39	5.49	416.22
	EURO	1.03	92.05	7.83	658.45
	AED	1.58	19.04	1.59	32.86
	DKK	2.07	24.75	6.76	76.71
Other financial assets	AED	0.57	12.76	0.57	11.70

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Financial liabilities					
Trade payables	USD	39.58	3,253.03	39.29	2,978.33
	EURO	4.79	428.42	18.15	1,527.51
	GBP	0.00	0.50	1.78	177.04
	DKK	8.95	106.99	2.60	29.50
Unearned Revenue	USD	-	-	0.03	2.00
Lease Liability	EURO	1.17	104.56	1.18	99.21
Interest accrued but not due on borrowings	USD	0.10	8.22	0.04	2.89
Borrowings	USD	34.55	2,839.34	53.08	4,023.17

Sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	**Increase 31 March 2023**	**Decrease 31 March 2023**	**Increase 31 March 2022**	**Decrease 31 March 2022**
Sensitivity				
INR/USD	17.60	(17.60)	(9.28)	9.28
INR/EURO	11.21	(11.21)	5.99	(5.99)
INR/AED	0.32	(0.32)	0.45	(0.45)
INR/SGD	0.13	(0.13)	0.12	(0.12)
INR/GBP	1.45	(1.45)	(1.77)	1.77
INR/DKK	(0.15)	0.15	1.20	(1.20)
INR/CAD	0.37	(0.37)	-	-
INR/CNY	2.53	(2.53)	-	-

Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures arising from future forecasted revenues. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or in directly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts

Particulars	**As at 31 March 2023**	**As at 31 March 2022**
Forward Contracts		
In USD (31 March 2023 - 40 lakhs, 31 March 2022 - 20 lakhs)	3,257.93	1,590.80

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

	As at 31 March 2023		**As at 31 March 2022**	
Foreign exchange forward contracts (highly probable forecast sales)	**Notional amount (in ₹ lakhs)**	**Average forward rate**	**Notional amount (in ₹ lakhs)**	**Average forward rate**
Not later than one month				
- In USD	396.05	79.21	-	-
Later than one month and not later than three months				
- In USD	1,211.00	80.73	-	-
Later than three months and not later a year				
- In USD	1,650.88	82.54	1,590.80	79.29

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	**As at 31 March 2023**	**As at 31 March 2022**
Balance as at the beginning of the year	**(20.48)**	**(83.34)**
Net gain reclassified to statement of profit and loss on occurrence of hedged transactions	0.66	-
Loss/(gain) on cash flow hedging derivatives, net	(29.38)	53.39
Balance as at the end of the year	**(49.20)**	**(29.95)**
Deferred tax liability thereon	8.00	9.47
Balance as at the end of the year, net of deferred tax	**(41.20)**	**(20.48)**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. As at 31 March 2023, the Group does not have any long term debt obligations with floating interest rates, hence, is not exposed to any significant interest rate risk.

At 31 March 2022, the Company had an interest rate swap agreement in place whereby the Company pays a fixed rate of interest of 6% and receives interest at a variable rate equal to 6 months USD SOFR CMP+495 Bps on the notional amount. The swap is being used to hedge the exposure to changes in the variable interest rate on its 6 months USD SOFR CMP+495 Bps secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

• Different interest rate curve applied to discount the hedged item and hedging instrument
• Differences in timing of cash flows of the hedged item and hedging instrument
• The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The impact of the hedging instrument on the balance sheet as at 31 March 2023 and 31 March 2022 is, as follows:

	As at 31 March 2023			As at 31 March 2022		
Fair value hedge	**Nominal amount (in lakhs)**	**Carrying amount (INR lakhs)**	**Line item in balance sheet where hedging instrument is disclosed**	**Nominal amount (in lakhs)**	**Carrying amount (INR lakhs)**	**Line item in balance sheet where hedging instrument is disclosed**
Interest rate risk - Interest rate swap	-	-		USD 11.54	(1.28)	Other current financial assets

The impact of the hedged item on the balance sheet as at 31 March 2023 and 31 March 2022 is, as follows:

	As at 31 March 2023			As at 31 March 2022		
Fair value hedge	**Nominal amount (in lakhs)**	**Carrying amount (INR lakhs)**	**Line item in balance sheet where hedging instrument is disclosed**	**Nominal amount (in lakhs)**	**Carrying amount (INR lakhs)**	**Line item in balance sheet where hedging instrument is disclosed**
Interest rate risk - Borrowings	-	-		874.58	(1.28)	Short Term borrowings

40 Defined benefit obligations

A Defined benefit contributions

India
The Group makes contribution of statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952 for its Indian employees. This is a defined contribution plan as per Ind AS 19. Contribution made during the year ended 31 March 2023 is ₹ 1,090.09 lakhs [31 March 2022: ₹ 878.66 lakhs].

Overseas social security
The Group makes a contribution towards social security charges for its employees located at the respective branch offices in respective foreign geographies, that are defined contribution plans. The contributions paid or payable is recognised as an expense in the period in which the employee renders services in respective geographies. Contribution made during the year ended 31 March 2023 is ₹ 1,484.53 lakhs [31 March 2022: ₹ 1,217.15 lakhs].

B Defined benefit plans
The Group has provided for gratuity liability, for its Indian employees as per actuarial valuation carried out by an independent actuary on the Balance Sheet date. The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 to determine the present value of Defined Benefit Obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Group is exposed to various risks in providing the above benefit which are as follows:

a Interest rate risk
The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

b Liquidity risk
This is the risk that the Group is not able to meet the short-term gratuity payouts.This may arise due to non availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

c Salary escalation risk
The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

d Demographic risk
The Group has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e Regulatory risk
Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act,1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

(All amounts in ₹ lakhs, unless other wise stated)

40 Defined benefit obligations (cont'd)

(i) Changes in the present value of the defined benefit obligation are as follows

	Gratuity	
	31 March 2023	**31 March 2022**
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at the beginning of the year	1,633.83	1,524.85
Current service cost	209.58	173.92
Interest cost	106.95	95.89
Benefits paid	(257.56)	(166.10)
Actuarial (gain)/ loss arising from change in financial assumptions	(137.48)	(20.47)
Actuarial (gain)/ loss arising from change in experience assumptions	86.46	37.32
Actuarial (gain)/ loss arising from change in demographic assumptions	27.41	(11.58)
Defined benefit obligation at the end of the year	**1,669.19**	**1,633.83**

(ii) Reconciliation of present value of plan asset:

	31 March 2023	31 March 2022
Plan assets as at 1 April	626.99	588.81
Expected return on plan assets	43.17	39.53
Return on assets excluding interest income	(18.11)	(10.06)
Contributions	127.46	47.23
Benefits settled	(105.94)	(38.52)
Plan assets as at 31 March at fair value	**673.57**	**626.99**

(iii) Reconciliation of net defined benefit asset/ (liability)

	31 March 2023	31 March 2022
Present value of obligation as at 31 March 2023	(1,669.19)	(1,633.83)
Plan assets at 31 March 2023 at fair value	673.57	626.99
Amount recognised in balance sheet liability	**(995.62)**	**(1,006.84)**
Non-Current Provision	793.53	874.63
Current Provision	202.09	132.21

(iv) Components of costs are:

	31 March 2023	31 March 2022
Employee benefits expense		
Current service cost and past service cost	209.58	173.92
Finance cost		
Net interest expense	63.78	56.35
Expenses recognised in the Statement of Profit and Loss for the year	**273.36**	**230.27**

(v) Components Remeasurement losses/ (gains) in OCI

	31 March 2023	31 March 2022
Recognised net actuarial loss/ (gain) arising from change in financial assumptions	(137.48)	(20.47)
Recognised net actuarial gain arising from change in demographic assumptions	27.41	(11.58)
Recognised net actuarial (gain)/ loss arising from experience variance	86.46	37.32
Expected return on plan assets	18.11	10.06
Remeasurement loss in OCI	**(5.50)**	**15.33**

(vi) Investment details:

	% Invested	**% Invested**
Insurer managed funds	100.00%	100.00%
Others	0.00%	0.00%

(All amounts in ₹ lakhs, unless other wise stated)

40 Defined benefit obligations (cont'd)

(vii) The principal assumptions used in determining gratuity obligations for the Group's plans are disclosed below:	Year ended 31 March 2023	Year ended 31 March 2022
Discount rate	7.25%-7.45%	5.38%-6.95%
Salary escalation rate	2.5%-10%	5%-9%
Attrition rate	1.00% - 40.00%	1.00% - 40.00%
Retirement age	58 Years - 60 Years	58 Years - 60 Years
Mortality rate [as a percentage of Indian assured lives mortality (2012-2014)]	100%	100%

The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of Government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Group's policy for plan asset management.

A quantitative sensitivity analysis for significant assumption as at 31 March 2023 and 31 March 2022 is as shown below:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, attrrition rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The following table summarizes the impact of change in the defined benefit obligation resulting from the specified percentage change in the aforementioned assumptions.

Particulars	Gratuity			
	As at 31 March 2023		As at 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (Increase or decrease by 1%)	(79.28)	85.72	(68.94)	201.53
Salary growth rate (Increase or decrease by 1%)	83.92	(78.97)	158.24	(32.67)
Attrition rate (Increase or decrease by 50% of attrition rates)	56.10	(81.41)	10.71	(26.35)
Mortality rate (Increase or decrease by 10% of mortality rates)	0.08	(0.13)	0.17	(0.26)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method and assumptions used in preparing the sensitivity analysis from previous period.

(viii) Effect of plans on Group's future cash flows

The schemes are managed on an unfunded basis and hence, no funding arrangements or future contributions are applicable. The weighted average duration of the group's plan is estimated to be between 2.21 years to 7 years (31 March 2022: 2.36 years to 8.32 years). Following is a collective maturity profile of the defined benefit obligation of the plans as at 31 March 2023 and 31 March 2022.

Expected cash flows over the next: (valued on undiscounted basis)	Gratuity	
	As at 31 March 2023	As at 31 March 2022
1 year	264.53	190.80
2 - 5 years	776.07	676.74
6 - 10 years	1,821.66	1,755.37
More than 10 years	336.04	593.31

INDEPENDENT AUDITOR'S REPORT

To the Members of AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited) (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the consolidated Balance Sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and its associate in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw the attention to Note 21(ii) of the accompanying consolidated Ind AS financial statements in respect of dispute between the Company and Shareholders of Mistral Solutions Private Limited in relation to the implementation of the Share Purchase Agreement ('SPA') dated 1 December 2017. This matter is pending before the Arbitral Tribunal and the final outcome of the matter is not known currently. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the Management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	**How our audit addressed the key audit matter**
(a) Assessment of impairment of Goodwill and other intangible assets (as described in Note 2(i)(c) and Note 7 of the consolidated Ind AS financial statements)	
The Group's Balance Sheet includes Rs. 14,056.16 lakhs of goodwill and other intangible assets representing 17.69% of total Group assets. Goodwill and other intangible assets must be tested for impairment at least on an annual basis. The determination of recoverable amounts requires judgement on the part of the Management in both identifying and then valuing the relevant Cash Generating Units (CGUs). Recoverable amounts are based on Management's assumptions of variables and market conditions such as volume growth rates, future operating expenditure, discount rates, impact of COVID-19 and long-term growth rates. The annual impairment testing is a significant accounting estimate as the assumptions on which such estimates are based are judgmental and affected by future market and economic conditions which are inherently uncertain. Accordingly, we have determined this area to be a key audit matter in our audit of the consolidated Ind AS financial statements	Our audit procedures included the following: • We understood, evaluated and tested Holding Company's Management key controls over the impairment assessment process; • We assessed the Group's methodology applied in determining the CGUs recoverable value. In making this assessment, we also evaluated the objectivity and independence of Holding Company's expert involved in the process. • We engaged expert to assess the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates, impact of COVID-19 and terminal growth rates and methodologies used by the Holding Company's Management to determine the recoverable amount; • We tested the arithmetical accuracy of the impairment testing model; and • We have assessed the disclosures in the consolidated Ind AS financial statements as per the relevant accounting standards.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to the consolidated Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of eleven subsidiaries whose Ind AS financial statements include total assets of Rs. 40,336.71 lakhs as at March 31, 2022, and total revenues of Rs. 27,255.80 lakhs and net cash inflows of Rs. 1,783.45 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the Management. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 45.82 lakhs for the year ended March 31, 2022, as considered in the consolidated Ind AS financial statements, in respect of one associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiaries and associate company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate company, none of the directors of the Group's companies, and its associate, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and its associate company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report. According to the information and explanations given by the Management, the provisions of the Section 143(3)(i) are not applicable to its associate incorporated in India;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associate, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company, its subsidiaries and associate incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other Matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated Ind AS financial statements – Refer Note 21(ii) and Note 37 to the consolidated Ind AS financial statements;

ii. The Group and its associate did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2022;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and its associate, incorporated in India during the year ended March 31, 2022.

iv. a) The respective Managements of the Holding Company, its subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, and associate to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries, and associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective Managements of the Holding Company and its subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associate respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries, and associate from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, and associate shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries and associate which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. No dividend has been declared or paid during the year by the Holding Company, its subsidiaries, and associate company, incorporated in India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sunil Gaggar
Partner
Membership Number: 104315

UDIN: 22104315AJNVAV4365

Place of Signature: Bengaluru
Date: May 24, 2022

Annexure – 1 to the Auditor's Report

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

Re: AXISCADES Technologies Limited (Formerly AXISCADES Engineering Technologies Limited) ('the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate.

Based on our audit and on the consideration of reports of the other auditors on separate financial statements and other financial information of the subsidiary companies incorporated in India and its associate, we state that:

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

S.No	Name	CIN	Holding company/ subsidiary/ associate	Clause number of the CARO report which is qualified or is adverse
1.	AXISCADES Aerospace & Technologies Private Limited	U72900KA2001PTC028394	Subsidiary Company	iii(e)
2.	AXISCADES Aerospace & Technologies Private Limited	U72900KA2001PTC028394	Subsidiary Company	vii(a)
3.	AXISCADES Technologies Limited	L72200KA1990PLC084435	Holding Company	vii(a)

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm Registration Number: 101049W/E300004

per Sunil Gaggar
Partner
Membership Number: 104315
UDIN: 22104315AJNVAV4365

Place of Signature: Bengaluru
Date: May 24, 2022

AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)
Consolidated Balance Sheet as at 31 March 2022

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at 31 March 2022	As at 31 March 2021
Assets			
Non-current assets			
Property, plant and equipment	3	5,780.73	5,200.05
Other intangible assets	4	2,898.23	3,524.99
Intangible assets under development	5	-	-
Capital work-in-progress	6	-	-
Right of use assets	36	8,745.61	9,618.67
Goodwill	7	11,157.93	10,470.79
Investment in an associate	8	187.41	233.23
Financial assets			
Investments	9	203.81	697.39
Other financial assets	11	925.31	1,691.94
Deferred tax assets, net	39	2,802.94	2,806.34
Non-current tax assets, net	12	1,462.77	1,464.76
Other non-current assets	13	2,034.58	2,109.97
		36,199.32	**37,818.13**
Current assets			
Inventories	14	5,157.70	2,330.30
Financial assets			
Investments	9	1,526.59	4,059.06
Trade receivables	10	14,516.65	12,754.68
Cash and cash equivalents	15	7,109.49	5,269.93
Bank balances other than cash and cash equivalents	16	3,427.40	3,208.31
Other financial assets	11	7,595.35	5,676.01
Other current assets	13	3,907.70	3,119.62
		43,240.88	**36,417.91**
Total assets		**79,440.20**	**74,236.04**
Equity and liabilities			
Equity			
Equity share capital	17	1,897.23	1,889.51
Other equity	18	31,229.08	27,971.44
Non controlling interests		534.76	490.17
Total equity		**33,661.07**	**30,351.12**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19	45.32	2,082.74
Lease Liabilities	36	1,109.87	2,094.36
Other financial liabilities	21	-	4,707.52
Provisions	22	1,055.56	985.26
		2,210.75	**9,869.88**
Current liabilities			
Financial liabilities			
Borrowings	19	4,835.79	5,194.87
Lease Liabilities	36	1,214.67	1,038.40
Trade payables	20		
(a) Total outstanding dues of micro enterprises and small enterprises		218.16	119.52
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		6,735.00	4,941.98
Other financial liabilities	21	22,966.01	17,302.85
Provisions	22	1,310.60	961.86
Current tax liability, net	23	161.10	106.67
Other current liabilities	24	6,127.05	4,348.89
		43,568.38	**34,015.04**
Total equity and liabilities		**79,440.20**	**74,236.04**

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants

ICAI Firm Registration number : 101049W/E300004

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

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : 24 May 2022

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Sudhakar Gande
Non Executive Director
DIN : 00987566

Shashidhar SK
Chief Financial Officer

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 24 May 2022

AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)
Consolidated Statement of Profit and Loss for the year ended 31 March 2022

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
Income			
Revenue from contracts with customers	25	60,840.77	51,738.61
Other operating Income	26	189.82	646.05
Other income	27	909.43	1,446.07
Total income		**61,940.02**	**53,830.73**
Expenses			
Cost of materials consumed	28	11,666.82	9,849.61
Employee benefits expense	29	31,214.39	26,661.40
Depreciation and amortisation expenses	30	2,506.06	2,598.58
Finance costs	31	1,575.41	2,250.40
Other expenses	32	11,085.78	9,473.64
Total expenses		**58,048.46**	**50,833.63**
Profit before share of profit/ (loss) of an associate, exceptional items and tax		**3,891.56**	**2,997.10**
Share of profit/ (loss) of an associate	8	(45.82)	44.76
Profit before exceptional items and tax		**3,845.74**	**3,041.86**
Exceptional items	33	(169.34)	(4,079.80)
Profit/ (Loss) before tax and non controlling interest		**3,676.40**	**(1,037.94)**
Tax expense:	39		
(i) Current tax		1,360.14	951.19
(ii) Deferred tax charge		48.35	131.42
Profit/ (Loss) after tax for the year		**2,267.91**	**(2,120.55)**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans	42	(15.67)	(30.68)
Income tax effect		3.03	7.60
Net other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods:		**(12.64)**	**(23.08)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
a) Gains/(Losses) on cash flow hedges, net	41	53.39	318.35
Income tax effect		(14.87)	(82.08)
		38.52	**236.27**
b) Exchange differences on translation of foreign operations		298.08	160.29
Income tax effect		-	-
		298.08	**160.29**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		**336.60**	**396.56**
Other comprehensive income for the year, net of tax		**323.96**	**373.48**
Total comprehensive income/ (loss) for the year, net of tax		**2,591.87**	**(1,747.07)**
Total profit/ (loss) attributable to:			
Equity holders of the Company		**2,223.32**	**(2,166.39)**
Non-controlling interest		**44.59**	**45.84**
Total comprehensive income attributable to:			
Equity holders of the Company		**2,547.28**	**(1,792.91)**
Non-controlling interest		**44.59**	**45.84**
Earning/ (Loss) per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2021: ₹ 5)]	34		
Basic		**5.86**	**(5.74)**
Diluted		**5.76**	**(5.74)**

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants

ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : 24 May 2022

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

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Sudhakar Gande
Non Executive Director
DIN : 00987566

Shashidhar SK
Chief Financial Officer

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 24 May 2022

AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)
Consolidated Statement of Changes in Equity for the year ended 31 March 2022

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital

Equity shares of ₹ 5 each (31 March 2021 : ₹ 5 each), fully paid-up	Equity shares: Number (in lakhs)	Equity shares: Amount
As at 1 April 2020	377.60	1,889.51
Add: Issued and subscribed during the year	-	-
As at 31 March 2021	**377.60**	**1,889.51**
Add: Issued and subscribed during the year*	1.54	7.72
As at 31 March 2022	**379.14**	**1,897.23**

* During the year, the Company allotted 154,500 (31 March 2021 - Nil) equity shares of ₹ 5 each aggregating ₹ 7.72 lakhs (31 March 2021 - ₹ Nil), consequent to the exercise of the stock options by the employees of the Company under the "AXISCADES ESOP 2018 – Series 1" and "AXISCADES ESOP 2018 – Series 2" (formerly AXISCADES Engineering Employee Stock Option Plan 2018 – Series 1 & Series 2) .

B. Other equity (refer note 18)

	Reserves and surplus						Items of OCI				
	General reserve	Securities premium	Retained earnings	Capital Contribution Reserve	Share based payment reserve	Capital reserve	Foreign currency translation reserve	Hedge reserve	Total other equity	Non-controlling interests	Total
Balance as at 1 April 2020	3.39	10,077.23	13,443.01	107.68	174.13	5,698.31	414.98	(295.27)	29,623.46	444.33	30,067.79
Profit/ (Loss) for the year	-	-	(2,166.39)	-	-	-	-	-	**(2,166.39)**	45.84	**(2,120.55)**
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	236.27	**236.27**	-	**236.27**
Re-measurement losses in defined benefit plans, net of tax	-	-	(23.08)	-	-	-	-	-	**(23.08)**	-	**(23.08)**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	160.29	-	**160.29**	-	**160.29**
Total comprehensive income/ (loss) for the year	**-**	**-**	**(2,189.47)**	**-**	**-**	**-**	**160.29**	**236.27**	**(1,792.91)**	**45.84**	**(1,747.07)**
Share based payment expenses (Refer note:44)	-	-	-	-	140.89	-	-	-	**140.89**	-	**140.89**
Balance as at 31 March 2021	**3.39**	**10,077.23**	**11,253.53**	**107.68**	**315.03**	**5,698.31**	**575.27**	**(59.00)**	**27,971.44**	**490.17**	**28,461.61**
Profit for the year	-	-	2,223.32	-	-	-	-	-	2,223.32	44.59	**2,267.91**
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	38.52	38.52	-	**38.52**
Re-measurement losses in defined benefit plans, net of tax	-	-	(12.64)	-	-	-	-	-	(12.64)	-	**(12.64)**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	298.08	-	298.08	-	**298.08**
Total comprehensive income for the year	**-**	**-**	**2,210.68**	**-**	**-**	**-**	**298.08**	**38.52**	**2,547.28**	**44.59**	**2,591.87**
Exercise of share options	-	120.70	-	-	(46.67)	-	-	-	74.03	-	**74.03**
Share based payment expenses (Refer note:44)	-	-	-	-	636.33	-	-	-	636.33	-	**636.33**
Balance as at 31 March 2022	**3.39**	**10,197.93**	**13,464.21**	**107.68**	**904.69**	**5,698.31**	**873.35**	**(20.48)**	**31,229.08**	**534.76**	**31,763.84**

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : 24 May 2022

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

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Sudhakar Gande
Non Executive Director
DIN : 00987566

Shashidhar SK
Chief Financial Officer

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 24 May 2022

AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)
Consolidated Statement of cash flow for the year ended 31 March 2022
(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
A. Cash flow from operating activities		
Profit/ (Loss) before tax	3,676.40	(1,037.94)
Adjustments to reconcile profit/ (loss) before tax to net cash flows:		
Depreciation and amortisation expense (refer note 30)	2,506.06	2,598.58
Interest income (including fair value change in financial instruments)	(334.15)	(420.13)
Net gain on financial asset measured at fair value through profit and loss	(136.45)	(431.34)
Exceptional Item, net (refer note 33)	169.34	4,079.80
Dividend income from mutual funds	(17.89)	(10.29)
Interest expense (including fair value change in financial instruments) (refer note 31)	1,575.41	2,250.40
Provision/ liabilities no longer required written back	(62.39)	(140.99)
Lease rental concession	(75.41)	-
Gain on termination of Right to use assets	(61.63)	-
Share of (profit)/ loss of an associate	45.82	(44.76)
Bad debts and advance written off	37.88	115.45
Share based payment expense (refer note 44)	636.33	140.89
Provision for doubtful debts and advances	96.47	52.88
(Profit)/ Loss on sale of property, plant and equipment	22.81	(6.55)
Net unrealised foreign exchange (gain)/ loss	127.60	(230.70)
Operating profit before working capital changes	**8,206.20**	**6,915.30**
Movements in working capital		
(Increase)/ Decrease in trade receivables	(2,659.92)	3,751.01
(Increase) in inventories	(2,827.40)	(368.87)
(Increase)/ Decrease in other assets including financial assets	(2,857.31)	2,975.58
Increase/ (Decrease) in trade payables, other liabilities and financial liabilities	4,234.31	(1,196.20)
Increase in provisions	325.63	55.09
Cash generated from operating activities	**4,421.51**	**12,131.91**
Direct taxes (paid)/ refund, net	(1,303.72)	80.31
Net cash generated from operating activities (A)	**3,117.79**	**12,212.22**
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment and intangible assets	(1,361.69)	(566.61)
Proceeds from sale of property, plant and equipment	2.20	6.55
Interest received	364.71	339.14
Redemption/ (Investment) in mutual funds, other funds and equity shares of other companies	3,171.34	(1,031.79)
Redemption/ (Investment) in fixed deposits, net	763.57	(934.78)
Dividend received	17.89	10.29
Net cash from/ (used in) investment activities (B)	**2,958.02**	**(2,177.20)**
C. Cash flow from financing activities		
Repayment of principal portion and interest portion of lease liabilities	(1,325.38)	(1,287.64)
Repayment of short term borrowings	(364.17)	(5,146.92)
Repayment of long term borrowings	(2,037.42)	(1,609.12)
Proceeds from issue of equity shares	81.56	-
Interest paid	(584.72)	(1,250.10)
Net cash used in financing activities (C)	**(4,230.13)**	**(9,293.78)**
Net increase in cash and cash equivalents (A+B+C)	**1,845.68**	**741.24**
Effect of exchange rate changes, net	(6.12)	51.00
Cash and cash equivalents as at beginning of the year (refer note 15(a))	5,269.93	4,477.69
Cash and cash equivalents at the end of the year (refer note 15(a))	**7,109.49**	**5,269.93**

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

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

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : 24 May 2022

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Sudhakar Gande
Non Executive Director
DIN : 00987566

Shashidhar SK
Chief Financial Officer

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 24 May 2022

(All amounts in ₹ lakhs, unless otherwise stated)

1. Corporate Information:

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

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

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ('the Group') and an associate listed below:

Information about subsidiaries:

Name of the subsidiaries	Country of incorporation	Ownership interest (%) 31 March 2022	31 March 2021
AXISCADES, Inc.	USA	100%	100%
AXISCADES UK Limited, Subsidiary of AXISCADES Inc. ('AXISCADES UK')	UK	100%	100%
AXISCADES Technology Canada Inc. ('AXISCADES Canada')	Canada	100%	100%
Axis Mechanical Engineering Design (Wuxi) Co., Ltd. ('Axis China')	China	100%	100%
AXISCADES GmbH	Germany	100%	100%
Cades Studec Technologies (India) Private Limited ('Studec')	India	76%	76%
AXISCADES Aerospace & Technologies Private Limited ('ACAT')	India	100%	100%
Enertec Controls Limited, subsidiary of ACAT ('Enertec')	India	100%	100%
AXISCADES Aerospace Infrastructure Private Limited, subsidiary of ACAT ('AAIPL')	India	100%	100%
Mistral Solutions Private Limited (MSPL)	India	100%	100%
Aero Electronics Private Limited, subsidiary of MSPL (AEPL)	India	100%	100%
Mistral Technologies Private Limited, subsidiary of MSPL (MTPL)	India	100%	100%
Mistral Solutions Inc.,subsidiary of MSPL (MSI)	USA	100%	100%
Mistral Solutions Pte Limited, subsidiary of MSPL (MSP) (dissolved during the year)*	Singapore	0%	100%

Associate

The Group has a 50% interest in ASSYSTEM AXISCADES Engineering Private Limited ("AAEPL") (refer note 8).

*During the year the MSP has dissolved through Member's voluntary winding up where it's final meeting was held on 12 November 2021 at the Corporate office of the MSPL, the notice of which was published in 4 local (Singapore) newspapers on 11 October 2021. The liquidators made the necessary filings with Accounting and Corporate Regulatory Authority (ACRA) on 19 November 2021 and the MSP was dissolved on the expiration of 3 months from the date of filing i.e., 19 February 2022.

2 (i) Summary of significant accounting policies

a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 24 May 2022.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

► Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
► Exposure, or rights, to variable returns from its involvement with the investee, and
► The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

► The contractual arrangement with the other vote holders of the investee;
► Rights arising from other contractual arrangements;
► The Group's voting rights and potential voting rights; and
► The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2022. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

(This space has been intentionally left blank)

b) Basis of consolidation (Cont'd)

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12, Income Taxes, applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
(d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the parent company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it:
► Derecognises the assets (including goodwill) and liabilities of the subsidiary;
► Derecognises the carrying amount of any non-controlling interests;
► Derecognises the cumulative translation differences recorded in equity;
► Recognises the fair value of the consideration received;
► Recognises the fair value of any investment retained;
► Recognises any surplus or deficit in profit or loss; and
► Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:
► Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12, Income Tax, and Ind AS 19, Employee Benefits respectively.
► Liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payments arrangement of the Group entered into to replace share-based arrangements of the acquiree are measured in accordance with Ind AS 102, Share-based Payments at the acquisition date
► Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.
► Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in Statement of Profit and Loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109, Financial Instruments, is measured at fair value with changes in fair value recognised in Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109 it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

(All amounts in ₹ lakhs, unless otherwise stated)

Business combinations between entities under common control is accounted for at carrying value under the provisions of Ind AS 103, Business Combinations.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as and when incurred.

d) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit and loss reflects the Group's share of the results of operations of the associate . Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate ,the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate .

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate . If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate . At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

e) Use of Judgements, Estimates & Assumptions

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

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

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Leases - Estimating the incremental borrowing rate

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

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Capitalisation of internally developed intangible assets

Distinguishing the research and development phases of a new customised project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

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(All amounts in ₹ lakhs, unless otherwise stated)

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Recoverability of advances / receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable / amortisable assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

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

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

Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.

Provision for warranty

The Group, in the usual course of sale of its products, gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the specified warranty period. Provisions made represent the amount of expected cost of meeting such obligations of rectifications / replacements based on best estimate considering the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior years.

Decommissioning liability

The estimated valuation of decommissioning liability are based on management's historical experience and best estimate of restoring the premises on lease in its original condition. Assumptions and judgments made by management when assessing an decommissioning liability include i) the existence of a legal obligation; ii) estimated probabilities, amounts, and timing of settlements; iii) the credit-adjusted risk-free rate to be used.

Share-based payments

The Group measures the cost of non cash-settled transactions with employees using a Black sholes model valuation to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses Black sholes model valuation for executives and senior management employees.The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 45.

f) Current versus non-current classification

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

An asset is classified as current when it is:
• Expected to be realised or intended to be sold or consumed in normal operating cycle;
• Held primarily for the purpose of trading;
• Expected to be realised within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is classified as current when:
• It is expected to be settled in normal operating cycle;
• It is held primarily for the purpose of trading;
• It is due to be settled within twelve months after the reporting period, or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
All other liabilities are classified as non-current.

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

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

(This space has been intentionally left blank)

(All amounts in ₹ lakhs, unless otherwise stated)

g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of respective asset if the recognition criteria for a provision are met.

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

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

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

	Useful lives (in years)
Computers *	3 - 6
Furniture and fixtures *	7 - 10
Office equipment *	5 - 7
Plant and machinery *	7 - 15
Electrical installations *	7
Office buildings *	61
Vehicles *	5 - 6
Test equipments	6

* Based on an internal assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

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

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

h) Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Process manuals are amortised over the remaining project term or the useful life of the process manual, whichever is shorter. Softwares are amortised over the period of 3 - 6 years. Non-compete fee and customer contract are amortised over a period 10 years.

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

Intangibles under development

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

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

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

i) Impairment of non-financial assets

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

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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j) Revenue recognition

The Group earns revenue from contract with customer primarily from sale of engineering design services, system integration and other services.

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

Sale of goods and services:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from professional engineering services is either on time-and-material basis or fixed price contracts. Revenue on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts, where performance obligation are satisfied over time and where there is no uncertainity as to the measurement or collectibility of consideration, is recognised as per the percentage of completion method. When there is uncertainity as to measurement or ultimate collectibility, revenue recognition is postponed until such uncertainity is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenue from sale of products and system engineering and traded sales is recognised upon transfer of control of promised goods. Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue from sale of products, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended

Variable Consideration:

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

Significant financing component :

The Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, it does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Warranty obligations:

It provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in use of judgements, estimates & assumptions.

Finance income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividend Income:

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental Income:

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases and is included in revenue in the Statement of Profit and Loss due to its operating nature.

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

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

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

k) Employee benefits

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

Defined contribution plan
Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan
Gratuity
The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Compensated absences
The Group provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to Statement of Profit and Loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Group transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

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

Short-term employee benefits
Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

l) Leases

The Group has lease contracts for buildings used in its operations. Lease terms generally ranges between 3 and 9 years.
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.
The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 1 April 2019.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:
If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2(i) Impairment of non-financial assets.

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

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

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m) Foreign currency transactions

Functional and presentation currency

The Group’s consolidated financial statements are presented in Indian Rupees, which is also the Holding Group’s functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity’s net investment in that foreign operation.

- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Statement of Profit and Loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2016), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

n) Borrowing costs

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

o) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.. The method of determination of cost is as follows:

Raw materials/ components and traded goods are valued at first in first out method

Finished goods/ work in progress - Cost of materials including costs of conversion, where cost of material is determined under first in first out method. Cost of conversion is considered at actuals.

Goods in transit are valued at actual cost.

The Group periodically assesses the inventory for obsolesence and slow moving stocks

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p) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

q) Provisions and contingencies

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

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

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

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

r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
i. Debt instruments at amortised cost;
ii. Debt instruments at fair value through other comprehensive income (FVTOCI);
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
iv. Equity investments

i. Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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ii. Debt instrument at FVTOCI
A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv. Equity investments
All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition of financial assets
A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Group's balance sheet) when:
a. The rights to receive cash flows from the asset have expired, or
b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Financial liabilities

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

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

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

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

Gains or losses on liabilities held for trading are recognised in the profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

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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.

Derivative financial instruments and Hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted sales. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

s) Impairment of financial assets

In accordance with Ind-AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Group tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if the credit risk has increased significantly, life time ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

a. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

b. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

c. Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

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

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t) Fair value measurement

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurements as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy as explained above.

u) Cash and cash equivalents

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

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

v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has two business segments, 'Technology Services and Solutions' and 'Strategic technology solutions'.

w) Earnings/ (loss) per Share (EPS)

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

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

x) Corporate Social Responsibility (CSR) expenditure

CSR expenditure as per provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is charged to the Statement of Profit and Loss as expense as and when incurred.

y) Share-based payments

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

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(All amounts in ₹ lakhs, unless otherwise stated)

2 (ii) Changes in accounting policies and disclosures

There are no new accounting policies applied during the current year

2 (iii) New and amended standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2021. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

(i) Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS .includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.
The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated 18 June 2021, applicable for annual periods beginning on or after 1 April 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the consolidated Ind AS financial statements of the Group.

(ii) Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19 - Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020.

These amendments had no impact on the consolidated Ind AS financial statements of the Group.

(iii) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of “Recoverable amount” is amended such that the words “the higher of an asset’s fair value less costs to sell and its value in use” are replaced with “higher of an asset’s fair value less costs of disposal and its value in use”. The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the consolidated Ind AS financial statements of the Group.

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(All amounts in ₹ lakhs, unless otherwise stated)

3 Property, plant and equipment (PPE)

	Freehold land	Computers	Furniture and fixtures	Test equipments	Office equipments	Electrical installations	Vehicles	Office building	Leasehold improvements	Plant and machinery	Total
Cost or valuation											
Balance as at 1 April 2020	3,370.50	1,467.92	235.22	263.01	285.90	12.18	160.49	621.38	231.86	1,588.01	**8,236.47**
Additions	-	161.73	9.09	29.43	4.13	-	9.24	-	29.35	5.96	**248.93**
Disposals	-	(1.76)	-	-	(0.53)	-	(11.65)	-	-	(1.50)	**(15.44)**
Other adjustments (refer note 1 below)	-	1.16	(0.32)	-	0.07	-	-	-	-	-	**0.91**
Balance as at 31 March 2021	**3,370.50**	**1,629.05**	**243.99**	**292.44**	**289.57**	**12.18**	**158.08**	**621.38**	**261.21**	**1,592.47**	**8,470.87**
Additions	-	408.11	46.87	42.81	32.89	-	223.32	-	177.08	318.68	**1,249.76**
Disposals	-	(107.83)	-	-	(3.61)	-	(0.78)	-	(53.51)	(0.54)	**(166.27)**
Other adjustments (refer note 1 below)	-	3.17	0.84		0.38	-	-	-	-	-	**4.39**
Balance as at 31 March 2022	**3,370.50**	**1,932.50**	**291.70**	**335.25**	**319.23**	**12.18**	**380.62**	**621.38**	**384.78**	**1,910.61**	**9,558.75**
Accumulated Depreciation											
Balance as at 1 April 2020	-	1,179.32	165.65	207.01	151.45	9.29	101.54	39.95	34.74	932.72	**2,821.67**
Charge for the year	-	173.09	18.53	21.51	35.24	0.83	25.25	11.41	42.73	132.53	**461.12**
On disposals	-	(1.10)	-	-	(0.33)	-	(11.12)	-	-	(1.23)	**(13.78)**
Other adjustments (refer note 1 below)	-	2.35	(0.67)	-	0.13	-	-	-	-	-	**1.81**
Balance as at 31 March 2021	**-**	**1,353.66**	**183.51**	**228.52**	**186.49**	**10.12**	**115.67**	**51.36**	**77.47**	**1,064.02**	**3,270.82**
Charge for the year	-	202.97	27.92	27.84	33.61	0.39	27.13	11.68	39.03	259.68	**630.25**
On disposals	-	(107.56)	(0.01)	-	(3.45)	-	(0.71)	-	(14.68)	(0.44)	**(126.85)**
Other adjustments (refer note 1 below)	-	2.76	0.77	-	0.27	-	-	-	-	-	**3.80**
Balance as at 31 March 2022	**-**	**1,451.83**	**212.19**	**256.36**	**216.92**	**10.51**	**142.09**	**63.04**	**101.82**	**1,323.26**	**3,778.02**
Net book value											
As at 31 March 2021	**3,370.50**	**275.39**	**60.48**	**63.92**	**103.08**	**2.06**	**42.41**	**570.02**	**183.74**	**528.45**	**5,200.05**
As at 31 March 2022	**3,370.50**	**480.67**	**79.51**	**78.89**	**102.31**	**1.67**	**238.53**	**558.34**	**282.96**	**587.35**	**5,780.73**

Notes

1 Represents adjustments consequent to foreign exchange translation of property, plant and equipment in foreign geographies.

2 **Capitalised borrowing cost**
No borrowing costs are capitalised during the year ended 31 March 2022 (31 March 2021: Nil).

3 **Property, plant and equipment pledged as security**
Details of properties pledged are as per note 19.

4 **Decommissioning cost**
A provision has been recognised for decommissioning costs associated with the premises taken on lease. The Group is committed to decommissioning the premises as a result of leasehold improvements made to the premises (refer note 22).

(All amounts in ₹ lakhs, unless otherwise stated)

4 Other intangible assets

	Computer software	Non-compete fee	Customer contract	Process manuals	Total
Cost					
Balance as at 1 April 2020	1,557.93	1,500.87	3,127.52	1,849.38	**8,035.70**
Additions	302.40	-	-	-	**302.40**
Other adjustments (refer note 1 below)	(0.52)	-	-	-	**(0.52)**
Balance as at 31 March 2021	**1,859.81**	**1,500.87**	**3,127.52**	**1,849.38**	**8,337.58**
Additions	49.88	-	-	-	**49.88**
Other adjustments (refer note 1 below)	1.52	-	-	-	**1.52**
Balance as at 31 March 2022	**1,911.21**	**1,500.87**	**3,127.52**	**1,849.38**	**8,388.98**
Accumulated amortisation					
Balance as at 1 April 2020	1,162.75	350.19	729.77	1,849.38	**4,092.09**
Charge for the year	258.84	150.08	312.76	-	**721.68**
Other adjustments (refer note 1 below)	(1.18)	-	-	-	**(1.18)**
Balance as at 31 March 2021	**1,420.41**	**500.27**	**1,042.53**	**1,849.38**	**4,812.59**
Charge for the year	214.74	150.08	312.76	-	**677.58**
Other adjustments (refer note 1 below)	0.58				**0.58**
Balance as at 31 March 2022	**1,635.73**	**650.35**	**1,355.29**	**1,849.38**	**5,490.75**
Net book value					
As at 31 March 2021	**439.40**	**1,000.60**	**2,084.99**	**-**	**3,524.99**
As at 31 March 2022	**275.48**	**850.52**	**1,772.23**	**-**	**2,898.23**

Notes:

1 Represents adjustments consequent to foreign exchange translation of other intangible assets in foreign geographies.

5 Intangible assets under development

	Software	Total
Balance as at 1 April 2020	56.22	56.22
Additions during the year	70.00	70.00
Less: Capitalised/ Impaired during the year	(126.22)	(126.22)
Balance as at 31 March 2021	-	-
Additions during the year	-	-
Less: Capitalised / Impaired during the year	-	-
Balance as at 31 March 2022	**-**	**-**

6 Capital work-in-progress

	As at 31 March 2022	As at 31 March 2021
Opening capital work-in-progress	-	-
Additions during the year	-	0.82
Capitalised during the year	-	(0.82)
Closing capital work-in-progress	**-**	**-**

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(All amounts in ₹ lakhs, unless otherwise stated)

7 Goodwill

(a) **Particulars**	**As at 31 March 2022**	**As at 31 March 2021**
Gross carrying value at the beginning of the year	15,823.29	15,823.29
Accumulated Impairment loss and foreign exchange translation differences on goodwill	4,665.36	5,352.50
Net carrying value at the end of the year	**11,157.93**	**10,470.79**

Goodwill represents the excess of purchase consideration over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The carrying value of goodwill, net of impairment loss and foreign exchange translation differences, as at 31 March 2022 and 31 March 2021 is as below:

Entity	**Allocated operating segment / CGU**	**As at 31 March 2022**	**As at 31 March 2021**
AXISCADES UK Limited	Technology Services and Solutions	128.14	129.87
AXISCADES Inc.	Technology Services and Solutions	2,219.00	2,146.17
Cades Studec Technologies India Private Limited	Technology Services and Solutions	446.07	446.07
AXISCADES Aerospace & Technologies Private Limited	Strategic Technology Solutions	1,419.98	1,419.98
Mistral Solutions Private Limited	Strategic Technology Solutions	6,944.74	6,328.70
		11,157.93	**10,470.79**

(b) The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. The Company has engaged an independent external valuer to carry out an assessment of any impairment on goodwill and other intangibles. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value in use calculations:

The calculation of value in use is most sensitive to the following assumptions:

(i) Revenue growth rates, operating margins

(ii) Discount rates

(iii) Terminal growth rates

Revenue growth rates, operating margins – Revenue growth rates and operating margins are determined based on the past trend of the revenue growth and operating margins and based on future expectations.

Discount rates - Discount rates represent the current market assessment of the risks, taking into consideration the time value of money. The discount rate calculation is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The group has used discount rates in the range of 11.60% to 16.50% for computation of value in use. These estimates are likely to differ from future actual results of operations and cash flows.

Terminal growth rate estimates – The cash flow projections include specific estimates for three to five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The group has assumed a growth rate ranging from 1% to 5% for computation of value in use.

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(All amounts in ₹ lakhs, unless otherwise stated)

8 Investment in an associate

The Company entered into a agreement on 10 April 2018 with ASSYSTEM Engineering and Operation Services SAS to form ASSYSTEM AXISCADES Engineering Private Limited (AAEPL) for providing engineering services in the field of energy, building and infrastructure and nuclear sector. Accordingly, AAEPL was incorporated with an equity participation in the ratio of 50:50. The Company invested ₹ 227.50 lakhs in 455,000 equity shares of ₹ 50 each fully paid in cash. The Group's interest in AAEPL is accounted for using the equity method in the consolidated Ind AS financial statements. The following table illustrates the summarised financial information of the Group's investment in AAEPL:

	As at 31 March 2022	As at 31 March 2021
Current assets	392.97	511.50
Non-current assets	14.61	63.70
Current liabilities	(32.76)	(85.45)
Non-current liabilities	-	(23.28)
Equity	374.82	466.46
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	**187.41**	**233.23**

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from contracts with customers	535.28	1,023.67
Other Income	1.29	1.43
Depreciation and amortisation	(26.79)	(26.69)
Employee benefits expense	(268.57)	(511.57)
Other expense	(326.40)	(371.33)
Profit/ (Loss) before tax	**(85.19)**	**115.51**
(i) Current tax	(1.28)	(14.53)
(ii) Deferred Tax	(5.17)	(11.88)
Profit/ (Loss) for the year	**(91.64)**	**89.10**
Items that will not be reclassified subsequently to profit or loss		
Remeasurement gain on defined benefit plans	**-**	**0.56**
Income tax effect of remeasurement on defined benefit plans	**-**	**(0.14)**
Net other comprehensive income not to be reclassified subsequently to profit or loss	**-**	**0.42**
Total comprehensive income/ (loss) for the year	**(91.64)**	**89.52**
Group's share of profit/ (loss) for the year	(45.82)	44.76

The associate had no contingent liabilities or capital commitments as at 31 March 2022 (31 March 2021 : Nil).

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(All amounts in ₹ lakhs, unless otherwise stated)

9 Investments

	As at 31 March 2022	As at 31 March 2021
Non-current		
Unquoted		
i) Investments (at amortised cost)		
National savings certificate	0.05	0.05
Total investment carried at amortised cost	**0.05**	**0.05**
ii) Investment in equity shares of other companies (at FVTPL)		
Axis Cogent Global Limited 946,822 (31 March 2021: 946,822) equity shares of ₹ 10 each, fully paid up	-	-
Datum Technology Limited 50,000 (31 March 2021: 50,000) equity shares of ₹ 10 each, fully paid up	-	-
Raaga Axis Avicom Private Limited 1,000 (31 March 2021: 1,000) equity shares of ₹ 10 each, fully paid up	-	-
iii) Other Investment (at FVTPL)		
Investment in real estate fund	203.76	231.55
Investment in mutual funds	-	248.33
Quoted		
iv) Other Investment (at FVTPL)		
Investment in other funds	-	217.46
Total investment carried at fair value through profit or loss	**203.76**	**697.34**
Total Investment	**203.81**	**697.39**
Current		
Unquoted		
i) Other investments (at FVTPL)		
Investment in mutual funds	974.55	941.21
Quoted		
ii) Investment in equity shares of other companies (at FVTPL)		
Investment in equity shares #	-	77.76
iii) Other investments (at FVTPL)		
Investment in mutual funds	309.34	3,040.09
Investment in other funds	242.70	-
Total investment carried at fair value through profit or loss	**1,526.59**	**4,059.06**
Aggregate value of quoted (current and non-current) investments	**552.04**	**3,335.31**
Aggregate market value of quoted investments	**552.04**	**3,335.31**
Aggregate value of unquoted (current and non-current) investments	**1,178.36**	**1,421.14**

Pertains to investment in equity shares of Astra Microwave Products Limited Nil shares for the year ended 31 March 2022 (31 March 2021 : 60,000 shares).

10 Trade receivables

	As at 31 March 2022	As at 31 March 2021
Current *		
(a) Trade Receivables from other parties	14,516.65	12,736.28
(b) Trade Receivable from related parties (refer note 35)	-	18.40
	14,516.65	**12,754.68**
Break-up for security details:		
Trade receivables (Current)		
Secured, considered good	-	-
Unsecured, considered good	14,516.65	12,754.68
Trade Receivables which have significant increase in credit risk	1,568.26	1,431.86
Trade Receivables - credit impaired	60.51	746.60
	16,145.42	**14,933.14**
Impairment Allowance (allowance for bad and doubtful debts)		
Trade Receivables which have significant increase in credit risk	(1,568.26)	(1,431.86)
Trade Receivables - credit impaired	(60.51)	(746.60)
	(1,628.77)	**(2,178.46)**
Total Trade receivables	**14,516.65**	**12,754.68**

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(All amounts in ₹ lakhs, unless otherwise stated)

Trade receivables ageing schedule as at 31 March 2022

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	10,622.04	3,676.50	113.47	40.04	34.48	30.12	**14,516.65**
(ii) Undisputed trade receivables - which has signiifcant increase in credit risk	2.05	0.94	-	73.51	20.80	20.25	**117.55**
(iii) Undisputed trade receivables - credit impaired	-	-	-	24.39	30.79	5.33	**60.51**
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	**-**
(iv) Disputed trade receivables - which has signiifcant increase in credit risk	-	-	-	-	-	1,450.71	**1,450.71**
(iv) Disputed trade receivables - credit impaired	-	-	-	-	-	-	**-**
Total	**10,624.09**	**3,677.44**	**113.47**	**137.94**	**86.07**	**1,506.41**	**16,145.42**

Trade receivables ageing schedule as at 31 March 2021

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	9,735.10	2,249.00	502.20	160.32	26.68	81.38	**12,754.68**
(ii) Undisputed trade receivables - which has signiifcant increase in credit risk	-	-		30.16	-	-	**30.16**
(iii) Undisputed trade receivables - credit impaired	-	4.60		54.88	-	5.33	**64.81**
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	**-**
(iv) Disputed trade receivables - which has signiifcant increase in credit risk	-	-	-	-	-	1,401.70	**1,401.70**
(iv) Disputed trade receivables - credit impaired	-	-	-	-	-	681.79	**681.79**
Total	**9,735.10**	**2,253.60**	**502.20**	**245.36**	**26.68**	**2,170.20**	**14,933.14**

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

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

For terms and conditions relating to related party receivables, refer note 35.

* Refer note 19 for details of assets pledged as security for borrowings.

	As at 31 March 2022	As at 31 March 2021
11 Other financial assets		
Non-current		
(carried at amortised cost)		
(Unsecured, considered good)		
Bank deposits (with original maturity of more than 12 months) (refer note 16)*	293.08	859.44
Security deposits	632.23	832.50
	925.31	**1,691.94**
Current *		
(carried at amortised cost)		
(Unsecured, considered good)		
Interest accrued on fixed deposits	49.52	137.83
Bank deposits (with original maturity of more than 12 months) (refer note 16)	25.08	436.48
Recievable from related parties (refer note 35)	-	19.27
Security deposits	133.13	91.22
Government incentive receivable	68.77	149.15
Loans to employees	76.97	35.50
Export incentives receivable	365.04	691.67
Contract assets - Unbilled revenue	6,702.34	4,055.94
Others	155.37	58.95
	7,576.22	**5,676.01**
(Unsecured, considered doubtful)		
Contract assets - Unbilled revenue	104.97	104.97
Security deposits	45.34	8.89
	150.31	**113.86**
Less :		
Allowance for Contract assets - Unbilled revenue	(104.97)	(104.97)
Allowance for doubtful security deposit	(45.34)	(8.89)
	(150.31)	**(113.86)**
(carried at FVTOCI)		
(Unsecured, considered good)		
Hedge asset	19.13	-
	19.13	**-**
	7,595.35	**5,676.01**

* Refer note 19 for details of assets pledged as security for borrowings.

12 Non-current tax assets

	As at 31 March 2022	As at 31 March 2021
Advance income tax (net of provision for tax)	1,462.77	1,464.76
	1,462.77	**1,464.76**

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13 Other assets

	As at 31 March 2022	As at 31 March 2021
Non-current		
(Unsecured, considered good)		
Duties and taxes recoverable	58.02	107.69
Prepaid expenses	16.35	1.45
Capital advances**	1,960.21	2,000.83
	2,034.58	**2,109.97**
(Unsecured, considered doubtful)		
Capital advances	178.38	178.38
	178.38	**178.38**
Less : Allowance for capital advances	(178.38)	(178.38)
	(178.38)	**(178.38)**
	2,034.58	**2,109.97**
Current *		
(Unsecured, considered good)		
Advance to employees	40.24	55.97
Duties and taxes recoverable	1,854.21	1,733.45
Prepaid expenses	829.02	781.34
Advance to suppliers	1,100.97	457.43
Export incentive receivable	76.14	84.31
Deferred rent	0.79	0.89
Other advances	6.33	6.23
	3,907.70	**3,119.62**
(Unsecured, considered doubtful)		
Duties and taxes recoverable	27.67	27.67
	27.67	**27.67**
Less : Allowance for duties and taxes recoverable	(27.67)	(27.67)
	(27.67)	**(27.67)**
	3,907.70	**3,119.62**

**Mainly pertaining to capital advance of ₹ 1,956.68 lakhs for acquisition of 10.8 acres of land by AAIPL (step down subsidiary). AAIPL is in the process of completing the formalities for obtaining possession of the allotted land;

* Refer note 19 for details of assets pledged as security for borrowings.

14 Inventories * (lower of cost or net realisable value)

	As at 31 March 2022	As at 31 March 2021
Raw material /components [including goods-in-transit of ₹ 127.31 lakhs (31 March 2021: ₹ 7.86 lakhs)]	3,311.62	1,897.54
Project work-in-progress	1,359.38	185.23
Finished goods	428.07	195.20
Traded goods [including goods-in-transit of ₹ 59.71 lakhs (31 March 2021: ₹ 10.97 lakhs)]	174.71	52.33
	5,273.78	**2,330.30**
Less: Provision for slow/ non-moving inventory (refer note below)	(116.08)	-
	5,157.70	**2,330.30**

During the year ended 31 March 2022, ACAT has recognised ₹ 116.08 lakhs (31 March 2021 : Nil lakhs) as provision for slow, non-moving and obsolete inventory in respect of write-downs of inventory to

* Refer note 19 for details of assets pledged as security for borrowings.

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15 Cash and cash equivalents *

	As at 31 March 2022	As at 31 March 2021
Cash on hand	1.11	0.80
Balances with banks		
- in current accounts	5,465.16	4,799.27
- in cash credit accounts	603.22	71.85
- Bank deposits with original maturity of less than three months	1,040.00	398.00
	7,109.49	**5,269.93**

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

(ii) As at 31 March 2022, the Group has ₹ 4,911.01 lakhs (31 March 2021: ₹ 6,695.65 lakhs) of undrawn committed borrowing facilities.

***** Refer note 19 for details of assets pledged as security for borrowings.

Note:

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

	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents	7,109.49	5,269.93
	7,109.49	**5,269.93**

16 Bank balances other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Bank deposits (with original maturity of more than 3 months but less than 12 months)	3,427.40	3,208.31
Bank deposits (with original maturity of more than 12 months)	318.16	1,295.92
	3,745.56	**4,504.23**
Less: Amounts disclosed as other non-current financial assets (refer note 11)	(293.08)	(859.44)
Less: Amounts disclosed as other current financial assets (refer note 11)	(25.08)	(436.48)
	3,427.40	**3,208.31**

i Fixed deposits of a carrying amount ₹ 2,592.73 lakhs (31 March 2021: ₹ 3,896.44 lakhs) have been deposited as margin money against the foreign currency term loans, packing credit facility, bank guarantees, letter of credit, buyers credit facility availed from various banks.

ii Deposits of a carrying amount ₹ 366.02 lakhs (31 March 2021: ₹ 402.53 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers.

iii Refer note 19 for assets pledged as security for borrowings.

a) Breakup of financial assets carried at amortised cost

	As at 31 March 2022	As at 31 March 2021
Investments (refer note 9)	0.05	0.05
Trade receivables (Current) (refer note 10)	14,516.65	12,754.68
Other financial assets (Current and Non Current) (refer note 11)	8,501.53	7,367.95
Cash and cash equivalents (refer note 15)	7,109.49	5,269.93
Bank balances other than cash and cash equivalents (refer note 16)	3,427.40	3,208.31

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(All amounts in ₹ lakhs, unless otherwise stated)

17 Equity share capital

	As at 31 March 2022		As at 31 March 2021	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Authorised share capital				
Equity shares of ₹ 5 each	2,040.00	10,200.00	2,040.00	10,200.00
Preference shares of ₹ 100 each	1.00	100.00	1.00	100.00
	2,041.00	**10,300.00**	**2,041.00**	**10,300.00**
Issued share capital				
Equity shares of ₹ 5 each, fully paid-up	379.65	1,898.25	378.11	1,890.53
Subscribed and paid-up				
Equity shares of ₹ 5 each (31 March 2021: ₹ 5 each), fully paid-up	379.14	1,895.70	377.60	1,887.98
Add: Forfeited shares (amount originally paid ₹ 3 per share on 51,100 equity shares)*	-	1.53	-	1.53
	379.14	**1,897.23**	**377.60**	**1,889.51**

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

(a) Reconciliation of the equity shares

Equity shares of ₹ 5 each, par value				
Balances as at the beginning of the year	377.60	1,889.51	377.60	1,889.51
Add: Issued and subscribed during the year*	1.54	7.72	-	-
Balance at the end of the year	**379.14**	**1,897.23**	**377.60**	**1,889.51**

* During the year, the Company allotted 154,500 (31 March 2021 - Nil) equity shares of ₹ 5 each aggregating ₹ 7.72 lakhs (31 March 2021 - ₹ Nil), consequent to the exercise of the stock options by the employees of the Company under the "AXISCADES ESOP 2018 – Series 1" and "AXISCADES ESOP 2018 – Series 2" (formerly AXISCADES Engineering Employee Stock Option Plan 2018 – Series 1 & Series 2)

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each equity share is entitled to one vote per share. Dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian rupees. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by the holding Company and subsidiaries of holding Company

	As at 31 March 2022		As at 31 March 2021	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Holding Company:				
Jupiter Capital Private Limited (refer note (1) below)	252.82	1,264.10	73.60	368.01
Subsidiaries of Holding Company:				
Tayana Digital Private Limited (refer note (1) below)	-	-	121.42	607.11
Indian Aero Ventures Private Limited	3.75	18.73	61.54	307.71

Note:

1. The Promoter Company, Tayana Digital Private Limited (TDPL), was merged with Promoter Group Company Jupiter Capital Private Limited (JCPL) with effect from 17 October 2018. As a result of the merger, Jupiter Capital Private Limited has become Promoter of the Company. The same was intimated by the Company to the Stock exchange on 18 October 2018. Until year ended 31 March 2021, underlying shares continued to be held in the name of Tayana Digital Private Company (TDPL) with the depository. During the year, these shares have been updated in the name of Promoter Company Jupiter Capital Private Limited in the records of the depository.

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

	As at 31 March 2022		As at 31 March 2021	
	Number (in lakhs)	Percentage holding	Number (in lakhs)	Percentage holding
Equity shares of ₹ 5 each, par value				
Tayana Digital Private Limited (refer note:c (1) above)	-	-	121.42	32.16%
Jupiter Capital Private Limited (refer note:c (1) above)	252.82	66.68%	73.60	19.49%
Indian Aero Ventures Private Limited	3.75	0.99%	61.54	16.30%

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

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

Particulars	2020 - 21	2019 - 20	2018 - 19	2017- 18	2016 - 17
Equity shares:					
Allotted as fully paid up under Scheme of Amalgamation	-	-	-	-	105.70

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(All amounts in ₹ lakhs, unless otherwise stated)

(g) Shares held by promoters at the end of the Year

As at 31 March 2022

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total Shares	% change during the year
Tayana Digital Private Limited	121.42	(121.42)	-	0.00%	-100%
Jupiter Capital Private Limited	73.60	179.22	252.82	66.68%	243%
Indian Aero Ventures Private Limited	61.54	(57.79)	3.75	0.99%	-94%

As at 31 March 2021

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total Shares	% change during the year
Tayana Digital Private Limited	121.42	-	121.42	32.16%	0%
Jupiter Capital Private Limited	73.60	-	73.60	19.49%	0%
Indian Aero Ventures Private Limited	61.54	-	61.54	16.30%	0%

(h) Shares reserved for issue under options

The ESOP scheme titled "AXISCADES Employee Stock Option Plan- Series 1 & 2" (" ESOP Schemes") was approved by the Shareholders of the Company vide resolution passed at the Extra Ordinary General Meeting through postal ballot held on 31 March 2018 in respect of grant of options exercisable into equity shares of face value of ₹ 5 each fully paid-up, not exceeding 3,020,762 equity shares or 8% of the paid up equity shares of the Company from time to time. Further, the Company has got its shareholders approval in its 31st AGM dated 28 September 2021 for increase in the pool of ESOP additionally by 2,643,167 options under scheme "AXISCADES Employee Stock Option Plan- Series 2" (“ESOP Series 2”) thereby the total pool under both the ESOP Series 1 & 2 shall not exceed 5,663,929 shares or 15% of the paid-up equity shares of the Company from time to time. The total number of options outstanding as on 31 March 2022 is 5,299,674 shares (31 March 2021: 3,020,762).

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(All amounts in ₹ lakhs, unless otherwise stated)

		As at 31 March 2022	As at 31 March 2021
18	**Other equity**		
	Securities premium	10,197.93	10,077.23
	Capital reserve	5,698.31	5,698.31
	Hedge reserve	(20.48)	(59.00)
	Foreign currency translation reserve	873.35	575.27
	Retained earnings	13,464.21	11,253.53
	General reserve	3.39	3.39
	Share based payment reserve	904.69	315.03
	Capital contribution Reserve	107.68	107.68
	Total	**31,229.08**	**27,971.44**

Refer Statement of Changes in Equity, for movement in other equity

Note:

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

Capital reserve
Capital reserve is created pursuant to common control business combination. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

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

Foreign currency translation reserve
Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Retained earnings
It comprises of the accumulated profit/ (loss) of the Group.

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

Capital contribution reserve
Reserve created pursuant to profit on settlement of loan under common control transaction.

		As at 31 March 2022	As at 31 March 2021
19	**Borrowings**		
	Non-current		
	Secured		
	Term loan from banks [refer note (a) (ii), (b)(ii) (iii) (e) (i) and (f) (ii)]	45.32	2,082.74
		45.32	**2,082.74**
	Current		
	Secured		
	Working capital loans [refer note (a)(i), (b)(i) and (d)(i)]	2,325.17	2,254.13
	Cash credit from bank [refer note (a)(i), (b)(iv), (e)(ii) and (f)(i)]	382.44	807.32
	Current maturities of long term borrowing [refer note (a) (ii), (b)(ii) (iii) (e) (i) and (f)	2,128.18	2,133.42
		4,835.79	**5,194.87**

I AXISCADES Technologies Limited

a) Details of security for borrowings
(i) Packing credit facility in foreign currency ("PCFC"), Working capital loans and Cash credit from banks are secured by exclusive charge on current assets, movable fixed assets, land and building of the Company situated at D-30, Sector 3, Noida, UP, property owned by Enertec Controls Limited at Electronic City, Bangalore, fixed deposits of ₹ 200 lakhs, pledge of 26% shares of Mistral Solutions Private Limited, and corporate guarantee from M/s. Enertec Controls Limited. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained. Further, shortfall undertaking and letter of responsibility is backed by board resolution from Jupiter Capital Private Limited.

(ii) Foreign currency Term Loan ('FCTL') from a bank is secured by exclusive charge on current assets and movable fixed assets, fixed deposits of ₹ 200 lakhs, corporate guarantee from M/s. Enertec Controls Limited, pledge of shares of the Company to the extent of 1.40 times the Foreign currency Term Loan exposure (not to exceed 30%) and pledge of shares of Axiscades Aerospace & Technologies Private Limited to the extent of 30% of shares held by the Company. Further, shortfall undertaking and letter of responsibility is backed by board resolution from Jupiter Capital Private Limited.

b) Terms of borrowings and rate of interest
(i) Packing credit in foreign currency from bank bearing an interest rate of 3-month LIBOR+1.5% (31 March 2021: 3.70% - 5.48% per annum) are payable over a maximum tenure of 180 days from the date of respective availment.

(ii) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 46.15 lakhs carrying an interest rate of 9.75% per annum (31 March 2021: 9.75% per annum). The loan is repayable in 16 quarterly instalments. The outstanding amount of loan of USD 14.42 lakhs on 28 December 2021 has been transferred to another bank carrying interest rate of 5.00% per annum. The new loan is repayable in 5 quarterly installments.

(iii) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 2.92 lakhs carrying an interest rate of 7.65% per annum (31 March 2021: 7.65% per annum). The loan is repayable in 10 quarterly instalments, after a moratorium of 10 months from the date of availment. Loan has been closed on 16 October 2021.

(iv) Cash credit from bank bears an interest rate of INR MCLR-1 year+2.3% per annum (31 March 2021: 11.92% per annum) and is repayable on demand over a maximum tenure of 12 months from the date of respective availment.

c) Loan covenants
Term loan from banks contain certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied all other debt covenants prescribed in the terms of bank loan except debt service coverage ratio, interest coverage ratio and total debt as a percentage of EBIDTA. The Management is of the view that this is a minor breach and hence no adjustments are made to consolidated Ind AS financial statements in this respect.

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II AXISCADES, Inc.

d) (i) For the Current year and Previous year loan - the working capital loan carries variable interest rate per annum of Wall Street Journal Prime Rate + 2.00% with a floor of 7.50% per annum. Interest and Maintenance Fees shall be calculated on the higher of the actual average monthly loan balance from the prior month or a minimum average loan balance of USD 500,000. The loan is repayable on demand. The working capital loan is secured by a perfected security interest in all the assets including a first security interest in accounts receivable and contract rights.

III AXISCADES Aerospace & Technologies Private Limited

e) Terms of borrowings and rate of interest

(i) During the financial year 2017-18, ACAT has borrowed foreign currency term loan from a bank amounting to USD 66.15 lakhs (equivalent ₹ 4,300 lakhs) carrying interest rate of 6.27% per annum (31 March 2021: 7.21% per annum). The loan is repayable in 16 quarterly instalments starting from 31 December 2018. During the current year, the said loan has been taken over by another bank. The amount outstanding as at 31 March 2022 was ₹ 1,253.60 lakhs (31 March 2021 was ₹ 2,405.52 lakhs).

(ii) Cash credit from bank is carrying interest of 7.5% (Repo +3.5%) quarterly reset (31 March 2021: MCLR + 4.80%).

f) Details of security of borrowings

(i) Cash credit facility (inclusive of post shipment credit facility and packing credit facility in foreign currency) from bank are secured by first exclusive charge on all current assets(present and future) , equitable mortgage on property owned by Enertec Controls Limited situated at 15-16, 1st Phase, Electronic city, Bangalore and D-30, sector 3, Noida, Uttarpradesh property owned by Axiscades Technologies Limited.

(ii) Term loan facility from bank are secured by first pari passu charge on all movable plant, property and equipment (present and future), current assets of ACAT, both present and future, pledge of shares of AXISCADES Technologies Limited to the extent of 1.40 times the term loan exposure (not to exceed 30%).

g) Loan covenants

The term loan from bank contains certain financial covenants such as debt service coverage ratio ('DSCR'), total debt as a percentage of total net-worth, shareholding of Jupiter Capital in Axiscades Technologies Limited not to come below 51% during the tenor of exposure of ACAT with the bank etc. ACAT has satisfied all other debt covenants prescribed in the terms of bank loan except debt service coverage ratio. The Management is of the view that this is a minor breach and hence no adjustments are made to these consolidated Ind AS financial statements in this respect.

Changes in liabilities arising form financing activities:

	Term loan from banks	Inter-corporate deposit	Current borrowings	Lease liabilities	Total
Balance as at 1 April 2020	5,597.72	500.00	8,325.74	2,776.64	**17,200.10**
Additions to lease liability	-	-	-	1,551.92	1,551.92
Deletion	-	-	-	(258.09)	(258.09)
Cash flows	(1,109.12)	(500.00)	(5,146.92)	(1,287.64)	(8,043.68)
Other Adjustments	(272.44)	-	(117.37)	349.93	(39.88)
Balance as at 31 March 2021	**4,216.16**	**-**	**3,061.45**	**3,132.76**	**10,410.37**
Additions to lease liability	-	-	-	657.86	657.86
Deletion	-	-	-	(346.38)	(346.38)
Cash flows	(2,037.42)	-	(364.17)	(1,325.38)	(3,726.97)
Other Adjustments	(5.24)	-	10.33	205.69	210.78
Balance as at 31 March 2022	**2,173.50**	**-**	**2,707.61**	**2,324.54**	**7,205.65**

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	As at 31 March 2022	As at 31 March 2021
20 Trade payables		
Current		
Dues of micro enterprises and small enterprises (refer note below)	218.16	119.52
Dues of creditors other than micro enterprises and small enterprises *	5,114.76	2,852.97
Accrued expenses	1,620.24	2,089.01
	6,953.16	**5,061.50**

* Includes ₹ 15.91 lakhs (31 March 2021: ₹ 6.23 lakhs) payable to related parties (refer note:35).

Trade Payables ageing schedule as at 31 March 2022

Particulars	Not Due	Outstanding for the following periods from the due date of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total outstanding dues of micro enterprises and small enterprises	171.28	5.29	0.09	-	41.50	**218.16**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	4,306.92	2,361.79	20.35	3.53	21.10	**6,713.69**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	**-**
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	21.31	**21.31**
Total	**4,478.20**	**2,367.08**	**20.44**	**3.53**	**83.91**	**6,953.16**

Trade Payables ageing schedule as at 31 March 2021

Particulars	Not Due	Outstanding for the following periods from the due date of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total outstanding dues of micro enterprises and small enterprises	53.73	3.98	-	61.81	-	**119.52**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,994.01	1,892.18	10.58	23.55	0.35	**4,920.67**
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	**-**
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	21.31	**21.31**
Total	**3,047.74**	**1,896.16**	**10.58**	**85.36**	**21.66**	**5,061.50**

Disclosure required under Section 22 of Micro, Small and Medium Enterprise Development Act, 2006

The Group has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March 2022 and 31 March 2021. The details in respect of such dues are as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Principal amount remaining unpaid to any supplier as at the end of the accounting year	209.54	119.52
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	57.94	89.47
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	8.62	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

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21 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Non-current		
(carried at FVTPL)		
Purchase consideration payable on acquisition of subsidiary [refer note below]	-	4,688.61
(carried at FVTOCI)		
Hedge liability	-	18.91
	-	**4,707.52**
Current		
(carried at amortised cost)		
Dues to employees	1,778.19	2,010.50
Creditors for capital goods	17.84	76.20
Other liabilities	12.20	103.33
(carried at FVTPL)		
Purchase consideration payable on acquisition of subsidiary [refer note below]	21,157.12	15,039.71
(carried at FVTOCI)		
Hedge liability	0.66	73.11
	22,966.01	**17,302.85**

Note:

(i) During the financial year 2017-18, the Company entered into a Share Purchase Agreement ('SPA') to acquire 100% stake in Mistral Solutions Private Limited along with its subsidiaries ("MSPL Group") in a phased manner. MSPL Group is headquartered in Bengaluru, India and is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control of Mistral Solutions Private Limited ("MSPL") effective 1 December 2017.

As on the acquisition date, the purchase consideration was determined as ₹ 24,213.97 lakhs, payable over a period specified in the SPA. As per the SPA, the amount of purchase consideration payable for certain phases is dependent on revenues and profit after tax generated by MSPL Group since the acquisition date through the financial year ended March 2022 mentioned below as contingent consideration. The Company has engaged an independent external valuer for valuation of contingent consideration. The involvement of external valuer is decided annually by the Management and the selection criteria include market knowledge, reputation and independence of the valuer.

During the current year, the Group has recognised a net fair value loss of ₹ 785.38 lakhs and in the previous year, net fair value gain of ₹ 2,174.55 lakhs, on re-estimation of the contingent purchase consideration payable as per the terms of the Share Purchase Agreement ('SPA'). The Group has also recognised an interest expense of ₹ 643.42 (31 March 2021: ₹ 643.50 lakhs) on the purchase consideration payable, in the conolidated statement of profit and loss account. The change in fair value is based on the actual performance of MSPL Group. The value of the purchase consideration payable as at 31 March 2022, aggregated ₹ 21,157.12 lakhs (31 March 2021: ₹ 19,728.32 lakhs) including deferred consideration of ₹ 21,157.12 lakhs (31 March 2021: ₹ 16,311.85 lakhs) and contingent consideration of ₹ Nil (31 March 2021: ₹ 3,416.47 lakhs).

	As at 31 March 2022		
	Contingent Consideration	Deferred Consideration	Total
Opening balance of purchase consideration payable	-	19,728.32	19,728.32
Add: Unwinding of discount (interest expense)	-	643.42	643.42
Add: Fair value loss recognised during the year	-	785.38	785.38
Closing balance of purchase consideration payable	**-**	**21,157.12**	**21,157.12**

* Contingent consideration as at 31 March 2022, has been transferred to deferred consideration on completion of the earn-out period

	As at 31 March 2021		
	Contingent Consideration	Deferred Consideration	Total
Opening balance of purchase consideration payable	5,069.50	16,189.87	21,259.37
Add: Unwinding of discount (interest expense)	521.52	121.98	643.50
Less: Fair value gain recognised during the year	(2,174.55)	-	(2,174.55)
Closing balance of purchase consideration payable	**3,416.47**	**16,311.85**	**19,728.32**

Out of the above purchase consideration payable at the year end, ₹ Nil (31 March 2021: ₹ 4,688.61 lakhs) is disclosed under Other Non-current financial liabilities and ₹ 21,157.12 lakhs (31 March 2021 : ₹ 15,039.71 lakhs) is disclosed under Other current financial liabilities.

(ii) During the quarter ended 30 June 2018, the Company had filed an application with National Company Law Tribunal ('NCLT') for amalgamation of Explosoft Tech Solutions Pvt Ltd, a shareholder of MSPL ('Explosoft') with the Company, on receipt of observation letter conveying 'no objection' from BSE Limited and the National Stock Exchange. Further, vide order dated 8 March 2019, NCLT, Bengaluru bench has approved the scheme of amalgamation ('Scheme'). As the registered office of the Explosoft is situated in the state of Maharashtra, the scheme has also been filed by Explosoft on 15 May 2018, with NCLT, Mumbai for approval. Pending necessary approval from NCLT Mumbai Bench, no effect is given to aforesaid scheme of amalgamation.

During the quarter ended 30 June 2020, the shareholders of MSPL have demanded for discharge of purchase consideration of Phase II of SPA aggregating ₹ 7,213 lakhs as the scheme of merger has not yet been approved. The shareholders have also demanded an interest of ₹ 1,431 lakhs at the rate of 12% per annum on account of delay in payment of the aforesaid purchase consideration. The Company believes that Explosoft did not take steps that were required by Explosoft to diligently prosecute the application for merger before the NCLT Mumbai so as to bring it to completion and accordingly the claim for interest by Explosoft is not tenable.

The Company has initiated arbitration proceedings against shareholders of MSPL and MSPL and the Arbitral Tribunal vide its interim order dated 28 August 2020 has asked to maintain the status quo with respect to shareholding in MSPL and has ordered shareholders of Mistral not to seek dismissal or rejection of abovementioned application for merger till further orders are issued by the Arbitral Tribunal. Additionally, both the parties are ordered to maintain status quo with respect to the existing constitution of the Board of Directors of MSPL. During the year, the Arbitral Tribunal has further conducted hearings on the aforesaid matter and the matter is pending before the Arbitral Tribunal. The final outcome of the matter is not known currently.

The revenues (including other income) and profit of MSPL included in the consolidated financial statements for the year ended 31 March 2022 aggregates to ₹ 20,169.09 lakhs and ₹ 2,580.63 lakhs, respectively.

The Company has also obtained a legal opinion to validate that the Company is entitled to all rights and obligations as laid out in the SPA and continues to exercise control on MSPL. Pending the final outcome of the matter, the Company believes there is no effect on the Company and no adjustment is required in the consolidated Ind AS financial statements.

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22 Provisions

	As at 31 March 2022	As at 31 March 2021
Non-current		
Employee defined benefits liability		
- Provision for gratuity (refer note 42)	874.63	822.13
- Provision for compensated absences	123.14	106.56
Asset retirement obligation (refer note (a) below)	57.79	56.57
	1,055.56	**985.26**
Current		
Employee defined benefits liability		
- Provision for gratuity (refer note 42)	132.21	113.91
- Provision for compensated absences	451.28	413.61
Provision for foreseeable loss on contract (refer note (b) below)	3.59	6.36
Provision for liquidated damages (refer note (b) below)	648.86	353.32
Provision for warranty (refer note (b) below)	74.66	74.65
	1,310.60	**961.86**

(a) Asset retirement obligation

The Group has recognised a provision for asset retirement obligation associated with premises taken on lease. In determining the fair value of the provision, assumptions and estimates are made in relation to the discount rates, the expected cost to dismantle and remove furniture and fixtures from the leased premises and the expected timing of these costs. The carrying amount of the provision as at 31 March 2022 is ₹ 57.79 lakhs (31 March 2021: ₹ 56.57 lakhs). The Group estimates the costs would be incurred within 4 - 5 years time upon the expiration of the lease and calculates the provision using the DCF method based on the following assumptions:

1) Estimated range of cost : 15 days - 30 days lease rental expense
2) Discount rate : 12.17 - 14.00 percent per annum

	Asset retirement obligation
As at 1 April 2020	39.56
Additions during the year	16.32
Unwinding of discount	0.69
As at 31 March 2021	**56.57**
Reversed during the year	(3.85)
Unwinding of discount	5.07
As at 31 March 2022	**57.79**

(b) The disclosure of provisions movement as required under the provisions of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as follows:

Particulars	Provision for foreseeable losses on contracts *	Provision for warranty **	Provision for liquidated damages***
Provision as at the 1 April, 2020	7.96	74.65	222.43
Provisions made during the year	3.36	75.11	375.09
Utilizations/ reversals during the year	(4.96)	(75.11)	(244.21)
Provision as at the 31 March 2021	**6.36**	**74.65**	**353.32**
Provisions made during the year	3.59	77.05	697.97
Utilizations/ reversals during the year	(6.36)	(77.05)	(402.43)
Provision as at the 31 March 2022	**3.59**	**74.65**	**648.86**

* The provision for foreseeable losses on contracts are expected to be utilized over a period of one year.

** Provision for warranty costs are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of sale of goods. These provisions are expected to be utilized over the period of warranty.

*** Provision for liquidated damages relates to estimated outflow in respect of products sold by the Group and estimated to be incurred due to delay in delivery of products to customers. These provisions are expected to be utilized over a period of one year.

23 Current tax liability, net

	As at 31 March 2022	As at 31 March 2021
Provision for tax, net of advance tax	161.10	106.67
	161.10	**106.67**

24 Other liabilities

	As at 31 March 2022	As at 31 March 2021
Current		
Duties and taxes payable	1,396.85	963.43
Contract liability - Unearned revenue	711.23	1,313.69
Contract liability - Advance from customer	4,016.08	2,064.38
Interest accrued but not due on borrowings*	2.89	7.39
	6,127.05	**4,348.89**

* For details of interest rates, repayments and others, refer note 19

a) Breakup of financial liabilities carried at amortised cost

Borrowings (refer note 19)	4,881.11	7,277.61
Lease liability (refer note 36)	2,324.54	3,132.76
Trade payables (refer note 20)	6,953.16	5,061.50
Other financial liabilities (refer note 21)	1,808.23	2,190.03

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(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
25 Revenue from contracts with customers		
Sale of services		
Technology Services and Solutions	41,411.28	35,080.24
Strategic technology solutions	5,197.74	1,031.89
Sale of goods		
Technology Services and Solutions	3,671.99	2,429.56
Strategic technology solutions	10,559.76	13,196.93
	60,840.77	**51,738.61**

25.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:	Year ended 31 March 2022	Year ended 31 March 2021
India	15,524.41	14,071.40
Outside India	45,316.36	37,667.21
Total revenue from contracts with customers	**60,840.77**	**51,738.61**

Timing of revenue recognition	Year ended 31 March 2022	Year ended 31 March 2021
Goods or services transferred at point in time	52,850.08	47,676.53
Goods or services transferred over time	7,990.68	4,062.08
	60,840.77	**51,738.61**

25.2 Contract balances

Trade receivables (refer note 10)	14,516.65	12,754.68
Contract Assets - Unbilled revenue (refer note 11)	6,702.34	4,055.94
Contract liability - Unearned revenue (refer note 24)	711.23	1,313.69
Contract liability - Advance from customer (refer note 24)	4,016.08	2,064.38

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenue in excess of invoicing are classified as contract assets (unbilled revenue) while invoicing in excess of revenue are classified as contract liabilities (unearned revenues).

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days. In 31 March 2022, ₹ 1,628.77 lakhs (31 March 2021: ₹ 2,178.46 lakhs) was recognised as provision for expected credit losses on trade receivables.

As at 31 March 2022, the Company has provision for expected credit losses on contract assets of ₹ 104.97 lakhs (31 March 2021: ₹ 104.97 lakhs).

Contract liabilities include short-term advances received against the sale of products and services in the future.

25.3 Performance Obligation

The performance obligation is satisfied upon the providing of services as and when rendered and accordingly, there is no outstanding performance obligation as on 31 March 2022 except for the cases where the performance obligations are satisfied over-time. The transaction price allocated to the remaining performance obligations (partially unsatisfied) as at 31 March 2022 and 31 March 2021 are, as follows

	Year ended 31 March 2022	Year ended 31 March 2021
Within one year	10,820.11	2,914.54
More than one year	1,885.66	5,232.34
	12,705.77	**8,146.88**

	Year ended 31 March 2022	Year ended 31 March 2021
26 Other operating Income		
Export incentives	34.46	646.05
Other operating income	155.36	-
	189.82	**646.05**

During the current year, the Group has recognised other operating income from export incentives under the provisions of Foreign Trade Policy (1 April 2015 - 31 March 2020), as amended from time to time, aggregating ₹ 34.46 lakhs (31 March 2021: ₹ 646.05 lakhs). The Management believes that it has satisfied all the conditions to receive the incentive and is in the process of filing the claim.

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(All amounts in ₹ lakhs, unless otherwise stated)

27 Other income

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income		
- from fixed deposits with banks	142.35	207.89
- from financial assets carried at amortised cost	191.80	212.23
- from income tax refund	39.30	222.00
- from Value added tax refund	1.13	-
Profit on sale of property, plant and equipment	-	5.96
Profit on lease Modification	-	0.59
Fair value gain on financial instruments at fair value through profit or loss (refer note below)	136.45	431.34
Provision/ Liabilities no longer required, written back	62.39	140.99
Dividend income	17.89	10.29
Bad debts written back	11.29	-
Gain on termination of Right to use assets	61.63	-
Lease rental concession	75.41	61.82
Miscellaneous income	169.79	152.96
	909.43	**1,446.07**

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

28 Cost of material consumed

	Year ended 31 March 2022	Year ended 31 March 2021
Opening inventory	2,330.30	1,961.43
Add: Purchases during the year	14,494.22	10,218.48
	16,824.52	12,179.91
Less: Closing inventory	(5,157.70)	(2,330.30)
	11,666.82	**9,849.61**

29 Employee benefits expense

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	27,468.59	23,679.90
Contribution to provident and other funds	878.66	814.96
Contribution to overseas social security	1,217.15	1,033.14
Provision for gratuity (refer note 42)	173.92	167.43
Provision for compensated absences	103.85	128.31
Stock compensation expense (refer note 44)	636.33	140.89
Staff welfare expense	735.89	696.77
	31,214.39	**26,661.40**

30 Depreciation and amortisation expense

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation and Impairment loss on PPE (refer note 3)	630.25	461.12
Amortisation of intangible assets (refer note 4)	677.58	777.90
Depreciation of Right of use asset (refer note 36)	1,198.23	1,359.56
	2,506.06	**2,598.58**

31 Finance costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expense		
- on facilities from banks	527.92	1,044.29
- on Intercorporate deposit from related parties (refer note 35)	-	49.87
- on financial liabilities carried at amortised cost	0.39	1.02
Other borrowing cost (processing fees)	632.44	685.23
Net interest expense on net defined benefit obligation	77.75	96.94
Unwinding of discount on asset retirement obligation (refer note 22(a))	5.07	0.69
Bank guarantee commision	44.48	22.43
Interest on lease liabilities (refer note 36)	281.09	349.93
Interest on income tax	6.27	-
	1,575.41	**2,250.40**

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(All amounts in ₹ lakhs, unless otherwise stated)

		Year ended 31 March 2022	Year ended 31 March 2021
32	**Other expenses**		
	Rent (refer note 36)	364.27	438.34
	Power and fuel	309.11	293.05
	Travelling and conveyance	518.91	332.09
	Legal and professional charges	1,431.38	1,129.75
	Consultancy expense	149.81	140.36
	Repairs and maintenance	-	
	- Building	251.97	250.71
	- Others	227.56	239.06
	- Plant and machinery	108.28	109.80
	Recruitment and training expenses	261.45	79.02
	Office maintenance expense	55.61	62.32
	Communication expenses	351.92	406.67
	Equipment hire charges	315.10	254.15
	Auditor's remuneration (refer note (a) below)	84.78	86.28
	Security charges	58.07	59.96
	Rates and taxes	283.95	316.92
	Sub contracting charges	3,598.24	3,322.02
	Software subscription charges	1,471.29	1,040.97
	Directors sitting fees (refer note 35)	39.90	33.30
	Marketing and advertising expenses	468.06	243.27
	Insurance expenses	147.03	153.96
	Bank charges	118.43	125.17
	Corporate social responsibility expenses (refer note 45)	29.69	44.46
	Bad debts written off	37.88	76.57
	Provision for doubtful debts and advances	96.47	52.88
	Advance to supplier written off	-	38.88
	Loss on disposal of property, plant and equipment	22.81	-
	Net loss on foreign currency transaction and translation	160.75	63.08
	Miscellaneous expenses	123.06	80.60
		11,085.78	**9,473.64**
a)	**Auditor's remuneration ***		
	Statutory audit fees	66.69	66.66
	Other fees	15.75	16.00
	Out of pocket expenses	2.34	3.62
		84.78	**86.28**

***** excluding goods and service tax.

		Year ended 31 March 2022	Year ended 31 March 2021
33	**Exceptional Items**		
	Impairment on goodwill and fair value change in contingent purchase consideration payable	(169.34)	(4,079.80)
		(169.34)	**(4,079.80)**

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34 Earnings per share (EPS) (basic and diluted)	**Year ended 31 March 2022**	**Year ended 31 March 2021**
a) Profit/ (Loss) after tax attributable to equity shareholders (₹)	2,223.32	(2,166.39)
b) Weighted average number of shares outstanding (in lakhs)	379.14	377.60
c) Nominal value of shares (₹)	5.00	5.00
d) Basic earning per share (₹)	5.86	(5.74)
e) Number of equity shares used to compute diluted earnings per share (refer note below)	386.20	377.60
f) Diluted earnings per share (₹)*	5.76	(5.74)

Note:

	Year ended 31 March 2022	**Year ended 31 March 2021**
Weighted average number of shares outstanding (in lakhs)	379.14	377.60
Effect of dilution:		
Share options	7.06	-
Weighted average number of Equity shares adjusted for the effect of dilution	386.20	377.60

*For the purpose of computation of diluted EPS for the year ended 31 March 2021, the effect of stock options granted under ESOP scheme have not been considered as the effect of these potentially diluted equity shares are anti-dilutive . Hence basic and diluted EPS are same.

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(All amounts in ₹ lakhs, unless otherwise stated)

35 Related party disclosures

Nature of relationship	Name of Party
I Parties where control exists:	
Holding Company	Jupiter Capital Private Limited ('JCPL') *

* JCPL and its subsidiary Indian Aero Ventures Private Limited hold 67.67 percent voting rights of the Company as at 31 March 2022 (JCPL and its subsidiaries i.e., Tayana Digital Private Limited and Indian Aero Ventures Private Limited hold 67.95 percent voting rights of the Company as at 31 March 2021) (refer note IV (b))

Associate	ASSYSTEMS AXISCADES Engineering Private Limited

II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year:

Fellow subsidiary	Indian Aero Ventures Private Limited ("IAVPL") (subsidiary of JCPL)
	Indian Aero Infrastructure Private Limited (stepdown subsidiary of JCPL)
	Hindusthan Infrastructure Projects & Engineering Private Limited (subsidiary of JCPL)
Key Management Personnel (KMP):	
Chief Executive Officer & Managing Director	Mr. Arun Krishnamurthi (appointed w.e.f. 22 November 2021)
Chief Executive Officer & Executive Director	Mr. Sharadhi Chandra Babu Pampapathy (stepped down w.e.f. 21 November 2021)
Chairman and Non - Executive Director	Mr. David Bradley
Independent Director	Mr. Kailash Mohan Rustagi (term completed on 29 September 2020)
Independent Director	Mr. Pradeep Dadlani (term completed on 29 September 2020)
Independent Director	Mrs. Mariam Mathew
Independent Director	Mr. Desh Raj Dogra (appointed w.e.f. 29 September 2020)
Independent Director	Mr. Dhiraj Mathur (appointed w.e.f. 29 September 2020)
Non - Executive Director	Mr. Harold David Walker (appointed w.e.f. 29 June 2020)
Non - Executive Director	Mr. Sudhakar Gande
Non - Executive Director	Mr. Sharadhi Chandra Babu Pampapathy (w.e.f. 22 November 2021)
Non - Executive Director	Mr. Abhishek Kumar (appointed w.e.f. 22 March 2022)
Non - Executive Director	Mr. David Abikzir (appointed w.e.f. 22 March 2022)

III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

Key Management Personnel (KMP):	
Chief Financial Officer (CFO)	Mr. Shashidhar SK (appointed w.e.f. 3 January 2022)
	Mr. Anumanchipalli Srinivas (till 31 July 2021)
Company Secretary	Ms. Sonal Dudani (appointed w.e.f. 22 March 2022)
	Ms. Shweta Agrawal (till 31 October 2021)
Company in which Director is interested	Lexicon Infotech Limited

IV Transactions with related parties:

Nature of transactions	Relationship	Year ended 31 March 2022	Year ended 31 March 2021
Remuneration (Refer note (IV) (a) below)			
Ms. Shweta Agarwal (refer note c below)	Key Management Personnel	24.35	25.60
Mr. Anumanchipalli Srinivas (refere note c and d below)	Key Management Personnel	64.73	314.57
Mr. Sharadhi Chandra Babu pampapathy (refer note c below)	Key Management Personnel	299.04	119.06
Mr. Shashidhar SK (refer note c below)	Key Management Personnel	39.34	-
Mr. Arun Krishnamurthi (refer note c below)	Key Management Personnel	146.86	-
Ms. Sonal Dudani	Key Management Personnel	0.39	-
Service received from			
Lexicon Infotech Limited	Company in which Director is a member	22.09	-
Revenue from operations			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	53.65	63.60
Sitting fees paid to directors			
Mr. Kailash Mohan Rustagi	Independent Director	-	5.00
Mr. Pradeep Dadlani	Independent Director	-	7.00
Mr. Dhiraj Mathur	Independent Director	9.50	3.00
Mr. Desh Raj Dogra	Independent Director	11.50	4.00
Mrs. Mariam Mathew	Independent Director	9.00	8.00
Mr. Harold David Walker	Non - Executive Director	2.10	0.90
Mr. David Bradley	Chairman and Non - Executive Director	3.90	3.00
Mr. Sharadi Chandra Babu Pampapathy	Non - Executive Director	0.90	-
Mr. Sudhakar Gande	Non - Executive Director	3.00	2.40
Reimbursement of rental income			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	45.53	65.14
Corporate guarantee fee charged by			
Jupiter Capital Private Limited	Holding Company	20.00	-
Intercorporate deposits repaid			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	-	500.00
Liability written back			
Indian Aero Ventures Private Limited	Fellow subsidiary	-	27.82
Interest expense on Inter corporate deposits			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	-	49.87
Corporate guarantee received from			
Jupiter Capital Private Limited	Holding Company	4,000.00	-

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Related party disclosures (cont'd)

(a) As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to individual is not ascertainable and therefore not include above.

(b) The Promoter Company, Tayana Digital Private Limited (TDPL), was merged with Promoter Group Company Jupiter Capital Private Limited (JCPL) with effect from 17 October 2018. As a result of the merger, Jupiter Capital Private Limited has become Promoter of the Company. The same was intimated by the Company to the Stock exchange on 18 October 2018. Until year ended 31 March 2021, underlying shares continued to be held in the name of Tayana Digital Private Company (TDPL) with the depository. During the year, these shares have been updated in the name of Promoter Company Jupiter Capital Private Limited in the records of the depository.

(c) Total employee benefit expense includes employee stock compensation expense of ₹ 127.31 lakhs (31 March 2021 - ₹ 28.25 lakhs) for Mr. Sharadhi Chandra Babu Pampapathy, ₹ 10.42 lakhs (31 March 2021 - ₹ Nil) for Mr.Arun Krishnamurthi, ₹ 7.82 lakhs (31 March 2021 - ₹ Nil) for Mr. Shashidhar SK, ₹ 0.81 lakhs (31 March 2021 - ₹ 28.25 lakhs) for Mr. Anumanchipalli Srinivas, and ₹ 0.10 lakhs (31 March 2021 - ₹ 1.45 lakhs) for Ms. Shweta Agrawal, included in share based payments in the consolidated statement of profit and loss account.

(d) Refer note 19 for details of security provided for borrowings.

V Balances as at the year end:

Nature of transactions	Relationship	As at 31 March 2022	As at 31 March 2021
Remuneration payable (refer note (IV) (a) above)			
Ms. Shweta Agarwal	Key Management Personnel	-	4.72
Mr. Sharadhi Chandra Babu Pampapathy	Key Management Personnel	59.11	35.37
Mr. Anumanchipalli Srinivas	Key Management Personnel	-	67.35
Mr. Shashidhar SK	Key Management Personnel	13.12	-
Mr. Arun Krishnamurthi	Key Management Personnel	64.53	-
Ms. Sonal Dudani	Key Management Personnel	0.39	-
Other receivable			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	-	19.27
Investment in equity shares			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	187.41	233.23
Trade payables			
Indian Aero Infrastructure Private Limited	Fellow subsidiary	6.23	6.23
Lexicon Infotech Limited	Company in which Director is a member	9.68	-
Corporate guarantee received from - outstanding			
Jupiter Capital Private limited	Holding Company	4,000.00	-
Trade Receivable			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	-	18.40

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021: Nil lakhs). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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36 Right of use asset and Lease liabilities

Group as a lessee

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

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

	As at 31 March 2022	As at 31 March 2021
Balance as on 01 April	9,618.67	9,343.58
Additions	662.09	1,835.19
Deletions	(336.92)	(200.54)
Depreciation expense (refer note 30)	(1,198.23)	(1,359.56)
Carrying amount as on 31 March	**8,745.61**	**9,618.67**

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

	As at 31 March 2022	As at 31 March 2021
Balance as on 01 April	3,132.76	2,776.64
Additions	657.86	1,551.92
Deletions	(346.38)	(258.09)
Lease rental concession	(75.41)	-
Accretion of interest (refer note 31)	281.09	349.93
Payment of principal portion of lease liabilities	(1,044.29)	(969.96)
Payment of Interest portion of lease liabilities	(281.09)	(317.68)
Carrying amount as on 31 March	**2,324.54**	**3,132.76**
Current	1,214.67	1,038.40
Non-current	1,109.87	2,094.36
Total	**2,324.54**	**3,132.76**

The weighted average incremental borrowing rate for lease liabilities is between 8.40% - 12.17% per annum, with maturities between financial year 2022-2030 for leasehold properties.

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	31 March 2022	31 March 2021
Less than one year	1,282.79	1,189.66
one to five years	1,123.21	2,310.15
more than five years	132.17	184.35

The following are the amounts recognised in the statement of profit or loss:

	31 March 2022	31 March 2021
Depreciation expense of right-of-use assets	1,198.23	1,359.56
Interest expense on lease liabilities	281.09	349.93
Expense relating to short-term leases and low value leases (included in other expenses)	364.27	438.34
Lease rental concession	(75.41)	-
Total amount recognised in profit or loss	**1,768.19**	**2,147.83**

The Group had total cash outflows for leases of ₹ 1,325.38 Lakhs for the year ended 31 March 2022 (31 March 2021: ₹ 1,287.64 lakhs). The Group has made non-cash additions of ₹ 662.09 lakhs (31 March 2021: ₹ 1,835.19 lakhs) and ₹ 657.86 lakhs (31 March 2021: ₹ 1,551.92 lakhs) to right-of-use assets and lease liabilities, respectively. There are no future cash outflows relating to leases that have not yet commenced.

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37 Contingent liabilities and commitments

Capital and other commitments

	As at 31 March 2022	As at 31 March 2021
Capital commitment*	13.94	250.75

* Mainly pertains to commitment towards purchase of capital assets of ₹ 13.94 lakhs (31 March 2021: Rs. 250.75 lakhs)

Bank guarantees

		As at 31 March 2022	As at 31 March 2021
i)	Bank guarantees to government authorities and others	1,069.25	-

Bank guarantees are issued in favor of government authorities and others towards financial, peformance guarantees and earnest money deposit as part of bidding process.

Tax contingencies

		As at 31 March 2022	As at 31 March 2021
i)	Direct tax matters under dispute/ pending before Income Tax Authorities	2,048.14	1,687.11
ii)	Indirect tax matters for demands pending before various appellate authorities	142.39	1,150.90
		2,190.53	**2,838.01**

Notes:

i) The Supreme Court of India in a judgment on Provident Fund dated 28 February 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. Group determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28 February 2019. As a matter of caution, the Group has implemented the above judgement on a prospective basis from the date of the SC order. The Group will update its provision, on receiving further clarity on the subject.

ii) The Group has reviewed all its pending litigations and proceedings, and has adequately provided for where provisions are required and disclosed the contingent liabilities in its financial statements where financial outflow is not probable. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

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(All amounts in ₹ lakhs, unless otherwise stated)

38 Capital management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been breaches in the financial covenants of any interest-bearing loans and borrowing in the current period as mentioned in note 19.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	As at 31 March 2022	As at 31 March 2021
Borrowings including current maturities of long term borrowings (refer note 19)	4,881.11	7,277.61
Less: Cash and cash equivalents (refer note 15)	(7,109.49)	(5,269.93)
Net debt*	**-**	**2,007.68**
Equity share capital (refer note 17)	1,897.23	1,889.51
Other equity (refer note 18)	31,229.08	27,971.44
Capital and net debt	**33,126.31**	**31,868.63**
Gearing ratio	-	6%

* Where the total debts are less than cash and cash equivalents, the net debts are shown as Nil.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 31 March 2021.

The Group is not subject to any externally imposed capital requirements.

39 Income Tax

The major components of income tax expense are:

	Year ended 31 March 2022	Year ended 31 March 2021
Current income tax:		
Current income tax charge	1,360.14	951.19
Deferred tax charge	48.35	131.42
Income tax expense reported in Statement of Profit and Loss	**1,408.49**	**1,082.61**
Deferred tax related to items recognised in OCI		
Income tax relating to re-measurement losses on defined benefit plans	3.03	7.60
Income tax relating to gain on cash flow hedges	(14.87)	(82.08)
	(11.84)	**(74.48)**

Reconciliation of deferred tax (net)	As at 31 March 2022	As at 31 March 2021
Opening balance	**2,806.34**	**3,012.24**
Tax expense during the year recognized in the Statement of Profit and Loss	(48.35)	(131.42)
Tax (credit) during the year recognised in OCI	(11.84)	(74.48)
Exchange translation difference	56.79	-
Closing balance	**2,802.94**	**2,806.34**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	Year ended 31 March 2022	Year ended 31 March 2021
Accounting loss before tax	**3,676.40**	**(1,037.94)**
Tax on accounting profit at statutory income tax rate	1,245.07	(257.07)
Foreign tax expensed during the year	219.15	80.94
Provision related to impairment of investments in subsidiaries	(427.26)	1,674.39
Purchase consideration re-measurement	218.49	(547.33)
Other non-deductible expenses	18.59	-
Tax benefit on utilisation/expected utilisation of benefit on previously unrecognised tax losses	(34.32)	(48.04)
GILTI Income	13.68	-
Others (net)	155.09	179.73
At the effective income tax rate of 38.31% [31 March 2021: 104.30%]	**1,408.49**	**1,082.61**
Income tax expense reported in the Statement of Profit and Loss	1,408.49	1,082.61

* Deferred tax is recognized to the extent that the future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised.

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(All amounts in ₹ lakhs, unless otherwise stated)

39 Income Tax (contd.)

	As at 31 March 2022	As at 31 March 2021
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years	988.43	1,153.17
Impact of difference between depreciation charged for financial reporting and expenses allowed for tax purposes	422.07	482.59
Unutilised tax losses	484.33	265.38
Hedge Liability	0.17	24.60
Minimum alternate tax credit entitlement	913.22	737.22
Expenses disallowed under Section 35DD of Income-tax Act, 1961	-	126.16
Other adjustments	27.59	50.74
Deferred tax asset, net	**2,835.81**	**2,839.85**
Deferred tax liability		
Hedge Liability	5.31	-
Fair valuation of security deposits to fair value	-	33.51
Other items	27.56	-
	32.87	**33.51**
Deferred tax asset, net	**2,802.94**	**2,806.34**

Reflected in the balance sheet as follows:

	As at 31 March 2022	As at 31 March 2021
Deferred tax assets	2,835.81	2,839.85
Deferred tax liabilities	(32.87)	(33.51)
Deferred tax assets, net	**2,802.94**	**2,806.34**

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(All amounts in ₹ lakhs, unless otherwise stated)

40 Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Carrying value	Fair value
Assets:					
Investments (Current and Non Current) (refer note 9)	0.05	1,730.30	-	1,730.35	1,730.35
Trade receivables (Current) (refer note 10)	14,516.65	-	-	14,516.65	14,516.65
Other financial assets (Current and Non Current) (refer note 11)	8,501.53	-	19.13	8,520.66	8,520.66
Cash and cash equivalents (refer note 15)	7,109.49	-	-	7,109.49	7,109.49
Bank balances other than cash and cash equivalents (refer note 16)	3,427.40	-	-	3,427.40	3,427.40
Total	**33,555.12**	**1,730.30**	**19.13**	**35,304.55**	**35,304.55**
Liabilities:					
Borrowings (refer note 19)	4,881.11	-	-	4,881.11	4,881.11
Lease liability (refer note 36)	2,324.54	-	-	2,324.54	2,324.54
Trade payables (refer note 20)	6,953.16	-	-	6,953.16	6,953.16
Other financial liabilities (refer note 21)	1,808.23	21,157.12	0.66	22,966.01	22,966.01
Total	**15,967.04**	**21,157.12**	**0.66**	**37,124.82**	**37,124.82**

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Carrying value	Fair value
Assets:					
Investments (Current and Non Current) (refer note 9)	0.05	4,756.40	-	4,756.45	4,756.45
Trade receivables (Current) (refer note 10)	12,754.68	-	-	12,754.68	12,754.68
Other financial assets (Current and Non Current) (refer note 11)	7,367.95	-	-	7,367.95	7,367.95
Cash and cash equivalents (refer note 15)	5,269.93	-	-	5,269.93	5,269.93
Bank balances other than cash and cash equivalents (refer note 16)	3,208.31	-	-	3,208.31	3,208.31
Total	**28,600.92**	**4,756.40**	**-**	**33,357.32**	**33,357.32**
Liabilities:					
Borrowings (refer note 19)	7,277.61	-	-	7,277.61	7,277.61
Lease liability (refer note 36)	3,132.76	-	-	3,132.76	3,132.76
Trade payables (refer note 20)	5,061.50	-	-	5,061.50	5,061.50
Other financial liabilities (refer note 21)	2,190.03	19,728.32	92.02	22,010.37	22,010.37
Total	**17,661.90**	**19,728.32**	**92.02**	**37,482.24**	**37,482.24**

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

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

(ii) Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Quantative disclosure of fair value measurement hierarchy as at 31 March 2022 :

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investments (Current and Non Current) (refer note 9)	31 March 2022	1,730.30	1,026.24	704.06	-
Derivative contracts (refer note 21)	31 March 2022	19.13	-	19.13	-

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(All amounts in ₹ lakhs, unless otherwise stated)

(ii) Fair value hierarchy (cont'd)

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Derivative contracts (refer note 21)	31 March 2022	0.66	-	0.66	-
Purchase consideration payable (refer note 21)	31 March 2022	21,157.12	-	-	21,157.12

There have been no transfer among level 1 , Level 2 and level 3 during the year.

Quantative disclosure of fair value measurement hierarchy as at 31 March 2021 :

Particulars	Date of valuation	Carrying value	Quoted price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed					
Investments (Current and Non Current) (refer note 9)	31 March 2021	4,756.40	3,335.31	1,421.09	-
Liabilities measured at fair value:					
Derivative contracts (refer note 21)	31 March 2021	92.02	-	92.02	-
Purchase consideration payable (refer note 21)	31 March 2021	19,728.32	-	-	19,728.32

Below is reconciliation of fair value measurements categorized within level 3 of the fair value hierarchy

	As at 31 March 2022		
	Contingent Consideration	**Deferred Consideration**	**Total**
Opening balance of purchase consideration payable	-	19,728.32	19,728.32
Add: Unwinding of discount (interest expense)	-	643.42	643.42
Add: Fair value expense recognised during the year	-	785.38	785.38
Closing balance of purchase consideration payable	**-**	**21,157.12**	**21,157.12**

	As at 31 March 2021		
	Contingent Consideration	**Deferred Consideration**	**Total**
Opening balance of purchase consideration payable	5,069.50	16,189.87	21,259.37
Add: Additions during the year		-	-
Add: Unwinding of discount (interest expense)	521.52	121.98	643.50
Less: Fair value gain recognised during the year	(2,174.55)	-	(2,174.55)
Closing balance of purchase consideration payable	**3,416.47**	**16,311.85**	**19,728.32**

(iii) Valuation techniques and significant unobservable input

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Purchase consideration payable	Actual as per the terms of share purchase agreement	Adjusted earning of acquired entity	-

Valuation technique used to determine fair value

i) Derivative contracts: The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and Currency options are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at 31 March 2022, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

ii) Investments in liquid and short-term mutual funds which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.

iii) Investments in equity shares which are classified as FVTPL are measured using market price of share at the reporting date multiplied by the quantity held.

(iv) Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

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41 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on it's financial performance. The primary market risk to the Group is foreign exchange exposure risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Group's risk management activity focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

(A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group, resulting in a financial loss. The Group's maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 14,516.65 lakhs as at 31 March 2022 [31 March 2021: ₹ 12,754.68 lakhs].

Assets under credit risk:	**As at 31 March 2022**	**As at 31 March 2021**
Trade receivables (Current) (refer note 10)	14,516.65	12,754.68
Other receivables (refer note 11)	-	19.27
Security deposit (Current and Non Current) (refer note 11)	765.36	923.72
Unbilled revenue (refer note 11)	6,702.34	4,055.94
	21,984.35	**17,753.61**

A1 Trade receivables, unbilled revenue and security deposits

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in India, USA and Europe. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, Financial Instruments, the Group uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors including the credit ratings of the various customers and Group's historical experience for customers.

The allowance for life time expected credit loss on customer balances and security deposit for the year ended 31 March 2022 is ₹ 1779.08 lakhs (31 March 2021 is ₹ 2,292.38 lakhs).

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Balance at the beginning	2,292.32	2,578.10
Impairment loss recognised	96.47	52.88
Impairment loss reversed/ written off	(609.71)	(338.66)
Balance at the year end	**1,779.08**	**2,292.32**

A2 Cash and cash equivalents

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial assets that are neither past due nor impaired

Cash and cash equivalents,bank balances other than cash and cash equivalents,other receivables and other financial assets are neither past due nor impaired.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for receivables of ₹ 1,628.77 lakhs and ₹ 2,178.46 lakhs, unbilled revenue of ₹ 104.97 lakhs and ₹ 104.97 lakhs and security deposit of ₹ 45.34 lakhs and ₹ 8.89 lakhs as at 31 March 2022 and 31 March 2021, respectively. The Group's credit period generally ranges from 30-120 days from invoicing date. The ageing analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of trade receivables, unbilled revenue and security deposit, net of allowances that are past due, is given below:

Particulars	**As at 31 March 2022**	**As at 31 March 2021**
Financial assets that are neither past due nor impaired _(A)	18,322.08	14,828.48
Financial assets that are past due but not impaired		
Past due 0-60 days	2,989.30	1,427.94
Past due 61-180 days	687.20	821.06
Past due over 180 days	218.11	770.58
Total past due but not impaired_(B)	**3,894.61**	**3,019.58**
Total (A+B)	**22,216.69**	**17,848.06**

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(All amounts in ₹ lakhs, unless otherwise stated)

41 Financial risk management (cont'd)

(B) Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

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

Maturities of financial liabilities

As at 31 March 2022	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings (refer note 19)	4,835.79	45.32	-	4,881.11
Lease liability (refer note 36)	1,282.79	1,123.21	132.17	2,538.17
Trade payable (refer note 20)	6,953.16	-	-	6,953.16
Other financial liabilities (refer note 21)	22,966.01	-	-	22,966.01
Total	**36,037.75**	**1,168.53**	**132.17**	**37,338.45**

As at 31 March 2021	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings (refer note 19)	3,061.45	2,082.74	-	5,144.19
Lease liability (refer note 36)	1,189.66	2,310.15	184.35	3,684.16
Trade payable (refer note 20)	5,061.50	-	-	5,061.50
Other financial liabilities (refer note 21)	19,436.27	4,707.52	-	24,143.79
Total	**28,748.88**	**9,100.41**	**184.35**	**38,033.64**

(C) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

Foreign currency sensitivity

The Group operates internationally and a significant portion of the business is transacted in USD and EURO currencies and consequently the Group is exposed to foreign exchange risk through its sales in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

Particulars	**Currency**	**As at 31 March 2022**		**As at 31 March 2021**	
		Amount in foreign currency	**Amount in ₹**	**Amount in foreign currency**	**Amount in ₹**
Financial assets					
Trade receivables	USD	59.15	4,483.48	42.45	3,108.80
	EURO	20.76	1,746.44	25.09	2,154.72
	SGD	0.21	11.70	0.21	11.37
	DKK	4.15	47.08	8.04	93.04
Unbilled revenue	USD	15.55	1,178.83	9.85	721.36
	EURO	1.11	93.71	0.40	34.35
	DKK	3.75	42.54	0.92	10.67
Cash and bank balances	USD	5.49	416.22	5.90	432.35
	EURO	7.83	658.45	6.71	576.38
	AED	1.59	32.86	1.59	31.75
	DKK	6.76	76.71	18.76	217.22
Other financial assets	AED	0.57	11.70	0.56	11.24
Loans and advances	EURO	-	-	0.17	14.84
Other current assets	EURO	1.08	91.24	1.06	91.17

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(All amounts in ₹ lakhs, unless otherwise stated)

Financial liabilities					
Trade payables	USD	39.29	2,978.33	11.95	875.15
	EURO	18.15	1,527.51	18.49	1,587.92
	GBP	1.78	177.04	0.22	22.18
	DKK	2.60	29.50	0.74	8.55
Unearned Revenue	USD	0.03	2.00	0.08	5.86
Duties and taxes payable	EURO	4.33	364.03	1.19	102.00
	DKK	1.44	16.36	0.89	10.26
Lease Liability	EURO	1.18	99.21	-	-
Interest accrued but not due on borrowings	USD	0.04	2.89	0.10	7.49
Borrowings	USD	53.08	4,023.17	87.03	6,373.57

Sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	**Increase 31 March 2022**	**Decrease 31 March 2022**	**Increase 31 March 2021**	**Decrease 31 March 2021**
Sensitivity				
INR/USD	(9.28)	9.28	(30.00)	30.00
INR/EURO	5.99	(5.99)	11.82	(11.82)
INR/AED	0.45	(0.45)	0.43	(0.43)
INR/SGD	0.12	(0.12)	0.11	(0.11)
INR/GBP	(1.77)	1.77	(0.22)	0.22
INR/DKK	1.20	(1.20)	3.02	(3.02)

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Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures arising from future forecasted revenues. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or in directly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts

Particulars	As at 31 March 2022	As at 31 March 2021
Forward Contracts		
In USD (31 March 2022 - ₹ 20.00 lakhs, 31 March 2021 - Nil)	1,590.80	-

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

	As at 31 March 2022		As at 31 March 2021	
Foreign exchange forward contracts (highly probable forecast sales)	**Notional amount (in ₹ lakhs)**	**Average forward rate**	**Notional amount (in ₹ lakhs)**	**Average forward rate**
Not later than one month				
- In USD	-	-	-	-
Later than one month and not later than three months				
- In USD	1,590.80	79.29	-	-
Later than three months and not later a year				
- In USD	-	-	-	-
- In CAD	-	-	-	-

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at the beginning of the year	**(83.34)**	**(401.69)**
Changes in fair value of effective portion of derivatives	53.39	258.45
Net gain reclassified to statement of profit and loss on occurrence of hedged transactions	-	59.90
Gain/ (Loss) on cash flow hedging derivatives, net	53.39	318.35
Balance as at the end of the year	**(29.95)**	**(83.34)**
Deferred tax liability thereon	9.47	24.34
Balance as at the end of the year, net of deferred tax	**(20.48)**	**(59.00)**

Interest rate risk

At 31 March 2022, the Company and ACAT had an interest rate swap agreement in place whereby the Company and ACAT pays a fixed rate of interest of 6% and 7.75%, respectively.The Company and ACAT receives interest at a variable rate of USD SOFR CMP+495 Bps and 6 months LIBOR+415 Bps on the notional amount, respectively. The swap is being used to hedge the exposure to changes in the variable interest rate on USD SOFR CMP+495 Bps and 6 months LIBOR+415 Bps secured loan.The said swap has been settled during the current year in ACAT.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Company and ACAT uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.
The hedge ineffectiveness can arise from:
•Different interest rate curve applied to discount the hedged item and hedging instrument
•Differences in timing of cash flows of the hedged item and hedging instrument
•The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The impact of the hedging instrument on the balance sheet as at 31 March 2022 and 31 March 2021 is, as follows:

	As at 31 March 2022			As at 31 March 2021		
Fair value hedge	**Nominal amount (in lakhs)**	**Carrying amount (INR lakhs)**	**Line item in balance sheet where hedging instrument is disclosed**	**Nominal amount (in lakhs)**	**Carrying amount (INR lakhs)**	**Line item in balance sheet where hedging instrument is disclosed**
Interest rate risk - Interest rate swap	USD 11.54	(1.28)	Other current financial assets	USD 56.16	92.02	Other current and Non current financial liability

The impact of the hedged item on the balance sheet as at 31 March 2022 and 31 March 2021 is, as follows:

	As at 31 March 2022			As at 31 March 2021		
Fair value hedge	**Nominal amount (in lakhs)**	**Carrying amount (INR lakhs)**	**Line item in balance sheet where hedging instrument is disclosed**	**Nominal amount (in lakhs)**	**Carrying amount (INR lakhs)**	**Line item in balance sheet where hedging instrument is disclosed**
Interest rate risk - Borrowings	874.58	(1.28)	Short Term borrowings	4,094.90	92.02	Long Term borrowings and Short Term borrowings

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42 Defined benefit obligations

A Defined benefit contributions

India
The Group makes contribution of statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952 for its Indian employees. This is a defined contribution plan as per Ind AS 19. Contribution made during the year ended 31 March 2022 is ₹ 878.66 lakhs [31 March 2021: ₹ 814.96 lakhs].

Overseas social security
The Group makes a contribution towards social security charges for its employees located at the respective branch offices in respective foreign geographies, that are defined contribution plans. The contributions paid or payable is recognised as an expense in the period in which the employee renders services in respective geographies. Contribution made during the year ended 31 March 2022 is ₹ 1,217.15 lakhs [31 March 2021: ₹ 1,033.14 lakhs].

B Defined benefit plans
The Group has provided for gratuity liability, for its Indian employees as per actuarial valuation carried out by an independent actuary on the Balance Sheet date. The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 to determine the present value of Defined Benefit Obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Group is exposed to various risks in providing the above benefit which are as follows:

a Interest rate risk
The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

b Liquidity risk
This is the risk that the Group is not able to meet the short-term gratuity payouts.This may arise due to non availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

c Salary escalation risk
The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

d Demographic risk
The Group has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e Regulatory risk
Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act,1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

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(All amounts in ₹ lakhs, unless other wise stated)

42 Defined benefit obligations (cont'd)

(i) Changes in the present value of the defined benefit obligation are as follows

	Gratuity	
	As at 31 March 2022	**As at 31 March 2021**
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at the beginning of the year	1,524.85	1,371.66
Current service cost	173.92	167.43
Interest cost	95.89	89.03
Benefits paid	(166.10)	(153.98)
Actuarial (gain)/ loss arising from change in financial assumptions	(20.47)	64.80
Actuarial (gain)/ loss arising from change in experience assumptions	37.32	(27.27)
Actuarial (gain)/ loss arising from change in demographic assumptions	(11.58)	13.17
Defined benefit obligation at the end of the year	**1,633.83**	**1,524.85**

(ii) Reconciliation of present value of plan asset:

Plan assets as at 1 April	588.81	365.64
Expected return on plan assets	39.53	25.72
Return on assets excluding interest income	(10.06)	20.03
Contributions	47.23	202.98
Benefits settled	(38.52)	(25.56)
Plan assets as at 31 March at fair value	**626.99**	**588.81**

(iii) Reconciliation of net defined benefit asset/ (liability)

Present value of obligation as at 31 March 2022	(1,633.83)	(1,524.85)
Plan assets at 31 March 2022 at fair value	626.99	588.81
Amount recognised in balance sheet liability	**(1,006.84)**	**(936.04)**
Non-Current Provision	874.63	822.13
Current Provision	132.21	113.91

(iv) Components of costs are:

Employee benefits expense		
Current service cost and past service cost	173.92	167.43
Finance cost		
Interest on defined benefit obligation	56.35	63.32
Remeasurement loss	15.33	30.68
Expenses recognised in the Statement of profit and loss for the year	**245.60**	**261.43**

(v) Components Remeasurement losses/ (gains) in other comprehensive income

Recognised net actuarial loss/ (gain) arising from change in financial assumptions	(20.47)	54.09
Recognised net actuarial gain arising from change in demographic assumptions	(11.58)	-
Recognised net actuarial (gain)/ loss arising from experience variance	37.32	(3.38)
Expected return on plan assets	10.06	(20.03)
Remeasurement loss in other comprehensive income	**15.33**	**30.68**

(vi) Investment details:	**% Invested**	**% Invested**
Insurer managed funds	100.00%	99.89%
Others	0.00%	0.11%

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(All amounts in ₹ lakhs, unless other wise stated)

42 Defined benefit obligations (cont'd)

(vii) The principal assumptions used in determining gratuity obligations for the Group's plans are disclosed below:	**Year ended 31 March 2022**	**Year ended 31 March 2021**
Discount rate	5.38%-6.95%	5.52% - 6.70%
Salary escalation rate	5%-9%	5%-9%
Attrition rate	1.00% - 40.00%	1.00% - 32.00%
Retirement age	58 Years - 60 Years	58 Years - 60 Years
Mortality rate [as a percentage of Indian assured lives mortality (2012-2014)]	100%	100%

The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of Government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

A quantitative sensitivity analysis for significant assumption as at 31 March 2022 and 31 March 2021 is as shown below:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, attrrition rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The following table summarizes the impact of change in the defined benefit obligation resulting from the specified percentage change in the aforementioned assumptions.

Particulars	**Gratuity**			
	As at 31 March 2022		**As at 31 March 2021**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (Increase or decrease by 1%)	(68.94)	201.53	(124.56)	138.35
Salary growth rate (Increase or decrease by 1%)	158.24	(32.67)	102.79	(96.16)
Attrition rate (Increase or decrease by 50% of attrition rates)	10.71	(26.35)	1.31	(13.88)
Mortality rate (Increase or decrease by 10% of mortality rates)	0.17	(0.26)	0.20	(0.23)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method and assumptions used in preparing the sensitivity analysis from previous period.

(viii) Effect of plans on Group's future cash flows

The schemes are managed on an unfunded basis and hence, no funding arrangements or future contributions are applicable. The weighted average duration of the group's plan is estimated to be between 2.36 to 8.32 years (31 March 2021: 3.42 to 9.82). Following is a collective maturity profile of the defined benefit obligation of the plans as at 31 March 2022 and 31 March 2021.

	Gratuity	
Expected cash flows over the next: (valued on undiscounted basis)	**As at 31 March 2022**	**As at 31 March 2021**
1 year	190.80	157.97
2 - 5 years	676.74	579.60
6 - 10 years	1,755.37	508.04
More than 10 years	593.31	1,817.03

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43 Segment information

Management currently identifies the Group's two service lines as its operating segments. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

The activities undertaken under Engineering design segment is involved in providing Product Design, Engineering, research and development services.

Under the Strategic technology solutions segment, integration services are provided for defence & offsets business. It includes partnering with major original equipment manufacturers (OEM's) in the areas of strategic electronics, avionics, radar data processing and electronic warfare etc.

The chief operating decision makers monitor the results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Performance is internally assessed and evaluated based on the segment revenues and segment profits.

Segment information for the reporting period is as follows:

	Year ended 31 March 2022		Year ended 31 March 2021	
A Segment revenues and profits	**Technology Services and Solutions**	**Strategic technology solutions**	**Technology Services and Solutions**	**Strategic technology solutions**
Revenue				
From external customers	45,273.09	15,757.50	36,737.47	15,647.19
Segment Revenues	**45,273.09**	**15,757.50**	**36,737.47**	**15,647.19**
Segment Results	4,660.11	996.15	1,834.84	2,962.04
Segment Results	**4,660.11**	**996.15**	**1,834.84**	**2,962.04**

Reconciliation of profit	**Year ended 31 March 2022**	**Year ended 31 March 2021**
Segment profit / (loss)	5,656.26	4,796.88
Share in net profit/ (loss) of associate	(45.82)	44.76
Exceptional items (refer note 33)	(169.34)	(4,079.80)
Finance costs	(1,575.41)	(2,250.40)
Unallocable income net of unallocable expenditure net of other income	(189.29)	450.62
Profit/ (Loss) before tax	**3,676.40**	**(1,037.94)**

	As at 31 March 2022		As at 31 March 2021	
B Segment assets and liabilities	**Technology Services and Solutions**	**Strategic technology solutions**	**Technology Services and Solutions**	**Strategic technology solutions**
Segment assets	29,186.41	30,720.03	28,140.22	25,858.96
Segment liabilities	12,510.13	32,013.35	13,573.11	29,151.64

B1 Reconciliation of Segment assets	**Year ended 31 March 2022**	**Year ended 31 March 2021**
Total reportable segment assets	59,906.44	53,999.18
Unallocable assets	19,533.76	20,236.86
Total Assets	**79,440.20**	**74,236.04**

B2 Reconciliation of Segment liabilities	**Year ended 31 March 2022**	**Year ended 31 March 2021**
Total reportable segment liabilities	44,523.48	42,724.75
Unallocable liabilities	1,255.65	1,160.17
Total Liabilities	**45,779.13**	**43,884.92**

C The Group's revenues from external customers are divided into the following geographical areas:

	Year ended 31 March 2022	**Year ended 31 March 2021**
India (country of domicile)	15,524.41	14,071.40
Outside India	45,506.18	38,313.26
	61,030.59	**52,384.66**

Revenues from external customers in the Group's domicile, India, as well as its major markets, Europe and the USA, have been identified on the basis of the customer's geographical location.

D The Group's non-current assets are divided into the following geographical areas (refer note below):

	Year ended 31 March 2022	**Year ended 31 March 2021**
India (country of domicile)	32,107.55	32,313.10
Outside India	159.70	309.37
	32,267.25	**32,622.47**

Non current assets of the Group are used interchangeably amongst geographical segments and are not allocable to any of the geographical segments. Assets have been therefore identified on the basis of their geographic location and not on the basis of usage.

Reportable assets for the purpose of this note constitute non-current assets other than financial assets and deferred tax assets.

E Revenue from major customers

During the year ₹ 21,354.34 lakhs (31 March 2021: ₹ 13,313.54 lakhs) of the Group's revenue from operations were generated from two customers.

(All amounts in ₹ lakhs, unless stated otherwise)

44 Share-based payments

The Group has the following Employees stock option schemes outstanding as at 31 March 2022:

Employee Stock Option Plan 2010

The Board of Directors of MSPL approved the 'Mistral Solutions Private Limited Employee Stock Option Plan 2010' on 15 July 2010 and it is effective from 1 April 2010. The options granted have vesting period in the range of 1 to 4 years.

Particulars	31 March 2022	31 March 2021
Options outstanding as at beginning of the year	3,68,000	2,37,000
Options granted during the year	-	1,39,000
Options vested during the year	-	-
Options forfeited during the year	5,000	-
Options exercised during the year	-	8,000
Shares allotted against options exercised during the year	-	8,000
Options expired during the year	-	-
Options outstanding at the end of the year	3,63,000	3,68,000
Options exercisable as at the end of the year	2,62,250	2,29,000
Weighted average price per option (Rs.)	5.00	5.00

The fair value at grant date is determined using the Black Scholes valuation option-pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The MSPL has granted Nil option (31 March 2021: 1,39,000 options) during the year.

AXISCADES Employee Stock Option Plan- Series 1 & 2

The Company has two ESOP schemes titled "AXISCADES Employee Stock Option Plan - Series 1 & 2" under which option to subscibe for the Company's shares can be granted to certain executive and senior employees.

During the current year, the Nomination and Remuneration Committee of the Board of Directors of the Company has approved the grant to two eligible employees of the Company pursuant to the AXISCADES Employee Stock Option Plan - Series 2 ('ESOP Series 2'). The exercise price of the share options is equal to the 90-day average closing price as on date prior to the date of nomination and remuneration committee meeting with such discount as may be decided by the committee for the grant of options under the Scheme. 2/3rd of the share options will vest after 2 years, and remaining 1/3rd of the share options will vest after 3 years from the date of grant of options.

The fair value of the options granted is estimated using Black-Scholes model of pricing, taking into account the terms and conditions upon which the share options were granted.

The share options can be exercised up to eight years from the grant date. There are no cash settlement alternatives.The Company accounts for the Scheme as an equity-settled plan.

	31 March 2022	31 March 2021
Expense arising from equity-settled share-based payment transactions	636.33	140.89
Total expense arising from share-based payment transactions	**636.33**	**140.89**

Movements during the year

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year

	31 March 2022	31 March 2022	31 March 2021	31 March 2021
Particulars	Number	WAEP	Number	WAEP
Outstanding at 1 April	30,20,762	51.54	8,77,300	52.70
Granted during the year *	32,07,482	77.83	22,03,462	51.20
Lapsed during the year	(7,74,070)	51.20	(60,000)	52.65
Exercised during the year	(1,54,500)	52.80	-	-
Expired during the year	-	-	-	-
Outstanding at 31 March	**52,99,674**	67.47	**30,20,762**	51.54
Exercisable at 31 March	13,87,369	51.97	**-**	**-**

The weighted average share price at the date of exercise of these options was ₹ 92.11 (31 March 2021: ₹ Nil).
The weighted average remaining contractual life for the share options outstanding as at 31 March 2022 was 7.10 years (31 March 2021: 7.43 years).
The weighted average fair value of options granted during the year was ₹ 57.10 (31 March 2021: ₹ 29.54).
The range of exercise prices for options outstanding at the end of the year was ₹ 51.20 to ₹ 83.52 (31 March 2021: ₹ 51.20 to ₹ 52.95).

The following table list the input to the model used for the scheme for the year ended 31 March 2022 and 31 March 2021 respectively.

	31 March 2022	31 March 2021
Weighted average fair values at the measurement date	57.10	29.54
Dividend yield (%)	-	-
Expected volatility (%)	54.70%-57.23%	55.30%-59.90%
Risk–free interest rate (%)	5.48%-7.16%	5.48%-7.25%
Expected life of share options(years)	5.5 years	5.5 years
Weighted average exercise price (INR)	67.47	51.54
Model used	Black-Scholes	Black-Scholes

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

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(All amounts in ₹ lakhs, unless stated otherwise)

45 Disclosure in accordance with Guidance Note on Accounting for expenditure on Corporate Social Responsibility Activities:

	Year ended 31 March 2022	Year ended 31 March 2021
a) Gross amount required to be spent by the Group during the year	40.36	32.29

(b) Amount spent during the year ending on 31 March 2022:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	30.40	1.25	31.65

(c) Amount spent during the year ending on 31 March 2021:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	44.46	-	44.46

d) Details related to spent / unspent obligations:

	Year ended 31 March 2022	Year ended 31 March 2021
i) Contribution to Public Trust	-	5.60
ii) Contribution to Charitable Trust	30.40	38.86
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	9.96	-
	40.36	**44.46**

In case of Section 135(5) (Other than ongoing project)				
Opening Balance	**Amount deposited in Specified Fund of Sch. VII within 6 months**	**Amount required to be spent during the year**	**Amount spent during the year**	**Closing Balance***
44.46	-	40.36	30.40	9.96

46 The Group's operations and financial results have been impacted by the outbreak of COVID-19 pandamic. The full impact of COVID-19 still remains uncertain and could be different from the estimates considered while preparing these financial results. The Group will continue to closely monitor any material changes to future economic conditions.

47 Transfer pricing

The Finance Act, 2001 has introduced, with effect from Assessment Year 2002-03 (effective 1 April 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within due date of filing the Return of Income. The Group is in the process of updating the Transfer Pricing documentation for the financial year ended 31 March 2022 following a detailed transfer pricing study conducted for the financial year ended 31 March 2021. In the opinion of the Management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

48 Ratio analysis and its elements

The ratios have not been disclosed in the consolidated Ind AS financial statements pursuant to the guidance under the Revised Guidance Note on Division II - Ind AS Schedule III to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India ("ICAI").

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49 Statutory group information

The entities consolidated in the consolidated financial statements are listed below:

Sl. No	Name of the entity	Country of incorporation	Relationship as at 31 March 2022	Percentage of effective ownership interest held (directly and indirectly) as at		Net assets, i.e. total assets minus total liabilities				Share in total comprehensive income			
						31 March 2022		31 March 2021		31 March 2022		31 March 2021	
				31 March 2022	31 March 2021	As a % of consolidated net assets	₹ in lakhs	As a % of consolidated net assets	₹ in lakhs	As a % of total comprehensive income	₹ in lakhs	As a % of total comprehensive income	₹ in lakhs
	A. Parent												
	AXISCADES Technologies Limited	India	Holding Company			49.40%	16,627.21	52.22%	15,849.31	13.37%	346.58	354.76%	(6,197.89)
	B. Subsidiaries												
1	AXISCADES, Inc.	USA	Subsidiary	100%	100%	7.11%	2,393.62	6.62%	2,009.10	12.28%	318.27	-30.83%	538.63
2	AXISCADES UK Limited	United Kingdom	Step down subsidiary	100%	100%	1.44%	486.15	1.14%	345.06	5.75%	149.14	-5.69%	99.48
3	AXISCADES Technology Canada Inc.	Canada	Subsidiary	100%	100%	9.39%	3,159.48	9.83%	2,983.10	1.83%	47.44	-2.31%	40.42
4	AXISCADES GmbH	Germany	Subsidiary	100%	100%	0.13%	44.36	0.17%	53.02	-0.30%	(7.80)	-0.34%	5.90
5	AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.	China	Subsidiary	100%	100%	-0.33%	(112.04)	-0.36%	(108.06)	0.14%	3.52	1.68%	(29.35)
6	Cades Studec Technologies (India) Private Limited	India	Subsidiary	76%	76%	6.68%	2,246.88	6.81%	2,065.45	7.00%	181.43	-11.80%	206.12
7	AXISCADES Aerospace and Technologies Private Limited	India	Subsidiary	100%	100%	39.68%	13,357.57	43.40%	13,173.33	6.57%	170.36	-90.16%	1,575.16
8	AXISCADES Aerospace Infrastructure Private Limited	India	Step down subsidiary	100%	100%	23.07%	7,764.16	25.72%	7,805.78	-1.63%	(42.22)	2.29%	(39.98)
9	Enertec Controls Limited	India	Step down subsidiary	100%	100%	10.54%	3,548.47	11.66%	3,539.65	0.34%	8.83	-2.30%	40.22
10	Mistral Solutions Private Limited	India	Subsidiary	100%	100%	41.54%	13,983.33	37.14%	11,272.31	93.54%	2,424.33	-87.88%	1,535.38
11	Aero Electronics Private Limited	India	Step down subsidiary	100%	100%	-0.05%	(16.91)	-0.05%	(15.18)	-0.07%	(1.72)	0.09%	(1.61)
12	Mistral Technologies Private Limited	India	Step down subsidiary	100%	100%	2.28%	766.61	2.40%	728.24	1.48%	38.37	-1.87%	32.60
13	Mistral Solutions Inc.	USA	Step down subsidiary	100%	100%	2.40%	808.96	2.29%	695.88	3.32%	86.14	-9.06%	158.28
14	Mistral Solutions Pte Limited	Singapore	Step down subsidiary	100%	100%	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	Translation adjustment					-	-	-	-	0.00%	-	0.16%	(2.76)
	Total					**193.27%**	**65,057.85**	**198.99%**	**60,396.99**	**143.63%**	**3,722.67**	**116.73%**	**(2,039.40)**
	C.Minority Interest												
	Cades Studec Technologies (India) Private Limited	India	Subsidiary	24%	24%	-1.59%	(534.76)	-1.61%	(490.17)	1.72%	44.59	-2.62%	45.84
	Adjustment arising out of Consolidation					-91.68%	(30,862.02)	-97.38%	(29,555.70)	-45.35%	(1,175.39)	-14.11%	246.49
	Consolidated net assets/ Total comprehensive income					**100.00%**	**33,661.07**	**100.00%**	**30,351.12**	**100.00%**	**2,591.87**	**100.00%**	**(1,747.07)**

(This space has been intentionally left blank)

50 The Code on Social Security, 2020 (the "Code") relating to employee benefits during employment and post-employment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect is yet to be notified and the final rules/ interpretation are yet to be issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact accordingly.

51 Other Statutory information

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group do not have any transactions with companies struck off.

(iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

52 Previous year comparatives

Previous year figures have been regrouped/ reclassified, where necessary, to confirm to this year's classification.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date : 24 May 2022

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

Arun Krishnamurthi
Chief Executive Officer and Managing Director
DIN : 09408190

Sudhakar Gande
Non Executive Director
DIN : 00987566

Shashidhar SK
Chief Financial Officer

Sonal Dudani
Company Secretary
Membership No.: 40415

Place : Bengaluru
Date : 24 May 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited) (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and its associate in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

i. We draw attention to Note 47 of the accompanying consolidated Ind AS financial statements, which describes Management's assessment of the impact of uncertainties caused by COVID-19 pandemic and its consequential impact it may have on the operations of the Group and its associate. Our opinion is not modified in respect of this matter.

ii. We draw the attention to Note 22(ii) of the accompanying consolidated Ind AS financial statements in respect of dispute between the Company and Shareholders of Mistral Solutions Private Limited in relation to the implementation of the Share Purchase Agreement ('SPA') dated 1 December 2017. This matter is pending before the Arbitral Tribunal and the final outcome of the matter is not known currently. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements Section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the Management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<u>Valuation of contingent consideration payable for business acquisition</u> (*as described in Note 2(c) and Note 22(i) of the consolidated Ind AS financial statements*)	
The Holding Company entered into a Share Purchase Agreement ('SPA') effective December 1, 2017, to acquire 100% of the paid-up share capital of Mistral Solutions Private Limited (MSPL) in a phased manner over a period specified in the SPA. As at March 31, 2021, the Holding Company has contingent consideration payable of Rs. 3,416.48 lakhs. The said consideration is remeasured at fair value at each Balance Sheet date and is affected by changes in the estimation of post-acquisition performance of the MSPL and its subsidiaries ("MSPL Group"). Any resulting gain or loss is recognized in the consolidated statement of profit and loss. The determination of value of contingent consideration payable made by the Management involved judgment in relation to the post-acquisition performance of the MSPL Group, impact of COVID-19 and discount rates applied in determining the fair value of contingent consideration payable. Accordingly, we have determined this area to be a key audit matter in our audit of the Consolidated Ind AS financial statements.	Our audit procedures included the following: • We understood, evaluated and tested Management's controls over the determination of the contingent consideration payable; • We assessed the Holding Company's valuation methodology applied in determining the value of contingent consideration payable. In making this assessment, we also evaluated the objectivity and independence of Holding Company's expert involved in the process; • We evaluated performance forecasts used in the computation of contingent consideration payable and we engaged expert to assess the assumptions adopted by the Management with reference to MSPL Group's business plan and historical results to assess the quality of MSPL Group's financial projection including assumptions related to discount rates, impact of COVID-19 and growth rates; • We tested the mathematical accuracy of the underlying computation of contingent consideration payable and validated as per the terms of the SPA; and • We have assessed the disclosures in the consolidated Ind AS financial statements as per the relevant accounting standards.
Assessment of impairment of Goodwill and other intangible assets *(as described in Note 2(c) and Note 7 of the consolidated Ind AS financial statements)*	

The Group's Balance Sheet includes Rs. 13,995.78 lakhs of goodwill and other intangible assets representing 18.85% of total Group assets. Goodwill and other intangible assets must be tested for impairment at least on an annual basis. The determination of recoverable amounts requires judgement on the part of the Management in both identifying and then valuing the relevant Cash Generating Units (CGUs). Recoverable amounts are based on Management's assumptions of variables and market conditions such as volume growth rates, future operating expenditure, discount rates, impact of COVID-19 and long-term growth rates. The annual impairment testing is a significant accounting estimate as the assumptions on which such estimates are based are judgmental and affected by future market and economic conditions which are inherently uncertain. Accordingly, we have determined this area to be a key audit matter in our audit of the Consolidated Ind AS financial statements.	Our audit procedures included the following: • We understood, evaluated and tested Holding Company's Management key controls over the impairment assessment process; • We assessed the Group's methodology applied in determining the CGUs recoverable value and consistent with accounting standards. In making this assessment, we also evaluated the objectivity and independence of Holding Company's expert involved in the process. • We engaged expert to assess the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates, impact of COVID-19 and terminal growth rates and methodologies used by the Holding Company's Management to determine the recoverable amount; • We tested the arithmetical accuracy of the impairment testing models; and • We have assessed the disclosures in the consolidated Ind AS financial statements as per the relevant accounting standards.

We have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

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

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

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

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

conditions may cause the Group and its to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of eleven subsidiaries whose Ind AS financial statements include total assets of Rs. 34,377.72 lakhs as at March 31, 2021, and total revenues of Rs. 20,868.50 lakhs and net cash inflows of Rs. 399.92 lakhs for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor’s reports have been furnished to us by the management. The consolidated financial statements also include the Group’s share of net profit of Rs. 44.55 lakhs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of one associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, and associate, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associate, as noted in the ‘other matter’ paragraphwe report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate Company, none of the directors of the Group’s companies and its associate, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, its subsidiary companies and its associate Company incorporated in India, refer to our separate Report in “Annexure 1” to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associate, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company, its subsidiaries and associate incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associate as noted in the ‘Other matter’ paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associate and in its consolidated Ind AS financial statements – Refer Note 38 to the consolidated Ind AS financial statements;

   ii. The Group and its associate did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and its associate, incorporated in India during the year ended March 31, 2021.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Per Sunil Gaggar
Partner
Membership Number: 104315
UDIN:

Place of Signature: Bengaluru
Date:

AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)

Consolidated Balance Sheet as at 31 March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3	5,200.05	5,414.80
Other intangible assets	4	3,524.99	3,943.61
Intangible assets under development	5	-	56.22
Capital work-in-progress	6	-	-
Right of use assets	37	9,618.67	9,343.58
Goodwill	7	10,470.79	16,778.36
Investment in an associate	8	233.23	188.47
Financial assets			
Investments	9	697.39	374.03
Loans	11	832.50	881.02
Other financial assets	12	859.44	587.95
Deferred tax assets, net	40	2,806.34	3,012.24
Non-current tax assets, net	13	1,464.76	2,876.48
Other non-current assets	14	2,109.97	2,060.94
		37,818.13	**45,517.70**
Current assets			
Inventories	15	2,330.30	1,961.43
Financial assets			
Investments	9	4,059.06	2,874.53
Trade receivables	10	12,754.68	16,640.89
Loans	11	241.79	251.42
Cash and cash equivalents	16	5,269.93	4,477.69
Bank balances other than cash and cash equivalents	17	3,208.31	2,538.30
Other financial assets	12	5,434.22	7,425.34
Other current assets	14	3,119.62	4,169.86
		36,417.91	**40,339.46**
Total assets		**74,236.04**	**85,857.16**
Equity and liabilities			
Equity			
Equity share capital	18	1,889.51	1,889.51
Other equity	19	27,909.62	29,623.46
Non controlling interests		490.17	444.33
Total equity		**30,289.30**	**31,957.30**
Liabilities			
Non- current liabilities			
Financial liabilities			
Borrowings	20	2,082.74	3,893.07
Lease Liabilities	37	2,094.36	1,749.76
Other financial liabilities	22	4,707.52	6,269.40
Provisions	23	985.26	1,036.76
Other non-current liabilities	25	-	27.82
		9,869.88	**12,976.81**
Current liabilities			
Financial liabilities			
Borrowings	20	3,061.45	8,325.74
Lease Liabilities	37	1,038.40	1,026.88
Trade payables	21		
(a) Total outstanding dues of micro and small enterprises		119.52	154.04
(b) Total outstanding dues of creditors other than micro and small enterprises		4,941.98	4,827.57
Other financial liabilities	22	19,436.27	20,029.02
Provisions	23	961.86	755.65
Current tax liability, net	24	106.67	486.89
Other current liabilities	25	4,348.89	5,317.26
		34,015.04	**40,923.05**
Total equity and liabilities		**74,174.22**	**85,857.16**

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date.

For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

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

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date: June 11, 2021

Sharadhi Chandra Babupampapathy
Chief Executive Officer and Executive Director
DIN: 02809502

Place : Bengaluru
Date: June 11, 2021

Sudhakar Gande
Non Executive Director
DIN: 00987566

Place : Bengaluru
Date: June 11, 2021

Anumanchipalli Srinivas
Chief Financial Officer

Place : Bengaluru
Date: June 11, 2021

Shweta Agrawal
Company Secretary
Membership No.: 14148
Place : Ghaziabad
Date: June 11, 2021

AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)

Consolidated Statement of Profit and Loss for the year ended 31 March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from contracts with customers	26	51,738.61	66,497.83
Other operating Income	27	646.05	788.55
Other income	28	1,384.25	761.80
Total income		**53,768.91**	**68,048.18**
Expenses			
Cost of materials consumed	29	9,849.61	10,255.05
Employee benefits expense	30	26,661.40	36,116.86
Depreciation, amortisation and impairment loss	31	2,598.58	3,273.78
Finance costs	32	2,250.40	2,830.39
Other expenses	33	9,473.64	11,749.28
Total expenses		**50,833.63**	**64,225.36**
Profit before share of profit of an associate, exceptional items and tax		**2,935.28**	**3,822.82**
Share of profit of an associate	8	44.76	15.72
Profit before exceptional items and tax		**2,980.04**	**3,838.54**
Exceptional items	34	(4,079.80)	-
Profit / (Loss) before tax and non controlling interest		**(1,099.76)**	**3,838.54**
Tax expense:	40		
(i) Current tax		951.19	1,157.98
(ii) Deferred tax (credit) / expenses		131.42	(348.95)
Profit / (Loss) after tax for the year		**(2,182.37)**	**3,029.51**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement losses on defined benefit plans	43	(30.68)	(79.15)
Income tax effect		7.60	20.52
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**(23.08)**	**(58.63)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
a) Gains/(Losses) on cash flow hedges, net	42	318.35	(297.31)
Income tax effect		(82.08)	76.02
		236.27	**(221.29)**
b) Exchange differences on translation of foreign operations		160.29	328.00
Income tax effect		-	-
		160.29	**328.00**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		**396.56**	**106.71**
Other comprehensive income for the year, net of tax		**373.48**	**48.08**
Total comprehensive income for the year, net of tax		**(1,808.89)**	**3,077.59**
Total profit / (loss) attributable to:			
Equity holders of the Company		**(2,166.39)**	**2,975.41**
Non-controlling interest		**45.84**	**54.10**
Total comprehensive income attributable to:			
Equity holders of the Company		**(1,792.91)**	**3,023.49**
Non-controlling interest		**45.84**	**54.10**
Earnings per equity share in ₹ [nominal value of shares ₹ 5 (31 March 2020: ₹ 5)]	35		
Basic		**(5.74)**	**7.87**
Diluted		**(5.74)**	**7.69**

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date.

For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

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

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date: June 11, 2021

Sharadhi Chandra Babupampapathy
Chief Executive Officer and Executive Director
DIN: 02809502

Place : Bengaluru
Date: June 11, 2021

Sudhakar Gande
Non Executive Director
DIN: 00987566

Place : Bengaluru
Date: June 11, 2021

Anumanchipalli Srinivas
Chief Financial Officer

Place : Bengaluru
Date: June 11, 2021

Shweta Agrawal
Company Secretary
Membership No.: 14148
Place : Ghaziabad
Date: June 11, 2021

AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)

Consolidated Statement of Changes in Equity for the year ended 31 March, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital

Equity shares of ₹ 5 each (March 31, 2020 : ₹ 5 each), fully paid-up	Equity shares Number (in lakhs)	Equity shares Amount
As at 1 April 2019	**377.60**	**1,889.51**
Add: Issued and subscribed during the year	-	-
As at 31 March 2020	**377.60**	**1,889.51**
Add: Issued and subscribed during the year	-	-
As at 31 March 2021	**377.60**	**1,889.51**

B. Other equity (refer note 19)

	Reserves and surplus						Items of OCI					
	General reserve	Securities premium	Retained earnings	Capital Contribution Reserve	Share options outstanding account	Capital reserve	Foreign currency translation reserve	Hedge reserve	Other items of other comprehensive income / (loss)	Total other equity	Non-controlling interests	Total
Balance as at 01 April 2019	**3.39**	**10,077.23**	**10,742.20**	**107.68**	**2.25**	**5,698.31**	**86.98**	**(73.98)**	**(66.71)**	**26,577.35**	**390.23**	**26,967.58**
Profit for the year	-	-	2,975.41	-	-	-	-	-	-	**2,975.41**	54.10	**3,029.51**
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	(221.29)	-	**(221.29)**	-	**(221.29)**
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	-	-	-	(58.63)	**(58.63)**	-	**(58.63)**
Share based payment (Refer note:45)	-	-	-	-	171.88	-	-	-	-	**171.88**	-	**171.88**
Effect on adoption of Ind AS 116, net of tax	-	-	(149.26)	-	-	-	-	-	-	**(149.26)**	-	**(149.26)**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	328.00	-	-	**328.00**	-	**328.00**
Total comprehensive income	**-**	**-**	**2,826.15**	**-**	**171.88**	**-**	**328.00**	**(221.29)**	**(58.63)**	**3,046.11**	**54.10**	**3,100.21**
Balance as at 31 March 2020	**3.39**	**10,077.23**	**13,568.35**	**107.68**	**174.13**	**5,698.31**	**414.98**	**(295.27)**	**(125.34)**	**29,623.46**	**444.33**	**30,067.79**
Profit / (Loss) for the year	-	-	(2,228.21)	-	-	-	-	-	-	(2,228.21)	45.84	**(2,182.37)**
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	236.27	-	236.27	-	**236.27**
Re-measurement losses in defined benefit plans, net of tax	-	-	-	-	-	-	-	-	(23.08)	(23.08)	-	**(23.08)**
Share based payment (Refer note:45)	-	-	-	-	140.89	-	-	-	-	140.89	-	**140.89**
Exchange differences on translation of foreign operations	-	-	-	-	-	-	160.29	-	-	160.29	-	**160.29**
Total comprehensive income	**-**	**-**	**(2,228.21)**	**-**	**140.89**	**-**	**160.29**	**236.27**	**(23.08)**	**(1,713.84)**	**45.84**	**(1,668.00)**
Balance as at 31 March, 2021	**3.39**	**10,077.23**	**11,340.13**	**107.68**	**315.03**	**5,698.31**	**575.27**	**(59.00)**	**(148.42)**	**27,909.62**	**490.17**	**28,399.79**

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date.

For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date: June 11, 2021

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

Sharadhi Chandra Babupampapathy
Chief Executive Officer and Executive Director
DIN: 02809502

Place : Bengaluru
Date: June 11, 2021

Sudhakar Gande
Non Executive Director
DIN: 00987566

Place : Bengaluru
Date: June 11, 2021

Anumanchipalli Srinivas
Chief Financial Officer

Place : Bengaluru
Date: June 11, 2021

Shweta Agrawal
Company Secretary
Membership no.:14148
Place : Ghaziabad
Date: June 11, 2021

AXISCADES Technologies Limited (formerly AXISCADES Engineering Technologies Limited)
Consolidated Statement of cash flow for the year ended 31 March, 2021
(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
A. Cash flow from operating activities		
Profit/(Loss) before tax	(1,037.94)	3,838.54
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation ,amortisation and impairment loss (refer note 31)	2,598.58	3,273.78
Interest income (including fair value change in financial instruments)	(420.13)	(610.14)
Net gain on financial asset measured at fair value through profit and loss	(431.34)	(77.46)
Exception Item, net (refer note 34)	4,079.80	-
Dividend income from mutual funds	(10.29)	(4.45)
Interest expense (including fair value change in financial instruments) (refer note 32)	2,250.40	2,830.39
Provision / liabilities no longer required written back	(140.99)	(114.87)
Share of profit of an associate	(44.76)	(15.72)
Bad debts and advances written off	115.45	13.39
Share based payment expense (refer note 45)	140.89	171.88
Provision for slow and non moving inventories	-	119.64
Provision for foreseeable loss on contracts	-	0.55
Provision for doubtful debts and advances	52.88	370.02
(Profit) / Loss on sale of Property, plant and equipment	(6.55)	3.17
Net unrealised foreign exchange loss	(230.70)	544.11
Operating profit before working capital changes	**6,915.30**	**10,342.83**
Movements in working capital		
Decrease / (Increase) in trade receivables	3,751.01	(1,422.83)
Decrease / (Increase) in inventories	(368.87)	(64.06)
Decrease / (Increase) in other assets including financial assets	2,741.72	(3,138.21)
Decrease / (Increase) in loans and advances	233.86	193.07
Increase / (Decrease) in trade payables, other liabilities and financial liabilities	(1,196.20)	2,354.00
Increase / (Decrease) in provisions	55.09	(235.17)
Cash generated from operating activities	**12,131.91**	**8,029.63**
Direct taxes refund / (paid)	80.31	(1,540.98)
Net cash generated from operating activities (A)	**12,212.22**	**6,488.65**
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment, intangible assets and intangible assets under development	(566.61)	(643.62)
Proceeds from sale of property, plant and equipment	6.55	31.35
Interest received	339.14	297.03
Investment in mutual funds, other funds and equity shares of other companies	(1,031.79)	(350.15)
Redemption in fixed deposits, net	(934.78)	18.38
Intercorporate deposit received	-	175.00
Dividend received	10.29	4.45
Net cash used in investment activities (B)	**(2,177.20)**	**(292.56)**
C. Cash flow from financing activities		
Repayment of principal and interest portion of lease liabilities	(1,287.64)	(1,587.54)
(Repayments) / proceeds of short term borrowings	(5,146.92)	500.00
Repayments from term borrowings	(1,609.12)	(2,303.69)
Interest paid	(1,250.10)	(1,454.83)
Net cash used in financing activities (C)	**(9,293.78)**	**(4,846.06)**
Net increase in cash and cash equivalents (A+B+C)	**741.24**	**1,350.03**
Effect of exchange rate changes, net	51.00	69.83
Cash and cash equivalents as at beginning of the year (refer note 16(a))	4,477.69	3,057.83
Cash and cash equivalents at the end of the year (refer note 16(a))	**5,269.93**	**4,477.69**

The accompanying notes are an integral part of these consolidated Ind AS financial statements.

As per our report of even date.

For S R Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number : 101049W/E300004

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

per Sunil Gaggar
Partner
Membership Number : 104315

Place : Bengaluru
Date: June 11, 2021

Sharadhi Chandra Babupampapathy
Chief Executive Officer and Executive Director
DIN: 02809502

Place : Bengaluru
Date: June 11, 2021

Sudhakar Gande
Non Executive Director
DIN : 00987566

Place : Bengaluru
Date: June 11, 2021

Anumanchipalli Srinivas
Chief Financial Officer

Place : Bengaluru
Date: June 11, 2021

Shweta Agrawal
Company Secretary
Membership no.:14148
Place : Ghaziabad
Date: June 11, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

1. General Information:

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

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

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ('the Group') and an associate listed below:

Information about subsidiaries:

Name of the subsidiaries	Country of incorporation	Ownership interest (%) 31 March 2021	Ownership interest (%) 31 March 2020
AXISCADES, Inc.	USA	100%	100%
AXISCADES UK Limited, Subsidiary of AXISCADES Inc. ('AXISCADES UK')	UK	100%	100%
AXISCADES Technology Canada Inc. ('AXISCADES Canada')	Canada	100%	100%
Axis Mechanical Engineering Design (Wuxi) Co., Ltd. ('Axis China')	China	100%	100%
AXISCADES GmbH	Germany	100%	100%
Cades Studec Technologies (India) Private Limited ('Studec')	India	76%	76%
AXISCADES Aerospace & Technologies Private Limited ('ACAT')	India	100%	100%
Enertec Controls Limited, subsidiary of ACAT ('Enertec')	India	100%	100%
AXISCADES Aerospace Infrastructure Private Limited, subsidiary of ACAT ('AAIPL')	India	100%	100%
Mistral Solutions Private Limited (MSPL)	India	100%	100%
Aero Electronics Private Limited, subsidiary of MSPL (AEPL)	India	100%	100%
Mistral Technologies Private Limited, subsidiary of MSPL (MTPL)	India	100%	100%
Mistral Solutions Inc.,subsidiary of MSPL (MSI)	USA	100%	100%
Mistral Solutions Pte Limited, subsidiary of MSPL (MSP)	Singapore	100%	100%

Associate

The Group has a 50% interest in ASSYSTEM AXISCADES Engineering Private Limited ("AAEPL") (refer note 8).

2. Summary of significant accounting policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

► Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
► Exposure, or rights, to variable returns from its involvement with the investee, and
► The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

► The contractual arrangement with the other vote holders of the investee;
► Rights arising from other contractual arrangements;
► The Group's voting rights and potential voting rights; and
► The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2021. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the parent company.

(All amounts in ₹ lakhs, unless otherwise stated)

a) Basis of consolidation (Cont'd)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it:
► Derecognises the assets (including goodwill) and liabilities of the subsidiary;
► Derecognises the carrying amount of any non-controlling interests;
► Derecognises the cumulative translation differences recorded in equity;
► Recognises the fair value of the consideration received;
► Recognises the fair value of any investment retained;
► Recognises any surplus or deficit in profit or loss; and
► Reclassifies the parent’s share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

b) Basis of preparation

The Consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 ('the Act') read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 11 June 2021.

The consolidated Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:
► Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12, Income Tax, and Ind AS 19, Employee Benefits respectively.
► Liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payments arrangement of the Group entered into to replace share-based arrangements of the acquiree are measured in accordance with Ind AS 102, Share-based Payments at the acquisition date
► Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.
► Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in Statement of Profit and Loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109, Financial Instruments, is measured at fair value with changes in fair value recognised in Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109 it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations between entities under common control is accounted for at carrying value under the provisions of Ind AS 103, Business Combinations.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as and when incurred.

d. Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.
The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit and loss reflects the Group's share of the results of operations of the associate . Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate ,the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate .

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate . If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate . At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate in the statement of profit or loss
Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

e) Use of Judgements, Estimates & Assumptions

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

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

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Leases - Estimating the incremental borrowing rate

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

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Capitalisation of internally developed intangible assets

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Recoverability of advances / receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable / amortisable assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

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

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

Provision for litigations and contingencies

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount.

Provision for warranty

The Group, in the usual course of sale of its products, gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the specified warranty period. Provisions made represent the amount of expected cost of meeting such obligations of rectifications / replacements based on best estimate considering the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior years.

Decommissioning liability

The estimated valuation of decommissioning liability are based on management's historical experience and best estimate of restoring the premises on lease in its original condition. Assumptions and judgments made by management when assessing an decommissioning liability include i) the existence of a legal obligation; ii) estimated probabilities, amounts, and timing of settlements; iii) the credit-adjusted risk-free rate to be used.

Share-based payments

The Group measures the cost of non cash-settled transactions with employees using a Black sholes model valuation to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses Black sholes model valuation for executives and senior management employees.The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 45.

f) Current versus non-current classification

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

An asset is classified as current when it is:
• Expected to be realised or intended to be sold or consumed in normal operating cycle;
• Held primarily for the purpose of trading;
• Expected to be realised within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is classified as current when:
• It is expected to be settled in normal operating cycle;
• It is held primarily for the purpose of trading;
• It is due to be settled within twelve months after the reporting period, or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
All other liabilities are classified as non-current.

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

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

g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of respective asset if the recognition criteria for a provision are met.

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

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

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

	Useful lives (in years)
Computers *	3 - 6
Furniture and fixtures *	7 - 10
Office equipment *	5 - 7
Plant and machinery *	7 - 15
Electrical installations *	7
Office buildings *	61
Vehicles *	5 - 6
Test equipments	6

* Based on an internal assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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

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

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

h) Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Process manuals are amortised over the remaining project term or the useful life of the process manual, whichever is shorter. Softwares are amortised over the period of 3 - 6 years. Non-compete fee and customer contract are amortised over a period 10 years.

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

Intangibles under development

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

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

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

i) Impairment of non-financial assets

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

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(All amounts in ₹ lakhs, unless otherwise stated)

j) Revenue recognition

The Group earns revenue from contract with customer primarily from sale of engineering design services, system integration and other services.

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

Sale of goods and services:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from professional engineering services is either on time-and-material basis or fixed price contracts. Revenue on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts, where performance obligation are satisfied over time and where there is no uncertainity as to the measurement or collectibility of consideration, is recognised as per the percentage of completion method. When there is uncertainity as to measurement or ultimate collectibility, revenue recognition is postponed until such uncertainity is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Variable Consideration:

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

Significant financing component :

The Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, it does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Warranty obligations:

It provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in use of judgements, estimates & assumptions.

Finance income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividend Income:

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental Income:

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases and is included in revenue in the Statement of Profit and Loss due to its operating nature.

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

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

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

k) Employee benefits

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

Defined contribution plan
Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan
Gratuity
The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Compensated absences
The Group provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to Statement of Profit and Loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Group transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

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

Short-term employee benefits
Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

l) Leases

The Group has lease contracts for buildings used in its operations. Lease terms generally ranges between 3 and 9 years.
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.
The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 01, 2019.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:
If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2(i) Impairment of non-financial assets.

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

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

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m) Foreign currency transactions

Functional and presentation currency

The Group's consolidated financial statements are presented in Indian Rupees, which is also the Holding Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Statement of Profit and Loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2016), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

n) Borrowing costs

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

o) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.. The method of determination of cost is as follows:

Raw materials/components and traded goods are valued at first in first out method

Finished goods / work in progress - Cost of materials including costs of conversion, where cost of material is determined under first in first out method. Cost of conversion is considered at actuals.

Goods in transit are valued at actual cost.

The Group periodically assesses the inventory for obsolesence and slow moving stocks

p) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

(All amounts in ₹ lakhs, unless otherwise stated)

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum alternate tax (MAT):

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

q) Provisions and contingencies

Provisions

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

Contingent liabilities

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

Contingent assets

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

Onerous contracts

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

r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

i. Debt instruments at amortised cost;

ii. Debt instruments at fair value through other comprehensive income (FVTOCI);

iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and

iv. Equity investments

i. Debt instruments at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

ii. Debt instrument at FVTOCI

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv. Equity investments

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

a. The rights to receive cash flows from the asset have expired, or

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Financial guarantee contracts

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

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

Derivative financial instruments and Hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted sales. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item.
If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

s) Impairment of financial assets

In accordance with Ind-AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Group tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if the credit risk has increased significantly, life time ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

a. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

b. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

c. Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Trade receivables
The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

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

t) Fair value measurement

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurements as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy as explained above.

(All amounts in ₹ lakhs, unless otherwise stated)

u) Cash and cash equivalents

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

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

v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has two business segments, 'Engineering design service' and 'Strategic technology solutions'.

w) Earnings/ (loss) per Share (EPS)

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

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

x) Corporate Social Responsibility (CSR) expenditure

CSR expenditure as per provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is charged to the Statement of Profit and Loss as expense as and when incurred.

y) Share-based payments

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

2(ii) Changes in accounting policies and disclosures

New amendment and standards

(i) Amendments to Ind AS 116: Covid-19-Related Rent Concession

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. On account of this amendment, an amount of ₹ 61.82 lakhs is recognised as income in the statement of profit and loss for the year ended 31 March, 2021. Several other amendments and interpretations apply for the first time in during the year ending 31 March, 2021, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective/ notified.

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3 Property, plant and equipment (PPE)

	Freehold land	Leasehold land	Computers	Furniture and fixtures	Test equipments	Office equipments	Electrical installations	Vehicles	Office building	Leasehold improvements	Plant and machinery	Total
Cost or valuation												
Balance as at 1 April 2019	**3,370.50**	**6,731.97**	**1,341.41**	**215.04**	**257.04**	**255.13**	**10.08**	**227.08**	**621.38**	**39.72**	**1,586.55**	**14,655.90**
Additions for the year	-	-	190.81	21.29	5.97	67.64	2.10	-	-	192.14	2.49	**482.44**
Disposals during the year	-	-	(61.33)	(3.14)	-	(40.78)	-	(66.59)	-	-	(1.03)	**(172.87)**
Reclassification to Right of use asset (refer note 1)	-	(6,731.97)	-	-	-	-	-	-	-	-	-	**(6,731.97)**
Other adjustments [refer note 2 below]	-	-	(2.97)	2.03	-	3.91	-	-	-	-	-	**2.97**
Balance as at 31 March 2020	**3,370.50**	**-**	**1,467.92**	**235.22**	**263.01**	**285.90**	**12.18**	**160.49**	**621.38**	**231.86**	**1,588.01**	**8,236.47**
Additions for the year	-	-	161.73	9.09	29.43	4.13	-	9.24	-	29.35	5.96	**248.93**
Disposals during the year	-	-	(1.76)	-	-	(0.53)	-	(11.65)	-	-	(1.50)	**(15.44)**
Other adjustments [refer note 2 below]	-	-	1.16	(0.32)	-	0.07	-	-	-	-	-	**0.91**
Balance as at 31 March 2021	**3,370.50**	**-**	**1,629.05**	**243.99**	**292.44**	**289.57**	**12.18**	**158.08**	**621.38**	**261.21**	**1,592.47**	**8,470.87**
Accumulated Depreciation												
Balance as at 1 April 2019	**-**	**-**	**1,042.85**	**138.24**	**176.71**	**144.12**	**7.47**	**94.02**	**28.53**	**22.39**	**306.36**	**1,960.69**
Depreciation charge for the year	-	-	201.23	29.46	30.30	45.68	1.82	41.85	11.42	12.35	223.37	**597.48**
Disposals during the year	-	-	(61.34)	(3.14)	-	(38.74)	-	(34.33)	-	-	(0.70)	**(138.25)**
Impairment (refer note 6 below)	-	-	-	-	-	-	-	-	-	-	403.69	**403.69**
Other adjustments [refer note 2 below]	-	-	(3.42)	1.09	-	0.39	-	-	-	-	-	**(1.94)**
Balance as at 31 March 2020	**-**	**-**	**1,179.32**	**165.65**	**207.01**	**151.45**	**9.29**	**101.54**	**39.95**	**34.74**	**932.72**	**2,821.67**
Depreciation charge for the year	-	-	173.09	18.53	21.51	35.24	0.83	25.25	11.41	42.73	132.53	**461.12**
Disposals during the year	-	-	(1.10)	-	-	(0.33)	-	(11.12)	-	-	(1.23)	**(13.78)**
Other adjustments [refer note 2 below]	-	-	2.35	(0.67)	-	0.13	-	-	-	-	-	**1.81**
Balance as at 31 March 2021	**-**	**-**	**1,353.66**	**183.51**	**228.52**	**186.49**	**10.12**	**115.67**	**51.36**	**77.47**	**1,064.02**	**3,270.82**
Net block												
As at 31 March 2020	**3,370.50**	**-**	**288.60**	**69.56**	**56.00**	**134.45**	**2.89**	**58.95**	**581.43**	**197.12**	**655.29**	**5,414.80**
As at 31 March 2021	**3,370.50**	**-**	**275.39**	**60.48**	**63.92**	**103.08**	**2.06**	**42.41**	**570.02**	**183.74**	**528.45**	**5,200.05**

Notes

1 On adoption of Ind AS 116 Leases, the Group has reclassified certain leasehold land to Right-of-use assets in accordance with the provisions of Ind AS 116.

2 Represents adjustments consequent to translation of property, plant and equipment in foreign geographies.

3 **Capitalised borrowing cost**
There is no borrowing costs capitalised during the year ended 31 March 2021 (31 March 2020: Nil).

4 **Property, plant and equipment pledged as security**
Details of properties pledged are as per note 20.

5 **Decommissioning cost**
A provision has been recognised for decommissioning costs associated with the premises taken on lease. The Group is committed to decommissioning the premises as a result of leasehold improvements made to the premises (refer note 23).

6 **Impairment**
During the year ended on 31 March 2021, ACAT has recognised an impairment loss of Nil (31 March, 2020: ₹ 403.69 lakhs)represented the write-down value of certain property, plant and equipment in the plant and machinery to the recoverable amount as a result of technological obsolescence. This was recognised in the statement of profit and loss grouped under depreciation, amortisation and impairment expense.

(All amounts in ₹ lakhs, unless otherwise stated)

4 Other intangible assets

	Computer software	Non-compete fee	Customer contract	Process manuals	Total
Cost					
Balance as at 1 April 2019	**1,341.43**	**1,500.87**	**3,127.52**	**1,849.16**	**7,818.98**
Additions for the year	216.50	-	-	-	**216.50**
Other adjustments [refer note 1 below]	-	-	-	0.22	**0.22**
Balance as at 31 March 2020	**1,557.93**	**1,500.87**	**3,127.52**	**1,849.38**	**8,035.70**
Additions for the year	302.40	-	-	-	**302.40**
Other adjustments [refer note 1 below]	(0.52)	-	-	-	**(0.52)**
Balance as at 31 March 2021	**1,859.81**	**1,500.87**	**3,127.52**	**1,849.38**	**8,337.58**
Accumulated amortisation					
Balance as at 1 April 2019	**858.43**	**200.11**	**417.01**	**1,719.18**	**3,194.73**
Amortisation /charge for the year	304.32	150.08	312.76	130.20	**897.36**
Balance as at 31 March 2020	**1,162.75**	**350.19**	**729.77**	**1,849.38**	**4,092.09**
Amortisation /charge for the year	258.84	150.08	312.76	-	**721.68**
Other adjustments [refer note 1 below]	(1.18)	-	-	-	**(1.18)**
Balance as at 31 March 2021	**1,420.41**	**500.27**	**1,042.53**	**1,849.38**	**4,812.59**
Net block					
As at 31 March 2020	**395.18**	**1,150.68**	**2,397.75**	**-**	**3,943.61**
As at 31 March 2021	**439.40**	**1,000.60**	**2,084.99**	**-**	**3,524.99**

Notes:

1 Represents adjustments consequent to translation of other intangible assets in foreign geographies.

5 Intangible assets under development

	Software	Total
Balance as at 1 April 2019	50.00	50.00
Additions during the year	81.22	81.22
Less: Capitalised during the year	(75.00)	(75.00)
Balance as at 31 March 2020	56.22	56.22
Additions during the year	70.00	70.00
Less: Capitalised / Impaired during the year	(126.22)	(126.22)
Balance as at 31 March 2021	-	-

6 Capital work-in-progress	As at 31 March 2021	As at 31 March 2020
Opening capital work-in-progress	-	11.89
Additions during the year	0.82	41.78
Capitalised during the year	(0.82)	(53.67)
Closing capital work-in-progress	-	-

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7 Goodwill

(a) Particulars	As at 31 March 2021	As at 31 March 2020
Carrying value at the beginning of the year	16,778.36	16,592.88
Translation differences	(53.22)	185.48
Less: Impairment during the year	(6,254.35)	-
Carrying value at the end of the year	**10,470.79**	**16,778.36**

Goodwill represents the excess of purchase consideration over net asset value of acquired subsidiaries on the date of such acquisition. Such goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. An amount of ₹ 10,470.79 lakhs (31 March 2020: ₹ 16,778.36 lakhs) has been recognised as goodwill as per the requirements of Ind AS 103, Business Combinations.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The carrying value of goodwill, net of translation differences, as at 31 March 2021 and 31 March 2020 is as below:

Entity	Allocated operating segment / CGU	As at 31 March 2021	As at 31 March 2020
AXISCADES UK Limited		129.87	119.91
AXISCADES Inc.	Engineering design services	2,146.17	2,209.35
Cades Studec Technologies India Private Limited		446.07	446.07
AXISCADES Aerospace & Technologies Private Limited	Strategic Technology Solutions	1,419.98	1,419.98
Mistral Solutions Private Limited		6,328.70	12,583.05
		10,470.79	**16,778.36**

(b) The recoverable amount of a cash generating unit is the higher of its fair value less costs of disposal and its value in use. The Company has engaged an independent external valuer to carry out an assessment of any impairment on goodwill and other intangibles. For the purpose of impairment test, fair value of a CGU is determined based on the market capitalization and the value in use is determined based on specific calculations. The recoverable amount of all CGU's has been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value in use calculations:

The calculation of value in use is most sensitive to the following assumptions:

(i) Revenue growth rates, operating margins
(ii) Discount rates
(iii) Terminal growth rates

Revenue growth rates, operating margins – Revenue growth rates and operating margins are determined based on the past trend of the revenue growth and operating margins and based on future expectations.

Discount rates - Discount rates represent the current market assessment of the risks, taking into consideration the time value of money. The discount rate calculation is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. The group has used discount rates in the range of 11.20% to 15.90% for computation of value in use. These estimates are likely to differ from future actual results of operations and cash flows.

Terminal growth rate estimates – The cash flow projections include specific estimates for three to five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The group has assumed a growth rate ranging from 1% to 5% for computation of value in use.

As at 31 March, 2021,the estimated recoverable amount of Stragetic Technology Solutions CGU is lower than its carrying amount. Accordingly the Group has recognised an impairment loss on goodwill amounting to ₹ 6,254.35 Lakhs during the year ended 31 March, 2021. The carrying amount of the CGU was computed by allocating the net asset to operating segment for the purpose of the impairment testing.

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(All amounts in ₹ lakhs, unless otherwise stated)

8 Investment in an associate

The Company entered into a agreement on April 10, 2018 with ASSYSTEM Engineering and Operation Services SAS to form ASSYSTEM AXISCADES Engineering Private Limited (AAEPL) for providing engineering services in the field of energy, building and infrastructure and nuclear sector. Accordingly, AAEPL was incorporated with an equity participation in the ratio of 50:50. The Company invested ₹ 227.50 lakhs in 455,000 equity shares of ₹ 50 each fully paid in cash. The Group's interest in AAEPL is accounted for using the equity method in the Consolidated Ind AS Financial Statements. The following table illustrates the summarised financial information of the Group's investment in AAEPL:

	As at 31 March 2021	As at 31 March 2020
Current assets	511.50	438.22
Non-current assets	63.70	104.91
Current liabilities	(85.45)	(154.79)
Non-current liabilities	(23.28)	(11.40)
Equity	466.46	376.94
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	**233.23**	**188.47**

	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from contracts with customers	1,023.67	1,071.51
Other Income	1.43	12.09
Depreciation and amortisation	(26.69)	(18.94)
Employee benefits expense	(511.57)	(611.48)
Other expense	(371.33)	(388.76)
Profit before tax	**115.51**	**64.42**
(i) Current tax	(14.53)	(12.29)
(ii) Deferred Tax	(11.88)	(20.69)
Profit for the year	**89.10**	**31.44**
Items that will not be reclassified subsequently to profit or loss		
Remeasurement gains / (losses) on defined benefit plans	**0.56**	**-**
Income tax effect of remeasurement on defined benefit plans	**(0.14)**	**-**
Net other comprehensive income not to be reclassified subsequently to profit or loss	**0.42**	**-**
Total comprehensive income for the year	**89.52**	**31.44**
Group's share of profit /(loss) for the year	**44.76**	**15.72**

The associate had no contingent liabilities or capital commitments as at 31 March 2021.

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(All amounts in ₹ lakhs, unless otherwise stated)

9 Investments

	As at 31 March 2021	As at 31 March 2020
Non-current		
Unquoted		
i) Investments (at amortised cost)		
National savings certificate	0.05	0.05
Total investment carried at amortised cost	**0.05**	**0.05**
ii) Investment in equity shares of other companies (at FVTPL)		
Axis Cogent Global Limited 946,822 (31 March 2020: 946,822) equity shares of ₹ 10 each	-	-
Datum Technology Limited 50,000 (31 March 2020: 50,000) equity shares of ₹ 10 each	-	-
Raaga Axis Avicom Private Limited 1,000 (31 March 2020: 1,000) equity shares of ₹ 10 each	-	-
ii) Other Investment (at FVTPL)		
Investment in real estate fund	231.55	247.71
Investment in mutual funds	248.33	
Quoted		
iii) Other Investment (at FVTPL)		
Investment in other funds	217.46	126.27
Total investment carried at fair value through profit or loss	**697.34**	**373.98**
Aggregate value of investments	**697.39**	**374.03**
Current		
Unquoted		
Investment in mutual fund	941.21	-
Quoted		
i) Investment in equity shares of other companies (at FVTPL)		
Investment in equity shares [#]	77.76	102.96
ii) Other investments (at FVTPL)		
Investment in mutual funds	3,040.09	2,210.28
Investment in other funds	-	561.29
Total investment carried at fair value through profit or loss	**4,059.06**	**2,874.53**

Pertains to 60,000 shares (31, March 2020 : 1,98,000 shares) investment in Astra Microwave Products Limited.

10 Trade receivables

	As at 31 March 2021	As at 31 March 2020
Current **		
(a) Trade Receivable	12,736.28	16,621.80
(a) Trade Receivable from related parties (refer note 36)	18.40	19.09
	12,754.68	**16,640.89**
Break-up for security details:		
Trade receivables (Current and Non Current)		
Secured, considered good		-
Unsecured, considered good	12,754.68	16,640.89
Trade Receivables which have significant increase in credit risk	1,431.86	325.03
Trade Receivables - credit impaired	746.60	2,139.20
	-	
	14,933.14	**19,105.12**
Impairment Allowance (allowance for bad and doubtful debts)		
Trade Receivables which have significant increase in credit risk	(1,431.86)	(325.03)
Trade Receivables - credit impaired	(746.60)	(2,139.20)
	-	
Total Trade receivables	**12,754.68**	**16,640.89**

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

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

** Refer note 20 for details of assets pledged as security for borrowings.

(All amounts in ₹ lakhs, unless otherwise stated)

11 Loans

	As at 31 March 2021	As at 31 March 2020
Non-current		
(Unsecured, considered good) [refer note (a) below]		
Loans to employees	-	1.71
Security deposit	832.50	879.31
	832.50	**881.02**
Current *		
(Unsecured, considered good) [refer note (a) below]		
Government incentive receivable	149.15	-
Loans to employees	1.42	-
Security deposit	100.11	260.31
Less: provision for security deposit	(8.89)	(8.89)
	241.79	**251.42**

a) Since all loans given are unsecured and considered good, the break up for security details wise is not applicable to the Group and hence not given.

* Refer note 20 for details of assets pledged as security for borrowings.

12 Other financial assets

	As at 31 March 2021	As at 31 March 2020
Non-current		
(Unsecured, considered good)		
Margin money deposits with banks against bank guarantee (refer note 17)	859.44	587.95
	859.44	**587.95**
Current *		
(Unsecured, considered good)		
Interest accrued on fixed deposits	137.83	143.41
Hedge asset	-	5.20
Margin money deposits with banks against bank guarantee (refer note 17)	436.48	443.20
Receivable from Bank **	-	233.41
Recievable from related parties (refer note 36)	19.27	33.52
Loans to employees	34.08	54.60
Export incentives receivable	691.67	511.05
Contract assets - Unbilled revenue	4,055.94	5,989.41
Others	58.95	11.54
	5,434.22	**7,425.34**
(Unsecured, considered doubtful)		
Contract assets - Unbilled revenue	104.97	104.97
	104.97	**104.97**
Less :		
Allowance for Contract assets - Unbilled revenue	(104.97)	(104.97)
	(104.97)	**(104.97)**
	5,434.22	**7,425.34**

* Refer note 20 for details of assets pledged as security for borrowings.

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

13 Non-current tax assets

	As at 31 March 2021	As at 31 March 2020
Advance income tax (net of provision for tax)	1,464.76	2,876.48
	1,464.76	**2,876.48**

14 Other assets

	As at 31 March 2021	As at 31 March 2020
Non-current		
(Unsecured, considered good)		
Duties and taxes recoverable	107.69	88.95
Prepaid expenses	1.45	9.05
Capital advances**	2,000.83	1,962.94
	2,109.97	**2,060.94**
(Unsecured, considered doubtful)		
Capital advances	178.38	178.38
	178.38	**178.38**
Less : Allowance for capital advances	(178.38)	(178.38)
	(178.38)	**(178.38)**
	2,109.97	**2,060.94**
Current *		
(Unsecured, considered good)		
Advances to employees	55.97	103.10
Duties and taxes recoverable	1,733.45	2,190.21
Prepaid expenses	781.34	647.79
Advance to suppliers	457.43	1,013.84
Export incentive receivable	84.31	208.43
Deferred rent	0.89	0.26
Other advances	6.23	6.23
	3,119.62	**4,169.86**
(Unsecured, considered doubtful)		
Duties and taxes recoverable	27.67	27.67
	27.67	**27.67**
Less : Allowance for duties and taxes recoverable	(27.67)	(27.67)
	(27.67)	**(27.67)**
	3,119.62	**4,169.86**

**Mainly pertaining to capital advance of ₹ 1,956.68 lakhs for acquisition of 10.8 acres of land by AAIPL (step down subsidiary). AAIPL is in the process of completing the formalities for obtaining possession of the allotted land;

* Refer note 20 for details of assets pledged as security for borrowings.

15 Inventories * (lower of cost or net realisable value)

	As at 31 March 2021	As at 31 March 2020
Raw material /components [including goods-in-transit of ₹7.86 lakhs (31 March 2020: ₹10.35 lakhs)]	1,897.54	722.10
Project work-in-progress	185.23	895.70
Finished goods [including goods-in-transit of ₹ Nil (31 March 2020: ₹ 5.15 lakhs)]	195.20	443.24
Traded goods [including goods-in-transit of ₹ 10.97 lakhs (31 March 2020: ₹ 0.96 lakhs)]	52.33	288.35
	2,330.30	**2,349.39**
Less: Provision for slow / non-moving inventory (refer note 1 below)	-	(387.96)
	2,330.30	**1,961.43**

1. During the year ended 31 March, 2021, ACAT has recognised ₹ Nil (31 March, 2020 : 119.64 lakhs) as provision for slow, non-moving and obsolete inventory in respect of write-downs of inventory to net realisable value.

* Refer note 20 for details of assets pledged as security for borrowings.

16 Cash and cash equivalents *

	As at 31 March 2021	As at 31 March 2020
Cash on hand	0.80	1.13
Balances with banks		
- in current accounts	4,799.27	4,458.83
- in cash credit accounts	71.85	17.73
- Margin money deposits with banks against bank guarantee (refer note 17)	398.00	-
	5,269.93	**4,477.69**

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

(ii) As at 31 March, 2021, the Group has ₹ 6,695.65 lakhs (31 March, 2020: ₹ 3,431.79 lakhs) of undrawn committed borrowing facilities.

***** Refer note 20 for details of assets pledged as security for borrowings.

Note:

	As at 31 March 2021	As at 31 March 2020
a) For the purpose of statement of cash flows, cash and cash equivalents comprises the following:		
Cash and cash equivalents	5,269.93	4,477.69
	5,269.93	**4,477.69**

17 Bank balances other than cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Margin money deposits with banks against bank guarantee	4,902.23	3,569.45
	4,902.23	**3,569.45**
Less: Amounts disclosed as other non-current financial assets (refer note 12)	(859.44)	(587.95)
Less: Amounts disclosed as other current financial assets (refer note 12)	(436.48)	(443.20)
Less: Amounts disclosed as cash and cash equivalents (refer note 16)	(398.00)	-
	3,208.31	**2,538.30**

Note:

1 Fixed deposits of a carrying amount ₹ 3,896.44 lakhs (31 March 2020: ₹ 3,447.14 lakhs) have been deposited as margin money against the foreign currency term loans, packing credit facility, bank guarantees, letter of credit, buyers credit facility availed from various banks.

2 Deposits of a carrying amount ₹ 402.53 lakhs (31 March 2020: ₹ 122.31 lakhs) have been deposited as bank guarantee in favour of various government authorities and customers.

3 Refer note 20 for assets pledged as security for borrowings.

a) Breakup of financial assets carried at amortised cost

	As at 31 March 2021	As at 31 March 2020
Investments (refer note 9)	0.05	0.05
Loans (Current and Non Current) (refer note 11)	1,074.29	1,132.44
Trade receivables (Current) (refer note 10)	12,754.68	16,640.89
Other financial assets (Current and Non Current) (refer note 12)	6,293.66	8,008.09
Cash and cash equivalents (refer note 16)	5,269.93	4,477.69
Bank balances other than cash and cash equivalents (refer note 17)	3,208.31	2,538.30

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(All amounts in ₹ lakhs, unless otherwise stated)

18 Equity share capital

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Authorised share capital				
Equity shares of ₹ 5 each	2,040.00	10,200.00	2,040.00	10,200.00
Preference shares of ₹ 100 each	1.00	100.00	1.00	100.00
	2,041.00	**10,300.00**	**2,041.00**	**10,300.00**
Issued share capital				
Equity shares of ₹ 5 each, fully paid-up	378.11	1,890.53	378.11	1,890.53
Subscribed and paid-up				
Equity shares of ₹ 5 each (31 March,2020: ₹ 5 each), fully paid-up	377.60	1,887.98	377.60	1,887.98
Add: Forfeited shares (amount originally paid ₹ 3 per share on 51,100 equity shares) *	-	1.53	-	1.53
	377.60	**1,889.51**	**377.60**	**1,889.51**

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

(a) Reconciliation of the equity shares

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Equity shares of ₹ 5 each, par value				
Balances as at the beginning of the year	377.60	1,889.51	377.60	1,889.51
Add: Issued and subscribed during the year	-	-	-	-
Balance at the end of the year	**377.60**	**1,889.51**	**377.60**	**1,889.51**

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each equity share is entitled to one vote per share. Dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian rupees. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by the holding Company and subsidiaries of holding Company

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Amount	Number (in lakhs)	Amount
Holding Company:				
Jupiter Capital Private Limited (refer note (1) below)	73.60	368.01	73.60	368.01
Subsidiaries of Holding Company:				
Tayana Digital Private Limited (refer note (1) below)	121.42	607.11	121.42	607.11
Indian Aero Ventures Private Limited	61.54	307.71	61.54	307.71

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

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

	As at 31 March 2021		As at 31 March 2020	
	Number (in lakhs)	Percentage holding	Number (in lakhs)	Percentage holding
Equity shares of ₹ 5 each, par value				
Tayana Digital Private Limited (refer note:c (1) above)	121.42	32.16%	121.42	32.16%
Jupiter Capital Private Limited (refer note:c (1) above)	73.60	19.49%	73.60	19.49%
Indian Aero Ventures Private Limited	61.54	16.30%	61.54	16.30%

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

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

Particulars	2019 - 20	2018 - 19	2017- 18	2016 - 17	2015 - 16
Equity shares:					
Allotted as fully paid up under Scheme of Amalgamation	-	-	-	105.70	-

(g) Shares reserved for issue under options

The ESOP scheme titled "AXISCADES Employee Stock Option Plan- Series 1 & 2" (" ESOP Schemes") was approved by the Shareholders of the Company vide resolution passed at the Extra Ordinary General Meeting through postal ballot held on 31 March 2018 in respect of grant of options exercisable into equity shares of face value of Rs 5 each fully paid-up, not exceeding 3,020,762 equity shares or 8% of the paid up equity shares of the Company from time to time. Pursuant to the ESOP Schemes, during the current year, the Board of Directors, on February 5, 2021, based on the recommendations of the Nomination and Remuneration Committee, increased the ESOP pool by 10,00,000 shares and is subject to shareholders approval. Further, 22,03,462 options were granted to the eligible employees of the Company and its Subsidiaries and 5,64,315 options were proposed to be granted to the eligible employees of the Company and its Subsidiaries and is subject to shareholders approval. The total number of options outstanding as on March 31, 2021 is 3,020,762 shares (31 March 2020 : 8,77,300).

(All amounts in ₹ lakhs, unless otherwise stated)

	As at 31 March 2021	As at 31 March 2020
19 Other equity		
Securities premium	10,077.23	10,077.23
Capital reserve	5,698.31	5,698.31
Hedge reserve	(59.00)	(295.27)
Foreign currency translation reserve	575.27	414.98
Surplus in the Statement of Profit and Loss	11,340.13	13,568.35
General reserve	3.39	3.39
Share options outstanding account	315.03	174.13
Capital contribution Reserve	107.68	107.68
Other reserves	(148.42)	(125.34)
Total	**27,909.62**	**29,623.46**

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

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

Foreign currency translation reserve
Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

Capital reserve
Capital reserve is created pursuant to common control business combination. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

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

Capital contribution reserve
Reserve created pursuant to profit on settlement of loan under common control transaction.

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

	As at 31 March 2021	As at 31 March 2020
20 Borrowings		
Non-current		
Secured		
Term loan from banks [refer note a(ii), b(ii), b(iii), f(ii)]	4,216.16	5,597.72
Less: Amount clubbed under “other current financial liabilities” (refer note 22)	(2,133.42)	(2,204.65)
	2,082.74	**3,393.07**
Intercorporate deposits from related parties (Refer note (e)(ii)) and (refer note 36)	-	500.00
	2,082.74	**3,893.07**
Current		
Secured		
Working capital loans [refer note a(i), b(i), e(iii), e(iv), e(v)]	2,254.13	3,761.37
Packing credit in foreign currency [refer note a(i), e(iv)]	-	498.30
Post shipment credit in foreign currency [refer note e(v)]	-	495.52
Cash credit from bank [refer note a(iii), b(iv), e(iii)]	807.32	3,570.55
	3,061.45	**8,325.74**

I AXISCADES Technologies Limited

a) Details of security for borrowings

(i) Packing credit facility in foreign currency ("PCFC") is from a bank are secured by first exclusive charge on current assets, movable assets and land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with M/s Axiscades Aerospace & Technologies Private Ltd), pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹5,304 Lakhs. Additionally, 10% cash margin in the form of fixed deposits lien to be maintained .Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.

(ii) Foreign currency Term Loan ('FCTL') from a bank is secured by the first exclusive charge on entire current assets and entire movable tangible property, plant and equipment of the Company both present and future, including land and building of the Company situated at D-30, Sector 3, Noida, UP, exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with M/s Axiscades Aerospace & Technologies Private Ltd), pledge of 26% shares of Mistral Solutions Private Limited, valued at ₹5,304 lakhs, pledge of shares to the extent of 1.40 times the exposure of both of the Companies (the Company and Axiscades Aerospace & Technologies Private Ltd) with mark to market clause. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.

(iii) Cash credit from banks is secured by first exclusive charge on current assets, movable assets and land and building of the Company situated at D-30, Sector 3, Noida, UP , exclusive charge on the property owned by Enertec Controls Limited at Electronic City, Bangalore (cross collateralized with Axiscades Aerospace & Technologies Private Ltd), pledge of 26% shares of Mistral Solutions Private Limited valued at ₹5,304 Lakhs .Additionally, 10% cash margin in the form of fixed deposits lien to be maintained Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited.

b) Terms of borrowings and rate of interest

(i) Packing credit in foreign currency from bank bearing an interest rate of 3.70% - 5.48% per annum (31 March 2020: 4.6% - 7.2% per annum) are repayable over a maximum tenure of 180 days from the date of respective availment.

(ii) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 46.15 lakhs carrying an interest rate of 9.75% per annum (31 March 2020: 9.75% per annum). The loan is repayable in 16 quarterly instalments, after a moratorium of 1 year from the date of availment.

(iii) During the FY 2017-18, the Company has availed term loan from bank aggregating USD 2.92 lakhs carrying an interest rate of 7.65% per annum (31 March 2020: 7.65% per annum). The loan is repayable in 10 quarterly instalments, after a moratorium of 10 months from the date of availment.

(iv) Cash credit from bank bears an interest rate of 11.92 % per annum (31 March 2020: 12.36% per annum) and are repayable on demand over a maximum tenure of 12 months from the date of respective availment.

c) Loan covenants

Term loan from banks contain certain financial covenants such as debt service coverage ratio, total debt as a percentage of total net-worth etc. The Company has satisfied all other debt covenants prescribed in the terms of bank loan except debt service coverage ratio and total debt as a percentage of EBIDTA. The Management is of the view that this is a minor breach and hence no adjustments are made to consolidated Ind AS financial statements in this respect.

II AXISCADES, Inc.

d) Terms of loan -

a. For the Current year and Previous year loan - the working capital loan carries variable interest rate per annum of Wall Street Journal Prime Rate + 2.00% with a floor of 7.50% per annum. Interest and Maintenance Fees shall be calculated on the higher of the actual average monthly loan balance from the prior month or a minimum average loan balance of USD 500,000. The loan is repayable on demand. The working capital loan is secured by a perfected security interest in all the assets including a first security interest in accounts receivable and contract rights.

III AXISCADES Aerospace & Technologies Private Limited

e) Terms of borrowings and rate of interest

(i) During the financial year 2017-18, ACAT has borrowed foreign currency term loan from a bank amounting to USD 66.15 lakhs (equivalent ₹ 4,300 lakhs) and carries interest rate of 7.21% per annum (31 March, 2020: 8.75% per annum). The loan is repayable in 16 quarterly instalments starting from 31 December 2018. The amount outstanding as at 31 March 2021 was ₹ 2,405.52 lakhs.(31 March 2020 was ₹ 3,091.45 lakhs)

(ii) During the current year, ACAT has repaid inter-corporate deposit ('ICD') from Hindusthan Infrastructure Projects & Engineering Private Limited, a fellow subsidiary of the Holding Company, amounting to ₹ 500.00 lakhs. The total amount outstanding as at 31 March, 2021 is ₹ Nil (31 March, 2020 : ₹ 500.00 lakhs).

(iii) Cash credit from bank is carrying interest of 6 months MCLR + 4.80% (31 March, 2020: MCLR + 4.80%) (current 6 months MCLR is 9.40% (31 March, 2020: 9.40%) per annum, therefore interest rate is 14.20% (31 March, 2020 : 14.20%)) per annum, computed on monthly basis on the actual amount utilised, revolving and tenure is 12 months.

(iv) As at 31 March, 2020, packing credit in foreign currency loan from bank bearing an interest rate of 2.5% - 3.75% per annum are repayable over maximum tenure of 9 months from the date of respective availment.

(v) As at 31 March, 2020, post shipment credit in foreign currency loan from bank bearing an interest rate of 2% - 6% per annum are repayable over maximum tenure of 12 months from the date of respective availment.

f) Details of security of borrowings

(i) Cash credit facility (inclusive of post shipment credit facility and packing credit facility in foreign currency) from bank are secured by first exclusive charge on all current assets and movable plant, property and equipment of the Company, equitable mortgage on property owned by it's subsidiary Enertec Controls Ltd situated at 14-15, I Phase, Electronic city, Bangalore.

(ii) Term loan facility from bank are secured by first pari passu charge on all movable plant, property and equipment (tangible), current assets of ACAT both present and future. First Pari Passu charge by way of equitable mortgage on property owned by it's subsidiary Enertec Controls Ltd situated at 15-16, 1st Phase, Electronic city, Bangalore, pledge of shares to the extent of 1.40 times the exposure of both of the Companies (ACAT and AXISCADES Technologies Limited (formerly known as AXISCADES Engineering Technologies Limited)) with mark to market clause. Further, shortfall undertaking and letter of responsibility is backed by board resolution to be submitted by Jupiter Capital Private Limited, the ultimate holding Company .

g) Loan covenants

The term loan from bank contains certain financial covenants such as debt service coverage ratio ('DSCR), total debt as a percentage of total net-worth etc. The ACAT has satisfied all other debt covenants prescribed in the terms of bank loan except DSCR. The Management is of the view that this is a minor breach and hence no adjustments are made to these financial statements in this respect.

Changes in liabilities arising form financing activities:

	Term loan from banks	Inter-corporate deposit	Current borrowings	Lease liabilities	Total
Balance as at 1 April 2019	6,918.98	-	8,254.01	-	15,172.99
Lease liability recognised as at April 01, 2019	-	-	-	2,958.77	2,958.77
Additions to lease liability	-	-	-	1,078.42	1,078.42
Cash flows	(2,031.56)	500.00	(272.13)	(1,587.54)	(3,391.23)
Other Adjustments	710.30	-	343.86	326.99	1,381.15
Balance as at 31 March 2020	**5,597.72**	**500.00**	**8,325.74**	**2,776.64**	**17,200.10**
Additions to lease liability	-	-	-	1,551.92	1,551.92
Deletion	-	-	-	(258.09)	(258.09)
Cash flows	(1,109.12)	(500.00)	(5,146.92)	(1,466.67)	(8,222.71)
Other Adjustments	(272.44)	-	(117.37)	349.93	(39.89)
Balance as at 31 March 2021	**4,216.16**	**-**	**3,061.45**	**2,953.72**	**10,231.33**

(All amounts in ₹ lakhs, unless otherwise stated)

21 Trade payables

	As at 31 March 2021	As at 31 March 2020
Current		
Dues of micro and small enterprises (refer note below)	119.52	154.04
Dues of creditors other than micro and small enterprises *	4,941.98	4,827.57
	5,061.50	**4,981.61**

* Includes ₹ 6.23 lakhs (March 31, 2020: ₹8.73 lakhs) payable to related parties (refer note:36).

Disclosure required under section 22 of Micro, Small and Medium Enterprise Development Act, 2006

The Group has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March, 2021 and 31 March, 2020. The details in respect of such dues are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Principal amount remaining unpaid to any supplier as at the end of the accounting year	119.52	154.04
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of the payments made to micro and small suppliers beyond the appointed day during each	89.47	37.21
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

22 Other financial liabilities

	As at 31 March 2021	As at 31 March 2020
Non-current		
Purchase consideration payable on acquisition of subsidiary [refer note below]	4,688.61	6,219.66
Hedge liability	18.91	49.74
	4,707.52	**6,269.40**
Current		
Purchase consideration payable on acquisition of subsidiary [refer note below]	15,039.71	15,039.71
Dues to employees	2,010.50	2,263.96
Hedge liability	73.11	342.41
Creditors for capital goods	76.20	40.38
Current maturities of long term borrowings (refer note 20)	2,133.42	2,204.65
Interest accrued on ICD (refer note 36)	-	19.52
Other liabilities	103.33	118.39
	19,436.27	**20,029.02**

22 Other financial liabilities (cont'd)

Note:

(i) During the financial year 2017-18 , the Company entered into a Share Purchase Agreement ('SPA') to acquire 100% stake in Mistral Solutions Private Limited along with its subsidiaries ("MSPL Group") in a phased manner. MSPL Group is headquartered in Bengaluru, India and is engaged in rendering end to end services for product design and development in the embedded space. The Company acquired control of Mistral Solutions Private Limited ("MSPL") effective December 01, 2017.

As on the acquisition date, the purchase consideration was determined as ₹ 24,213.97 lakhs, payable over a period specified in the SPA. As per the SPA, the amount of purchase consideration payable for certain phases is dependent on revenues and profit after tax generated by MSPL Group since the acquisition date through the financial year ended March 2022 mentioned below as contingent consideration. The Company has engaged an independent external valuer for valuation of contingent consideration. The involvement of external valuer is decided annually by the Management and the selection criteria include market knowledge, reputation and independence of the valuer.

During the current year, the Company has also recognised a net fair value gain of ₹ 2,174.55 lakhs on re-estimation of purchase consideration payable and has recognised an unwinding of discount (interest expense) of ₹ 643.50 lakhs on the purchase consideration payable in the statement of profit and loss account. The change in fair value is based on the revised projections of MSPL Group, updated considering the actual performance of MSPL group. The value of the purchase consideration payable as at 31 March 2021, aggregated ₹ 19,728.32 lakhs (31 March 2020 : ₹ 21,259.37 lakhs) including deferred consideration of ₹ 16,311.85 lakhs (31 March 2020 : ₹ 16,189.87 lakhs) and contingent consideration of ₹ 3,416.47 lakhs (31 March 2020 : ₹ 5,069.50 lakhs).

	As at 31 March 2021		
	Deferred Consideration	**Contingent Consideration**	**Total**
Opening balance of purchase consideration payable	16,189.87	5,069.50	21,259.37
Add: Unwinding of discount (interest expense)	121.98	521.52	643.50
Less: Fair value gain recognised during the year	-	(2,174.55)	(2,174.55)
Closing balance of purchase consideration payable	**16,311.85**	**3,416.47**	**19,728.32**

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

Out of the above purchase consideration payable at the year end, ₹ 4,688.61 lakhs (31 March, 2020: ₹ 6,219 lakhs) is disclosed under Other Non-current financial liabilities and ₹ 15,039.71 lakhs (31 March, 2020 : ₹ 15,039.71 lakhs) is disclosed under Other current financial liabilities.

(ii) The Company has filed an application with National Company Law Tribunal ('NCLT') for amalgamation of Explosoft Tech Solutions Pvt Ltd, a shareholder of MSPL ('Explosoft') with the Company, on receipt of observation letter conveying 'no objection' from BSE Limited and the National Stock Exchange. Further, vide order dated March 8, 2019, NCLT, Bengaluru bench has approved the scheme of amalgamation ('Scheme'). As the registered office of the Explosoft is situated in the state of Maharashtra, the scheme has also been filed by Explosoft on 15th May, 2018, with NCLT, Mumbai for approval. Pending necessary approval from NCLT Mumbai Bench, no effect is given to aforesaid scheme of amalgamation.

During the quarter ended June 30, 2020, the shareholders of MSPL have demanded for discharge of purchase consideration of Phase II of SPA aggregating ₹ 7,213 lakhs as the scheme of amalgamation has not yet been approved. The shareholders have also demanded an interest of ₹ 1,431 lakhs at the rate of 12% per annum on account of delay in payment of the aforesaid purchase consideration. The Company believes that Explosoft did not take steps that were required by Explosoft to diligently prosecute the application for merger before the NCLT Mumbai so as to bring it to completion and accordingly the claim for interest by Explosoft is not tenable.

The Company has initiated arbitration proceedings against shareholders of MSPL and MSPL and the Arbitral Tribunal vide its interim order dated August 28, 2020 has asked to maintain the status quo with respect to shareholding in MSPL and has ordered shareholders of Mistral not to seek dismissal or rejection of abovementioned application for merger till further orders are issued by the Arbitral Tribunal. Additionally, both the parties are ordered to maintain status quo with respect to the existing constitution of the Board of Directors of MSPL. The matter is pending before the Arbitral Tribunal and the final outcome of the matter is not known currently.

The revenues (including other income) and profit of MSPL included in the consolidated financial statements for the year ended 31 March, 2021 is ₹ 15,165.03 lakhs and ₹ 1,709.99 lakhs, respectively.

The Company has also obtained a legal opinion to validate that the Company is entitled to all rights and obligations as laid out in the SPA and continues to exercise control on MSPL. Pending the final outcome of the matter, the Company believes there is no effect on the Company and no adjustment is required in the Consolidated Ind AS Financial Statements.

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(All amounts in ₹ lakhs, unless otherwise stated)

23 Provisions

	As at 31 March 2021	As at 31 March 2020
Non-current		
Employee defined benefits liability		
- Provision for gratuity (refer note 43)	822.13	900.09
- Provision for compensated absences	106.56	97.11
Asset retirement obligation (refer note (a) below)	56.57	39.56
	985.26	**1,036.76**
Current		
Employee defined benefits liability		
- Provision for gratuity (refer note 43)	113.91	105.94
- Provision for compensated absences	413.61	344.67
Provision for foreseeable loss on contract (refer note (b) below)	6.36	7.96
Provision for liquidated damages (refer note (b) below)	353.32	222.43
Provision for warranty (refer note (b) below)	74.65	74.65
	961.86	**755.65**

(a) Asset retirement obligation

The Group has recognised a provision for asset retirement obligation associated with premises taken on lease. In determining the fair value of the provision, assumptions and estimates are made in relation to the discount rates, the expected cost to dismantle and remove furniture and fixtures from the leased premises and the expected timing of these costs. The carrying amount of the provision as at 31 March 2021 is ₹ 56.58 lakhs (31 March 2020: ₹ 39.56 lakhs). The Group estimates the costs would be incurred within 4 - 5 years time upon the expiration of the lease and calculates the provision using the DCF method based on the following assumptions:

1) Estimated range of cost : 15 days - 30 days lease rental expense
2) Discount rate : 9 - 14 percent per annum

	Asset retirement
As at 1 April 2019	**33.24**
Additions during the year	0.79
Unwinding of discount	5.53
As at 31 March 2020	**39.56**
Additions during the year	16.32
Unwinding of discount	0.69
As at 31 March 2021	**56.57**

(b) The disclosure of provisions movement as required under the provisions of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as follows:

Particulars	Provision for foreseeable losses on contracts *	Provision for warranty (refer note below) **	Provision for liquidated damages***
Provision as at the 1 April, 2019	**7.41**	**74.66**	**269.09**
Provisions made during the year	6.32	72.13	275.50
Utilizations/reversals during the year	(5.77)	(72.14)	(322.16)
Provision as at the 31 March, 2020	**7.96**	**74.65**	**222.43**
Provisions made during the year	3.36	75.11	375.09
Utilizations/reversals during the year	(4.96)	(75.11)	(244.21)
Provision as at the 31 March, 2021	**6.36**	**74.65**	**353.32**

* The provision for foreseeable losses on contracts are expected to be utilized over a period of one year.

** Provision for warranty costs are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty costs in the year of sale of goods. These provisions are expected to be utilized over the period of warranty.

*** Provision for liquidated damages relates to estimated outflow in respect of products sold by the Group and estimated to be incurred due to delay in delivery of products to customers. These provisions are expected to be utilized over a period of one year.

24 Current tax liability, net

	As at 31 March 2021	As at 31 March 2020
Provision for tax, net of advance tax	106.67	486.89
	106.67	**486.89**

25 Other liabilities

	As at 31 March 2021	As at 31 March 2020
Non-current		
Advances from related party (refer note 36)	-	27.82
	-	**27.82**
Current		
Duties and taxes payable	963.43	1,109.40
Contract liability - Unearned revenue	1,313.69	1,062.29
Contract liability - Advance from customer	2,064.38	3,031.25
Interest accrued but not due on borrowings*	7.39	114.32
	4,348.89	**5,317.26**

* For details of interest rates, repayments and others, refer note 20

a) Breakup of financial liabilities carried at amortised cost

Borrowings (refer note 20)	5,144.19	12,218.81
Lease liability (refer note 37)	3,132.76	2,776.64
Trade payables (refer note 21)	5,061.50	4,981.61
Other financial liabilities (refer note 22)	20,635.29	20,836.77

(All amounts in ₹ lakhs, unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
26 Revenue from contracts with customers		
Sale of services		
Engineering design services	35,080.24	46,399.25
Strategic technology solutions	1,031.89	5,010.47
Sale of goods		
Engineering design services	2,429.56	3,260.76
Strategic technology solutions	13,196.93	11,827.35
	51,738.61	**66,497.83**

26.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:	Year ended 31 March 2021	Year ended 31 March 2020
India	14,071.40	11,447.64
Outside India	37,667.21	55,050.19
Total revenue from contracts with customers	**51,738.61**	**66,497.83**

Timing of revenue recognition	Year ended 31 March 2021	Year ended 31 March 2020
Goods or services transferred at point in time	47,676.53	60,106.32
Goods or services transferred over time	4,062.08	6,391.51
	51,738.61	**66,497.83**

26.2 Contract balances		
Trade receivables (refer note 10)	12,754.68	16,640.89
Contract Assets- Unbilled revenue (refer note 12)	4,055.94	5,989.41
Contract liability - Unearned revenue (refer note 25)	1,313.69	1,062.29
Contract liability - Advance from customer (refer note 25)	2,064.38	3,031.25

Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days. In 31 March 2021, ₹ 1,433.01 lakhs (31 March 2020: ₹ 2,464.23 lakhs) was recognised as provision for expected credit losses on trade receivables.

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

Contract liabilities include short-term advances received against the sale of products and services in the future.

26.3 Performance Obligation

The performance obligation is satisfied upon the providing of services as and when rendered and accordingly, there is no outstanding performance obligation as on 31 March 2021 except for the cases where the performance obligations are satisfied over-time. The transaction price allocated to the remaining performance obligations (partially unsatisfied) as at 31 March 2021 and 31 March 2020 are, as follows

	Year ended 31 March 2021	Year ended 31 March 2020
Within one year	2,914.54	2,323.22
More than one year	5,232.34	5,904.27
	8,146.88	**8,227.49**

	Year ended 31 March 2021	Year ended 31 March 2020
27 Other operating Income		
Export incentives	646.05	788.55
	646.05	**788.55**

During the current year, the Group has recognised other operating income from export incentives under the provisions of Foreign Trade Policy (1 April 2015 - 31 March 2020), as amended from time to time, aggregating ₹ 646.05 lakhs (31 March, 2020: ₹ 788.55 lakhs) . The Management believes that it has satisfied all the conditions to receive the incentive and is in the process of filing the claim.

(All amounts in ₹ lakhs, unless otherwise stated)

28 Other income

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income		
- from fixed deposits with banks	207.89	166.10
- from financial assets carried at amortised cost	212.23	246.40
- from income tax refund	222.00	0.97
Profit on sale of property, plant and equipment	5.96	-
Profit on Lease Modification	0.59	-
Fair value gain on financial instruments at fair value through profit or loss (refer note below)	431.34	196.67
Provision/Liabilities no longer required, written back	140.99	114.87
Dividend income	10.29	4.45
Miscellaneous income	152.96	32.34
	1,384.25	**761.80**

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

29 Cost of material consumed

	Year ended 31 March 2021	Year ended 31 March 2020
Opening inventory	1,961.43	2,017.01
Add: Purchases during the year	10,218.48	10,199.47
	12,179.91	12,216.48
Less: Closing inventory	(2,330.30)	(1,961.43)
	9,849.61	**10,255.05**

30 Employee benefits expense

	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	23,679.90	32,262.40
Contribution to provident and other funds	814.96	865.69
Contribution to overseas social security	1,033.14	1,617.21
Provision for gratuity (refer note 43)	167.43	159.59
Provision for compensated absences	128.31	48.12
Stock compensation expense (refer note 45)	140.89	171.88
Staff welfare expense	696.77	991.97
	26,661.40	**36,116.86**

31 Depreciation and amortisation expense

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation and Impairment loss on PPE (refer note 3)	461.12	1,001.17
Amortisation of intangible assets (refer note 4)	777.90	897.36
Depreciation of Right of use asset (refer note 37)	1,359.56	1,375.25
	2,598.58	**3,273.78**

* Includes ₹ 56.22 lakhs (31 March, 2020: ₹ Nil) of impairment loss during the year for assets grouped under intangible assets under development.

32 Finance costs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest on		
- on facilities from banks	1,044.29	1,475.55
- on Intercorporate deposit from related parties (refer note 36)	49.87	21.84
- on financial liabilities carried at amortised cost	1.02	0.16
Other borrowing cost (processing fees)	685.23	905.11
Net interest expense on net defined benefit obligation	96.94	96.08
Unwinding of discount on asset retirement obligation (refer note 23(a))	0.69	0.79
Bank guarantee commision	22.43	3.87
Interest on lease liabilities (refer note 37)	349.93	326.99
	2,250.40	**2,830.39**

	Year ended 31 March 2021	Year ended 31 March 2020
33 Other expenses		
Rent [refer note 37]	438.34	613.92
Power and fuel	293.05	434.80
Travelling and conveyance	332.09	1,519.14
Legal and professional charges	1,129.75	1,385.41
Consultancy expense	140.36	169.75
Repairs and maintenance		
- Building	250.71	376.91
- Others	239.06	262.02
-Plant and machinery	109.80	81.11
Recruitment and training expenses	79.02	174.24
Office maintenance expense	40.06	38.89
Communication expenses	406.67	341.52
Equipment hire charges	254.15	178.00
Auditor's remuneration [refer note (a) below]	86.28	86.29
Printing and stationery	15.79	37.52
Security charges	59.96	64.82
Rates and taxes	316.92	174.52
Sub contracting charges	3,322.02	2,618.29
Software subscription charges	1,040.97	1,416.35
Directors sitting fees (refer note 36)	33.30	55.70
Marketing and advertising expenses	243.27	427.55
Insurance expenses	153.96	152.99
Bank charges	125.17	165.59
Postage and courier charges	6.47	18.94
Corporate social responsibility expenses (refer note 46)	44.46	23.84
Provision for foreseeable loss on contracts	-	0.55
Freight outward	14.47	8.00
Bad debts written off	76.57	13.39
Advance to supplier written off	38.88	-
Provision for receivable from capital goods and trade receivables	52.88	370.02
Loss on disposal of property, plant and equipment	-	3.17
Net loss on foreign currency transaction and translation	63.08	426.08
Miscellaneous expenses	66.13	109.96
	9,473.64	**11,749.28**

a) Auditor's remuneration *

Statutory audit fees	66.66	66.73
Other fees	16.00	15.00
Out of pocket expenses	3.62	4.56
	86.28	**86.29**

* excluding service tax/ goods and service tax.

	Year ended 31 March 2021	Year ended 31 March 2020
34 Exceptional Items		
Expenses related to Impairment loss on goodwill (refer note note 7)	6,254.35	-
Fair value change in contingent purchase consideration payable (refer note 22 (i))	(2,174.55)	-
	4,079.80	**-**

35 Earnings per share (EPS) (basic and diluted)	Year ended 31 March 2021	Year ended 31 March 2020
a) Profit / (Loss) after tax attributable to equity shareholders (₹)	(2,166.39)	2,975.41
b) Weighted average number of shares outstanding (in lakhs)	377.60	377.60
c) Nominal value of shares (₹)	5.00	5.00
d) Basic earning per share (₹)	(5.74)	7.87
e) Number of equity shares used to compute diluted earnings per share (refer note below)	377.60	387.06
f) Diluted earnings per share (₹)*	(5.74)	7.69

Note:

	Year ended 31 March 2021	Year ended 31 March 2020
Weighted average number of shares outstanding (in lakhs)	377.60	377.60
Effect of dilution:		
Share options	-	9.46
Weighted average number of Equity shares adjusted for the effect of dilution	377.60	387.06

*For the purpose of computation of diluted EPS for the year ended March 31, 2021, the effect of stock options granted under ESOP scheme have not been considered as the effect of these potentially diluted equity shares are anti-dilutive . Hence basic and diluted EPS are same.

There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial

(All amounts in ₹ lakhs, unless otherwise stated)

36 Related party disclosures

Nature of relationship	Name of Party
I Parties where control exists:	
Holding Company	Jupiter Capital Private Limited ('JCPL') *

* JCPL and its subsidiaries i.e.,Tayana Digital Private Limited and Indian Aero Ventures Private Limited hold 67.95 percent voting rights of the Company as at 31 March 2021 (31 March 2020: 67.95 percent) (refer note IV (b))

Associate	ASSYSTEMS AXISCADES Engineering Private Limited

II Name of other related parties as per Ind AS 24 with whom transactions have taken place during the year:

Fellow subsidiary	Indian Aero Ventures Private Limited ("IAVPL") (subsidiary of JCPL)
	Indian Aero Infrastructure Private Limited (Stepdown subsidiary of JCPL)
	Hindusthan Infrastructure Projects & Engineering Private Limited (subsidiary of JCPL)
Key Management Personnel (KMP):	
Chief Executive Officer & Executive Director	Mr. Sharadhi Chandra Babupampapathy
Chairman and Independent Director	Mr. Vivek Mansingh (stepped down as chairman w.e.f 31 May 2019 and term completed on 8 September 2019)
Chairman and Non - Executive Director	Mr. David Bradley (appointed w.e.f 5 March 2019 and as Chairman w.e.f 31 May 2019)
Independent Director	Mr. Kailash Mohan Rustagi (till 29 September, 2020)
Independent Director	Mr. Pradeep Dadlani (till 29 September, 2020)
Independent Director	Mr. Srinath Batni (till 8 September, 2019)
Independent Director	Mrs. Mariam Mathew
Independent Director	Mr. Desh Raj Dogra (appointed w.e.f. 29 September 2020)
Independent Director	Mr. Dhiraj Mathur (appointed w.e.f. 29 September 2020)
Non - Executive Director	Mr. Sudhakar Gande
Non - Executive Director	Mr. Ashwani Kumar Dutta (resigned w.e.f. 29 August 2019)
Non - Executive Director	Mr. Ajay Lakothia (appointed on 02 february 2019 and resigned on 30 March 2020)
Non - Executive Director	Mr. Harold David Walker (appointed w.e.f. 29 June 2020)
Executive Director	Mr. Anees Ahmed (resigned w.e.f 21 August, 2019)

III Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

Key Management Personnel (KMP):	
Chief Financial Officer (CFO)	Mr. Anumanchipalli Srinivas (appointed w.e.f 7 June, 2019)
Chief Financial Officer (CFO)	Mr. Kaushik Sarkar (resigned w.e.f 7 June, 2019)
Company Secretary	Ms.Shweta Agarwal
Company in which Director is interested	Inkers Technology Private Limited

IV Transactions with related parties:

Nature of transactions	Relationship	Year ended 31 March 2021	Year ended 31 March 2020
Remuneration (Refer note (IV) (a) below)			
Mr. Kaushik Sarkar	Key management personnel	-	39.97
Ms. Shweta Agrawal (refer note c below)	Key management personnel	25.60	30.31
Mr. Anumanchipalli Srinivas (refer note c and d below)	Key management personnel	314.57	123.65
Mr. Anees Ahmed (March 31, 2020: ₹ 5 remuneration)	Key management personnel	-	0.00
Mr. Sharadhi Chandra Babupampapathy (refer note c below)	Key management personnel	119.06	128.08
Service received from (intangible assets under development)			
Inkers Technology Private Limited	Company in which a Director is Interested	-	25.00
Revenue from operations			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	63.60	86.83
Sitting fees paid to directors			
Mr. Vivek Mansingh	Chairman and Independent Director	-	4.00
Mr. Kailash Mohan Rustagi	Independent Director	5.00	15.00
Mr. Pradeep Dadlani	Independent Director	7.00	13.00
Mr. Srinath Batni	Independent Director	-	8.00
Mrs. Mariam Mathew	Independent Director	8.00	7.00
Mr. David Bradley	Chairman and Non - Executive Director	3.00	2.40
Mr. Ashwani Kumar Dutta	Non - Executive Director	-	1.80
Mr. Dhiraj Mathur	Independent Director	3.00	-
Mr. Desh Raj Dogra	Independent Director	4.00	-
Mr.Sudhakar Gande	Non - Executive Director	2.40	2.70
Mr.Harold David Walker	Non - Executive Director	0.90	-
Mr.Ajay Lakhotia	Non - Executive Director	-	1.80
Reimbursement of Expenses incurred on behalf of related party			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	65.14	45.60
Intercorporate deposits received			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	-	500.00
Jupiter Capital Private Limited	Holding Company	-	100.00
Intercorporate deposits repaid			
Jupiter Capital Private Limited	Holding Company	-	100.00
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	500.00	-
Liability written back during the year			
Indian Aero Ventures Private Limited	Fellow subsidiary	27.82	-
Interest expense on Inter corporate deposits			
Jupiter Capital Private Limited	Holding Company	-	0.30
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	49.87	21.55

Related party disclosures (cont'd)

(a) As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to individual is not ascertainable and therefore not include above.

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

(c) Total employee benefit expense includes employee stock compensation expense of ₹ 28.25 Lakhs (31 March, 2020 - ₹ 14.66 Lakhs) for Mr. Anumanchipalli Srinivas, ₹ 28.25 Lakhs (31 March, 2020 - ₹ 14.66 Lakhs) for Mr. Sharadhi Chandra Babupampapathy and ₹ 1.45 Lakhs (31 March, 2020 - ₹ 3.50 Lakhs) for Ms. Shweta Agrawal respectively.

(d) Includes incentive of ₹ 150 lakhs paid by AXISCADES Aerospace & Technologies Private Limited ('ACAT'), subsidary of the Company, for the services rendered to ACAT.

V Balances as at the year end:

Nature of transactions	Relationship	As at 31 March 2021	As at 31 March 2020
Interest payable			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	-	19.52
Remuneration payable (refer note (IV) (a) above)			
Ms. Shweta Agrawal	Key management personnel	4.72	2.00
Mr. Anumanchipalli Srinivas	Key management personnel	67.35	36.86
Mr. Sharadhi Chandra Babupampapathy	Key management personnel	35.37	44.37
Other receivable			
Jupiter Capital Private Limited	Holding Company	-	10.38
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	19.27	23.14
Investment in equity shares			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	233.23	188.47
Trade payables			
Indian Aero Infrastructure Private Limited	Fellow subsidiary	6.23	6.23
Capital creditors			
Inkers Technology Private Limited	Company in which a Director is Interested	-	2.50
Trade Receivable			
ASSYSTEMS AXISCADES Engineering Private Limited	Associate	18.40	19.09
Inter corporate deposit			
Hindusthan Infrastructure Projects & Engineering Private Limited	Fellow subsidiary	-	500.00
Advances from			
Indian Aero Ventures Private Limited	Fellow subsidiary	-	27.82

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37 Right of use asset and Lease liabilities

Group as a lessee

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

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

	As at 31 March 2021	As at 31 March 2020
Balance as on transition date 01 April	9,343.58	9,265.36
Additions	1,835.19	1,453.47
Deletions	(200.54)	-
Depreciation expense (refer note 31)	(1,359.56)	(1,375.25)
Carrying amount as on 31 March	**9,618.67**	**9,343.58**

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

	As at 31 March 2021	As at 31 March 2020
Balance as on transition date 01 April	2,776.64	2,958.77
Additions	1,551.92	1,078.42
Deletions	(258.09)	-
Accretion of interest (refer note 32)	349.93	326.99
Payment of principal portion of lease liabilities	(969.96)	(1,260.55)
Payment of Interest portion of lease liabilities	(317.68)	(326.99)
Carrying amount as on 31 March	**3,132.76**	**2,776.64**
Current	1,038.40	1,026.88
Non-current	2,094.36	1,749.76
Total	**3,132.76**	**2,776.64**

The weighted average incremental borrowing rate for lease liabilities is between 9% -12.17% per annum, with maturities between financial year 2020-2028 for leasehold properties.

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

	31 March 2021	31 March, 2020
Less than one year	1,189.66	1,120.80
one to five years	2,310.15	1,920.49
more than five years	184.35	359.92

The following are the amounts recognised in the statement of profit or loss:

	31 March 2021	31 March, 2020
Depreciation expense of right-of-use assets	1,359.56	1,375.25
Interest expense on lease liabilities	349.93	326.99
Expense relating to short-term leases and low value leases (included in other expenses)	438.34	613.92
Total amount recognised in profit or loss	**2,147.83**	**2,316.16**

The Group had total cash outflows for leases of ₹ 1,287.64 Lakhs for the year ended 31 March, 2021 (31 March, 2020: ₹ 1,587.54 lakhs). The Group has made non-cash additions of ₹ 1,835.19 lakhs (31 March, 2020: ₹ 1,453.47 lakhs) and ₹ 1,730.96 lakhs (31 March, 2020: ₹ 1,078.42 lakhs) to right-of-use assets and lease liabilities for the year ended 31 March, 2021. There are no future cash outflows relating to leases that have not yet commenced.

38 Contingent liabilities and commitments

Capital and other commitments

	As at 31 March 2021	As at 31 March 2020
Capital commitment*	250.75	29.75

* Mainly pertains to commitment towards purchase of capital assets of Rs 250.75 lakhs (31 March, 2020: Rs. 29.75 lakhs)

Bank guarantees

	As at 31 March 2021	As at 31 March 2020
i) Bank guarantees to government authorities and others	-	210.16

Bank guarantees are issued in favor of government authorities and others towards financial guarantees and earnest money deposit as part of bidding process.

Tax contingencies

	As at 31 March 2021	As at 31 March 2020
i) Direct tax matters under dispute / pending before Income Tax Authorities	1,687.11	1,106.04
ii) Indirect tax matters for demands pending before various appellate authorities	1,150.90	1,242.65
	2,838.01	**2,348.68**

Notes:

i) The Supreme Court of India in a judgment on Provident Fund dated February 28, 2019 addressed the principle for determining salary components that form part of basic salary for individuals below a prescribed salary threshold. Group determined that they had not previously included such components in basic salary. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the Group has implemented the above judgement on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

ii) The Group has reviewed all its pending litigations and proceedings, and has adequately provided for where provisions are required and disclosed the contingent liabilities in its financial statements where financial outflow is not probable. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

39 Capital management

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been breaches in the financial covenants of any interest-bearing loans and borrowing in the current period as mentioned in note 20.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

	As at 31 March 2021	As at 31 March 2020
Borrowings including current maturities of long term borrowings (refer note 20 & 22)	7,277.61	14,423.45
Less: Cash and cash equivalents (refer note 16)	(5,269.93)	(4,477.69)
Net debt	**2,007.68**	**9,945.76**
Equity share capital (refer note 18)	1,889.51	1,889.51
Other equity (refer note 19)	27,909.62	29,623.46
Capital and net debt	**31,806.81**	**41,458.73**
Gearing ratio	6%	24%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

The Group is not subject to any externally imposed capital requirements.

40 Income Tax

The major components of income tax expense are:

	Year ended 31 March 2021	Year ended 31 March 2020
Current income tax:		
Current income tax charge	951.19	1,157.98
Deferred tax (credit) / expense	131.42	(348.95)
Income tax expense reported in Statement of Profit and Loss	**1,082.61**	**809.03**
Deferred tax related to items recognised in OCI		
Income tax relating to re-measurement gains / (losses) on defined benefit plans	7.60	20.52
Income tax relating to loss on cash flow hedges	(82.08)	76.02
	(74.48)	**96.54**

Reconciliation of deferred tax (net)	As at 31 March 2021	As at 31 March 2020
Opening balance	**3,012.24**	**2,549.57**
Tax (credit) / expense during the year recognized in the Statement of Profit and Loss	(131.42)	348.95
Tax (credit) / expense during the year recognised in OCI	(74.48)	96.54
Exchange translation difference	-	17.18
Closing balance	**2,806.34**	**3,012.24**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	Year ended 31 March 2021	Year ended 31 March 2020
Accounting loss before tax	**(1,099.76)**	**(3,838.54)**
Tax on accounting profit at statutory income tax rate	(257.07)	1,099.91
Foreign tax expensed during the year	80.94	60.62
Provision related to impairment of investments in subsidiaries	1,674.39	-
Purchase consideration re-measurement	(547.33)	-
Tax benefit on utilisation/expected utilisation of benefit on previously unrecognised tax	(48.04)	(573.58)
Weighted deduction on research and development expenditure	-	(99.91)
Reversal of deferred tax on account of change in tax rates	-	122.36
Others (net)	179.73	199.63
At the effective income tax rate of 104.30% [31 March, 2020: 21.08%]	**1,082.61**	**809.03**
Income tax expense reported in the Statement of Profit and Loss	1,082.61	809.03

* Deferred tax is recognized to the extent that the future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised.

Certain entities within the Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has re-measured its Deferred tax asset basis the rate prescribed in the said section. Accordingly, deferred tax asset have reduced by Nil (31 March 2020 : Rs 122.36 lakhs).The tax charge for the year have increased by Rs 122.36 lakhs.

(All amounts in ₹ lakhs, unless otherwise stated)

40 Income Tax (contd.)

Deferred taxes

	As at 31 March 2021	As at 31 March 2020
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years	1,100.68	1,551.58
Impact of difference between depreciation charged for financial reporting and expenses allowed for tax purposes	482.59	580.19
Unutilised tax losses	112.87	229.93
Hedge Liability	24.60	109.10
Minimum alternate tax credit entitlement	737.22	403.19
Deferred tax impact on Ind AS 116 reserves	52.49	36.40
Unabsorbed depreciation and carried forward losses	152.51	-
Expenses disallowed under Section 35DD of Income-tax Act, 1961	126.16	18.52
Other adjustments	50.74	100.11
	2,839.85	**3,029.02**
Deferred tax liability		
Fair valuation of security deposits to fair value	-	16.78
Other items	33.51	-
	33.51	**16.78**
Deferred tax asset, net	**2,806.34**	**3,012.24**

Reflected in the balance sheet as follows:

	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	2,839.85	3,029.02
Deferred tax liabilities	(33.51)	(16.78)
Deferred tax assets, net	**2,806.34**	**3,012.24**

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(All amounts in ₹ lakhs, unless otherwise stated)

41 Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Carrying value	Fair value
Assets:					
Investments (Current and Non Current) (refer note 9)	0.05	4,756.40	-	4,756.45	4,756.45
Loans (Current and Non Current) (refer note 11)	1,074.29	-	-	1,074.29	1,074.29
Trade receivables (Current) (refer note 10)	12,754.68	-	-	12,754.68	12,754.68
Other financial assets (Current and Non Current) (refer note 12)	6,293.66	-	-	6,293.66	6,293.66
Cash and cash equivalents (refer note 16)	5,269.93	-	-	5,269.93	5,269.93
Bank balances other than cash and cash equivalents (refer note 17)	3,208.31	-	-	3,208.31	3,208.31
Total	**28,600.92**	**4,756.40**	**-**	**33,357.32**	**33,357.32**
Liabilities:					
Borrowings (refer note 20)	5,144.19	-	-	5,144.19	5,144.19
Lease liability (refer note 37)	3,132.76	-	-	3,132.76	3,132.76
Trade payables (refer note 21)	5,061.50	-	-	5,061.50	5,061.50
Other financial liabilities (refer note 22)	20,635.30	3,416.47	92.02	24,143.79	24,143.79
Total	**33,973.74**	**3,416.47**	**92.02**	**37,482.24**	**37,482.24**

The carrying value and fair value of financial instruments by categories as of 31 March 2020 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Carrying value	Fair value
Assets:					
Investments (Current and Non Current) (refer note 9)	0.05	3,248.51	-	3,248.56	3,248.56
Loans (Current and Non Current) (refer note 11)	1,132.44	-	-	1,132.44	1,132.44
Trade receivables (Current) (refer note 10)	16,640.89	-	-	16,640.89	16,640.89
Other financial assets (Current and Non Current) (refer note 12)	8,008.09	-	5.20	8,013.29	8,013.29
Cash and cash equivalents (refer note 16)	4,477.69	-	-	4,477.69	4,477.69
Bank balances other than cash and cash equivalents (refer note 17)	2,538.30	-	-	2,538.30	2,538.30
Total	**32,797.46**	**3,248.51**	**5.20**	**36,051.17**	**36,051.17**
Liabilities:					
Borrowings (refer note 20)	12,218.81	-	-	12,218.81	12,218.81
Lease liability (refer note 37)	2,776.64	-	-	2,776.64	2,776.64
Trade payables (refer note 21)	4,981.61	-	-	4,981.61	4,981.61
Other financial liabilities (refer note 22)	20,836.77	5,069.50	392.15	26,298.42	26,298.42
Total	**40,813.83**	**5,069.50**	**392.15**	**46,275.48**	**46,275.48**

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

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

(ii) Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Quantative disclosure of fair value measurement hierarchy as at 31 March 2021 :

Particulars	Date of valuation	Carrying value	Quoated price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed					
Investments (Current and Non Current) (refer note 9)	31 March 2021	4,756.45	3,335.31	1,421.09	0.05
Loans (Current and Non Current) (refer note 11)	31 March 2021	1,074.29	-	-	1,074.29
Trade receivables (Current) (refer note 10)	31 March 2021	12,754.68	-	-	12,754.68
Cash and cash equivalents (refer note 16)	31 March 2021	5,269.93	-	-	5,269.93
Bank balances other than cash and cash equivalents (refer note 17)	31 March 2021	3,208.31	-	-	3,208.31

(i) Fair value measurements (cont'd)

(ii) Fair value hierarchy (cont'd)

Particulars	Date of valuation	Carrying value	Quoated price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Liabilities carried at amortised cost and FVTOCI for which fair value are disclosed :					
Borrowings (refer note 20)	31 March 2021	5,144.19	-	-	5,144.19
Lease liability (refer note 37)	31 March 2021	3,132.76	-	-	3,132.76
Trade payables (refer note 21)	31 March 2021	5,061.50	-	-	5,061.50
Other financial liabilities (refer note 22 and note(iii) below)	31 March 2021	24,143.79	-	92.02	24,051.77

There have been no transfer among level 1 , Level 2 and level 3 during the year.

Quantative disclosure of fair value measurement hierarchy as at 31 March 2020 :

Particulars	Date of valuation	Carrying value	Quoated price in active market (Level 1)	Significant observable input (Level 2)	Significant unobservable inputs (Level 3)
Assets carried at amortised cost, cost , FVTPL and FVTOCI for which fair values are disclosed					
Investments (Current and Non Current) (refer note 9)	31 March 2020	3,248.56	3,000.80	247.71	0.05
Loans (Current and Non Current) (refer note 11)	31 March 2020	1,132.44	-	-	1,132.44
Trade receivables (Current) (refer note 10)	31 March 2020	16,640.89	-	-	16,640.89
Other financial assets (Current and Non Current) (refer note 12)	31 March 2020	8,013.29	-	5.20	8,008.09
Cash and cash equivalents (refer note 16)	31 March 2020	4,477.69	-	-	4,477.69
Bank balances other than cash and cash equivalents (refer note 17)	31 March 2020	2,538.30	-	-	2,538.30
Liabilities carried at amortised cost and FVTOCI for which fair value are disclosed :					
Borrowings (refer note 20)	31 March 2020	12,218.81	-	-	12,218.81
Lease liability (refer note 37)	31 March 2020	2,776.64	-	-	2,776.64
Trade payables (refer note 21)	31 March 2020	4,981.61	-	-	4,981.61
Other financial liabilities (refer note 22 and note(iii) below)	31 March 2020	26,298.42	-	392.15	25,906.27

(iii) Valuation technique used to determine fair value

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and Currency options are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at 31 March 2021, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

(iv) Valuation processes

The Corporate finance team has requisite knowledge and skills. The team headed by group CFO directly reports to the audit committee to arrive at the fair value of financial instruments.

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42 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on it's financial performance. The primary market risk to the Group is foreign exchange exposure risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Group's risk management activity focuses on actively securing the Group’s short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

(A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group, resulting in a financial loss. The Group’s maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 12,754.68 lakhs as at 31 March 2021 [31 March 2020: ₹ 16,640.89 lakhs].

Assets under credit risk:	**As at 31 March 2021**	**As at 31 March 2020**
Trade receivables (Current) (refer note 10)	12,754.68	16,640.89
Other receivables (refer note 12)	19.27	33.52
Security deposit (Current and Non Current) (refer note 11)	923.72	1,130.73
Unbilled revenue (refer note 12)	4,055.94	5,989.41
	17,753.59	**23,794.55**

A1 Trade receivables and unbilled revenue.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in India, USA and Europe. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, Financial Instruments, the Group uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors including the credit ratings of the various customers and Group's historical experience for customers.

The allowance for life time expected credit loss on customer balances for the year ended 31 March 2021 is ₹ 2,178.46 lakhs (31 March 2020 is ₹ 2,464.24 lakhs).

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Balance at the beginning	2,464.24	2,206.46
Impairment loss recognised	52.88	493.82
Impairment loss reversed	(338.66)	(236.04)
	2,178.46	**2,464.24**

A2 Cash and cash equivalents

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Financial assets that are neither past due nor impaired
Cash and cash equivalents,bank balances other than cash and cash equivalents,other receivables, security deposit, other financial assets and unbilled revenue are neither past due nor impaired.

Financial assets that are past due but not impaired
There is no other class of financial assets that is past due but not impaired except for receivables of ₹ 2,178.46 lakhs and ₹ 2464.24 lakhs and unbilled revenue of ₹ 104.97 lakhs and ₹104.97 lakhs as at 31 March 2021 and 31 March 2020 respectively. The Group’s credit period generally ranges from 30-180 days from invoicing date. The aging analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of receivables, net of allowances that are past due, is given below:

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Financial assets that are neither past due nor impaired	13,791.03	16,810.59
Financial assets that are past due but not impaired		
Past due 0-60 days	1,427.94	3,333.23
Past due 61-180 days	821.06	2,109.92
Past due over 180 days	770.58	376.56
Total past due but not impaired	**3,019.58**	**5,819.71**
Total	**16,810.61**	**22,630.30**

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(All amounts in ₹ lakhs, unless otherwise stated)

42 Financial risk management (cont'd)

(B) Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 March 2021 and 31 March 2020, the Group's non-derivative financial liabilities have contractual maturities as summarised below:

Maturities of financial liabilities

As at 31 March 2021	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings (refer note 20)	3,061.45	2,082.74	-	5,144.19
Lease liability (refer note 37)	1,038.40	2,094.36	-	3,132.76
Trade payable (refer note 21)	5,061.50	-	-	5,061.50
Other financial liabilities (refer note 22)	19,436.27	4,707.52	-	24,143.79

As at 31 March 2020	**Less than 1 year**	**1 year to 5 years**	**More than 5 years**	**Total**
Borrowings (refer note 20)	8,325.74	3,893.07	-	12,218.81
Lease liability (refer note 37)	1,026.88	1,749.76	-	2,776.64
Trade payable (refer note 21)	4,981.61	-	-	4,981.61
Other financial liabilities (refer note 22)	20,029.02	6,269.40	-	26,298.42
Total	**34,363.25**	**11,912.23**	**-**	**46,275.48**

(C) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

Foreign exchange risk

The Group operates internationally and a significant portion of the business is transacted in USD and EURO currencies and consequently the Group is exposed to foreign exchange risk through its sales in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

Particulars		**As at 31 March 2021**		**As at 31 March 2020**	
Included In	**Currency**	**Amount in foreign currency**	**Amount in ₹**	**Amount in foreign currency**	**Amount in ₹**
Financial assets					
Trade receivables	USD	42.45	3,108.80	69.80	5,261.89
	EURO	25.09	2,154.72	42.93	3,565.61
	SGD	0.21	11.37	0.33	17.61
	DKK	8.04	93.04	4.47	49.99
Unbilled revenue	USD	9.85	721.36	19.28	1,453.78
	EURO	0.40	34.35	0.11	9.11
	DKK	0.92	10.67	2.32	25.05
Cash and bank balances	USD	5.90	432.35	3.74	282.27
	EURO	6.71	576.38	16.90	1,403.20
	AED	1.59	31.75	1.61	30.26
	DKK	18.76	217.22	16.40	177.11
Receivable from bank	USD	-	-	3.10	233.41
Other financial assets	AED	0.56	11.24	0.56	10.55
Loans and advances	EURO	0.17	14.84	0.43	35.75
Other current assets	USD	-	-	0.18	13.73
	EURO	1.06	91.17	1.60	133.04
	DKK	-	-	0.03	0.37

(All amounts in ₹ lakhs, unless otherwise stated)

42 Financial risk management (cont'd)

Financial liabilities					
Trade payables	USD	11.95	875.15	12.06	909.03
	EURO	18.49	1,587.92	18.18	1,510.04
	GBP	0.22	22.18	0.06	5.82
	DKK	0.74	8.55	2.96	31.96
Unearned Revenue	USD	0.08	5.86	1.35	101.93
	EURO	-	-		
Dues to employees	EURO	-	-	1.36	113.14
	DKK	-	-	1.01	10.88
Duties and taxes payable	EURO	1.19	102.00	7.10	589.40
	DKK	0.89	10.26	1.01	10.93
Creditors for capital goods	EURO	-	-	0.20	16.29
Lease Liability	EURO	-	-	0.70	57.87
Interest accrued but not due on borrowings	USD	0.10	7.49	0.40	29.81
Advance from Customers	USD	-	-	1.05	78.84
Borrowings	USD	87.03	6,373.57	119.83	9,033.69
	EURO	-	-	11.97	994.10

Sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies net of forward contracts. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	**Increase 31 March 2021**	**Decrease 31 March 2021**	**Increase 31 March 2020**	**Decrease 31 March 2020**
Sensitivity				
INR/USD	(30.00)	30.00	(29.08)	29.08
INR/EURO	11.82	(11.82)	18.66	(18.66)
INR/AED	0.43	(0.43)	0.41	(0.41)
INR/SGD	0.11	(0.11)	0.18	(0.18)
INR/GBP	(0.22)	0.22	(0.06)	0.06
INR/DKK	3.02	(3.02)	1.98	(1.98)

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42 Financial risk management (cont'd)

Derivative financial instruments
The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures arising from future forecasted revenues. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or in directly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Forward Contracts		
In USD (31 March, 2021 - Nil, 31 March, 2020 - 69.10 lakhs)	-	5,209.17
In CAD (31 March, 2021- Nil, 31 March, 2020- 4.50 Lakhs)	-	239.39

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

	As at 31 March 2021		**As at 31 March 2020**	
Foreign exchange forward contracts (highly probable forecast sales)	**Notional amount (in ₹ lacs)**	**Average forward rate**	**Notional amount (in ₹ lacs)**	**Average forward rate**
Not later than one month				
- In USD	-	-	196.00	72.55
Later than one month and not later than three months				
- In USD	-	-	1,017.71	72.71
Later than three months and not later a year				
- In USD	-	-	3,995.46	74.72
- In CAD	-	-	239.39	55.38

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

	As at 31 March 2021	**As at 31 March 2020**
Balance as at the beginning of the year	**(401.69)**	**(104.38)**
Changes in fair value of effective portion of derivatives	258.45	(341.85)
Net gain reclassified to statement of profit and loss on occurrence of hedged transactions	59.90	44.54
Gain/(Loss) on cash flow hedging derivatives, net	**318.35**	**(297.31)**
Balance as at the end of the year	(83.34)	(401.69)
Deferred tax liability thereon	24.34	106.42
Balance as at the end of the year, net of deferred tax	**(59.00)**	**(295.27)**

Interest rate risk
At 31 March 2021, the Company and ACAT had an interest rate swap agreement in place whereby the Company and ACAT pays a fixed rate of interest of 7.75% and receives interest at a variable rate equal to 6 months LIBOR+415 Bps on the notional amount. The swap is being used to hedge the exposure to changes in the variable interest rate on its 6 months LIBOR+415 Bps secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Company and ACAT uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.
The hedge ineffectiveness can arise from:
•Different interest rate curve applied to discount the hedged item and hedging instrument
•Differences in timing of cash flows of the hedged item and hedging instrument
•The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The impact of the hedging instrument on the balance sheet as at 31 March 2021 and 31 March 2020 is, as follows:

	As at 31 March 2021		**As at 31 March 2020**		
Fair value hedge	**Nominal amount (in lacs)**	**Carrying amount (INR lacs)**	**Nominal amount (in lacs)**	**Carrying amount (INR lacs)**	**Line item in balance sheet where hedging instrument is disclosed**
Interest rate risk - Interest rate swap	USD 56.16	92.02	USD 73.07	217.19	Other Current and Non current Financial Liability

The impact of the hedged item on the balance sheet as at 31 March 2021 and 31 March 2020 is, as follows:

	As at 31 March 2021		**As at 31 March 2020**		
Fair value hedge	**Nominal amount (in lacs)**	**Carrying amount (INR lacs)**	**Nominal amount (in lacs)**	**Carrying amount (INR lacs)**	**Line item in balance sheet where hedging instrument is disclosed**
Interest rate risk **-Borrowings**	4,094.90	92.02	5,484.63	217.19	Long Term borrowings and current Financial Liability.

43 Defined benefit obligations

A Defined benefit contributions

India

The Group makes contribution of statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952 for its Indian employees. This is a defined contribution plan as per Ind AS 19. Contribution made during the year ended 31 March 2021 is ₹ 814.96 lakhs [31 March 2020: ₹ 865.69 lakhs].

Overseas social security

The Group makes a contribution towards social security charges for its employees located at the respective branch offices in respective foreign geographies, that are defined contribution plans. The contributions paid or payable is recognised as an expense in the period in which the employee renders services in respective geographies. Contribution made during the year ended 31 March 2021 is ₹ 1,033.14 lakhs [31 March 2020: ₹ 1,617.21 lakhs].

B Defined benefit plans

The Group has provided for gratuity liability, for its Indian employees as per actuarial valuation carried out by an independent actuary on the Balance Sheet date. The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 to determine the present value of Defined Benefit Obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Group is exposed to various risks in providing the above benefit which are as follows:

a Interest rate risk

The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

b Liquidity risk

This is the risk that the Group is not able to meet the short-term gratuity payouts.This may arise due to non availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

c Salary escalation risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

d Demographic risk

The Group has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e Regulatory risk

Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act,1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

(i) Changes in the present value of the defined benefit obligation are as follows

	Gratuity	
	As at 31 March 2021	As at 31 March 2020
Changes in the present value of the defined benefit obligation are as		
Defined benefit obligation at the beginning of the year	1,371.66	1,198.77
Current service cost	167.43	159.59
Interest cost	89.03	86.33
Benefits paid	(153.98)	(157.04)
Actuarial gain / (loss) arising from change in financial assumptions	64.80	16.73
Actuarial gain / (loss) arising from change in experience assumptions	(27.27)	37.77
Actuarial gain / (loss) arising from change in demographic assumptions	13.17	29.51
Defined benefit obligation at the end of the year	**1,524.85**	**1,371.66**
(ii) Reconciliation of present value of plan asset:		
Plan assets as at 1 April	365.64	129.99
Expected return on plan assets	25.72	10.21
Return on assets excluding interest income	20.03	4.86
Contributions	202.98	252.94
Benefits settled	(25.56)	(32.36)
Plan assets as at 31 March at fair value	**588.81**	**365.64**
(iii) Reconciliation of net defined benefit asset/(liability)		
Present value of obligation as at 31 March, 2021	(1,524.85)	(1,371.66)
Plan assets at 31 March, 2021 at fair value	588.81	365.64
Amount recognised in balance sheet liability	**(936.04)**	**(1,006.02)**
(iv) Components of costs are:		
Employee benefits expense		
Current service cost and past service cost	167.43	159.59
Finance cost		
Interest on defined benefit obligation	63.32	76.12
Remeasurement loss	30.68	79.15
Expenses recognised in the Statement of profit and loss for the year	**261.43**	**314.86**

(All amounts in ₹ lakhs, unless other wise stated)

43 Defined benefit obligations (cont'd)

(v) Components Remeasurement losses/ (gains) in other comprehensive income

Recognised net actuarial loss arising from change in financial assumptions	54.09	16.73
Recognised net actuarial loss arising from change in demographic assumptions	-	37.77
Recognised net actuarial (gain) / loss arising from experience variance	(3.38)	29.51
Expected return on plan assets	(20.03)	(4.86)
Remeasurement loss in other comprehensive income	**30.68**	**79.15**

(vi) Investment details:	**% Invested**	**% Invested**
Insurer managed funds	99.89%	99.84%
Others	0.11%	0.16%

Notes

(vii) The principal assumptions used in determining gratuity obligations for the Group's plans are disclosed below:	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Discount rate	5.52% - 6.70%	6.23%-6.95%
Salary escalation rate	5%-9%	0%-17%
Attrition rate	1.00% - 32.00%	1%-29%
Retirement age	58 Years - 60 Years	58 years- 60 years
Mortality rate [as a percentage of Indian assured lives mortality (2006-2008)]	100%	100%

The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of Government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

A quantitative sensitivity analysis for significant assumption as at 31 March 2021 and 31 March 2020 is as shown below:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, attrrition rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The following table summarizes the impact of change in the defined benefit obligation resulting from the specified percentage change in the aforementioned assumptions.

Particulars	**Gratuity**			
	As at 31 March 2021		**As at 31 March 2020**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (Increase or decrease by 1%)	(124.56)	138.35	(115.13)	129.52
Salary growth rate (Increase or decrease by 1%)	102.79	(96.16)	97.19	(89.28)
Attrition rate (Increase or decrease by 50% of attrition rates)	1.31	(13.88)	20.22	(32.86)
Mortality rate (Increase or decrease by 10% of mortality rates)	0.20	(0.23)	0.47	(0.48)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method and assumptions used in preparing the sensitivity analysis from previous period.

Effect of plans on Group's future cash flows

The schemes are managed on an unfunded basis and hence, no funding arrangements or future contributions are applicable. The weighted average duration of the group's plan is estimated to be between 3.42 to 9.82 years (31 March, 2020: 5.06 to 8 years). Following is a collective maturity profile of the defined benefit obligation of the plans as at 31 March, 2021.

	Gratuity	
Expected cash flows over the next: (valued on undiscounted basis)	**As at 31 March 2021**	**As at 31 March 2020**
1 year	157.97	143.53
2 - 5 years	579.60	503.26
6 - 10 years	508.04	504.79
More than 10 years	1,817.03	1,712.17

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44 Segment information

Management currently identifies the Group's two service lines as its operating segments. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

The activities undertaken under Engineering design segment is involved in providing Product Design, Engineering, research and development services.

Under the Strategic technology solutions segment, integration services are provided for defence & offsets business. It includes partnering with major original equipment manufacturers (OEM's) in the areas of strategic electronics, avionics, radar data processing and electronic warfare etc.

The chief operating decision makers monitor the results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Performance is internally assessed and evaluated based on the segment revenues and segment profits.

Segment information for the reporting period is as follows:

A Segment revenues and profits	**Year ended 31 March 2021**		**Year ended 31 March 2020**	
	Engineering design services	**Strategic Technology Solutions**	**Engineering design services**	**Strategic Technology Solutions**
Revenue				
From external customers	36,737.47	15,647.19	50,374.08	16,912.30
Segment Revenues	**36,737.47**	**15,647.19**	**50,374.08**	**16,912.30**
Segment Results	1,834.84	2,962.04	4,734.77	2,045.48
Segment Results	**1,834.84**	**2,962.04**	**4,734.77**	**2,045.48**

Reconciliation of profit	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Segment profit / (loss)	4,796.88	6,780.25
Share in net profit/ (loss) of associate	44.76	15.72
Exceptional items (refer note 34)	(4,079.80)	-
Finance costs	(2,250.40)	(2,830.39)
Unallocable income net of unallocable expenditure	450.62	(127.04)
Profit / (Loss) before tax	**(1,037.94)**	**3,838.54**

B Segment assets and liabilities	**As at 31 March 2021**		**As at 31 March 2020**	
	Engineering design services	**Strategic Technology Solutions**	**Engineering design services**	**Strategic Technology Solutions**
Segment assets	28,140.22	25,858.96	30,820.12	36,540.73
Segment liabilities	13,573.11	29,151.64	17,544.22	35,198.90

B1 Reconciliation of Segment assets	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Total reportable segment assets	53,999.18	67,360.85
Unallocable assets	20,236.86	18,496.31
Total Assets	**74,236.04**	**85,857.16**

B2 Reconciliation of Segment liabilities	**Year ended 31 March 2021**	**Year ended 31 March 2020**
Total reportable segment liabilities	42,724.75	52,743.12
Unallocable liabilities	1,160.17	1,156.74
Total Liabilities	**43,884.92**	**53,899.86**

C The Group's revenues from external customers are divided into the following geographical areas:

	Year ended 31 March 2021	**Year ended 31 March 2020**
India (country of domicile)	14,071.40	11,447.64
Outside India	38,313.26	55,838.74
	52,384.66	**67,286.39**

Revenues from external customers in the Group's domicile, India, as well as its major markets, Europe and the USA, have been identified on the basis of the customer's geographical location.

D The Group's non-current assets are divided into the following geographical areas (refer note below):

	Year ended 31 March 2021	**Year ended 31 March 2020**
India (country of domicile)	32,313.10	40,417.11
Outside India	309.37	245.36
	32,622.46	**40,662.47**

Non current assets of the Group are used interchangeably amongst geographical segments and are not allocable to any of the geographical segments. Assets have been therefore identified on the basis of their geographic location and not on the basis of usage.

Reportable assets for the purpose of this note constitute non-current assets other than financial assets and deferred tax assets.

E Revenue from major customers

During the year, ₹ 13,313.54 lakhs (31 March 2020: ₹ 15,471.02 lakhs) of the Group's revenue from operations were generated from two customers.

(All amounts in ₹ lakhs, unless stated otherwise)

45 Share based payments

The Group has the following Employees stock option schemes outstanding as at 31 March, 2021:

Employee Stock Option Plan 2010

The Board of Directors of MSPL approved the 'Mistral Solutions Private Limited Employee Stock Option Plan 2010' on 15 July 2010 and it is effective from 1 April 2010. The options granted have vesting period in the range of 1 to 4 years.

Particulars	31 March 2021	31 March 2020
Options outstanding as at beginning of the year	2,37,000	2,37,000
Options granted during the year	1,39,000	-
Options vested during the year	-	-
Options forfeited during the year	-	-
Options exercised during the year	8,000	-
Shares allotted against options exercised during the year	8,000	-
Options expired during the year	-	-
Options outstanding at the end of the year	3,68,000	2,37,000
Options exercisable as at the end of the year	2,29,000	2,37,000
Weighted average price per option (Rs.)	5.00	5.00

The fair value at grant date is determined using the Black Scholes valuation option-pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The MSPL has granted 1,39,000 option (31 March 2020: Nil option) during the year.

AXISCADES Employee Stock Option Plan- Series 1 & 2

The Company has two ESOP schemes titled "AXISCADES Employee Stock Option Plan- Series 1 & 2" under which option to subscibe for the Company's shares can be granted to certain executive and senior employees.

During the current year, the Nomination and Remuneration Committee of the Board of Directors of the Company has granted 22,03,462 options to the eligible employees of the Company and its Subsidiaries and 5,64,315 options were proposed to be granted to the eligible employees of the Company and its Subsidiaries and is subject to shareholders approval persuant to the AXISCADES Employee Stock Option Plan- Series 1 & 2 ('Schemes'). The exercise price of the share options is equal to the 90-day average closing price as on date prior to the date of nomination and remuneration committee approval for the grant of options under the scheme. 33.3% of the share options will vest at the end of first year, second year and third year from the date of grant of options;

The fair value of the options granted is estimated using Black-Scholes model of pricing, taking into account the terms and conditions upon which the share options were granted.

The share options can be exercised up to eight years from the grant date. There are no cash settlement alternatives.The Company accounts for the scheme as an equity-settled plan.

	31 March 2021	31 March 2020
Expense arising from equity-settled share-based payment transactions	140.89	171.88
Total expense arising from share-based payment transactions	**140.89**	**171.88**

The movement in the options under the plan is set out below:

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options during the year

Particulars	'31 March 2021 Number	'31 March 2021 WAEP	31 March 2020 Number	31 March 2020 WAEP
Outstanding at 1 April	8,77,300	52.70	-	-
Granted during the year *	22,03,462	51.20	9,02,300	52.70
Lapsed during the year	(60,000)	52.65	(25,000)	52.65
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 March	**30,20,762**	51.54	**8,77,300**	52.70
Exercisable at 31 March	**-**	**-**	**-**	**-**
Options exercisable as at the year/period ended	**-**	**-**	**-**	**-**

[1]The weighted average share price at the date of exercise of these options was ₹ 51.54 (31 March, 2020: ₹ 52.70).
The weighted average remaining contractual life for the share options outstanding as at 31 March 2021 was 7.43 years (31 March, 2020: 7.09 years).
The weighted average fair value of options granted during the year was ₹ 29.54 (31 March, 2020: ₹ 29.31).
The range of exercise prices for options outstanding at the end of the year was ₹ 51.20 to ₹ 52.95 (31 March, 2020: ₹ 52.65 to ₹ 52.95).

The following table list the input to the model used for the scheme for the year ended 31 March, 2021 and 31 March, 2020 respectively.

	'31 March 2021	31 March 2020
Weighted average fair values at the measurement date	29.54	29.31
Dividend yield (%)	-	-
Expected volatility (%)	55.30%-59.90%	59.90%
Risk–free interest rate (%)	5.48%-7.25%	6.95%-7.25%
Expected life of share options(years)	5.5 years	4.5 years
Weighted average exercise price (INR)	51.54	52.70
Model used	Black-Scholes	Black-Scholes

(All amounts in ₹ lakhs, unless stated otherwise)

46 Disclosure in accordance with Guidance Note on Accounting for expenditure on Corporate Social Responsibility Activities:

	Year ended 31 March 2021	Year ended 31 March 2020
a) Gross amount required to be spent by the Group during the year	44.46	23.84

(b) Amount spent during the year ending on 31 March, 2021:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	44.46	-	44.46

(c) Amount spent during the year ending on 31 March, 2020:	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	23.84	-	23.84

e) Details related to spent / unspent obligations:

	Year ended 31 March 2021	Year ended 31 March 2020
i) Contribution to Public Trust	5.60	11.00
ii) Contribution to Charitable Trust	38.86	12.84
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-

47 The current financial year has been a challenging year for our business. The year began amidst a strict lockdown post the emergence of COVID-19 towards the end of the last financial year. The economy gradually opened post June 2020 and the second half of the year was progressing towards recovery. However, a much stronger second wave of COVID -19 infections hit the country subsequent to 31 March, 2021 and may result in significant disruption to our business operations due to the lockdown restrictions. The Group has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial statements, in determination of the recoverability and carrying value of the assets. Similarly, the Group has also evaluated its ability to meet the financial commitments to its lender etc. in view of expected impact of COVID- 19 on its revenue and profitability. Based on the current estimates, the Group expects the carrying amount of these assets will be recovered. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates which may differ from that considered as at the date of approval of these financial statements. Given the nature of the pandemic, the Group will continue to closely monitor any material changes to future economic conditions.

48 Transfer pricing

The Finance Act, 2001 has introduced, with effect from Assessment Year 2002-03 (effective 1 April 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within due date of filing the Return of Income. The Group is in the process of updating the Transfer Pricing documentation for the financial year ended 31 March 2021 following a detailed transfer pricing study conducted for the financial year ended 31 March 2020. In the opinion of the Management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

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49 Statutory group Information

The entities consolidated in the consolidated financial statements are listed below:

Sl. No	Name of the entity	Country of incorporation	Relationship as at 31 March 2021	Percentage of effective ownership interest held (directly and indirectly) as at		Net assets, i.e. total assets minus total liabilities				Share in total comprehensive income			
						31 March 2021		31 March 2020		31 March 2021		31 March 2020	
				31 March 2021	31 March 2020	As a % of consolidated net assets	₹ in lakhs	As a % of consolidated net assets	₹ in lakhs	As a % of total comprehensive income	₹ in lakhs	As a % of total comprehensive income	₹ in lakhs
	A. Parent												
	AXISCADES Technologies Limited	India	Holding Company			52.33%	15,849.31	68.56%	21,910.36	342.63%	(6,197.89)	-22.62%	(696.17)
	B. Subsidiaries												
1	AXISCADES, Inc.	USA	Subsidiary	100%	100%	6.63%	2,009.10	6.22%	1,986.84	-29.78%	538.63	29.76%	915.91
2	AXISCADES UK Limited	United Kingdom	Step down subsidiary	100%	100%	1.14%	345.06	0.76%	241.57	-5.50%	99.48	-0.93%	(28.70)
3	AXISCADES Technology Canada Inc.	Canada	Subsidiary	100%	100%	9.85%	2,983.10	8.43%	2,693.12	-2.23%	40.42	10.16%	312.73
4	AXISCADES GmbH	Germany	Subsidiary	100%	100%	0.18%	53.02	0.14%	45.61	-0.33%	5.90	0.34%	10.50
5	AXIS MECHANICAL ENGINEERING DESIGN CO. (WUXI) LTD.	China	Subsidiary	100%	100%	-0.36%	(108.06)	-0.24%	(75.90)	1.62%	(29.35)	-1.38%	(42.56)
6	Cades Studec Technologies (India) Private Limited	India	Subsidiary	76%	76%	6.82%	2,065.45	5.82%	1,859.34	-11.39%	206.12	7.47%	229.83
7	AXISCADES Aerospace and Technologies Private Limited	India	Subsidiary	100%	100%	43.49%	13,173.33	36.29%	11,598.17	-87.08%	1,575.16	41.21%	1,268.41
8	AXISCADES Aerospace Infrastructure Private Limited	India	Step down subsidiary	100%	100%	25.77%	7,805.78	24.55%	7,845.75	2.21%	(39.98)	-1.45%	(44.71)
9	Enertec Controls Limited	India	Step down subsidiary	100%	100%	11.69%	3,539.65	10.59%	3,499.43	-2.22%	40.22	1.90%	58.37
10	Mistral Solutions Private Limited	India	Subsidiary	100%	100%	37.22%	11,272.31	30.45%	9,732.45	-84.88%	1,535.38	39.95%	1,229.53
11	Aero Electronics Private Limited	India	Step down subsidiary	100%	100%	-0.05%	(15.18)	-0.04%	(13.57)	0.09%	(1.61)	-0.04%	(1.19)
12	Mistral Technologies Private Limited	India	Step down subsidiary	100%	100%	2.40%	728.24	2.18%	695.65	-1.80%	32.60	4.32%	133.10
13	Mistral Solutions Inc.	USA	Step down subsidiary	100%	100%	2.30%	695.88	1.74%	554.76	-8.75%	158.28	-4.98%	(153.38)
14	Mistral Solutions Pte Limited	Singapore	Step down subsidiary	100%	100%	0.00%	-	0.00%	-	0.00%	-	-	-
	Translation adjustment					-	-	-	-	0.15%	(2.76)	1.57%	48.36
	Total					**199.40%**	**60,396.99**	**195.80%**	**62,573.58**	**112.74%**	**(2,039.40)**	**105.28%**	**3,240.03**
	C.Minority Interest												
	Cades Studec Technologies (India) Private Limited	India	Subsidiary	24%	24%	-1.62%	(490.17)	-1.39%	(444.33)				
	Adjustment arising out of Consolidation					-97.78%	(29,617.52)	-94.41%	(30,171.95)	-12.74%	230.51	-5.28%	(162.44)
	Consolidated net assets/ Total comprehensive income					**100.00%**	**30,289.30**	**100.00%**	**31,957.30**	**100.00%**	**(1,808.89)**	**100.00%**	**3,077.59**

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONAND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our financial statements included in this Placement Document. Unless the context otherwise requires, the financial information for the six-months ended September 30, 2023 and for the Fiscals 2021, 2022 and 2023 included herein is derived from the *Unaudited Interim Condensed Consolidated Financial Statements and Audited Consolidated Financial Statements respectively included in this Placement Document. Our audited financial statements prepared under Ind AS differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries, and our assessment of the factors that may affect our prospects and performance in future periods. Accordingly, the degree to which our Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS.*

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Risk Factors" and "Forward Looking Statements" on pages 35 and 13, respectively.

Our Fiscal ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12 months ended March 31 of that year.

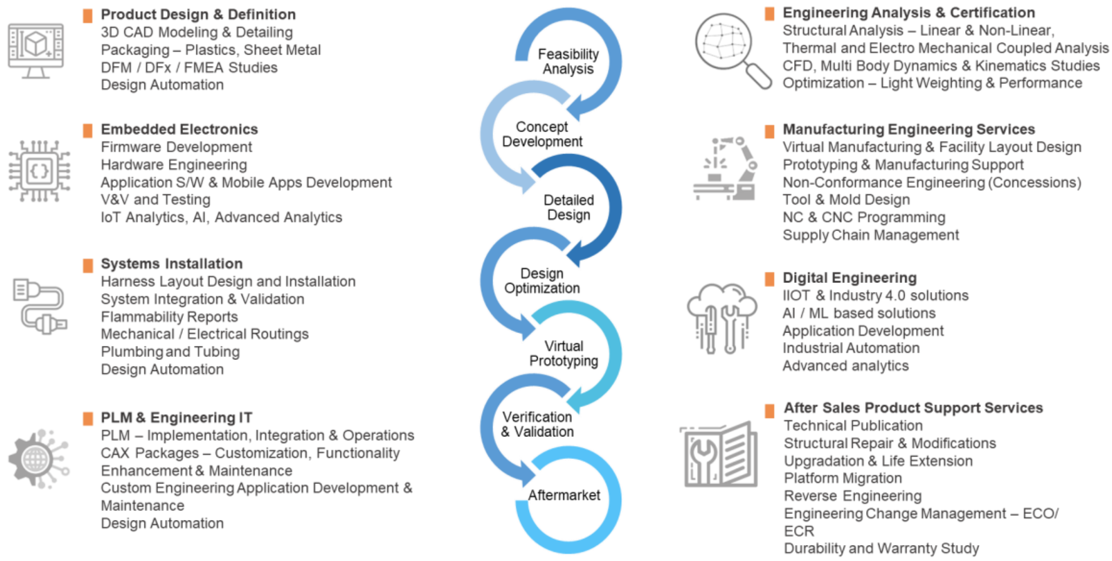
*Unless stated otherwise, statistical information, industry and market data used in this section has been derived from the industry report titled "Defense and ER&D Industry Report" dated January 2, 2024, (the "**Lattice Report**") which is a report exclusively commissioned and paid for by our Company and prepared by Lattice Technologies Private Limited pursuant to an engagement letter dated December 7, 2023 in connection with the Issue.*

OVERVIEW

We are one of the leading, end-to-end engineering and technology solutions company with expertise that caters to the digital, engineering and smart manufacturing needs of large global enterprises. (*Source: Lattice Report*). Our offerings include product design and development, embedded hardware and software, digital engineering, system installation and integration, manufacturing engineering, enterprise solutions, Industry 4.0 and IIOT solutions and aftermarket support. We provide cutting edge technology solutions in order to address the futuristic business needs of our clients in verticals such as products and solutions (encompassing the defence business of our Company), aerospace, automotive, heavy engineering, product engineering services (encompassing the semiconductor business of our Company) and energy. (*Source: Lattice Report*). Our domain expertise ranges from product design, testing and development, engineering analysis, manufacturing engineering solutions design and optimization.

Our Company has been in operation for over three decades and we have built a strong presence in key markets worldwide through strategic partnerships. We have a notable domestic and international footprint through our subsidiaries in six countries viz., India, USA, UK, Canada, Germany and China. Further, we operate through a comprehensive network of offices spread across North America, Europe, UK and the Asia Pacific regions. Our global engineering centres leverage the skills and capabilities of our employees from our various offices, delivering value to our clients. As of September 30, 2023, we had a global workforce of over 3,000 employees serving multiple global clients from 17 global engineering centres spread across North America, Europe and Asia Pacific regions. We believe that our globally distributed execution model ensures balance between onshore client proximity and offshore efficiency. Our customers include global OEMs across verticals such as products and solutions (encompassing the defence business of our Company), aerospace, automotive, heavy engineering, product engineering services (encompassing the semiconductor business of our Company) and energy.

Our full-service offerings encompassing the entire product lifecycle can be categorized as depicted below:



We completed the acquisition of Mistral in Fiscal 2023. Through Mistral, our subsidiary we offer product engineering services, encompassing the semiconductor business of our Company and products and solutions, encompassing the defence business of our Company.

Our range of services, through Mistral forming a part our products and solutions offerings include product design and product deployment of radar, sonars integrated hardware for underwater acoustic imaging system and telemetry modules, and integrated logistics support tailored specifically for defense applications. Further, as a part of our product engineering services portfolio (encompassing the semiconductor business of our Company) through Mistral, we provide design and fabrication facilities electrical items and electronic items.

We have received quality and standard certifications such as AS 9100D, ISO 9001:2015, ISO 27001:2013 and ISO 14001:2015.

The engineering, research and development services space ("**ER&D**") is at an early stage of penetration with a large total addressable market. (Source: *Lattice Report*) Rapid advancement of technology and faster innovation has translated to a drastic reduction in product development timelines. (Source: *Lattice Report*) This has increased the need for outsourcing ER&D to third-parties with end-to-end capabilities in traditional as well as new-age products. (Source: *Lattice Report*) India has emerged as a favourable destination for outsourced ER&D spend by global enterprises due to its large talent pool, innovation ecosystem, affordable costs, maturing in-house research and development centres landscape and geopolitical support. (Source: *Lattice Report*) The global ER&D spend through GCCs was USD 82 billion in CY23, growing at a CAGR of 10% from CY23 to CY28, translating to USD 132 billion in CY28. The outsourced market of Indian ESPs has grown significantly over the years and has a share of 23% in the outsourced ER&D spending through ESPs. India has shown significant growth due to the availability of a next-generation digital talent pool and attractive billing rates when compared to other nations. (Source: *Lattice Report*) Key drivers for growth within the ER&D market include smaller innovation cycles, cost optimization, widening skill gap, Industry 4.0 and overcoming challenges in manufacturing engineering and Digital twin. (Source: *Lattice Report*) We intend to continue leveraging our strengths to address the opportunities in the ER&D industry generally and more specifically in the automotive and aerospace industries.

We have a diversified and a professional Board, which is supplemented by our strong management team. Our CEO and MD, Arun Krishnamurthi joined our Company in November 2021 We believe that, we are well positioned to harness market opportunities, develop and execute business plans, oversee customer relationships, and adapt dynamically to evolving market conditions.

In Fiscals 2021, 2022 and 2023, our total income was ₹ 53,830.73 lakhs, ₹ 61,940.02 lakhs and ₹ 82,758.05 lakhs respectively and grew at a CAGR of 23.99% between Fiscal 2021 and Fiscal 2023. Our adjusted EBITDA was ₹ 6,400.01 lakhs, ₹ 7,063.60 lakhs and ₹ 14,556.52 lakhs, respectively, in Fiscals 2021, 2022 and 2023 and grew at a CAGR of 50.81% between Fiscal 2021 and Fiscal 2023. In addition, our (loss)/profit after tax for the years was ₹ (2,120.55) lakhs, ₹ 2,267.91 lakhs and ₹ (479.82) lakhs, in Fiscals 2021, 2022 and 2023, respectively.

Performance parameters

In evaluating our business, we consider and use certain performance parameters that are presented below as supplemental measures to review and assess our operating performance. The presentation of these performance parameters is not intended to be considered in isolation or as a substitute for the Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements included in this Placement Document. Further, this information may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these performance parameters should not be considered in isolation or construed as an alternative to GAAP measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

The following table sets forth certain of our performance parameters for the period/ years indicated below:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at and for the six-months ended September 30, 2023	Fiscal		
		2023	2022	2021
Revenue from contracts with customers(1)	46,510.10	81,360.47	60,840.77	51,738.61
Other Income	284.01	595.84	909.43	1,446.07
(Loss)/profit after tax for the period/year (2)	1,688.15	(479.82)	2,267.91	(2,120.55)
PAT Margin for the period/year (%)(3)	3.63%	(0.59%)	3.73%	(4.10%)
EBITDA(4)	7,360.20	8,344.21	7,757.87	3,811.04
Adjusted EBITDA(5)	7,076.19	14,556.52	7,063.60	6,400.01
Adjusted EBITDA Margin (%)(6)	15.21%	17.89%	11.61%	12.37%
Return on Equity(%)(7)	4.60%	(1.40%)	6.74%	(6.99%)
Profit/(loss) before tax and non-controlling interests (8)	2,607.31	2,102.40	3,676.40	(1,037.94)
Total Equity(9)	36,659.99	34,386.27	33,661.07	30,351.12
Total Income(10)	46,992.11	82,758.05	61,940.02	53,830.73
Total assets(11)	1,02,772.23	90,438.45	79,440.20	74,236.04

Notes:

(1) Revenue from contracts with customers is the revenue generated by the Group and is comprised of ((i) Technology services & Solutions and (ii) Strategic Technology solutions).

(2) (Loss)/profit after tax for the period/year is the Group's (loss)/profit after tax for the period/year.

(3) PAT Margin represents the profit/(loss) for the period/year as a percentage of our revenue from contracts with customers. For a detailed calculation of PAT Margin, see " Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Revenue from contracts with customers to PAT Margin" on page 296.

(4) EBITDA is calculated as profit/(loss) for the period/year plus tax expense, finance costs, depreciation and amortisation expenses. For a detailed calculation of EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Profit/(loss) after tax for the period/year to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin" on page 295.

(5) Adjusted EBITDA is calculated as EBITDA plus exceptional items and share of (profit)/loss of an associate less other income. For a detailed calculation of Adjusted EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Profit/(loss) after tax for the period/year to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin" on page 295.

(6) Adjusted EBITDA Margin is the percentage of adjusted EBITDA divided by revenue from contracts with customers. For a detailed calculation of Adjusted EBITDA Margin, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Profit/(loss) after tax for the period/year to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin" on page 295.

(7) Return on equity is computed as profit/ (loss) after tax for the period/ year divided by total equity.

(8) Profit/(loss) before tax and non-controlling interests is profit/(loss) after exceptional items and before total income tax expense

(9) Total equity is total of equity share capital, other equity and non-controlling interest, if applicable.

(10) Total income comprises of revenue from contracts with customers, other operating income and other income.

(11) Total assets comprises of current assets and non-current assets.

Please also see, *Risk Factors* - "*Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity, have been included in this Placement Document. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable"* on page 57.

For EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity reconciliation, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*" on page 295.

Other Accounting Ratios

The other accounting ratios derived from our Audited Consolidated Financial Statements and our Unaudited Interim Condensed Consolidated Financial Statements are given below:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at and for the six-months ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Current ratio(1)	1.76	1.51	0.99	1.07
Net working capital(2)	24,641.59	18,075.91	(327.50)	2,402.87
Total Borrowings(3)	35,666.12	31,400.35	4,881.11	5,144.19
Current assets	57,083.15	53,804.20	43,240.88	36,417.91
Current liabilities	32,441.56	35,728.29	43,568.38	34,015.04
Total liabilities	66,112.24	56,052.18	45,779.13	43,884.92
Finance costs	3,175.00	3,589.98	1,575.41	2,250.40

Notes:

(1) Current ratio = current assets / current liabilities. For a detailed calculation of current ratio, see “ Management’s Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of current assets to current ratio” on page 296.

(2) Net working capital = (current assets –current liabilities). For a detailed calculation of net working capital, see “ Management’s Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of current assets to net working capital” on page 296.

(3) Total Borrowings include current and non-current borrowings.

Non-GAAP Measures

EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity, current ratio, interest coverage ratio, net working capital (“**Non-GAAP Measures**”), presented in this Placement Document have been included as supplemental disclosure because we believe they are useful indicators of our operating performance and our unit economics. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance and because such measures are frequently used by security analysts, investors and others to evaluate the operational performance of companies in our industry, many of which provide such non-GAAP.

These non-GAAP measures are supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, these non-GAAP measures are not standardised terms, hence a direct comparison of these non-GAAP Measures between companies may not be possible. Other companies may calculate these non-GAAP Measures differently from us, limiting its usefulness as a comparative measure.

Please also see, *Risk Factors* - “*Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity have been included in this Placement Document. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable”* on page 57.

Reconciliation of Profit/ (Loss) after tax for the period/ year to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at and for the six-months ended September 30, 2023	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Profit/(loss) after tax for the period/year (A)	**1,688.15**	**(479.82)**	**2,267.91**	**(2,120.55)**
Tax Expense (B)	919.16	2,582.22	1,408.49	1,082.61
Profit/(loss) before tax and non-controlling interests (C=A+B)	**2,607.31**	**2,102.40**	**3,676.40**	**(1,037.94)**
Finance costs (D)	3,175.00	3,589.98	1,575.41	2,250.40
Depreciation and amortisation expense (E)	1,577.89	2,651.83	2,506.06	2,598.58
EBITDA (F=C+D+E)	**7,360.20**	**8,344.21**	**7,757.87**	**3,811.04**
Less: Other income (G)	284.01	595.84	909.43	1,446.07
Add: Exceptional Items (H)	-	6,803.74	169.34	4,079.80
Add: Share of (profit)/loss of an associate (I)	-	4.41	45.82	(44.76)
Adjusted EBITDA (J = F-G+H+I)	**7,076.19**	**14,556.52**	**7,063.60**	**6,400.01**
Revenue from contracts with customers (K)	**46,510.10**	**81,360.47**	**60,840.77**	**51,738.61**
Adjusted EBITDA Margin (%) (L=J/K)	**15.21%**	**17.89%**	**11.61%**	**12.37%**

Reconciliation of Revenue from contracts with customers to PAT Margin

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at and for the six-months ended September 30, 2023	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Revenue from contracts with customers (a)	46,510.10	81,360.47	60,840.77	51,738.61
(Loss)/Profit for the period/year (b)	1,688.15	(479.82)	2,267.91	(2,120.55)
Profit/(loss) after tax (PAT) Margin (c)=(a)/(b)	3.63%	(0.59%)	3.73%	(4.10%)

Reconciliation of total equity to return on equity

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at and for the six-months ended September 30, 2023	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Total equity (I)	36,659.99	34,386.27	33,661.07	30,351.12
(Loss)/profit after tax for the period/ year (II)	1,688.15	(479.82)	2,267.91	(2,120.55)
Return on Equity (%) (III)) = (II/I)	4.60%	(1.40%)	6.74%	(6.99%)

Reconciliation of current assets to current ratio

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at and for the six-months ended September 30, 2023	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Current assets (a)	57,083.15	53,804.20	43,240.88	36,417.91
Current liabilities (b)	32,441.56	35,728.29	43,568.38	34,015.04
Current Ratio: (a)/(b)	1.76	1.51	0.99	1.07

Reconciliation of current assets to net working capital

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at and for the six-months ended September 30, 2023	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Current assets (a)	57,083.15	53,804.20	43,240.88	36,417.91
Current liabilities (b)	32,441.56	35,728.29	43,568.38	34,015.04
Net working capital (c)=(a)-(b)	24,641.59	18,075.91	(327.50)	2,402.87

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review and may continue to affect our results of operations and financial condition in the future.

Expanding relationship with existing customers

Customer relationships are at the core of our business. As of September 30, 2023, our clients are comprised of global OEMs, tier 1 companies, defence public sector undertakings and other leading product companies spread across multiple industry verticals.

Our long-standing customer base comprises leading aerospace, heavy engineering and automotive companies, key strategic and globally preferred partners, some of whom we have engaged with for over a decade. We enjoy relationships in excess of 10 years with 4 out of our top 10 customers. We intend to continue to expand our customer base by leveraging our relationship with our existing customers in India and globally, while simultaneously pursuing opportunities to develop new relationships.

Our ability to meet our growth plans in the near future will depend upon the successful continuation of our relationship with our existing customers. We actively engage with clients on multiple projects and have a high repeat rate based on our contracts with customers across our business offerings in the six-months period ended September 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively. For the six months period ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, (a) contribution to revenue from contracts with customers from our top five customers was ₹ 26,185.54 lakhs, ₹ 44,819.39 lakhs, ₹ 34,963.47 lakhs and ₹ 30,757.39 lakhs respectively and (b) constituted 56.30%, 55.09%, 57.47% and 59.45%, respectively, of our revenue from contracts with customers.

The following table sets forth revenue from contracts with customers from our top five and top ten customers in the period/ years indicated:

Customers	Six months ended September 30, 2023	
	Consolidated	
	Revenue from contracts with customers (*₹ in lakhs*)	Percentage of revenue from contracts with customers
Top Five	26,185.54	56.30%
Top Ten	34,718.46	74.65%

Customers	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Consolidated		Consolidated		Consolidated	
	Revenue from contracts with customers (*₹ in lakhs)*	Percentage of revenue from contracts with customers	Revenue from contracts with customers (*₹ in lakhs)*	Percentage of revenue from contracts with customers	Revenue from contracts with customers (*₹ in lakhs)*	Percentage of revenue from contracts with customers
Top Five	44,819.39	55.09%	34,963.47	57.47%	30,757.39	59.45%
Top Ten	61,370.85	75.42%	45,883.29	75.42%	40,018.81	77.35%

We believe we have a substantial opportunity to grow our client base and increase the use of our services and offerings within our existing client base to drive deeper, long term strategic engagements and there continues to be potential to increase wallet share among existing clients as they increase outsourcing. Given the intricacies involved in the portfolio of products and services, we firmly believe that once our customers find a suitable vendor meeting their requirements, they are inclined to maintain a lasting partnership. Our enduring relationships with customers enable us to deeply understand their diverse requirements, including the expansion of our portfolio base. We believe that our long-term relationship with our clients serves as testament to our operational and managerial capabilities and makes us an attractive choice for potential clients in the industry.

Demand for engineering, research and development services

Our business primarily depends on the demand for our ER&D services. The engineering, research and development services space ("**ER&D**") is at an early stage of penetration with a large total addressable market. Rapid advancement of technology and faster innovation has translated to a drastic reduction in product development timelines. This has increased the need for outsourcing ER&D to third-parties with end-to-end capabilities in traditional as well as new-age products. India has emerged as a favourable destination for outsourced ER&D spend by global enterprises due to its large talent pool, innovation ecosystem, affordable costs, maturing in-house R&D centres landscape and geopolitical support. The global ER&D spend through GCCs was USD 82 billion in CY23, growing at a CAGR of 10% from CY23 to CY28, translating to USD 132 billion in CY28. The outsourced market of Indian ESPs has grown significantly over the years and has a share of 23% in the outsourced ER&D spending through ESPs. India has shown significant growth due to the availability of a next-generation digital talent pool and attractive billing rates when compared to other nations. Key drivers for growth within the ER&D market include smaller innovation cycles, cost optimization, widening skill gap, Industry 4.0 and overcoming challenges in manufacturing engineering. (*Source: Lattice Report*).

Through our comprehensive portfolio of offerings, we believe that we are well positioned to address the needs of our customers spread across various industry verticals. For details in relation to our offerings, see "*Our Business— Description of our Business*" on page 359. We endeavour to secure projects with top R&D spenders within our focus verticals. Through our acquisition of Mistral, we aim to leverage Mistral's existing customers to reach a wider market which in turn is expected to become a strong avenue of growth. Further, we believe there is a significant opportunity within our current client base to increase the use of our solution offerings and further develop deeper, long-term strategic engagements. Given the high concentration of ER&D spend among select aerospace, defence and engineering companies globally, we methodically target large spenders in our chosen industries, devoting substantial time and resources in cultivating those relationships.

Our ability to develop new services and technology solutions and enhance existing services and solutions in accordance with evolving industrial requirements

The industries we operate in are competitive and continuously evolving, subject to rapidly changing demands and constant technological developments. Further, the requirements of our customers vary across geographies. To service and grow our relationships with our existing customers and to win new customers, we must be able to provide them with products and engineering services that address their requirements, to anticipate and understand trends in their relevant markets and to continually address their requirements as those requirements change and evolve.

We depend on our ability to innovate by enhancing services and technology solutions offerings for our clients to drive revenue growth. We have developed and continue to develop a comprehensive range of complex service offerings and technology solutions for our clients. Further, we continue to expand our offerings in emerging technologies such as generative AI, metaverse, automation, and blockchain. As the demand for high-performance and reliable products grows, we are investing in advanced engineering analysis techniques. See "*Our Business – Our Competitive Strengths*" and "*Our Business – Description of our Business*" beginning on pages 354 and 359, respectively.

As long as we are able to anticipate and respond to the industry's requirements competitively and in a timely and cost-efficient manner, we would expect to receive repeat business from existing clients. Conversely, if we are unable to recoup our investments in emerging technologies due to evolving market dynamics, technological advancements by competitors, regulatory changes, and customer adoption rates, our revenue and profits might be materially affected. See also "*Risk Factors-We operate in rapidly evolving industries, which makes it difficult to evaluate our future prospects and may increase the risk that we will not continue to be successful. If we are not successful, it could materially adversely affect our business, reputation and cash flows.*" on page 41.

Recruitment, retention and management of skilled employees

Our success is dependent, in large part, on our ability to keep our supply of market-leading skills and capabilities in balance with client demand and our ability to attract and retain people with the expertise and skills to lead our business globally. We have a notable international footprint through our subsidiaries in six countries viz., USA, UK, Canada, Germany, India and China. Further, we operate through comprehensive network of offices spread across North America, Europe, UK and the Asia-Pacific regions. As of September 30, 2023, we had a global workforce of over 3,000 employees serving multiple global clients from 17 global engineering centres spread across North America, Europe and Asia Pacific. We had nearly 400 employees based out of our strategic onshore locations, enabling greater proximity to our clients.

We believe that there is significant competition for skilled professionals in India and that such competition is likely to continue for the foreseeable future. The competition for highly skilled professionals may require us to increase salaries, and we may be unable to pass on these increased costs to our customers. This would increase our operational costs which may adversely affect our business, cash flows, results of operations and financial condition.

As we grow our business, it is crucial for us to be able to set up and operationalize large teams of qualified senior managers and skilled professionals to service our clients' requirements. Our ability to create innovative offerings and execute our project engagements depends in large part on our ability to attract, train, motivate and retain skilled professionals. Over the last few years, we have been investing towards attraction, engagement, retention and development of key talent, to keep pace with continuing changes in technology, evolving standards and changing client preferences. We have launched initiatives to develop talent in digital lines of services, supported by differentiated compensation strategies with a view to launch a holistic career path strategy in the near future including predictable growth opportunities for talent with niche skills.

The following table sets forth our employee benefit expenses for the period/ years indicated:

(All amounts in ₹ lakhs, unless otherwise indicated)

Revenues	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
Employee benefits expense (a)	23,269.80	36,089.20	31,214.39	26,661.40
Revenue from contracts with customers(b)	46,510.10	81,360.47	60,840.77	51,738.61
Percentage of employee benefits expense to revenue from contracts with customers (c)=(a)/(b)	50.03%	44.36%	51.31%	51.53%

Our employee benefits expense consists of salaries and wages paid to employees, contributions to provident and other funds, share based payments expenses and staff welfare expenses. Our ability to manage our employee benefit expenses is heavily impacted by our onshore and offshore resource mix. We will continue to leverage the global talent pool and employee pyramid with a balanced onshore/offshore mix so that it offers a viable, more cost-effective, value-enabled alternative to OEMs who are looking to partners to provide more value at a lesser cost.

Exchange rate fluctuations

Our results of operations may be affected by both the transaction effects and translation effects of foreign currency exchange rate fluctuations due to our global scale of operations. We report our financial results in Indian rupees ("**INR**"), but a portion of our revenue is denominated in the EUR, GBP, CAD, AED, DKK, CNY, SGD and USD currencies. The following table sets out our revenues from contracts with customers earned from India and outside India and their percentage in comparison with revenue from contracts with customers for the six-months period ended September 30, 2023 and Fiscals 2023, 2022 and 2021:

(All amounts in ₹ lakhs, unless otherwise indicated)

Disaggregated revenue information	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
Revenue from contracts with customers in India (a)	14,644.30	24,950.95	15,524.41	14,071.40
Revenue from contracts with customers outside India (b)	31,865.80	56,409.52	45,316.36	37,667.21
Revenue from contracts with customers (c) = (a)+(b)	46,510.10	81,360.47	60,840.77	51,738.61
Percentage of revenue from contracts with customers outside India to revenue from contracts with customers (d) = (b)/(c)	68.51%	69.33%	74.48%	72.80%

While currently our foreign exchange transaction risk is generally limited due to the natural hedge provided by onshore revenue and expenses, our revenue and profit are affected by volatility in the currencies in which we earn our revenues. Our results of operations will be impacted by the relative value of the rupee compared to other currencies. Unfavourable fluctuations in foreign currency exchange rates have had an adverse effect and could in the future have a material adverse effect, on our results of operations. To manage our foreign exchange risk, we selectively use forward contracts to hedge foreign exchange exposure. For further details, see "*Risk Factors-Our international sales and operations are subject to many uncertainties and we are exposed to foreign currency exchange rate fluctuations.*" on page 50.

SIGNIFICANT ACCOUNTING POLICIES

Below are the significant accounting policies used for the preparation of the Fiscal 2023 Audited Consolidated Financial Statements:

a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated financial statements. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on May 25, 2023.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2023, March 31, 2022 and March 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31, 2023. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12, Income Taxes, applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
d. Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the parent company.

Profit or loss and each component of other comprehensive income ("**OCI**") are attributed to the equity shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non- controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non- controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12, Income Tax, and Ind AS 19, Employee Benefits respectively.
- Liabilities or equity instruments related to share- based payment arrangement of the acquiree or share-based payments arrangement of the Group entered into to replace share-based arrangements of the acquiree are measured in accordance with Ind AS 102, Share-based Payments at the acquisition date
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in Statement of Profit and Loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109, Financial Instruments, is measured at fair value with changes in fair value recognised in Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109 it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in Statement of Profit and Loss.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations between entities under common control is accounted for at carrying value under the provisions of Ind AS 103, Business Combinations.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as and when incurred.

d) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit' of an associate in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

e) Current versus non-current classification

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

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

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

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

f) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of respective asset if the recognition criteria for a provision are met.

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

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

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

	Useful lives (in years)
Computers*	3 - 6
Furniture and fixtures*	7 - 10
Office equipment*	5 - 7
Plant and machinery*	7 - 15
Electrical installations*	7
Office buildings*	61
Vehicles*	5 - 6
Test equipments	6

** Based on an internal assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.*

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

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

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

g) Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non- current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Process manuals are amortised over the remaining project term or the useful life of the process manual, whichever is shorter. Softwares are amortised over the period of 3 - 6 years Non-compete fee and customer contract are amortised over a period 10 years.

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

Intangibles under development

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

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

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

h) Impairment of non-financial assets

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

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

i) Revenue recognition

The Group earns revenue from contract with customer primarily from sale of engineering design services, system integration and other services.

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services and excludes amounts collected on behalf of third parties. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods and services:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from professional engineering services is either on time-and-material basis or fixed price contracts. Revenue on time-and-material basis is recognised as the related services are rendered. Revenue from fixed price contracts, where performance obligation are satisfied over time and where there is no uncertainty as to the measurement or collectability of consideration, is recognised as per the percentage of completion method.

When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenue from sale of products and system engineering and traded sales is recognised upon transfer of control of promised goods. Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue from sale of products, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Variable Consideration:

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

Significant financing component:

The Group receives short-term advances from its customers Using the practical expedient in Ind AS 115, it does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Warranty obligations:

It provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in use of judgements, estimates & assumptions.

Finance income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividend Income:

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental Income:

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and is included in revenue in the Statement of Profit and Loss due to its operating nature.

Contract balances

Contract assets:

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

Revenues in excess of invoicing are classified as contract assets (which we refer to as Unbilled Revenue). Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section 2 (s) Impairment of financial assets.

Trade receivables:

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

j) Employee benefits

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

Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Compensated absences

The Group provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non-vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The present value of the defined benefit obligation denominated in ₹is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to Statement of Profit and Loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Group transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

Overseas social security

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

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

k) Leases

The Group has lease contracts for buildings used in its operations. Lease terms generally ranges between 3 and 9 years.

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

Company as a lessee

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

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 1, 2019.

i) Right-of-use assets

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

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

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

ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

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

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

Company as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

l) Foreign currency transactions

Functional and presentation currency

The Group's consolidated financial statements are presented in Indian Rupees, which is also the Holding Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

- Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.
- Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non- monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Statement of Profit and Loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (April 1, 2016), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

m) 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.

n) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value. The method of determination of cost is as follows:

Raw materials/ components and traded goods are valued at first in first out method

Finished goods/ work in progress - Cost of materials including costs of conversion, where cost of material is determined under first in first out method. Cost of conversion is considered at actuals.

Goods in transit are valued at actual cost.

The Group periodically assesses the inventory for obsolescence and slow moving stocks

o) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternate Tax (MAT):

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

p) Provisions and contingencies

Provisions

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

Contingent liabilities

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

Contingent assets

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

Onerous contracts

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

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

i. Debt instruments at amortised cost

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

a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

ii. Debt instrument at FVTOCI

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv. Equity investments

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

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

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

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

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities like non-convertible debentures are measured at amortised cost using the effective interest method.

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Financial guarantee contracts

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

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.

Derivative financial instruments and Hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks arising from highly probable future forecasted sales. This derivative financial instrument are designated in a cash flow hedge relationship. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss and is reclassified to underlying hedged item.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

r) Impairment of financial assets

In accordance with Ind-AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Group tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if the credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

a. Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write- off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
b. Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
c. Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

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

s) Fair value measurement

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

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

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

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurements as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy as explained above.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Management present the valuation results to the Audit Committee and the Group's independent auditors This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

t) Cash and cash equivalent

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

For the purpose of the statement of cash flows, cash and cash equivalent consists of cash at bank and on hand and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group has two business segments, 'Technology Services and Solutions' and 'Strategic technology solutions'.

v) Earnings/ (loss) per Share (EPS)

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

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

w) Corporate Social Responsibility (CSR) expenditure

CSR expenditure as per provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is charged to the Statement of Profit and Loss as expense as and when incurred.

x) Share-based payments

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

Changes in accounting policies and disclosures

There are no changes in the accounting policies applied during the six-months ended September 30, 2023 and the last three Fiscals.

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

Income

Our total income comprises of revenue from contracts with customers, other operating income and other income.

Revenue from contracts with customers

Our revenue from contract with customers comprises of revenue from (i) sale of services and (ii) sale of goods

The following table sets forth a breakdown of our revenue from contract with customers for the period/ years indicated:

(All amounts in ₹ lakhs, unless otherwise indicated)

	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
Sale of services:				
Technology services and solutions	22,529.48	50,032.66	41,411.28	35,080.24
Strategic technology solutions	9,161.07	6,916.32	5,197.74	1,031.89
Sale of goods:				
Technology services and solutions	10,644.35	7,501.23	3,671.99	2,429.56
Strategic technology solutions	4,175.20	16,910.26	10,559.76	13,196.93
Revenue from contracts with customers	**46,510.10**	**81,360.47**	**60,840.77**	**51,738.61**

Other operating income

Our other operating income primarily consists of (i) export incentives and (ii) import of FOC materials shipped by customers and duty paid by them.

Other income

Our other income primarily consists of (i) interest income on deposit with banks, financial instrument measured at amortised cost and others, (ii) fair value gain on investment measured at FVTPL, (iii) gain on sale of property, plant and equipment (iv) gain on lease modification/ rental concession (v) gain on sale of associate (vi) dividend income (vii) provision/liabilities no longer required/written back (viii) recovery of bad debts written off and (ix) miscellaneous income

Expenses

Our expenses comprise of (i) cost of materials consumed (ii) employee benefits expense (iii) finance costs (iv) depreciation and amortisation expense and (v) other expenses.

Cost of Materials Consumed

Cost of materials consumed includes the cost incurred in connection with the purchase of goods consumed in the process of manufacture or assembly with respect to the products and solutions (defence) and product engineering services (semiconductor) business.

Employee Benefits Expense

Our employee benefits expense comprises of (i) salaries, wages and bonus, (ii) contribution to provident and other funds, (iii) contribution to overseas social security (iv) gratuity expense (v) compensated absences expense (vi) employee stock option scheme and (vii) staff welfare expenses.

The following table sets forth a breakdown of our employee benefits expense for the period/ years indicated:

(All amounts in ₹ lakhs, unless otherwise indicated)

	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
Salaries, wages and bonus	20,215.69	31,567.12	27,468.99	23,679.90
Contribution to provident and other funds	865.94	1,090.09	878.66	814.96
Contribution to overseas social security	959.64	1,484.53	1,217.15	1,033.14
Gratuity expense	96.41	209.58	173.92	167.43
Compensated absences expense	192.23	183.66	103.85	128.31
Employee stock option scheme	379.70	542.75	636.33	140.89
Staff welfare expenses	560.19	1,011.47	735.89	696.77
Total employee benefits expense	23,269.80	36,089.20	31,214.39	26,661.40

Finance costs

Our finance cost comprises of (i) interest expense on borrowings and lease liability and (ii) other borrowing costs (iii) interest expense on net defined benefit obligation (iv) unwinding of discount on asset retirement obligation (v) bank guarantee commission and (vi) interest on income tax

Depreciation and amortisation

Our tangible and intangible assets are depreciated and amortised over periods corresponding to their estimated useful lives. Please see "*Significant Accounting Policies*" above. Our depreciation and amortisation expense comprises of (i) depreciation of property, plant and equipment, (ii) amortisation of intangible assets and (iii) depreciation of right-of-use assets.

Other expenses

Our other expenses primarily comprise of (i) subcontracting charges, (ii) legal and professional fees, (iii) software subscription charges and (iv) travelling and conveyance.

The following table sets forth a breakdown of our other expenses for the period/ years indicated:

(All amounts in ₹ lakhs, unless otherwise indicated)

	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
Rent	129.57	226.75	364.27	438.34
Power and fuel	249.94	377.66	309.11	293.05
Travelling and conveyance	760.72	1,155.04	518.91	332.09
Legal and professional charges	706.40	1,550.81	1,431.38	1,129.75
Consultancy expense	212.48	358.41	149.81	140.36
Repairs and maintenance				
- Building	183.06	325.23	251.97	250.71
- Others	171.92	298.04	227.56	239.06
- Plant and machinery	94.50	167.14	108.28	109.80
Recruitment and training expenses	212.81	375.31	261.45	79.02
Office maintenance expense	52.55	95.73	55.61	40.06
Communication expenses	184.67	374.01	351.92	406.67
Equipment hire charges	278.56	557.75	315.10	254.15
Auditor's remuneration	67.94	109.39	84.78	86.28
Security charges	33.60	54.17	58.07	59.96
Rates and taxes	86.98	327.71	283.95	316.92
Subcontracting charges	1,753.32	3,645.99	3,598.24	3,322.02
Software subscription charges	730.81	1,390.55	1,471.29	1,040.97
Directors sitting fees	51.70	55.80	39.90	33.30
Marketing and advertising expenses	158.18	607.00	468.06	243.27
Insurance expenses	70.05	156.39	147.03	153.96
Bank charges	69.57	92.92	118.43	125.17
Corporate social responsibility expenses	17.25	53.81	29.69	44.46
Provision for doubtful debts and advances	63.52	104.83	96.47	52.88
Bad debts written off	-	48.61	37.88	76.57
Advances written off	12.84	13.40	-	38.88
Impairment of property, plant and equipment	-	203.79	-	-
Fair value loss on derivative	-	565.18	-	-
Loss on sale of property, plant and equipment	3.00	-	22.81	-
Printing and stationery	-	-	-	15.79
Postage and courier charges	-	-	-	6.47
Freight outward	-	-	-	14.47
Net loss on foreign currency transaction and translation	242.17	175.10	160.75	63.08
Miscellaneous expenses	(175.40)	131.34	123.06	66.13
Total other expenses	6,398.45	13,597.86	11,085.78	9,473.64

Income tax expense

Our income tax expense comprises of current income tax charge, adjustment of tax relating to earlier years and deferred tax charge.

Exceptional items

Our exceptional items comprise of impairment of goodwill and fair value change in contingent purchase consideration payable. We have recognised net fair value loss in Fiscal 2023 on account of re-estimation of contingent purchase consideration assumed on acquisition of Mistral Solutions Private Limited.

Results of Operations

The following table sets forth our consolidated statement of profit and loss for the period/ years indicated.

(All amounts in ₹ lakhs, unless otherwise indicated)

	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
Income				
Revenue from contracts with customers	46,510.10	81,360.47	60,840.77	51,738.61
Other operating income	198.00	801.74	189.82	646.05
Other income	284.01	595.84	909.43	1,446.07
Total income	**46,992.11**	**82,758.05**	**61,940.02**	**53,830.73**
Expenses				
Cost of materials consumed	9,963.66	17,918.63	11,666.82	9,849.61
Employee benefits expense	23,269.80	36,089.20	31,214.39	26,661.40
Finance costs	3,175.00	3,589.98	1,575.41	2,250.40
Depreciation and amortisation expense	1,577.89	2,651.83	2,506.06	2,598.58
Other expenses	6,398.45	13,597.86	11,085.78	9,473.64
Total expenses	**44,384.80**	**73,847.50**	**58,048.46**	**50,833.63**
Profit before share in profit/ (loss) of an associate, exceptional items and tax	**26,07.31**	**8,910.55**	**3,891.56**	**2,997.10**
Share in profit/(loss) of an associate, net	-	(4.41)	(45.82)	44.76
Profit before exceptional items and tax	**2,607.31**	**8,906.14**	**3,845.74**	**3,041.86**
Exceptional items	-	(6,803.74)	(169.34)	(4,079.80)
Profit before tax and non-controlling interests	**2,607.31**	**2,102.40**	**3,676.40**	**(1,037.94)**
Income tax expense:				
(i) Current tax	1,140.85	2,085.61	1,360.14	951.19
(ii)Adjustment of current tax relating to earlier years	-	(368.00)	-	-
(iii) Deferred tax (credit)/charge	(221.69)	864.61	48.35	131.42
Total income tax expense	919.16	2,582.22	1,408.49	1,082.61
(Loss)/profit after tax for the period/year	1,688.15	(479.82)	2,267.91	(2,120.55)

Fiscal 2023 compared to Fiscal 2022

Income

Our total income increased by 33.61% from ₹ 61,940.02 lakhs in Fiscal 2022 to ₹ 82,758.05 lakhs in Fiscal 2023, recording highest-ever revenue in the Company's history. This success was realized through strengthening the organization's core, implementing key strategic initiatives and execution discipline.

Revenue from contracts with customers

Our revenue from contracts with customers increased by 33.73% from ₹ 60,840.77 lakhs in Fiscal 2022 to ₹ 81,360.47 lakhs in Fiscal 2023, primarily driven by increased traction in newer verticals, such as automotive and energy, while our Company solidified its position in aerospace, product engineering services, and products and solutions (defence). However, heavy engineering experienced a year-over-year slowdown, attributed to industry-wide delayed revival of capital expenditure. Automotive vertical saw highest growth year-over-year at 65.20% followed by energy at 51.10%. These figures further reinforce our Company's strategic commitment to vertical diversification. Within our aerospace vertical, we successfully retained a substantial service offering mandate from one of the world's largest aerospace OEM. The renewed mandate features expanded scopes and opportunities, highlighting our Company's expertise and robust position in this domain to which we have already commenced delivery of services in Fiscal 2023. Year-over-year, product engineering services experienced a robust growth of 33.50%, propelled by heightened engagement from our existing clients.

Other operating income

Our other operating income increased by 322.37% from ₹ 189.82 lakhs in Fiscal 2022 to ₹ 801.74 lakhs in Fiscal 2023, primarily due to input availed on import of FOC materials shipped by customers and duty paid by them.

Other income

Our other income decreased by 34.48% from ₹ 909.43 lakhs in Fiscal 2022 to ₹ 595.84 lakhs in Fiscal 2023, primarily due to reduction in rental concession and miscellaneous income.

Expenses

Our total expenses increased by 27.22% from ₹ 58,048.46 lakhs in Fiscal 2022 to ₹ 73,847.50 lakhs in Fiscal 2023, primarily due to increase in cost of materials consumed and employee benefits expense.

Cost of Materials Consumed

Our cost of materials consumed increased by 53.59% from ₹ 11,666.82 lakhs in Fiscal 2022 to ₹ 17,918.63 lakhs in Fiscal 2023, which was proportionate to the increase in products and solutions (defence) and product engineering service revenues. Increased cost of materials consumed is directly attributable to increased production and prototype revenues in defence.

Employee Benefits Expense

Our employee benefits expense increased by 15.62% from ₹ 31,214.39 lakhs in Fiscal 2022 to ₹ 36,089.2 lakhs in Fiscal 2023. This significant rise was driven by factors such as salary hikes and an expansion in the employee base. Additionally, senior management hires played a role. Notably, we have diversified into varied verticals that demand niche skills beyond our core competencies, necessitating resource skill base expansion.

In Fiscal 2023, we made strategic investments in cultivating an in-house digital competency. This initiative involved onboarding qualified resources to spearhead our digital transformation, encompassing internal process automation, digital product ideation, design and deployment. These efforts aim to propel our Company into the realm of next-generation digital services and solutions. However, this involves short time reduction in profitability and margins, till the digital initiatives lead to revenue and margin enhancement.

Finance costs

Our finance costs increased by 127.88% from ₹ 1,575.41 lakhs in Fiscal 2022 to ₹ 3,589.98 lakhs in Fiscal 2023, primarily due to increase in long term borrowings for the acquisition of Mistral.

Depreciation and amortisation

Our depreciation and amortisation increased by 5.82% from ₹ 2,506.06 lakhs in Fiscal 2022 to ₹ 2,651.83 lakhs in Fiscal 2023, primarily due to increase in PPE and renewal of RoU assets.

Other expenses

Our other expenses increased by 22.66% from ₹ 11,085.78 lakhs in Fiscal 2022 to ₹ 13,597.86 lakhs in Fiscal 2023, primarily due to increase in travelling and conveyance associated with increase in volume of operations, increase in professional and consultancy costs, equipment hire charges, write off of old inventory and derivative expenses on share warrants issued to Anicut Fund 2.

Profit before exceptional items and tax

As a result of the foregoing, our profit before exceptional items and tax increased by 131.58% from ₹ 3,845.74 lakhs in the Fiscal 2022 to ₹ 8,906.14 lakhs in Fiscal 2023.

Exceptional items

The Company recorded an exceptional item of ₹ 6,803.74 lakhs in the Fiscal 2023 as compared to ₹ 169.34 lakhs in Fiscal 2022. The exceptional charge in Fiscal 2023 was as a result of acquisition of Mistral and impact of cash acquisition of Explosoft Tech Solutions Private Limited, holding shares of Mistral.

Profit/(loss) before tax and non-controlling interests

As a result of the foregoing, our profit before tax and non-controlling interests decreased by 42.81% from ₹ 3,676.40 lakhs in Fiscal 2022 to ₹ 2,102.40 lakhs in Fiscal 2023.

Total income tax expense

Our total tax expense increased by 83.33% from ₹ 1,408.49 lakhs in Fiscal 2022 to ₹ 2,582.22 lakhs in Fiscal 2023, primarily due to increase in taxable profits.

(Loss)/Profit after tax for the year

Due to the factors discussed above, and mainly due to the exceptional item, our (loss)/ profit after tax for the year decreased by 121.16% from ₹ 2,267.91 lakhs in Fiscal 2022 to ₹ (479.82) lakhs in Fiscal 2023.

Fiscal 2022 compared to Fiscal 2021

Income

Our total income increased by 15.06% from ₹ 53,830.73 lakhs in Fiscal 2021 to ₹ 61,940.02 lakhs in Fiscal 2022, due to increase in revenue from contracts with customers.

Revenue from contracts with customers

Our revenue from contracts with customers increased by 17.59% from ₹ 51,738.61 lakhs in Fiscal 2021 to ₹ 60,840.77 lakhs in Fiscal 2022, driven by aerospace vertical growing at 32.60% owing to traction from key customers and heavy engineering vertical growing at 28.20% driven by addition of new customers. Products and solutions (defence) as a vertical remained challenged due to supply chain issues.

Other operating income

Our other operating income decreased by 70.62% from ₹ 646.05 lakhs in Fiscal 2021 to ₹ 189.82 lakhs in Fiscal 2022, primarily due to reduction in export incentives.

Other income

Our other income decreased by 37.11% from ₹ 1,446.07 lakhs in Fiscal 2021 to ₹ 909.43 lakhs in Fiscal 2022, primarily due to reduction in fair value gain on financial instruments and reduction in interest on income tax refund.

Expenses

Our total expenses increased by 14.19% from ₹ 50,833.63 lakhs in Fiscal 2021 to ₹ 58,048.46 lakhs in Fiscal 2022, primarily due increase in employee benefits expense.

Cost of Materials Consumed

Our cost of materials consumed increased by 18.45% from ₹ 9,849.61 lakhs in Fiscal 2021 to ₹ 11,666.82 lakhs in Fiscal 2022, primarily due to mix to production and research and development work done in both products and solutions (defence) and product engineering services business.

Employee Benefits Expense

Our employee benefits expense increased by 17.08% from ₹ 26,661.40 lakhs in Fiscal 2021 to ₹ 31,214.39 lakhs in Fiscal 2022, primarily due salary hikes and incentives as well as increased stock-based compensation.

Finance costs

Our finance costs decreased by 29.99% from ₹ 2,250.40 lakhs in Fiscal 2021 to ₹ 1,575.41 lakhs in Fiscal 2022, primarily due reduction in usage of working capital facilities from banks.

Depreciation and amortisation

Our depreciation and amortisation decreased by 3.56% from ₹ 2,598.58 lakhs in Fiscal 2021 to ₹ 2,506.06 lakhs in Fiscal 2022, primarily due reduction in carrying value of PPE and reduction in impairment loss.

Other expenses

Our other expenses increased by 17.02% from ₹ 9,473.64 lakhs in Fiscal 2021 to ₹ 11,085.78 lakhs in Fiscal2022, primarily due software subscription charges driven by price increases as well as increased subscription to cater to incremental work packages executed by our Company post COVID-19 and legal and professional charges associated to the Mistral arbitration. We also incurred higher sub-contracting charges and marketing and advertising expenses during the year to cater to increased delivery and execution load from our work packages.

Profit before exceptional items and tax

As a result of the foregoing, our profit before exceptional items and tax increased by 26.43% from ₹ 3,041.86 lakhs in the Fiscal 2021 to ₹ 3,845.74 lakhs in Fiscal 2022.

Profit/(loss) before tax and non-controlling interests

As a result of the foregoing, our profit before tax and non-controlling interests increased by 455.20% from ₹ (1,037.94) lakhs in Fiscal 2021 to ₹ 3,676.40 lakhs in Fiscal 2022.

Total income tax expense

Our total tax expense increased by 30.10% from ₹ 1,082.61 lakhs in Fiscal 2021 to ₹ 1,408.49 lakhs in Fiscal 2022, primarily due to increase in taxable profits.

(Loss)/Profit after tax for the year

Due to the factors discussed above, our (loss)/ profit after tax for the year increased by 206.95% from ₹ (2,120.55) lakhs in

Fiscal 2021 to ₹ 2,267.91 lakhs in Fiscal 2022.

Cash flows

The following table sets out a condensed summary of our cash flows for the period/ years indicated.

(All amounts in ₹ lakhs, unless otherwise indicated)

	Six-months period ended September 30, 2023	Fiscal		
		2023	2022	2021
Net cash generated from operating activities	1,384.29	7,063.68	3117.79	12,212.22
Net cash (used in)/ generated from investing activities	(4,245.92)	(20,080.88)	2,958.02	(2,177.20)
Net cash generated from/ (used in) financing activities	467.76	13,280.06	(4,230.13)	(9,293.78)
Cash and cash equivalents at the beginning of the period/ year	7,506.73	7109.49	5,269.93	4,477.69
Cash and cash equivalents at the end of the period/ year	5,115.43	7,506.73	7,109.49	5,269.93

Operating Activities

Six-months period ended September 30, 2023

Net cash generated from our operating activities was ₹ 1,384.29 lakhs for the six-months period ended September 30, 2023. Our operating profit before working capital changes was ₹7,370.45 lakhs in the six-months period ended September 30, 2023, which was the result of profit for the period of ₹2,607.31 lakhs primarily adjusted by finance costs. Our movements in working capital primarily consisted of an increase in trade receivables.

Fiscal 2023

Net cash generated from our operating activities was ₹ 7,063.68 lakhs for Fiscal 2023. Our operating profit before working capital changes was ₹16,017.54 lakhs in Fiscal 2023, which was the result of profit for the year of ₹2,102.40 lakhs primarily adjusted by an exceptional item. Our movements in working capital primarily consisted of an increase in other assets including financial assets.

Fiscal 2022

Net cash generated from our operating activities was ₹ 3,117.79 lakhs for Fiscal 2022. Our operating profit before working capital changes was ₹8,206.20 lakhs in Fiscal 2022, which was the result of profit for the year of ₹3,676.40 lakhs primarily adjusted by depreciation and amortization expense & finance Costs. Our movements in working capital primarily consisted of an increase in trade payable.

Fiscal 2021

Net cash generated from our operating activities was ₹ 12,212.22 lakhs for Fiscal 2021. Our operating profit before working capital changes was ₹6,915.30 lakhs in Fiscal 2021, which was the result of (Loss)/profit for the year of ₹(1,037.94) lakhs primarily adjusted by an exceptional item. Our movements in working capital primarily consisted of a decrease in trade receivables.

Investing Activities

Six-months period ended September 30, 2023

Net cash (used in)/generated from investing activities was ₹ (4,245.92) lakhs for the six-months period ended September 30, 2023. This was primarily due to investment in shares of subsidiary.

Fiscal 2023

Net cash (used in)/generated from investing activities was ₹ (20,080.88) lakhs for Fiscal 2023. This was primarily due to payment of deferred purchase consideration.

Fiscal 2022

Net cash (used in)/generated from investing activities was ₹ 2,958.02 lakhs for Fiscal 2022. This was primarily due to redemption in units of mutual funds and other funds.

Fiscal 2021

Net cash (used in)/generated from investing activities was ₹ (2,177.20) lakhs for Fiscal 2021. This was primarily due to redemption in units of mutual funds and other funds.

Financing Activities

Six-months period ended September 30, 2023

Net cash generated from/ (used in) financing activities was ₹ 467.76 lakhs for the six-months period ended September 30, 2023. This was primarily due to repayment of long-term borrowings.

Fiscal 2023

Net cash generated from/ (used in) financing activities was ₹ 13,280.06 lakhs for Fiscal 2023. This was primarily due to proceeds of long term borrowings.

Fiscal 2022

Net cash generated from/ (used in) financing activities was ₹ (4,230.13) lakhs for Fiscal 2022. This was primarily due to repayment of long term borrowings.

Fiscal 2021

Net cash generated from/ (used in) financing activities was ₹ (9,293.78) lakhs for Fiscal 2021. This was primarily due to repayment of short term borrowings.

Liquidity and Capital Resources

Our primary sources of liquidity have historically been cash generated from operations and short term borrowings from banks. We expect that cash generated from operations and short term borrowings from banks will continue to be our primary sources of liquidity. We believe that after taking into account cash generated from our business operations, we will have sufficient working capital for both our present and anticipated future requirements for capital expenditures and other cash requirements for 2 months following the date of this Placement Document.

Borrowings

As of September 30, 2023, we had Total Borrowings of ₹ 35,666.12 lakhs, which consisted of non-current and current borrowings. Our non-current borrowings consisted of debentures and is secured by exclusive charge on the movable assets and intangible assets of our Company and Mistral Solutions Private Limited. Further it is also secured by pledge of 100% shares of Mistral Solutions Private Limited and term loan from banks, which is secured by exclusive charge on current assets, movable assets of our Company and Axiscades Aerospace & Technologies Private Limited, land and buildings of our Company and Enertec Controls Limited. Further, unconditional and irrevocable corporate guarantee of Axiscades Aerospace & Technologies Private Limited and Enertec Controls Limited. Our current borrowings consist of working capital borrowings and loan from related parties and current maturities of long-term borrowings.

As of March 31, 2023, the effective interest rates of our debentures, term loans, working capital loan, loan from related parties and current maturities of long term borrowings is 17.40%-17.95%, 13.00-% and 18.93%, 6.27%, 16.49%, ; SOFR+2.20% & SOFR+1.5%-2.2%, 20.09%-20.55% and 6.00%-6.27% & 16.49% respectively.

The following table sets out borrowings as at September 30, 2023:

(All amounts in ₹ lakhs, unless otherwise indicated)

	As at September 30, 2023
Non-current	
Debentures	
12.75% unrated unlisted redeemable non-convertible debentures (secured)	18,306.38
13% Cumulative, optionally convertible redeemable debentures (unsecured)	6,136.49
Term loan	
Term loan from banks (secured)	284.74
Vehicle loan from financial institution (secured)	7.40
Total non-current borrowings	**24,735.01**
Current	
Debentures	
12.75% unrated unlisted redeemable non-convertible debentures (secured)	2,310.00
Working capital loan	
Working capital loan from bank (secured)	5,601.53
Cash credit (secured)	1,410.90
Short term loan from financial institution (secured)	1,450.82
Current maturities of long term borrowings	
Term loan from banks (secured)	143.66
Vehicle loan from financial institution (secured)	14.20
Total current borrowings	**10,931.11**
Aggregate Secured loans	**29,529.63**
Aggregate Unsecured loans	**6,136.49**

The loan agreements that we have entered into with the lender banks contain certain restrictive covenants that limit our ability to undertake certain types of transactions. We are required to obtain an approval from the lender banks for, among other things, altering our capital structure, dilution in shareholding of our Promoter of our Company, effecting any change in the composition of the board of directors of our Company and its management and control and amending constitutional documents. See "*Risk Factors – We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, results of operations, cash flows and financial condition*" on page 53.

Contractual Obligations

The table below sets forth our contractual obligations with definitive payment terms as of September 30, 2023:

(All amounts in ₹ lakhs, unless otherwise stated)

	Total	Payment due by period	
		Less than one year (Current)	More than one year (Non current)
Trade payables	9,343.64	9,343.64	-
Lease liabilities			
Current lease liabilities	1,437.68	1,437.68	-
Non- current lease liabilities	6,249.13	-	6,249.13
Other financial liabilities			
Current other financial liabilities	1,635.10	1,635.10	-
Non-current other financial labilities	1,021.49	-	1,021.49
Total	**19,687.04**	**12,416.42**	**7,270.62**

Contingent liabilities and commitments

The following table sets forth our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets and commitments as per Ind AS 16 read with Schedule III of Companies Act, 2013 as of September 30, 2023 and Fiscals 2023, 2022 and 2021:

(All amounts in ₹ lakhs, unless otherwise stated)

	As at September 30, 2023	Fiscal		
		2023	2022	2021
Capital and other commitments				
Capital commitment	120.29	72.51	13.94	250.75
Bank guarantees				
Bank guarantees to government authorities and others	1,531.74	1,477.96	1,069.25	-
Tax contingencies				
Direct tax matters under dispute/ pending before Income Tax authorities	4,364.89	5,409.71	2,048.14	1,687.11
Indirect tax matters for demands pending before various appellate authorities	1,098.76	1,098.76	142.39	1,150.90

Related Party Transactions

Related party transactions primarily relate to contribution made to post employee benefit plan, directors' sitting fees and managerial remunerations. For further details of such related parties, see "*Related Party Transactions*" on page 34.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Capital Expenditure

Our capital expenditures include addition of property, plant and equipment, goodwill, other intangible assets and right of use asset. Property, plant and equipment include freehold land, computers, furniture and fixtures, test equipment, office equipment, electrical installations, vehicles, office building, leasehold improvements and plant and machinery. Other intangible assets include Computer software, non-compete fee customer contract and process manuals. The following table sets out the written down value of property plant and equipment, goodwill and other intangible assets for the period/ years indicated:

(All amounts in ₹ lakhs, unless otherwise indicated)

	As at the six-months ended September 30, 2023	Fiscal		
		2023	2022	2021
Property, plant and equipment				
Freehold land	3,435.18	3,370.50	3,370.50	3,370.50
Computers	937.77	522.82	480.67	275.39
Furniture and fixtures	93.01	78.06	79.51	60.48
Test equipment	104.47	86.30	78.89	63.92
Office equipment	138.17	144.45	102.31	103.08
Electrical installations	1.45	1.52	1.67	2.06
Vehicles	474.59	352.96	238.53	42.41
Office building	1,179.73	546.99	558.34	570.02
Leasehold improvements	301.10	338.38	282.96	183.74
Plant and machinery	222.04	241.70	587.35	528.45
Goodwill	13,466.00	11,347.76	11,157.93	10,470.79
Other intangible assets				
Computer software	501.87	459.94	275.48	439.40
Non-compete fee	625.40	700.44	850.52	1,000.60
Customer contract	2,085.94	1,459.47	1,772.23	2,084.99
Order Backing	38.29	-	-	-
Right of use asset	15,131.07	11,568.96	8,745.61	9,618.67
Total	**38,736.08**	**31,220.25**	**28,582.50**	**28,814.50**

Qualitative Disclosure about Market Risks

Market risk is attributable to all market-sensitive financial instruments, including foreign currency receivables and payables. The value of a financing instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity, prices, equity prices and other market changes that affect market risk sensitive instruments. Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currencies. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss.

Credit risk

We are exposed to credit risk related to monies owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for, or write-off, such amounts. As of September 30, 2023, our trade receivables was ₹ 22,237.53 lakhs. As of September 30, 2023, our net unbilled receivables/contract assets was ₹ 12,238.49 lakhs.

Interest rate risk

As at March 31, 2023, we are not exposed to market risk with respect to changes in interest rates since all our financial assets or liabilities are either non-interest bearing or are at fixed interest rate.

Exchange rate risk

Although the Group's reporting currency is in rupees, we transact a significant portion of our business in other currencies, primarily the EUR, GBP, CAD, AED, DKK, CNY, SGD and USD. A significant portion of our revenue from contracts with customers in Fiscals 2021, 2022 and 2023, respectively, were derived from sales outside India. Substantially, all of our non-Indian sales income is denominated in foreign currencies, primarily in the EUR, GBP, CAD, AED, DKK, CNY, SGD and USD. Most of our foreign currency exposure is mitigated by forward contracts and cost plus margins.

Therefore, our exchange rate risk primarily arises from our foreign currency revenues, cost and other foreign currency assets and liabilities to the extent that there is no natural hedge.

Interest coverage ratio

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Profit/(loss) for the period/ years	1,688.15	(479.82)	2,267.91	(2,120.55)
Depreciation and amortization expense	1,577.89	2,651.83	2,506.06	2,598.58
Finance cost	3,175.00	3,589.98	1,575.41	2,250.40
Cash profit before interest	**6,441.04**	**5,761.99**	**6,349.38**	**2,728.43**
Interest coverage ratio	**2.03**	**1.61**	**4.03**	**1.21**

Reservations, qualifications, or adverse remarks of our auditors in the last five fiscals immediately preceding the year of this Placement Document

There are no reservations, qualifications or adverse remarks of our Statutory Auditors in their respective reports on our audited financial statements for the last five Fiscals preceding the date of this Placement Document.

In addition, our Statutory Auditor's reports have included an emphasis of matter in their reports on the audited consolidated financial statements for Fiscal 2022, 2021 and 2020.

For Fiscal 2022 and Fiscal 2021, the emphasis of matter indicates the dispute between the Company and shareholders of Mistral Solutions Private Limited in relation to the implementation of the share purchase agreement dated December 1, 2017, pending before the Arbitral Tribunal. Further for Fiscal 2021 and Fiscal 2020 the emphasis of matter indicates the uncertainties and the impact of COVID-19 pandemic and the consequential impact it may have on the operations of the Group. These matters of emphasis are not of a qualification in nature and the effect of these matters of emphasis is undeterminable.

Further, our Statutory Auditors have included certain observations in the annexures to their audit reports on the consolidated financial statements of our Company for Fiscal 2022 and 2023 pursuant to the Companies (Auditor's Report) Order, 2020, as applicable. These observations included the following:

For Fiscal 2022, the observations pertains to (i) slight delay in deposit of provident fund in few cases of the Company, (ii) renewal of loan granted to settle the existing loan fallen due for repayment in one of the subsidiary and (iii) slight delay in deposit of withholding taxes in many cases of one of the subsidiary.

For Fiscal 2023, the observations pertains to (i) significant delays in deposits of withholding taxes in few cases of the Company, (ii) default in payment of interest to other lenders in few cases of the Company, (iii) significant delay in deposit of provident fund in few cases and delay in deposit of advance income tax and interest on income-tax which were outstanding as at year end for a period of more than six months of one of the subsidiary, (iv) renewal of loan granted to settle the existing loan fallen due for repayment in the case of one of a subsidiary, (v) in case of loan granted, the receipt of interest is not regular in the case of one of the subsidiary, (vi) renewal of loan granted to settle the existing loan fallen due for repayment in the case of one of the subsidiary, (vii) significant delays in deposit of provident fund in few cases of one of the subsidiary and (viii) delay in payment of interest to debenture holders of one of the subsidiary.

Known Trends and Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "— *Significant Factors Affecting Our Results Of Operations*" and the uncertainties described in "*Risk Factors*", beginning on pages 296 and 35, respectively. Except as disclosed in this Placement Document, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Unusual or Infrequent Events or Transactions

As of the date of this Placement Document, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Significant Economic Changes that Materially Affected or are Likely to Affect Revenue from Contracts with Customers

There are no significant economic changes that materially affected our Company's operations or are likely to affect income from continuing operations.

Future Relationships between Costs and Income

Other than as described in this section and the sections "*Risk Factors*" and "*Our Business*" on pages 35 and 352, respectively, there are no known factors which will have a material adverse impact on our business operations or financial condition.

New Products or Business Segments

Except as set out in this Placement Document, we have not announced and do not expect to announce in the near future any new products or business segments.

Competitive Conditions

For information on our competitive conditions and our competitors, see "*Risk Factors*", "*Industry Overview*" and "*Our Business*" beginning on pages 35, 326 and 352, respectively.

Suppliers or Customers Concentration

We do not have any material dependence on a single or few suppliers. While we have a wide client base, we derive a substantial portion of our revenue from our top 10 customers.

Seasonality of Business

Our business is not seasonal in nature.

Significant Developments after September 30, 2023

Except as set out below, no circumstances have arisen since the date of the last financial statements as disclosed in this Placement Document which have materially or adversely affected or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Acquisition of Epcogen Private Limited:

The Company has entered into a share purchase agreement dated October 13, 2023 to acquire 99.99% stake in EPCOGEN Private Limited. The Company completed the acquisition on December 5, 2023, upon payment of fixed consideration of ₹ 2,625.00 lakhs.

Appointment of Chairman:

Abidali Zainuddin Neemuchwala was appointed as a Non-Executive Director and Chairman of the Board effective from October 4, 2023.

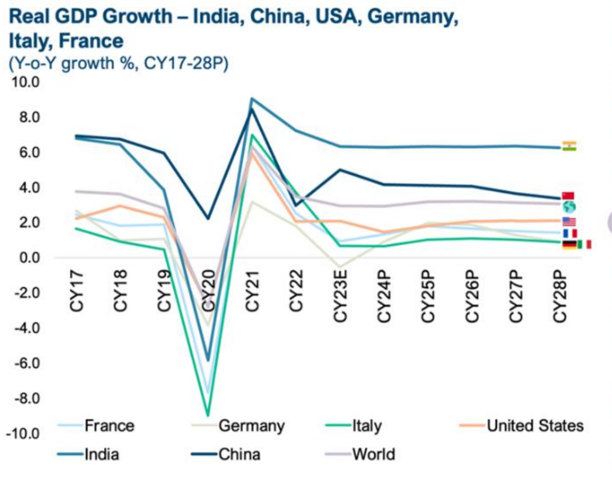
*Unless otherwise indicated, the information in this section is obtained or extracted from "Defence and ER&D Industry Report" dated January 2, 2024 (the "**Lattice Report**") prepared and issued by Lattice Technologies Private Limited ("**Lattice**") appointed by us on December 7, 2023 and exclusively commissioned by and paid for by us in connection with the Issue. The data included herein includes excerpts from the Lattice Report and may have been re-classified by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed issue), that has been left out or changed in any manner. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. See also "Risk Factors – Industry information included in this Placement Document has been derived from an industry report exclusively commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate" on page 56.*

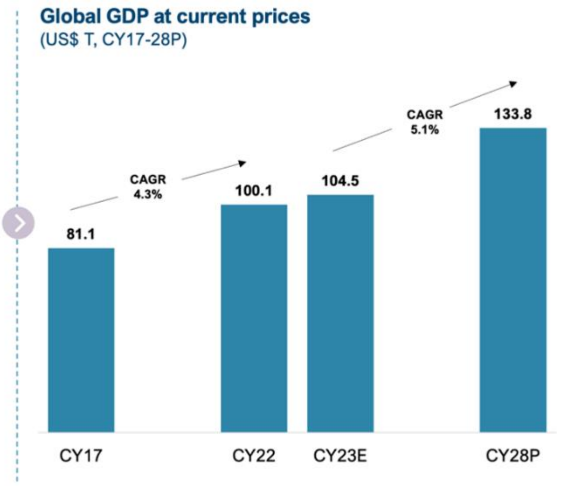
While preparing its report, Lattice has also sourced information from publicly available sources, including our Company's financial statements available publicly.

Marco-Economic and Geopolitical Context

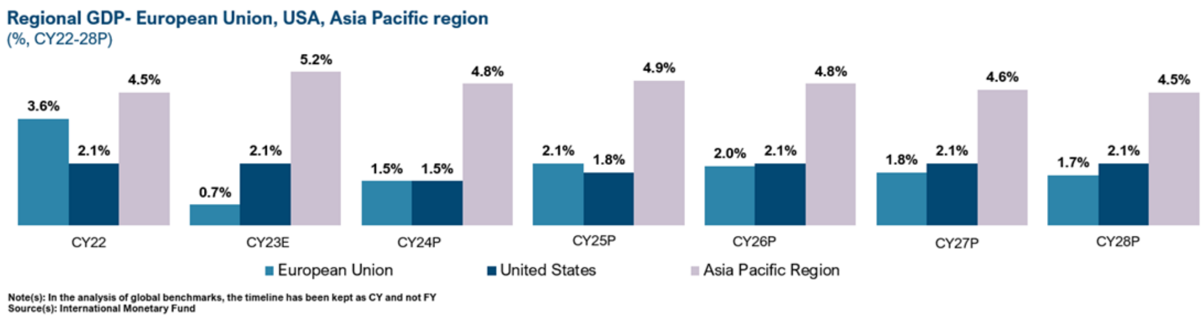
Global Economic Overview

The global economy experienced a post-pandemic rebound, overcoming the significant downturn in CY20 with factors such as extended fiscal support, adaptation to new work patterns, and vaccine distribution. In CY22, global GDP grew at a rate of 3.4%, slightly below expectations due to the Russia-Ukraine war and is estimated to stabilize 3.4% in CY23. Despite this, projections indicate an average growth of 5% from CY22 to CY28, with India expected to have the highest growth rate. The current global GDP stands at ~US$ 104.5T, with an anticipated increase to ~US$ 134T by CY28 growing at a CAGR of 5% over CY23-28. This rise can be attributed to several key factors, including technological innovation, globalization, increased educational attainment, substantial investment in infrastructure, and research and development across various sectors.





Note(s): In the analysis of global benchmarks, the timeline has been kept as CY and not FY
Source(s): International Monetary Fund



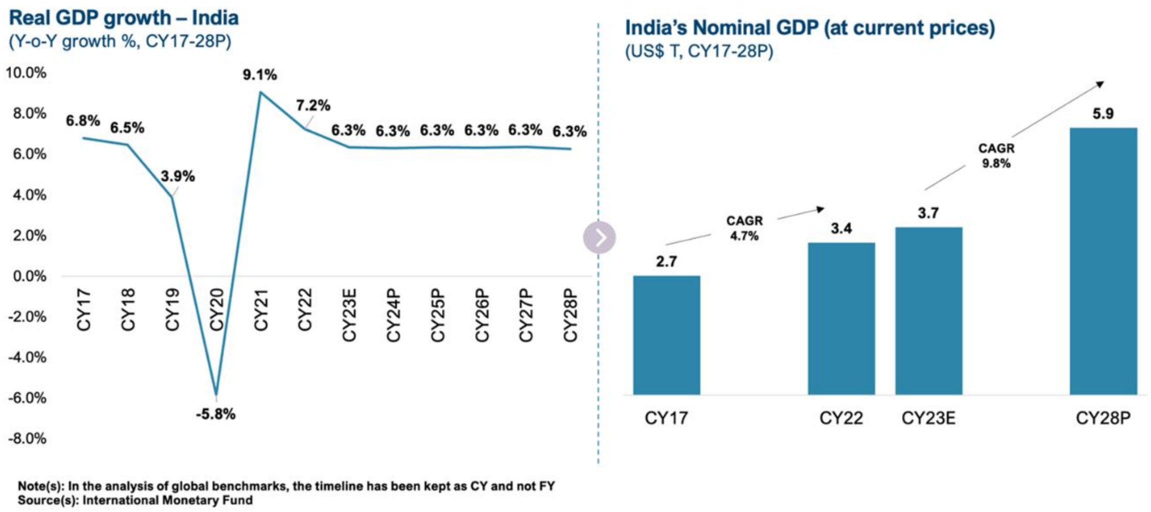
Note(s): In the analysis of global benchmarks, the timeline has been kept as CY and not FY
Source(s): International Monetary Fund

The Asia Pacific region stands out with a robust growth rate of 5.2% in CY23, led by China at 5.1% and India at 6.3%. In contrast, the European Union reports a comparatively lower real GDP growth rate of 0.7%. The United States registers a real GDP growth rate of 2.1% during the same period. Furthermore, specific economic policies, structural reforms, and industry compositions contribute to the observed regional variations in GDP growth rates.

Indian Economy Overview

India, currently the fifth-largest economy in CY23 is anticipated to become the third largest economy by CY28. India's real GDP growth is projected to be 6.3% in CY23 and is expected to maintain stability at this rate till CY28. Reforms like GST, corporate tax revision, revised FDI limits, and sector-wide growth have propelled GDP from US$ 2.7T to 3.7T between CY17 and CY23. This growth is attributed to factors such as increased capital expenditure, strong public infrastructure investment, strengthening financial sector, and sustained credit growth along with structural drivers like urbanization, the process of formalization of the informal economy, and significant infrastructure investment that contribute to India's sustained economic growth.

Global Geopolitics Context



The world is facing a lot of uncertainty in the global political scenario, especially when it comes to how countries are making decisions about foreign policy and trade. In CY23, countries are expected to spend $2.3T on defence, and this is happening because of important global events, such events are expected to keep influencing spending on defence. Many important events have had a lasting impact on the defence industry, shaping policies, military spending, and global arms trade:

Israeli-Palestinian Conflict: The Israel-Hamas conflict has deep historical roots, intertwined with issues of territory, self-determination, and the fundamental complexities of Israeli-Palestinian relations. Over the decades, disputes over land, resources, and national identity have fuelled this enduring confrontation The recent war between Israel and Palestine began on October 7, 2023, when Hamas militants launched an unprecedented assault on Israel, which took Israel by surprise. The state quickly mounted a deadly retaliatory operation. The conflict saw a significant escalation, leading to a 2-month extension of the war. The conflict escalated with high casualties and a deadly retaliatory operation from Israel.

Russia-Ukraine Conflict: The ongoing conflict between Russia and Ukraine started in February 2014 when Russia took control of Crimea after Ukraine's pro-Russian president was removed. Over the initial eight years, the conflict involved naval incidents, cyber warfare, and heightened political tensions. In February 2022, Russia escalated the situation by launching a full-scale invasion and occupying more of Ukraine. The market initially responded with shock, leading to significant share price gains for major Western defence suppliers. The ongoing transfer of arms to Ukraine has strained Western nations' munition supplies, with the industry struggling to ramp up manufacturing.

China-Taiwan Conflict: Recent years have witnessed heightened tensions between China and Taiwan, marked by Beijing's increased efforts to exert influence over the island. This includes a strengthened military presence, diplomatic isolation, and economic pressures on Taiwanese businesses. At the core is China's unwavering "One China" policy, refusing to recognize Taiwan as an independent state. This disagreement has strained relations, with Taiwan historically relying on US support, now complicated by shifting global dynamics and the US's pursuit of improved relations with China.

Middle East Conflict:

- The Yemen Civil War, ongoing since CY14, involves Houthi rebels and a Saudi-led coalition supporting the Yemeni government. The conflict has caused a humanitarian crisis, with widespread famine and displacement and heightened tensions between Iran and Saudi Arabia, impacting regional stability.

- The Syrian Civil War, which erupted in CY11, involves government forces and rebel groups, which resulted in a humanitarian crisis with millions displaced and extensive destruction. Geopolitically, it heightened tensions among global powers, notably Russia, the US, and Turkey, each supporting different factions.

The Indian Geopolitical Context

India's geopolitical landscape has witnessed significant shifts in recent years, while it sought to bolster its global standing, emphasizing independence and multipolarity while navigating complex relationships with US, China, and Russia.

A synopsis of the current security situation of the connected countries is:

- Pakistan: India and Pakistan have had a tumultuous relationship since their independence. Since then, four major wars have been fought between India and Pakistan i.e., the 1947-48 Kashmir war, the 1965 Indo-Pak war, the 1971 East Pakistan war, and the 1999 Kargil war have taken place between India and Pakistan. The status of PoK remains a significant and unresolved issue in the bilateral relations between India and Pakistan, contributing to continued diplomatic and military tensions. In recent years, Pakistan's relations with China have strengthened, with increased defence cooperation and joint military exercises.

- China: The India-China face-off has intensified over the last decade, marked by a 2020 border clash in the Galwan Valley resulting in fatalities. The skirmishes reflect China's growing assertiveness and power imbalance with India. Tensions persist, with occasional disengagements and unresolved border issues, impacting the broader bilateral relationship. Since then, both countries have held several rounds of military talks. The Galwan incident has changed the dynamics of Sino-India relations, with both countries now experiencing a strategic escalation of tensions.

- Maldives: China's influence in the Maldives has grown significantly in recent years, primarily through substantial infrastructure investments and loans. This has positioned the Maldives as a strategic battleground for the competition between India and China, with China's increasing footprint in the country offsetting India's regional dominance in South Asia. The Maldives has been concerned about the potential impact of India's growing ties with the US and its influence in the region. The new Maldivian President, Mohamed Muizzu, has requested the withdrawal of Indian military personnel from the country, signalling a shift from the previous "India first" policy. This move has raised concerns about the future of defence cooperation between the two nations.

- Afghanistan: India has played a significant role in Afghanistan's reconstruction and development, providing substantial aid, and engaging in various infrastructure projects for decades. India's engagement with Afghanistan has been driven by its commitment to humanitarian development and its interest in a stable and well-governed Afghanistan. After the Taliban's takeover of Afghanistan, it has raised concerns about regional security, with India and other countries in the region closely monitoring the situation. The United States has shifted its stance, while China has called for moderate governance and sustainable development. India remains committed to supporting Afghanistan's development and maintaining its relationship with the country given that Afghanistan does not become a haven for terrorists.

- Myanmar: India's primary driver for its relationship with Myanmar has been border security, with military cooperation aimed at keeping insurgent groups in check. However, the junta's control over Myanmar's side of border areas has lately declined, and the insurgent groups have re-emerged. Given the escalating crisis and continued ethnic conflict, with possibilities of greater destabilization by insurgent groups.

Impact of Recent Wars on Defence and ER&D Sector

Global defence spending has been on the rise for several years, and the current geopolitical landscape suggests that this trend will continue. Two major ongoing conflicts, the Ukraine-Russia war, and the Israel-Gaza war, have played a significant role in driving up defence spending. The conflict in Ukraine has significantly reshaped the landscape in Europe, marking a crucial time since the end of the Cold War.

The Ukraine-Russia war, which began in February 2022 and shows no signs of resolution, has had a particularly profound effect on global spending. Faced with the heightened threat from Russia, Western nations, led by the US – the world's top defence spender – have increased their defence budgets. NATO, primarily composed of European nations, has also experienced a rise in defence spending, including providing military support to Ukraine.

Technological Advancements: In response to evolving global threats, countries are under increased pressure to accelerate the acquisition of new military capabilities. For instance, Russia raised its spending by approximately 9.2% which sums up around US$ 86.4B, propelling it from the fifth to the third-largest spender globally in CY22. The ongoing warfare is propelling advancements in military technology, featuring the widespread use of UAVs and drones for surveillance, a growing emphasis on cyber warfare and AI-powered systems for autonomous decision-making. Advanced communication systems, precision-guided munitions, and high-tech surveillance technologies enhance battlefield capabilities.

Effects on Supply Chain: The sanctions imposed on Russia have caused disruptions in crucial supply chains, impacting the aerospace and defence sectors. Notably, the halt in the supply of vital materials such as titanium and nickel, crucial for military equipment, is significant considering Russia's major role as a producer of these metals.

R&D Investment: Globally countries are re-evaluating defence technology priorities to modernize their armed forces for future threats, driving major aerospace and defence companies to expedite the development of integrated and autonomous systems, precision-guided missiles, cyber capabilities, digital technologies, and hypersonic weapons etc. Conflicts have boosted military equipment demand, prompting heightened production and exports by defence firms. Global armed forces prioritize innovation, fuelling increased investment in defence R&D. Escalated conflicts drive higher defence spending, spurring R&D investments for developing new technologies and capabilities. The rise of emerging powers like China, India, and Brazil has led to increased investment in defence R&D to compete with traditional military powers.

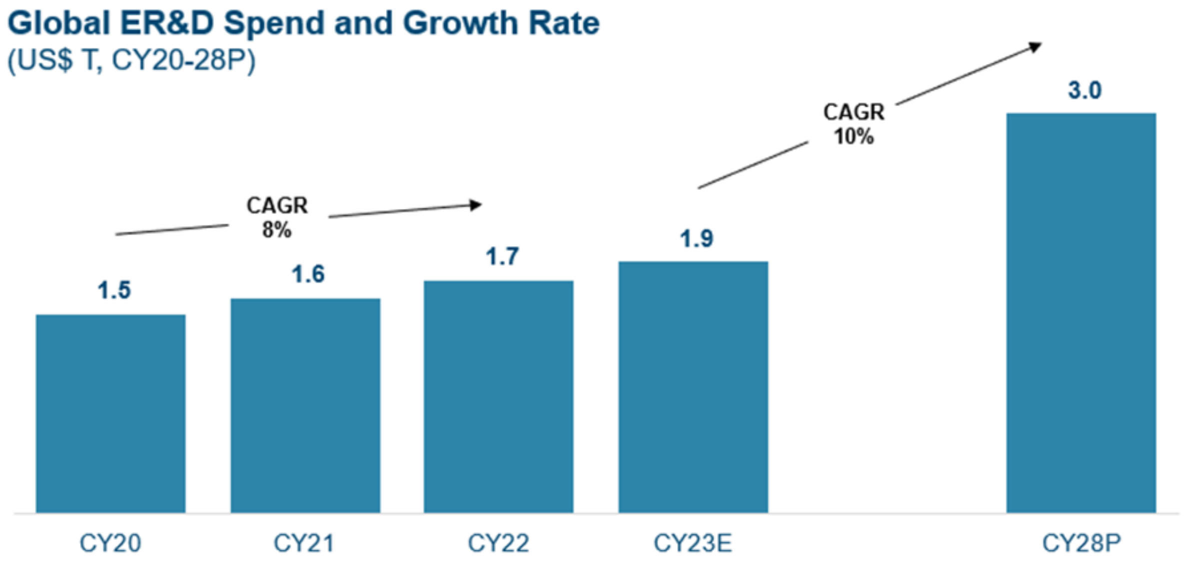
ER&D Services Industry

Global ER&D Spend and Growth Rate

The ER&D services industry drives innovation, technology progress, and efficient product development in various sectors. Comprising services such as engineering design and development, software development, product engineering, and testing and validation, the ER&D industry is essential in enhancing global competitiveness and reducing time-to-market for businesses. It impacts crucial sectors like semiconductors, software & IT services, healthcare devices and biotechnology, automotive, and aerospace and defence. ER&D is crucial for driving technological progress. Emerging trends in artificial intelligence, digital engineering, and sustainability emphasize the industry's future trajectory, positioning ER&D services as a vital driver of economic growth and technological advancements in the coming years.

Organizations within the ER&D Services sector typically concentrate on various stages of the product and process development chain, such as design, development, testing, rollout, and maintenance, rather than mass manufacturing. The ER&D Services market encompasses both product engineering services and process engineering services. Product engineering services majorly deal with the product development lifecycle for companies, while process engineering services involve supporting the creation of facilities and processes that generate value-added outputs and components. This includes activities like plant design engineering, manufacturing engineering, industrial engineering, and the implementation of process control systems.

ER&D spending has increased with a CAGR of 8% from US$ 1.5T in CY20 to US$ 1.7T in CY22. The spending is estimated to grow at a CAGR of 10% from US$ 1.9T in CY23 to US$ 3T in CY28.

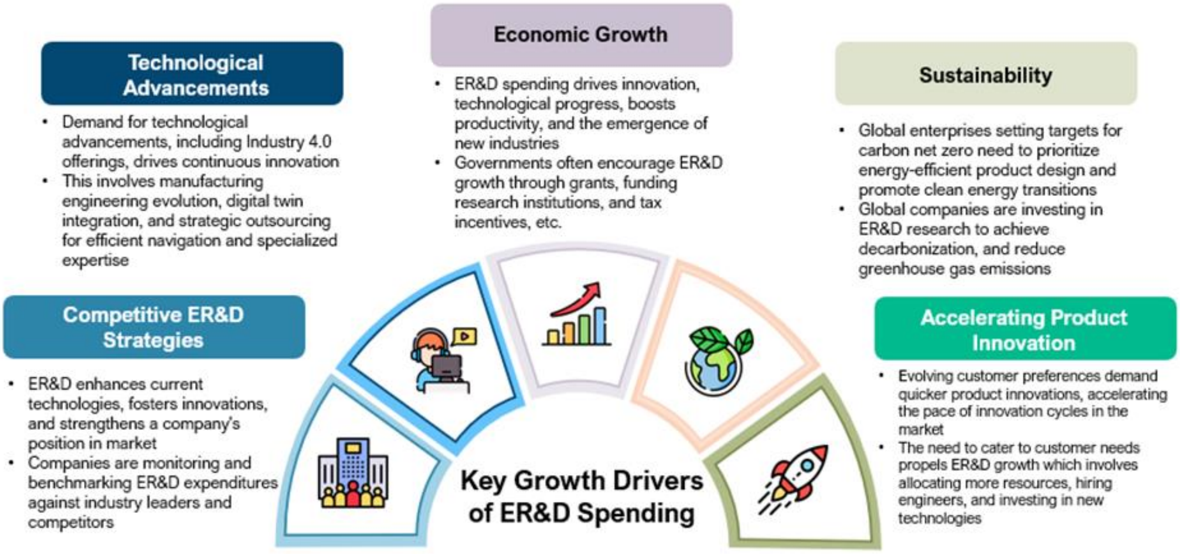


Source(s): 1Lattice analysis

The engineering solutions and services industry is undergoing significant change, driven by rapid technological advancements (increasing demand for automation, rise of digital twins) and growing investment in infrastructure development. A robust and successful ER&D ensures continuous development of next-generation products, and systems to create diverse, sustainable, and competitive products. ER&D spending has witnessed a rise across the globe despite geopolitical tensions, recessionary pressures, and supply chain constraints. Companies are focusing more on investing in innovation and therefore, ER&D spending is estimated to grow at a CAGR of 10% to US$ 3T in CY28.

Key Drivers of Growth in ER&D Spending

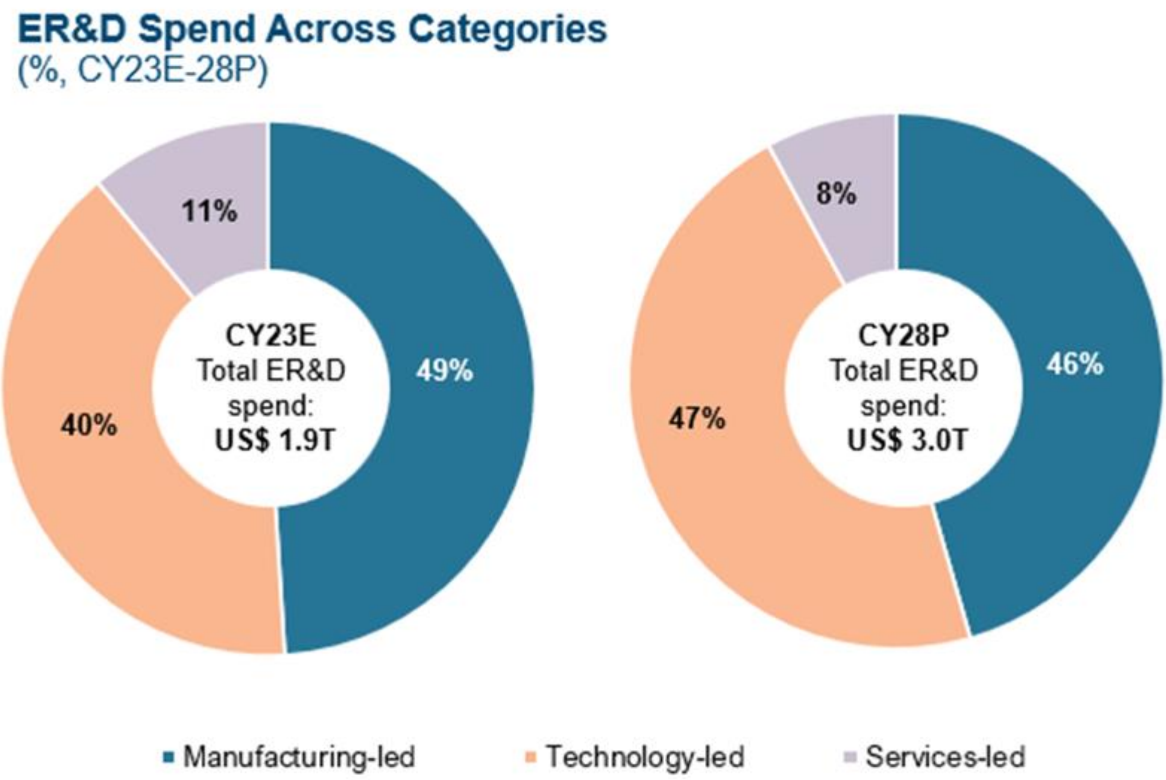
Globally, ER&D spending has been on the rise and the growth is driven by factors like competitive ER&D strategies by companies, technological advancements, economic growth, increase in sustainability concerns, and accelerating product innovation



ER&D Spend Across Industry and Verticals

Within the ER&D landscape, industries can be categorized into three key categories.

- ‘Manufacturing-led’ category: It encompasses sectors such as automotive, industrial, aerospace, defence, etc.
- ‘Technology-led’ category: includes industries like software, semiconductor, telecommunications, etc.
- ‘Services-led’ category: comprises BFSI, healthcare, media & entertainment, highlighting the diverse sectors within the ER&D domain



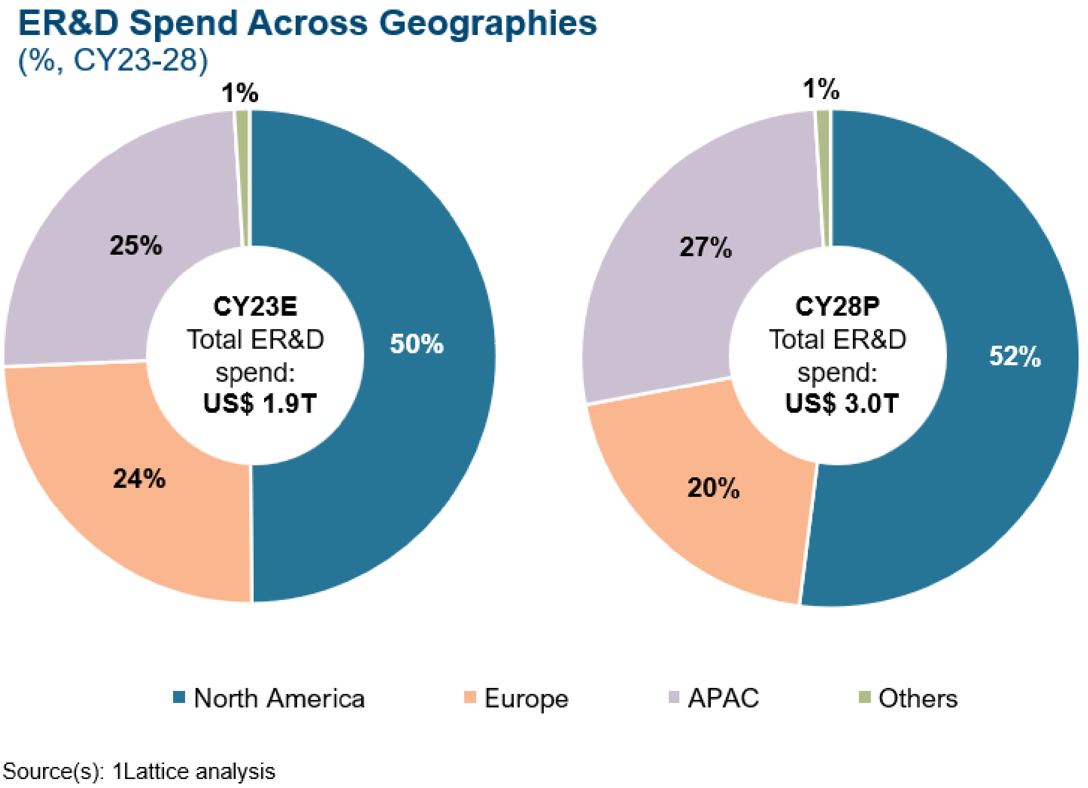
Source(s): 1Lattice analysis

In CY23, the ‘manufacturing-led’ category is estimated to have the largest share, contributing 49% to the overall ER&D expenditure, with automotive has the highest share within manufacturing-led category and expected to grow at 9% CAGR over CY23-28; expected to contribute 46% share in overall ER&D expenditure. In CY23, technology-led verticals attribute to 40% of total ER&D expenditure, with Software being the main contributor. Technology-led vertical is expected to grow at CAGR of 14% over CY23-28 and reach ~47% of CY8 overall ER&D spend. Services-led verticals represents 11% of the global ER&D budget.

The software, semiconductors, and auto sectors are expected to experience significant growth. Growth in the software sector is driven by enterprise demands which require changes to complex software on a large scale in a shorter duration. The demand for semiconductors is on the rise, especially from sectors like automotive, telecommunications, and technology. This increased demand is leading to innovations tailored for specific applications and developments in System-on-Chip (SoC) technology. Electrification, connected vehicles, and software are the top three areas of ER&D for the automotive sector, with ER&D spending on cars expected to reach ~US$ 500B by 2030. Additionally, government incentives are playing a role in driving larger private-sector investments in research and development.

ER&D Spend by Geographic Distribution

In the landscape of global ER&D expenditure, North America estimated to have the largest share in CY23 and is also projected to increase to 52% in CY28. This dominance is driven by numerous North American companies specializing in software and new-technology companies and investing a lot in developing new offerings and solutions.

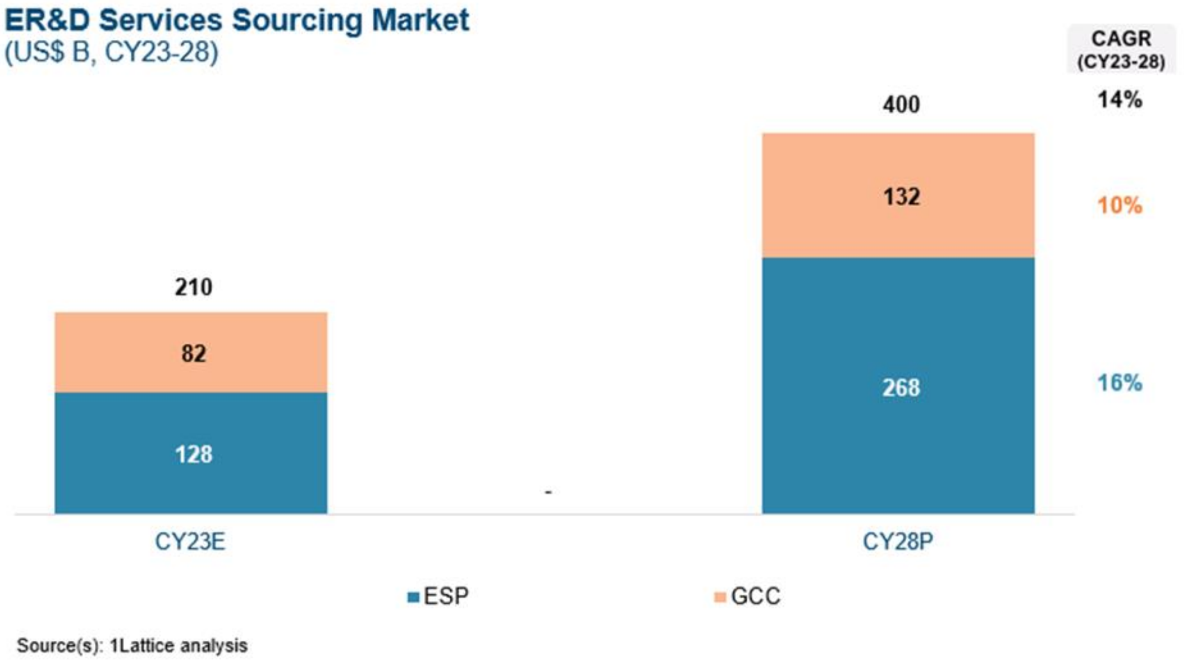


The APAC region's share is expected to rise from 25% in CY23 to 27% in CY28. This shift is driven by increased research investment in Southeast Asia and significant spending on digital engineering by high-tech companies in the APAC region, particularly in China and India. These companies are prioritizing digital innovation and engineering practices to become key global players, resulting in higher ER&D expenditure.

ER&D Sourcing Market

The ER&D is at an early stage of penetration with a large total addressable market. Rapid advancement of technology and faster innovation has translated to a drastic reduction in product development timelines. This has increased the need for outsourcing ER&D to third parties with end-to-end capabilities in traditional as well as new-age products. India has emerged as a favorable destination for outsourced ER&D spend by global enterprises due to its large talent pool, innovation ecosystem, affordable costs, maturing in-house R&D centers landscape and geopolitical support.

The ER&D services industry offers businesses a way to tap into specialized expertise and resources for their research and development needs. This sourcing trend is driven by several factors, including access to cutting-edge knowledge, skilled personnel, and potentially lower costs compared to building internal teams. By leveraging these external services, businesses can potentially accelerate their innovation process and reach the market faster, giving them a competitive edge. The ER&D sourcing market represents a dynamic and rapidly growing sector within the global economy. ER&D sourcing market comprises of ER&D spend by Global Capability Centres (GCCs) and the ER&D spend outsourced to third-party Engineering Service Providers (ESPs).



The ER&D services sourcing market is valued at US$ 210B in CY23, projected to grow at a 14% rate from CY23 to CY28. Of the global sourcing market, third-party ESPs contribute the majority share at US$ 128B, expected to reach US$ 268B in CY28. The total ER&D GCC spend is estimated at US$ 82B in CY23, anticipated to grow by 10% from CY23 to CY28, reaching US$ 132B in CY28.

Key drivers of increase in ER&D sourcing market

- Smaller innovation cycles: The growth in global ER&D spending is driven by factors such as digital transformation, product innovation, and the need for faster time to market.

- Cost Optimisation: Companies are increasingly looking to outsource ER&D activities to reduce costs and improve operational efficiency. Outsourcing allows companies to access specialized talent and expertise at a lower cost.

- Widening Skill Gap: The global engineering and design skill gap is widening, making it difficult for companies to find and retain qualified talent. Trends such as artificial intelligence, the Internet of Things (IoT), and cloud computing are creating new product and service opportunities, requiring specialized expertise that companies may not have internally. By outsourcing, companies can access a broader pool of talent and mitigate the risks associated with talent shortages.

- Industry 4.0: Smart technologies and automation in manufacturing need more innovation and research. This makes companies want specialized engineering services. Industry 4.0 is one of the reasons for the growth of ER&D sourcing because companies need outside experts to help them use and understand these new technologies.

- Overcoming challenges in manufacturing engineering: As companies aim to optimize production processes and improve efficiency, there is a growing demand for specialized engineering services that are tailored to meet the unique challenges of enhancing manufacturing capabilities.

- Digital twin: As businesses increasingly recognize the transformative potential of creating virtual replicas of physical systems through digital twins, there is an increase in demand for specialized engineering services in this domain. The complexities associated with creating and optimizing digital twin systems require specialized knowledge and skills which leads businesses to engage external partners for their ER&D needs.

Global ER&D Sourcing by Industries

Aerospace and Defence Industry:

The aerospace and defence industry is on a path to reach new heights, primarily driven by global ER&D outsourcing. Global ER&D spend in aerospace & defence is around US$ 17B in CY23, representing a significant portion of the overall ER&D sourcing market. Global ER&D spend is projected to grow steadily with a CAGR of 16% from CY23 to CY28, reaching US$ 36B by CY28, driven by rising technological complexity, cost optimization, access to global talent, and faster time-to-market. The burgeoning demand in the aviation industry directly influences the ER&D and digital engineering service providers. Given the colossal order backlog and the pressing need for efficient production and delivery, there’s an escalating demand for innovation and digital transformation.

Specialized outsourcing providers play a crucial role in this landscape, particularly in providing cutting-edge expertise for advanced aircraft systems, hypersonic technologies, and AI-driven defence systems. Moreover, the diverse skills required for aerospace and defence projects are readily available through outsourcing, as it opens doors to a broader talent pool across various regions. Additionally, outsourcing partners contribute to streamlined processes and agile methodologies, which, in turn, expedite development cycles and facilitate the swift introduction of innovations to the market.

The future of ER&D outsourcing in aerospace and defence is expected to be influenced by the industry's evolution, characterized by strategic partnerships, emerging technologies, and a focus on sustainability.

Automotive Industry:

Global ER&D spend in the automotive sector is expected to be US$ 25B in CY23 and expected to reach US$ 48B grow at a CAGR of 14% from CY23 to CY28. Digital technologies enabled ER&D services to entire value chain compared to traditional engineering with focus on design and manufacturing process only. The digital engineering spend with automotive industry is estimated to be growing at a rapid pace due to rise in ADAS (Advanced Driver Assistance Systems), telematics, digital threads and ever evolving of infotainment systems. The Digital engineering spend is expected to have >45% of outsourced automotive ER&D spend in CY28 compared to ~30% in CY23.

Germany, known for its precise engineering and strong performance in making cars, has the one of the largest automotive market. In this evolving industry, automakers encounter numerous challenges. The growing presence of electric vehicles, strict emission regulations, and the persistent drive towards autonomous driving necessitate a constant need for innovation. To maintain their competitive edge, they require exceptional research, design and development capabilities across the entire spectrum of automotive engineering. Tech-driven engineering solution providers offer expertise in advanced mechanical engineering, embedded systems and software development, and data analytics and AI.

Shift towards adoption of electric vehicles, primarily influenced by proactive government encouragement. Governments has introduced various policy incentives to boost EV adoption, including subsidies, tax benefits, and preferential allocation of vehicle registration numbers. The governments is also actively investing in developing a nationwide network of charging stations, addressing one of the major concerns hindering EV adoption. This transition to EVs necessitates significant investments in battery technology, electric motors, and charging infrastructure. With the increasing incorporation of technology into vehicles, expertise in software development, data analytics, and cybersecurity becomes crucial, and outsourcing provides a convenient avenue for obtaining such skills. Despite the capital-intensive nature of the automotive industry, outsourcing can play a key role in optimizing R&D costs, enabling companies to allocate resources more efficiently.

Energy and Utilities Industry:

The ER&D spend in the energy and utilities sector is estimated to reach US$ 11B in CY23 and further, this spend is projected to be US$ 22B by CY28 at a CAGR of 15%. This growth is majorly driven by the renewable energy revolution, sustainability, and environmental concerns.

There has been a shift towards wind, solar, and other renewable sources which necessitates expertise in solar panel technology, grid integration, and energy storage solutions. The integration of AI, IoT, and big data into energy systems also demands expertise in data analytics, software development, and cybersecurity. The rising emphasis on green technologies and the increasing significance of digitalization is expected to result in an increase in ER&D expenditure within the energy and utilities sector. Reducing carbon emissions and improving energy efficiency are top priorities, and outsourcing partners offering expertise in green technologies and energy conservation solutions are expected to be in high demand.

Despite the rise in the usage of renewable power, oil and gas remains a primary global energy source. Oil & gas are also crucial feedstocks for producing petrochemicals, which form the backbone of numerous everyday products like plastics, fertilizers, and detergents. Refineries take crude oil and transform it into usable products like gasoline, diesel, heating oil, and jet fuel. This value creation process adds significant value to the energy chain and supports various sectors and consumer needs.

The energy and utilities industry is in a period of transformation, with oil & gas, refineries, petrochemicals, and renewable power playing significant roles in its growth. Embracing innovation and promoting clean energy solutions are vital in maintaining a sustainable growth of the industry.

India stands as an attractive prospect for oil companies in various geographies including North America and Middle East due to its robust market potential, driven by a large and growing economy. The underdeveloped energy infrastructure provides investment openings in exploration, production, refining, and distribution. Favourable government policies and regulatory reforms enhance the appeal for foreign players. Geopolitically, India offers diversification and strategic alignment with both North American and Middle Eastern interests. Specific opportunities range from upstream ventures in Indian basins to downstream investments in refineries and fuel distribution networks.

Semiconductor Industry:

Global ER&D spend in the semiconductor sector is US$ 13B in CY23. This spend is projected to grow at a CAGR of 19% from CY23 to CY28. The growth in the semiconductor industry has been significant and is driven by increased demand for chips and an increase in the complexity of chip design. Sectoral developments including innovation in Advanced Packaging and Chip stacking, AI in the semiconductor value chain, and design customization are driving the increase in ER&D spend in the semiconductor industry.

The global demand for chips, driven by the increased use of artificial intelligence, smartphones, electric vehicles, and smart cities, necessitates technological advancements. Making these chips involves a lot of innovation and quick development and each new batch of chips is super complicated, with billions of tiny parts and intricate designs. This complexity makes it tough for in-house teams to keep up with the fast pace, making outsourcing a viable choice.

Heavy Engineering Industry:

The ER&D spend in the heavy engineering industry is expected to be US$ 12B in CY23. This spend is projected to grow at a CAGR of 19% from CY23 to CY28, reaching US$ 28B in CY28.

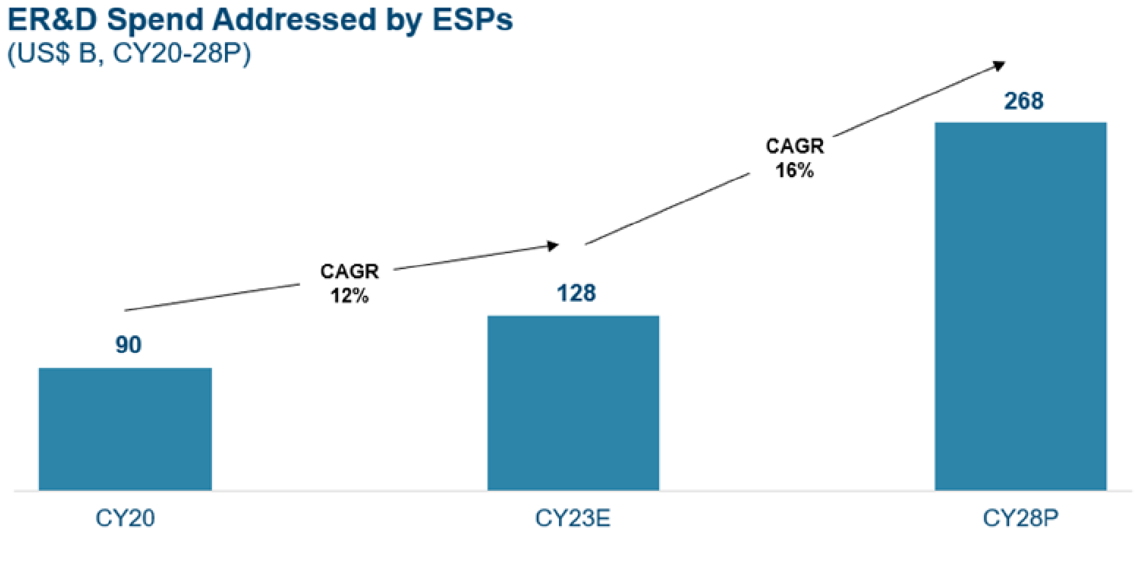
Outsourcing in the heavy engineering industry spans a range of activities, including but not limited to mechanical design, structural analysis, materials research, and process optimization. This approach enables companies to leverage the expertise of external partners, which may have a deeper understanding of specific technologies, market trends, and regulatory landscapes.

This industry is characterized by continuous advancements in materials, manufacturing processes, and sustainability requirements. Outsourcing provides heavy engineering companies with the flexibility to adapt to these changes swiftly and efficiently, as external partners bring in valuable insights and capabilities. Moreover, outsourcing ER&D in heavy engineering aids in cost optimization. Companies can avoid substantial investments in establishing and maintaining in-house R&D facilities, especially when specific projects may require specialized skills or temporary resources.

Outsourced ER&D Spend by ESPs

Industry shifts and technological progress are reshaping product development and business operations. With a faster pace of innovation, enterprises are relying on comprehensive third-party ESPs for end-to-end support. These ESPs assist in upgrading existing products, developing new ones, and navigating changing market dynamics. The swift pace of innovation has heightened reliance on the ESP ecosystem, leading to significant investments in embedded and Digital Engineering.

Traditional enterprises primarily leverage the ESP ecosystem to address capacity requirements and balance their R&D investments between traditional and new offerings. They often engage in end-to-end partnerships with ESPs to carve out traditional products, while focusing their internal resources on building new core capabilities. Areas like verification & validation, product sustenance, and end-of-life management present the highest outsourcing opportunities for these established companies. New-energy enterprises, on the other hand, require capacity and expertise across various domain areas. They are open to leveraging the ESP ecosystem for their entire ER&D outsourcing needs, benefiting from the diverse capabilities and proven experience of these service providers.



Source(s): 1Lattice analysis

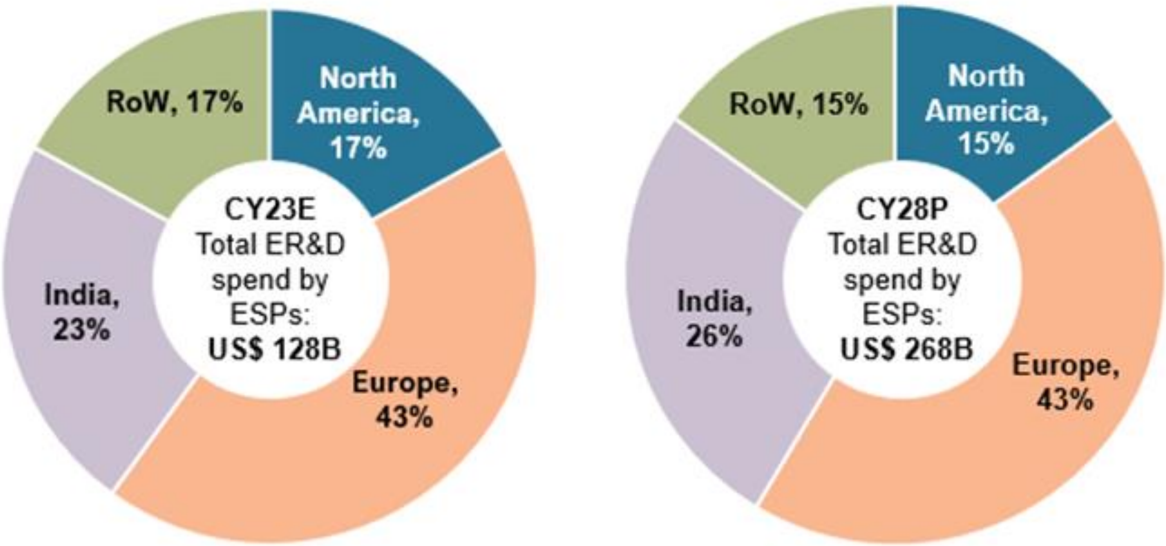
The ER&D spend outsourced to ESPs translated to US$ 90B in CY20 and estimated to be US$ 128B in CY23. ER&D spend through ESPs expected to grow at a CAGR of 16% from CY23 to CY28, translating to US$ 268B in CY28.

'ER&D Spend through ESPs' across Geography

Of the US$ 128B ER&D spend outsourced to ESPs in CY23, Europe has the largest share at 43%. The outsourced market of Indian ESPs has grown significantly over the years and has a share of 23% in the outsourced ER&D spending through ESPs.

India has shown significant growth due to the availability of a next-generation digital talent pool and attractive billing rates when compared to other nations. North America is estimated to contribute 17% to the total spend.

'ER&D Spend through ESPs' Across Geographies
(%, CY23-28)



Source(s): 1Lattice analysis

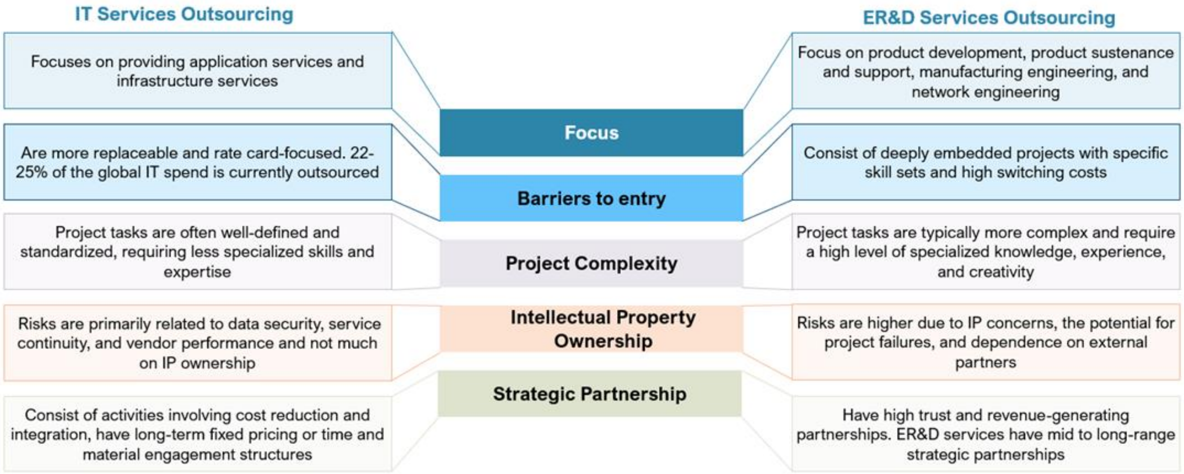
Benefits of ER&D Outsourcing to ESP

ER&D outsourcing to ESP offers significant advantages, including cost-effectiveness, ready access to a skilled talent pool, concentration on core objectives, seamless scalability and faster time to market.

Benefits of Outsourcing to ESP	
Cost Efficiency	• Outsourcing contracts with ESPs typically involve fixed fees or predictable pricing models, allowing organizations to budget more effectively and avoid unexpected expenses. • By outsourcing, organizations can access these resources without bearing the upfront costs.
Access to Talent Pool	• ESPs are highly knowledgeable and experienced in their specialized fields which results in fewer errors, streamlined workflows, and effective task performance. • ESPs can typically complete jobs and projects more quickly than internal teams because of their streamlined methods and specialized expertise. This might cut the time it takes for new goods or services to reach the market considerably.
Focus on Core Objectives	• By outsourcing non-core functions to an ESP, organizations can free up valuable time and resources to focus on strategic initiatives that drive growth and competitive advantage
Scalability	• ESPs can swiftly adapt and reply to any adjustments or obstacles that occur. This helps firms stay ahead of their competition by supplying them with access to innovative innovations and sources without having to work with big interior groups.
Faster time to market	• Outsourcing to an ESP harnesses specialized skills, technologies, and streamlined processes, accelerating the development lifecycle for products • By entrusting specific tasks to an ESP, companies can allocate resources more efficiently, ensuring a focused and expedited approach to project completion, thereby reducing time-to-market

Comparison between IT Services and ER&D Services Outsourcing

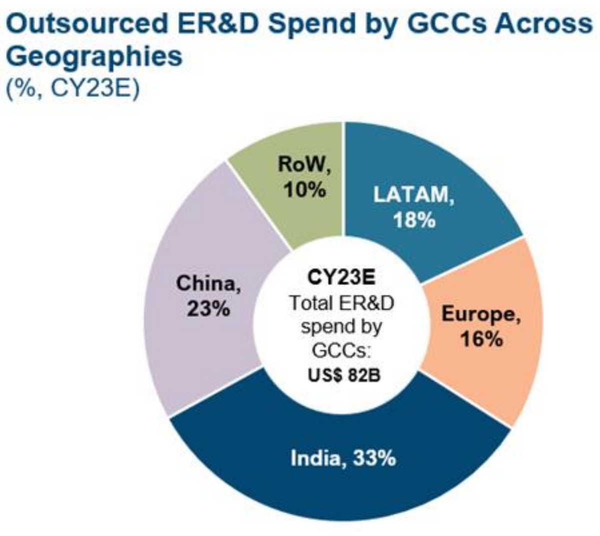
ER&D sourcing market is different and unique when compared to the IT services market due to the below key factors:



Outsourced ER&D Spend by GCCs

In the dynamic landscape of global innovation, a notable shift is taking place, redefining the trajectory of ER&D spending. ER&D spend is being increasingly channelled through a strategic pathway: Global Capability Centres (GCCs).

Moving away from traditional centralized approaches, today's companies are embracing a distributed approach, leveraging the unique strengths of GCCs. These dynamic hubs, strategically located in regions with lower operational costs, serve as catalysts for significant savings. Additionally, GCCs provide real-time insights into local markets, customer needs, and regulatory landscapes, facilitating the creation of products tailored to specific regional demands. Companies are increasingly recognizing the potential of distributed expertise, cultural diversity, and agile methodologies to unlock their creative and competitive edge.



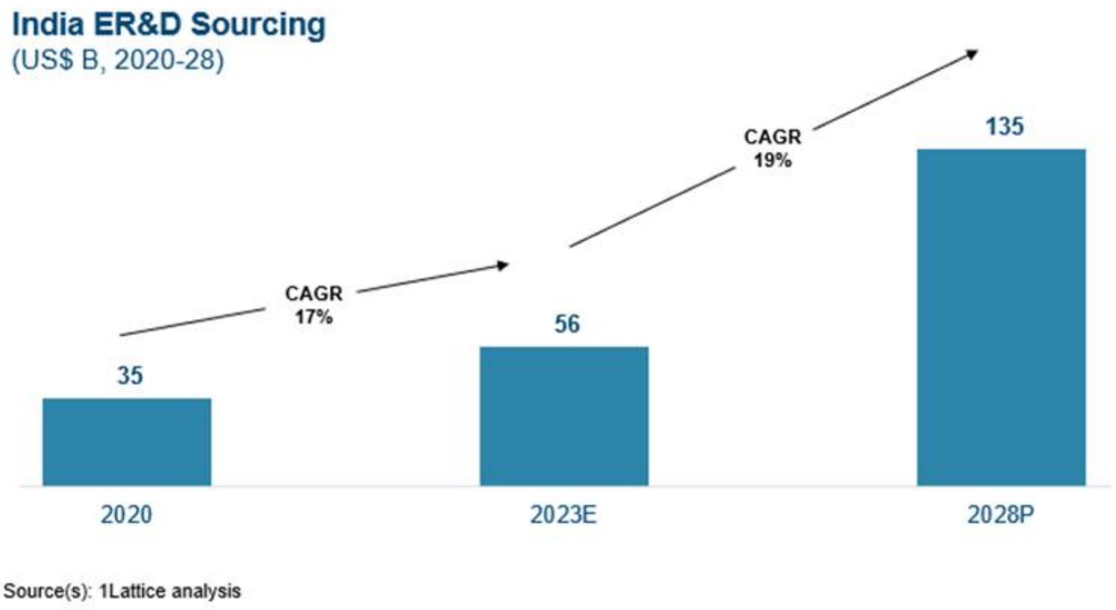
Source(s): 1Lattice analysis

The global ER&D spend through GCCs is US$ 82B in CY23, growing at a CAGR of 10% from CY23 to CY28, translating to US$ 132B in CY28. Of the total ER&D spend by GCCs in CY23, India and China are crucial destinations for offshore in-house ER&D centres, collectively representing over 55% of the entire GCC expenditure. Out of the leading 50 ER&D spenders over 85% of then have established GCCs in India, owing to India's mature software engineering landscape and the availability of digital talent.

India ER&D Sourcing Market Opportunity and growth rates

Indian ESPs are characterized as entities of Indian origin and do not encompass global players with Indian centres. They constitute ~25% of the total outsourced ER&D expenditure. With more than 1.3M available ER&D professionals, India's high software engineering proficiency and abundant Digital Engineering talent attract enterprises to outsource comprehensive end-to-end product/platform development to the country.

India's ER&D landscape has witnessed significant growth and transformation which has led to India becoming a hub for innovation and technological advancements. With a robust ecosystem of research institutions, universities, and private enterprises, India's ER&D sector plays a crucial role in driving innovation across diverse industries. India's ER&D sourcing expected to reach US$ 56B in CY23 and is further estimated to grow at a CAGR of 19% from CY23 to CY28, translating to US$ 135B in CY28.



Key Trends of ER&D spending in India

India emerges as a preferred outsourcing destination due to its cost advantage, focus on seamless Human Experience (HX), and strategic multi-location approaches for business continuity.

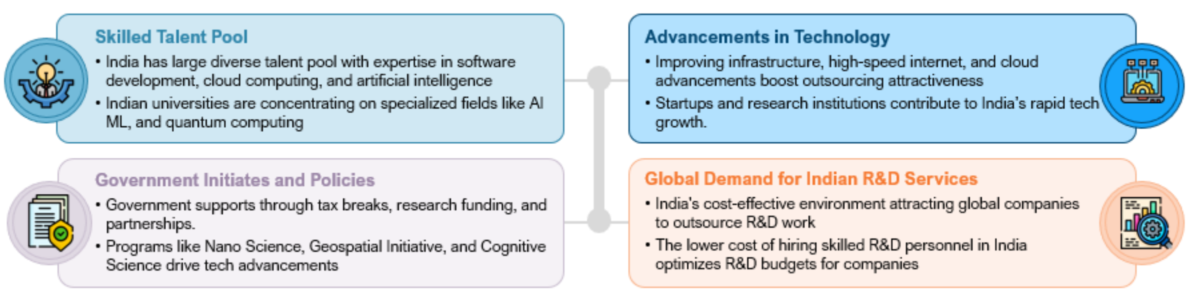
- <u>Emphasis on Quality and Value at Reduced Costs:</u> Clients are increasingly seeking high-quality services at competitive rates. India positions itself to deliver on both ends. The cost advantage compared to other developed economies remains significant, making India an attractive proposition for outsourcing.

- <u>Significant Shift to Total/Human Experience (HX):</u> Outsourcing is moving towards complex, experience-driven functions. India's investments in automation and AI, alongside its strong customer service, cater to this increasing demand for seamless Human Experience (HX) across customer touchpoints.

- <u>Multi-location and Tier 2 and 3 Strategies to Ensure Business Continuity and Resilience:</u> To reduce risks, companies are diversifying their outsourcing portfolio across multiple locations. India's tier 2 and 3 cities with robust infrastructure and talent pools are considered as new options for clients seeking cost-effective alternatives to traditional metro cities.

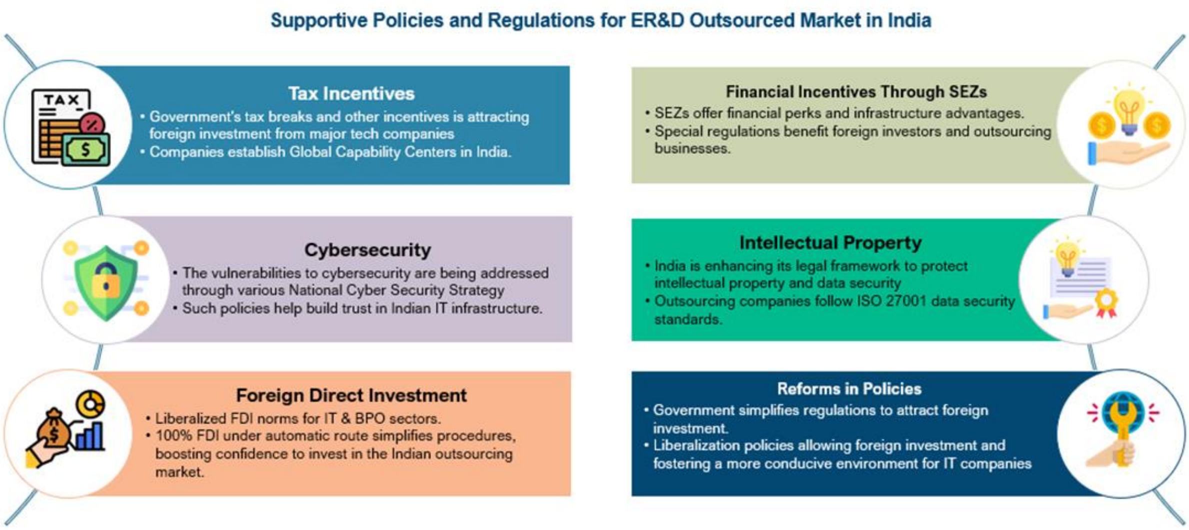
Key growth drivers for ER&D Development in India

ER&D spending in India has shown significant growth owing to factors like skilled talent pool, government initiatives, advancements in technology and Indian R&D services, and India's vast domestic markets.



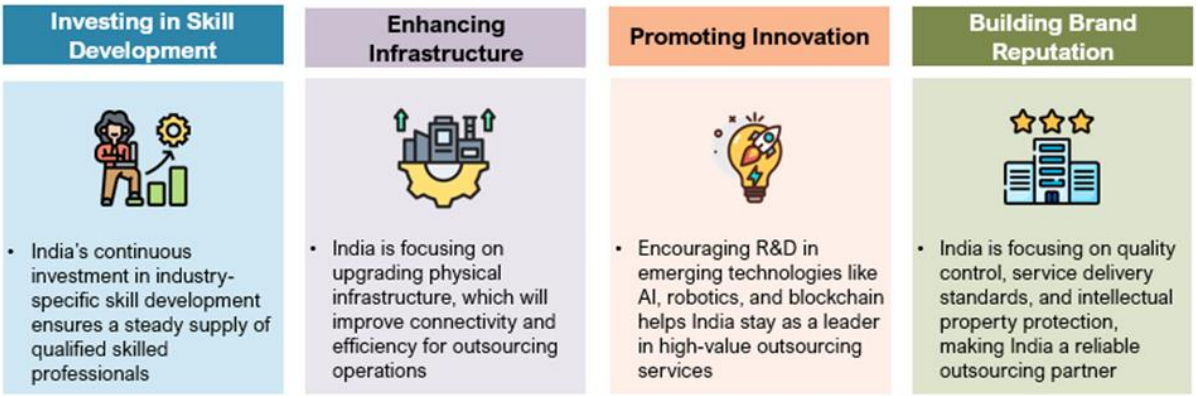
Government Initiatives to Boost ER&D Outsourcing Market in India

The Indian government has implemented various measures to stimulate the growth of the ER&D outsourced market. These initiatives encompass tax incentives, intellectual property protection, financial incentives via Special Economic Zones (SEZs), a cybersecurity strategy, and the allowance of 100% Foreign Direct Investment (FDI) in specific sectors.



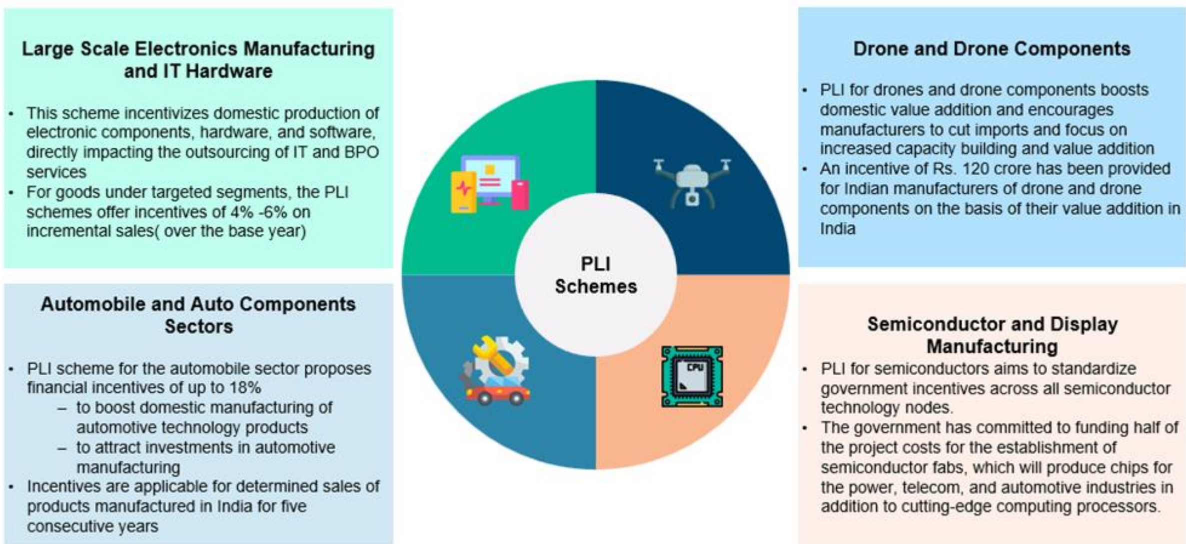
Key Initiatives Enabling ER&D

India is focusing on investing in skill development, enhancing infrastructure, promoting innovation, and building brand reputation to place itself as a leader in high-value outsourcing services.



Production Linked Incentive (PLI) Schemes

Government of India has introduced various PLI schemes across sectors including electronics manufacturing, automobile and auto components, drone and drone components, semiconductors, and display manufacturing to boost manufacturing activities in India.



ER&D Competitive Landscape

Axiscades operate in a global and fragmented market, competing with a variety of companies. Key competitors are Onward Technologies Limited, Cyient Limited, L&T Technology Services Limited, KPIT Technologies Limited, Tata Technologies Limited and SASKEN Technologies Limited in the ER&D space.

Financial Benchmarking

Parameters	Company	FY21	FY22	FY23	H1FY24
Revenue from operations (INR M)	Axiscades Technologies	5,383	6,194	8,276	4,699
	Onward Technologies	2,457	3,288	4,463	2,439
	Sasken Technologies	4,745	4,692	4,767	2,328
	Tata Technologies	24,257	35,784	45,019	25,874
	KPIT	20,515	24,772	34,052	23,247
	Cyient	42,723	46,465	60,973	34,887
	L&T services	56,034	67,221	82,216	47,768
EBITDA (INR M)	Axiscades Technologies	575	687	1,375	688
	Onward Technologies	172	214	273	286
	Sasken Technologies	1,306	1,291	1,008	239
	Tata Technologies	4,956	6,456	8,210	4,648
	KPIT	3,071	4,386	6,329	3,146
	Cyient	5,750	8,178	10,031	6,414
	L&T services	6,010	14,149	17,107	9,284
PAT (INR M)	Axiscades Technologies	(212)	227	(48)	167
	Onward Technologies	73	237	115	205
	Sasken Technologies	1,145	1,282	995	438
	Tata Technologies	2,392	4,370	6,240	3,519
	KPIT	1,471	2,762	3,869	2,758
	Cyient	3,638	5,223	5,144	3,527
	L&T services	6,665	9,606	11,741	6,280
EBITDA (%)	Axiscades Technologies	11%	11%	17%	15%
	Onward Technologies	7%	7%	6%	12%
	Sasken Technologies	28%	28%	21%	10%
	Tata Technologies	20%	18%	18%	18%
	KPIT	15%	18%	19%	14%
	Cyient	13%	18%	16%	18%
	L&T services	11%	21%	21%	19%
PAT (%)	Axiscades Technologies	(4%)	4%	(1%)	4%
	Onward Technologies	3%	7%	3%	8%
	Sasken Technologies	24%	27%	21%	19%
	Tata Technologies	10%	12%	14%	14%
	KPIT	7%	11%	11%	12%
	Cyient	9%	11%	8%	10%
	L&T services	12%	14%	14%	13%
ROE (%)	Axiscades Technologies	(7%)	7%	(1%)	5%
	Onward Technologies	10%	15%	7%	11%
	Sasken Technologies	20%	20%	14%	6%
	Tata Technologies	11%	19%	21%	12%
	KPIT	12%	21%	23%	15%
	Cyient	12%	17%	15%	8%
	L&T services	19%	23%	24%	13%
ROCE (%)	Axiscades Technologies	8%	12%	20%	8%
	Onward Technologies	8%	6%	8%	11%
	Sasken Technologies	21%	19%	13%	3%
	Tata Technologies	17%	22%	23%	13%
	KPIT	12%	20%	22%	9%
	Cyient	11%	18%	16%	10%
	L&T services	10%	25%	27%	15%

Note(s):
EBITDA = Profit Before Tax + Finance Cost + Depreciation and Amortization – Other Income
EBITDA Margin = EBITDA / Revenue
PAT Margin = PAT / Revenue
ROE = PAT / Shareholder's Equity
ROCE = EBIT / (Total Assets – Current Liabilities); EBIT = EBITDA – Depreciation and Amortization

Axiscades is one of the leading, end to end engineering and technology solutions company with expertise that caters to the digital, engineering and smart manufacturing needs of large global enterprises. It was founded in 1987 as Axis-IT&T Ltd, a mechanical engineering and services provider. The company has offices and engineering development centres in 17 geographical regions, including India, the United States, France, Canada, the United Kingdom, Germany, China, and subsidiaries in India. The company has over 2700 engineers, representing a diverse talent pool with experience across the product life cycle.

Axiscades provides cutting edge technology solutions in order to address the futuristic business needs of their clients across the entire product lifecycle development from concept evaluation to manufacturing support and certification for Fortune 500 Companies in the Aerospace, Defence, Heavy Engineering, Automotive, energy, product engineering services and semiconductors. Considering that the costs are very high in some of the industries in which Axiscades operate, given the stringent quality checks and certifications that are required to qualify as a supplier, there are significant entry barriers, which makes finding a manufacturing partner a lengthy process of many years for OEMs. These ER&D services encompass mechanical engineering, covering design, analysis, simulation, and optimization of mechanical systems and components.

Axiscades focuses on system integration, bringing together different technologies and components to create fully functional and integrated systems. Axiscades is acknowledged for its technology products and services, including solutions like V5PLM, iCAT, and e-DesignX, which have gained industry recognition. The deep domain knowledge coupled with digital engineering and industry leading processes makes Axiscade's solutions one of the best available in the market for gaining a competitive edge.

Axiscades is one of the leading engineering solutions with the best in market aerospace team having over two decades of experience and with team of skilled experts provides end-to-end design services and has exposure across various categories of aircraft programs. With service lines that extends from concept generation to manufacturing and aftermarket support, Axiscades is one the preferred engineering partner in the Aerospace industry enabling OEM's and Tier 1 suppliers conceptualize and build futuristic aerospace solutions.

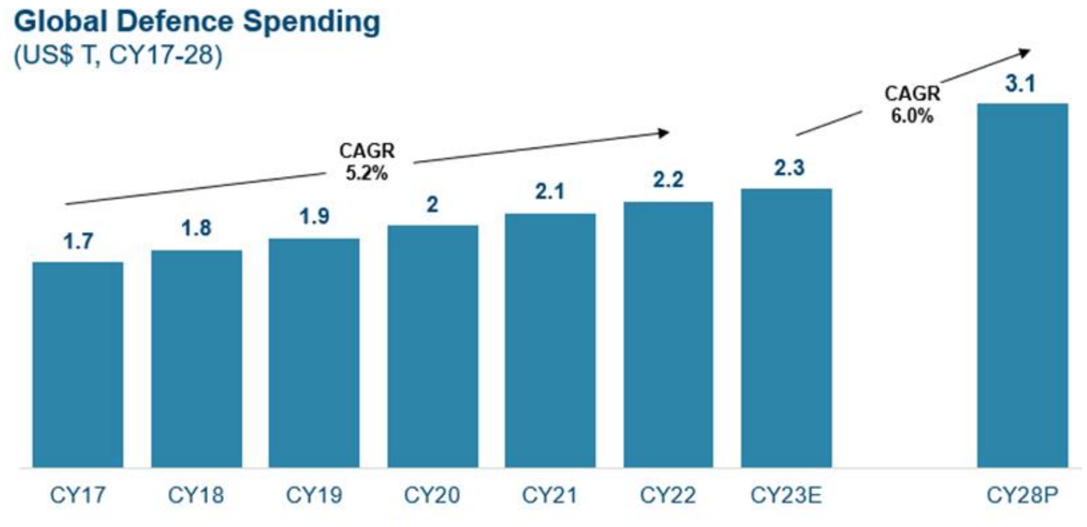
Additionally, Axiscades offers manufacturing and aftermarket solutions, aiming to streamline production processes, optimize supply chains, and provide post-sales support. In the era of digital transformation, Axiscades offers consulting and implementation services for digital tools and technologies such as Product Lifecycle Management (PLM), Manufacturing Execution Systems (MES), Artificial Intelligence/Machine Learning (AI/ML), Internet of Things (IoT), and Augmented Reality/Virtual Reality (AR/VR). These digital solutions are intended to enhance efficiency across various industries.

For over three decades, Axiscades has empowered leading manufacturers to bring their visions to life, from sleek concept cars to rugged off-road behemoths. With a robust pedigree in product design and manufacturing engineering solutions, Axiscades stand at the forefront of the automotive engineering landscape. Axiscades is also well recognized for its expertise in the demanding off-highway and industrial sectors.

The Defence Industry

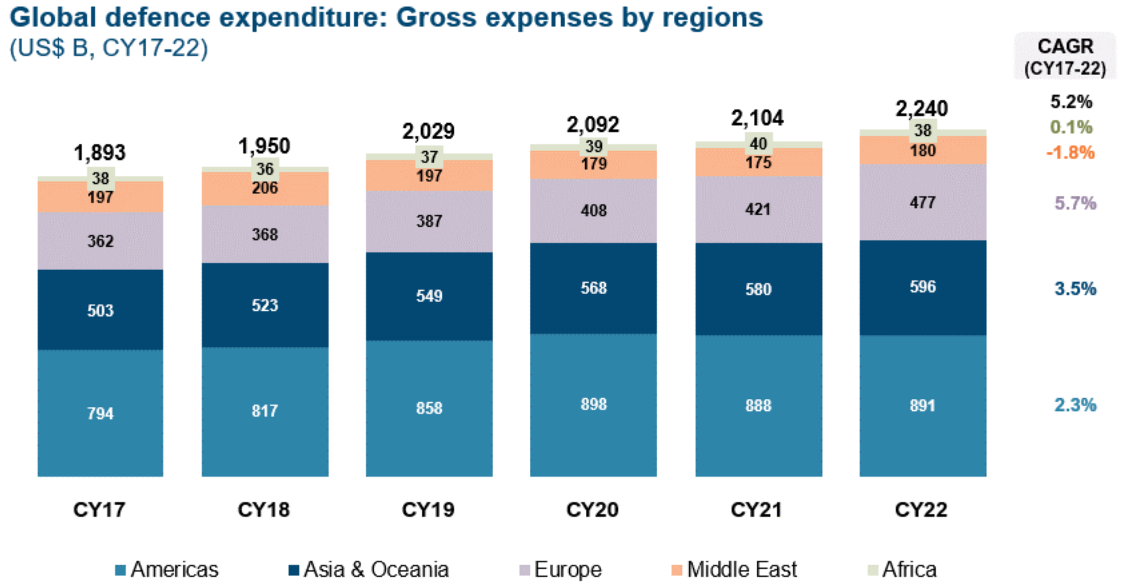
Global Defence Spending

Global defence spending accounted for US$ 2.24T in CY22 contributing to ~2.2% of the global GDP. The Global defence spend is expected to grow from US$ 2.3T in CY23 to US$ 3.1T in CY28 at growth CAGR of 6% over CY23-28.



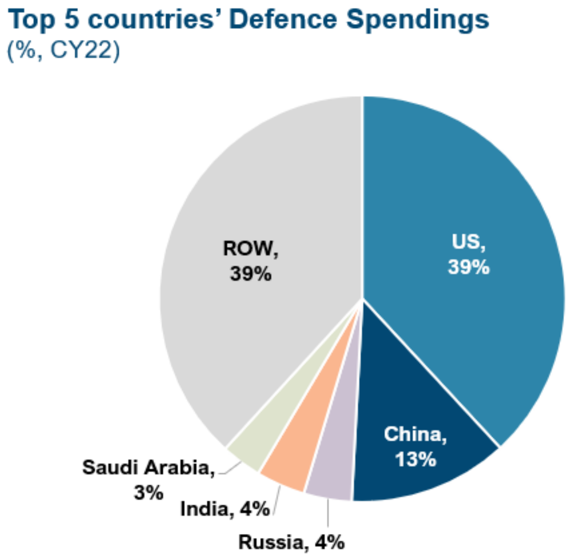
Source(s): 1Lattice analysis

The United States had the highest military spending, with a budget of US$ 877B, which was an increase of 8.8% from the previous year. The United States has consistently been the top military spending nation since 1949, accounting for over 30% of the world's military spending for more than the last 10 years. Military expenditure in Europe saw its most significant year-on-year increase in CY22. This exceptional growth was due to substantial increases in Russian and Ukrainian military expenditure, with many other European countries also boosting their military budgets in CY22. The largest boost to overall global defence growth in CY22 came from NATO member states.



Source(s): SIPRI, 1Lattice analysis

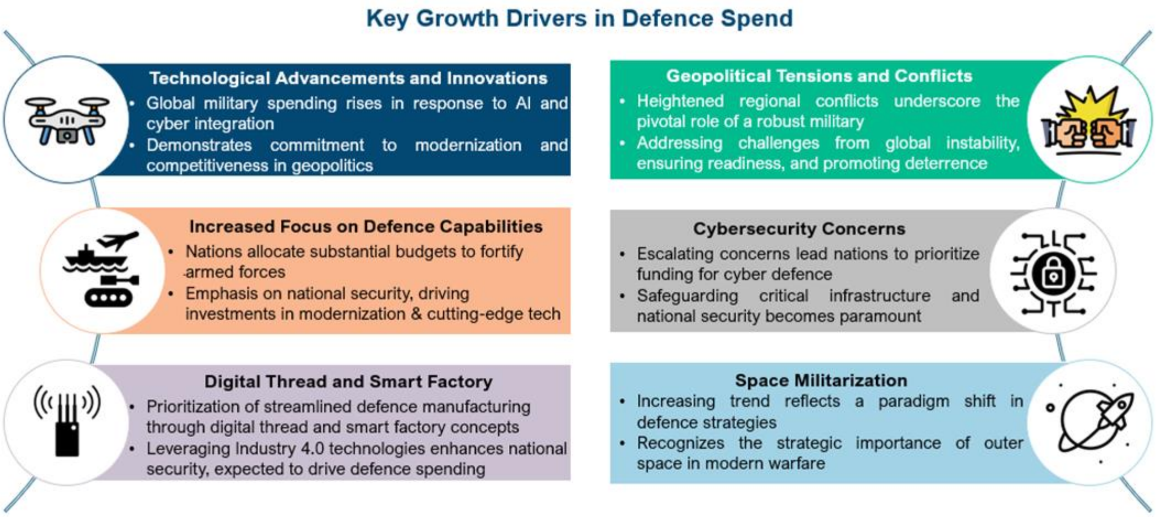
The top five countries in defence spending are US, China, Russia, India, and Saudi Arabia accounting for more than 60% of the worldwide defence expenditures in the year CY22. China is the second-largest spender on defence, contributing 13% of the global military expenditure in CY22, with a spend of US$ 292B. Other notable regions in terms of expenditures include Europe, Asia, Oceania, and the Middle East. The top spenders have continued to enhance their military capabilities, while conflicts in some regions have driven up military spending.



Source(s): Industry reports, 1Lattice analysis

Key Drivers of Growth in Defence Spending

Global defence spending has seen a consistent growth driven by factors like technological advancements, geopolitical tensions, increased focus of nations on defence capabilities, cybersecurity concerns, digital thread and smart factory and space militarization.



Key Trends in Defence

Advances in Electronic Warfare, Commercial Off the Shelf, advancements in missile systems, AI and ML in defence, and drone usage are shaping the defence industry worldwide.

- <u>Advances in Electronic Warfare</u>

  Electronic warfare (EW) is a dynamic and evolving field. It is influenced by several key trends that collectively shape EW landscape, driven by the imperative to stay technologically advanced. This technological edge is sought after for a competitive advantage in contemporary conflicts. Their impact on global defence expenditures includes:

Integration of Cyber Electromagnetic Activities (CEMA)	• Merging of cyber capabilities with traditional EW is gaining prominence, recognizing the interconnectedness of operating in the electromagnetic spectrum (EMS) and cyberspace
Miniaturization and SWaP Reduction	• Developing smaller EW systems with reduced power requirements, facilitating integration into various platforms, including unmanned aerial vehicles (UAVs) and smaller military vehicles
Counter-Drone Electronic Warfare	• With the increased use of drones on the battlefield, Electronic Warfare systems are being developed to detect, track, and counter hostile unmanned aerial systems
Advanced Jamming Techniques	• Adversaries employ sophisticated jamming techniques to disrupt communication and navigation systems, prompting efforts to develop advanced anti-jamming technologies
Cognitive Electronic Warfare	• The utilization of AI and ML in EW systems is on the rise. Cognitive EW systems adapt to dynamic electromagnetic environments, enhancing the efficiency of electronic countermeasures
Directed Energy Weapons (DEWs)	• The development of DEWs, such as high-energy lasers and high-power microwaves, is a trend with implications for countering electronic systems
Global Market Growth	• The electronic warfare market is experiencing significant growth globally, driven by increased defense spending and the need for modernization in response to emerging threats

- <u>Commercial Off the Shelf (COTS) as a New Norm</u>

  A notable trend has emerged in global defence expenditures, wherein Commercial Off the Shelf (COTS) solutions have become increasingly prevalent, establishing themselves as a new norm in military procurement strategies. One key trend is the adoption of COTS software and hardware, which offers cost-effective solutions and accelerates the pace of technology integration. The flexibility and scalability of COTS products enable defence organizations to keep pace with rapidly evolving threats and technological advancements without the extended development timelines associated with custom-built solutions.

  This trend aligns with the broader movement towards interoperability and joint operations, as COTS products are designed with compatibility in mind, facilitating integration across diverse military platforms and systems. The adoption of COTS as a new norm in defence expenditures reflects a strategic approach to achieving cost-efficiency, agility, and technological currency in an era of dynamic and evolving security challenges.

- <u>Advancement in Missile Systems</u>

  The pursuit of hypersonic capabilities is reshaping defence expenditures as nations aim to bolster their strategic defences and gain a competitive edge in potential conflicts. The increasing investments in missile defence programs by several countries, including India, US, China, and Saudi Arabia, are expected to offer growth opportunities for market players.

Advancements in missile defence systems, including anti-ballistic missile technologies, signify a response to the increasing proliferation of missile threats globally. The modernization of missile arsenals, coupled with efforts to ensure resilience against emerging countermeasures, reflects the ongoing commitment of nations to stay at the forefront of missile technology.

- AI and ML in Defence

  Artificial intelligence (AI) and machine learning used in missile systems, will enhance autonomous capabilities, target recognition, and adaptive decision-making processes. AI is being used in electronic warfare systems for signal processing, threat detection, and adaptive response to counter enemy electronic threats. ML is used in simulation environments for training purposes, which helps in training soldiers in realistic scenarios without the need for physical resources. AI and ML are used to detect and respond to cyber threats in real time, helping to secure sensitive military information and infrastructure.

- Drone Usage

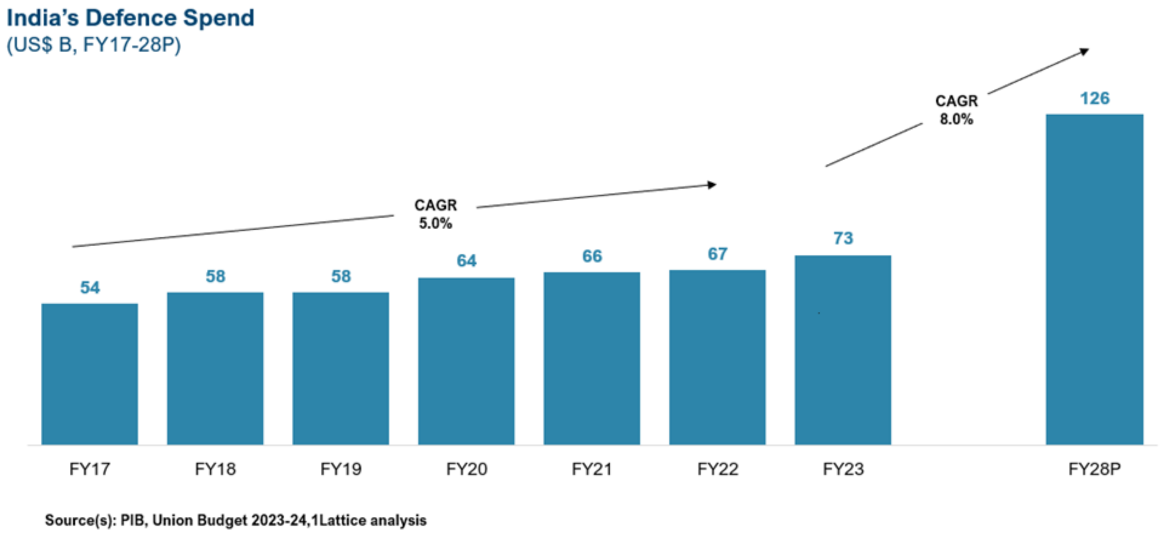
  Longer flight times, improved range, quality cameras and intelligent systems as drone offerings are changing the landscape of warfare by providing better surveillance, reduced cost, reduced human capital loss, and increased convenience/flexibility. Drones change the economics of warfare as drones which cost a few tens of thousands of dollars can precisely attack and incapacitate heavy artillery worth millions of dollars.

  Drones have three main applications in defence:

  1. Intelligence, surveillance, target acquisition, and reconnaissance (ISTAR)
  2. Combat
  3. Logistical support

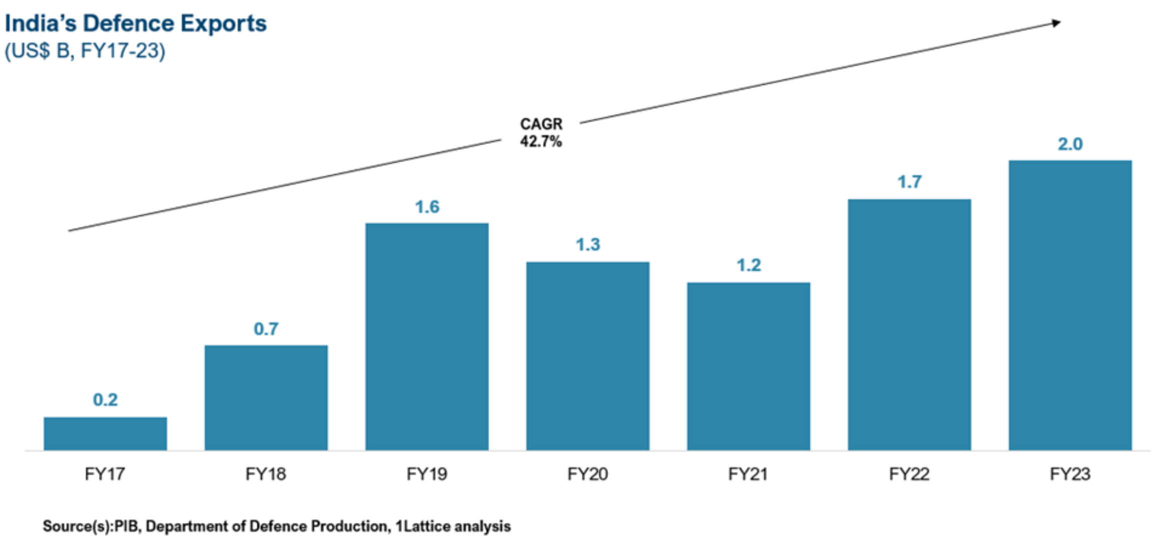
India Defence Spending

India's defence spending has grown at 5% CAGR from FY17-23 and is estimated to be US$ 126B in FY28, growing at a CAGR of 8% over FY23-28. India's defence expenditure has seen a significant increase since FY17. The Ministry of Defence has allocated a total budget of US$ 73B for FY23, which is 13.2% of the total budget. Additionally, 75% of the defence capital procurement budget has been earmarked for the domestic industry in FY23, indicating a focus on indigenous defence production. The Indian Army accounts for more than half of the total defence budget. The increase in India's spending is attributed to border tensions with China and Pakistan, with a focus on capital outlays for equipment upgrades and military infrastructure. India's defence spending has grown at 5% CAGR from FY17-23 and is estimated to be US$ 126B in FY28, growing at a CAGR of 8% over FY23-28. The growth in defence exports is attributed to various policy initiatives, reforms, and the promotion of indigenous design and manufacturing under the 'Make in India' and 'Atmanirbhar Bharat' initiatives.



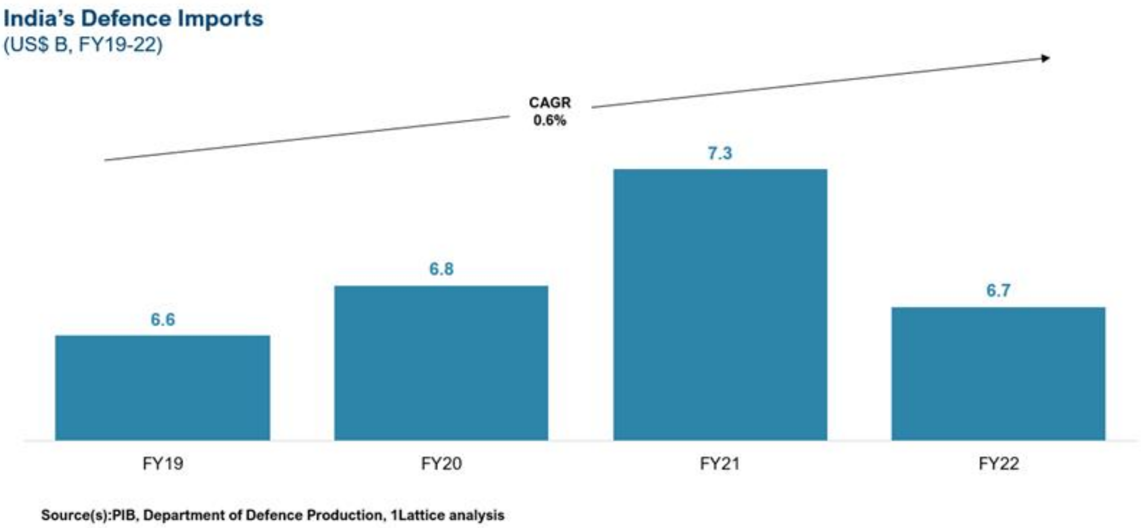
India's Defence Exports:

India's defence exports have grown with a CAGR of ~43% from FY17-23, the defence exports stood at US$ 2B in FY23. As of FY23, India has exported over US$ 2B worth of defence equipment, sub-systems, parts, and components, with total defence exports crossing ~ US$ 8B over the last five years. India exports a wide range of defence products which include weapon simulators, tear gas launchers, torpedo loading mechanisms, alarm monitoring & control, night vision binoculars, lightweight torpedo & fire control systems, armoured protection vehicles, weapons locating radar, hf radio and coastal surveillance radar to over 80 countries. The country has set ambitious targets, aiming to achieve US$ 5B in annual defence exports by FY25.



India's growing defence exports signify advancements in global defence manufacturing, reduced import dependency, streamlined export procedures, and government efforts to bolster the industry, highlighting increased capabilities and competitiveness of India defence-based products.

India Defence Imports:

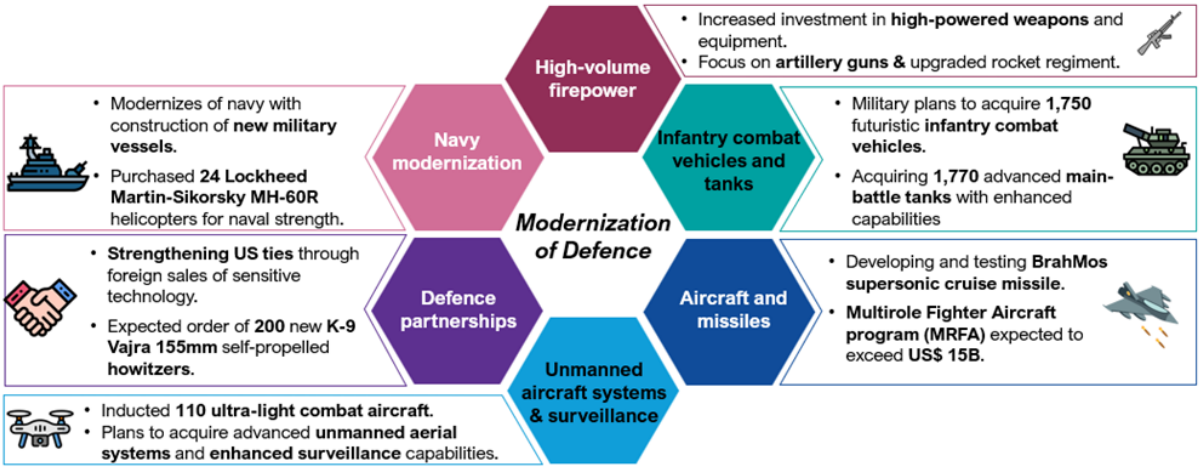


India's defence imports have grown with a minimal CAGR of 0.6% from FY19-22, the defence imports stood at ~US$ 7B in FY22. India is one of the world's largest importers of arms, with a significant portion of its defence equipment being sourced from other countries. Between FY16 and FY20, India accounted for 9.5% of total global arms imports, and from FY15 to FY22, the top 5 countries from which India imported its arms were Russia, France, Israel, the United States, and the United Kingdom. The imported items include a wide range of defence equipment such as aircraft, weapons, vehicles, and electronics. India's defence imports have seen a decline in recent years due to efforts to promote indigenization and reduce dependency on foreign suppliers. The Indian government has set ambitious goals to enhance domestic manufacturing and reduce imports, such as the "Defence Production Policy of 2018," which aims to make India one of the top 5 global defence producers by the end of CY25.

Increase in Budget for Modernization of Defence

India actively engages in various international alliances such as the Quad, SCO, BRICS, BIMSTEC, and G20, displaying its global participation and commitment to modernizing its defence industry. India's defence modernization endeavours signify a strategic commitment to bolster national security. Emphasizing indigenous capabilities, the nation focuses on developing state-of-the-art weaponry, cyber defences, and surveillance systems. The Tejas MK2 fighter jet and INS Vikrant aircraft carrier exemplify advancements, displaying self-reliance. Key growth trends observed are:

The Indian military is currently undertaking multiple modernization projects, which include longer-range weapons, multi-purpose drones, night-fighting capabilities, disruptive technologies, and early warning and detection systems. Some key aspects of India's defence modernization include:



India Modernization of Defence Programs

Given the geopolitical situation, there is an anticipation of adopting process improvements and industry-driven mechanisms to expedite defence procurements. The majority of modernization programs either involve complete indigenous development or have substantial plans for indigenous components, fostering domestic growth. Some of the modernization programs are as follows:

- The Defence Acquisition Procedure (DAP): Outlines guidelines governing the procurement of capital defence equipment in India, ensuring the timely acquisition of military platforms that meet the Indian Armed Forces' performance, capability, and quality standards. The 2020 amendment to the DAP emphasizes 'Make in India' and 'Aatmanirbhar Bharat' in defence, significantly prioritizing the sourcing of capital items from domestic providers.

- Innovations for Defence Excellence (iDEX) scheme: iDEX, initiated by the Indian government, promotes innovation and technology development in defence and aerospace. It engages with start-ups to rapidly develop indigenous technologies through co-creation. Selected applicants receive funding, mentorship, and access to testing facilities. Partnerships with leading incubators support and guide start-ups and MSMEs. The Defence India Start-up Challenge (DISC) and Defence Innovation Hub (DIH) are enhancing innovation in the defence sector.

- The Public Procurement (preference to 'Make in India') Order: The DPIIT, under the Ministry of Commerce, promotes Indian and global companies' manufacturing in the country, offering purchase preference in government procurements. It aims to boost income, employment, and the manufacturing ecosystem. The SRIJAN portal, by the Ministry of Defence, focuses on indigenizing DPSUs and the Armed Forces' efforts. It features products with import values of INR 1M+, aligning with 'Make in India' objectives, and supporting domestic defence industry growth. Defence Industrial Corridors in Uttar Pradesh and Tamil Nadu foster self-reliance by creating a network of production units, enhancing operational capabilities, and reducing dependence on imports.

- The Ten Years Integrated Capability Development Plan (ICDP): The Integrated Capability Development Plan (ICDP) is a comprehensive process outlining the equipment needs of the Indian Armed Forces over a decade. The ICDP consists of two consecutive five-year plans, which are integral to India's defence modernization, it aligns with digital and indigenous solutions, procurement, and exports. Derived from national security guidelines, the ICDP aims to enhance strategic capabilities and develop advanced technology.

- Tejas: The LCA Tejas program underscores India's commitment to self-reliance in defence, aiming to equip the Indian Air Force with an indigenous fighter aircraft. Collaborative efforts involving HAL, ADA, DRDO, CEMILAC, DGAQA, PSUs, and the IAF contribute to the project's success. The LCA Tejas Twin Seater, designed for training IAF pilots, incorporates advanced technology. With an order for 83 LCA Tejas aircraft, India marks progress in defence manufacturing self-sufficiency. The order for 83 MK-1A aircraft, placed in February 2021, is a significant step highlighting a shift from major military equipment importer to a self-reliant defence manufacturing nation.

- Ashwini (LLTR): It is a ground-based active phased array radar designed for surveillance, featuring advanced technologies like solid-state transmit/receive modules and digital receivers. It is mounted on vehicles and capable of detecting and tracking targets in hostile environments. The radar's flexible architecture allows for multiple applications, including early warning for air defence at airbases. Equipped with a programmable signal processor and digital beam former, it boasts user-friendly interfaces and advanced software algorithms. The radar is fully programmable from the local operator workstation. Having completed design, development, and user trials, it has been accepted for induction by the Indian Air Force.

- Naval Radar (HEAUV): Indigenous development of a High Endurance Autonomous Underwater Vehicle for Anti-Submarine Warfare (HEAUV) boasting an endurance of over 15 days. The focus of this initiative is to track submarines utilizing various technologies such as thin line array, flank array, active sonar, or synthetic aperture sonar. The HEAUV will feature autonomous navigation, collision avoidance, and a communication suite. It has received approval under the 'Make II' category. This includes the prototype development of one unit, with subsequent procurement falling under the 'Buy (Indian-IDDM)' category as per the Defence Acquisition Procedure (DAP) 2020.

- Naval Integrated Combat Suite: As part of 'Make in India,' the Ministry of Defence issued a Request for Proposal on July 20, 2021, for Project 75 (India), involving the construction of six AIP-fitted conventional submarines for the Indian Navy. The shortlisted partners include Mazagaon Dock Shipbuilders Limited (MDL) and Larsen & Toubro (L&T), with a project cost exceeding INR 40,000 Cr. This initiative aims to boost India's indigenous submarine design and construction capabilities by incorporating advanced technology and weaponry, including a fuel-cell-based air-independent propulsion plant.

- AEW&CS: The Airborne Early Warning and Control System (AEW&C) is a force multiplier used by the Indian Air Force for detecting and tracking enemy aircraft and UAVs. The indigenous AEW&C system, known as Netra, was developed by DRDO and IAF, featuring an executive jet platform with advanced radar and intelligence systems. Netra is fully net-centric, providing comprehensive command and control capabilities. Two Netra systems are currently in active use by the Indian Air Force, enhancing operational effectiveness.

- Arudhra: India's first rotating active phase array multifunction 4D radar, developed by DRDO and manufactured by BEL, operates in the S-band with cutting-edge DBF technology. On March 23, 2023, the Ministry of Defence signed a Rs 2,800 crore contract with Bharat Electronics Limited (BEL) for supplying Medium Power Radars (MPR) 'Arudhra' to the Indian Air Force. Accepted by the Indian Air Force after successful trials, it features electronic steering for azimuth and elevation, supporting surveillance, detection, and tracking of aerial targets. The radar also facilitates target identification through a co-located Identification Friend or Foe system, contributing to the development of manufacturing capabilities in the industrial ecosystem.

Key Growth Drivers

India's defence spending has been on the rise owing to factors such as policies on acquisitions and exports, "Make in India" defence procurement announcements, geopolitical tensions, and cybersecurity concerns.

- Policies on Acquisitions: The Indian government champions self-reliance in defence through strategic initiatives. The Defence Acquisition Procedure 2020 mandates 30-60% indigenous component, fostering local production and technology development. Emphasizing import substitution and exports, it aims to reduce dependence on foreign sources, aligning with the broader goal of self-sufficiency. The Amended Technology Upgradation Fund Scheme (ATUFS) encourages investment in textile technology, boosting productivity and generating employment. The Defence Offset Policy oversees compensation practices in defence trade, while the Positive Indigenization List (PIL) exclusively sources items from domestic manufacturers, promoting indigenous production and technological advancement.

- Policies on Exports: The Defence Production and Export Promotion policy led to a tenfold rise in defence exports from US$ 0.2B in FY17 to US$ 2B in FY23, which aims to enhance indigenous defence manufacturing, reduce imports, and strategically promote exports, emphasizing indigenization, technology infusion, ease of doing business, and global competitiveness.

- 'Make in India' Defence Procurement Announcements: 'Make in India' initiatives prioritize reducing dependency on foreign suppliers and fostering indigenous innovation. This drive for self-reliance aims to position India as a globally competitive player, emphasizing the support for Micro, Small, and Medium Enterprises (MSMEs) for a diverse and robust defence manufacturing ecosystem.

- Geopolitical Tensions: Heightened regional conflicts drive demand for advanced defence capabilities, fostering industry growth. With longstanding disputes and emerging security challenges, the demand for advanced defence capabilities has risen. The industry responds by developing and supplying state-of-the-art equipment, enhancing national security in the face of evolving threats.

- Cybersecurity Concerns: The escalating threat of cyber-attacks has propelled the need for robust cybersecurity solutions within the defence sector. As technology plays an increasingly integral role in military operations, investments in cybersecurity infrastructure become crucial.

Key trends in Defence

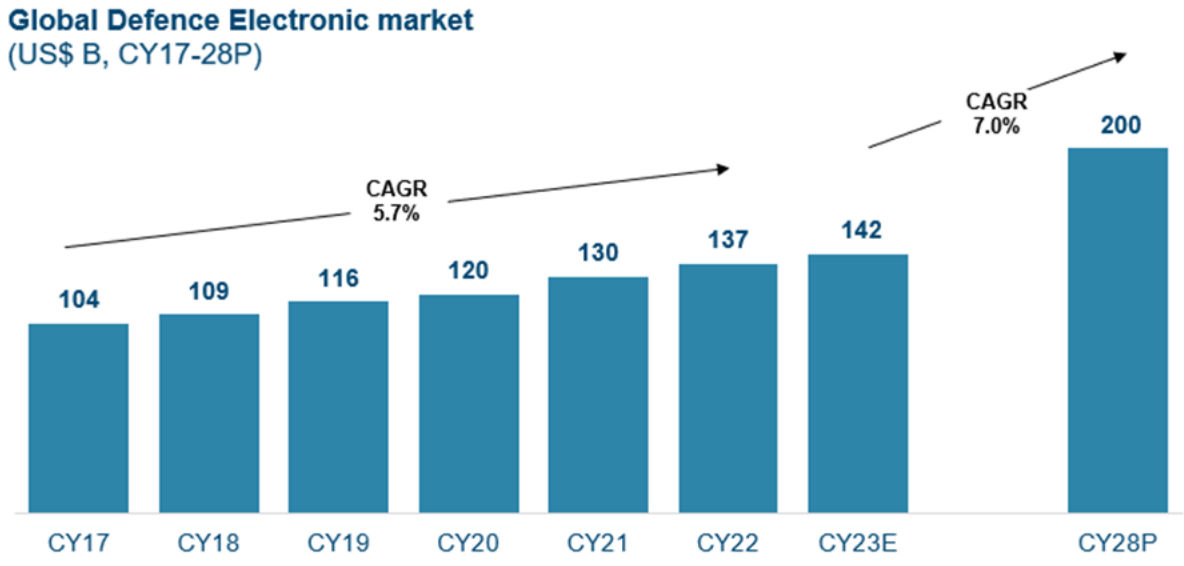
- Advances in Electronic Warfare: The Indian defence industry experiences notable trends in electronic warfare (EW), driven by technological advancements and evolving security needs. The Indian Air Force's Integrated Air Command and Control System and Rafale's advanced EW suite display the integration of cutting-edge EW systems. Electronic Support Measures (ESM) upgrades enhance signal detection and intelligence capabilities, covering a wide frequency range. Additionally, the exploration of Directed Energy Weapons (DEWs), such as high-energy lasers and microwaves, emerges as a significant trend in the EW domain.

- Commercial Off the Shelf (COTS) Integration in Defence: In the Indian defence industry, there is a growing reliance on COTS solutions for cost-efficient integration and rapid technological upgrades. Embracing commercially available technologies in C4ISR systems, UAVs, cybersecurity, and maintenance enhances capabilities, fosters interoperability, and ensures efficient defence operations with reduced development costs.

- Missiles: The Indian missile landscape undergoes transformative trends, notably in the Long-Range Surface-to-Air Missile Program, envisioning a US $2.5B three-tiered air-defence system by FY29. Collaborating with Russia, India advances in hypersonic technology with the Mach 8 BrahMos variant covering 1,500 km. The Agni-P missile, pivotal in India's Indo-Pacific strategy, offers a 1,000-2,000 km range with nuclear capabilities.

Global Defence Electronics Market

Currently, multiple conflicts are ongoing in different regions, reshaping the complexity and diversity of the conflict scenario. This requires armed forces globally to review their force structure, and operational approaches, and allocate resources to emerging technologies, resulting in increased investments in defence electronics. The defence electronics market involves electronic systems for military use, including communication, radar, electronic warfare, surveillance, and navigation systems. It is experiencing rapid growth due to increased global demand for military technology amid rising geopolitical tensions.



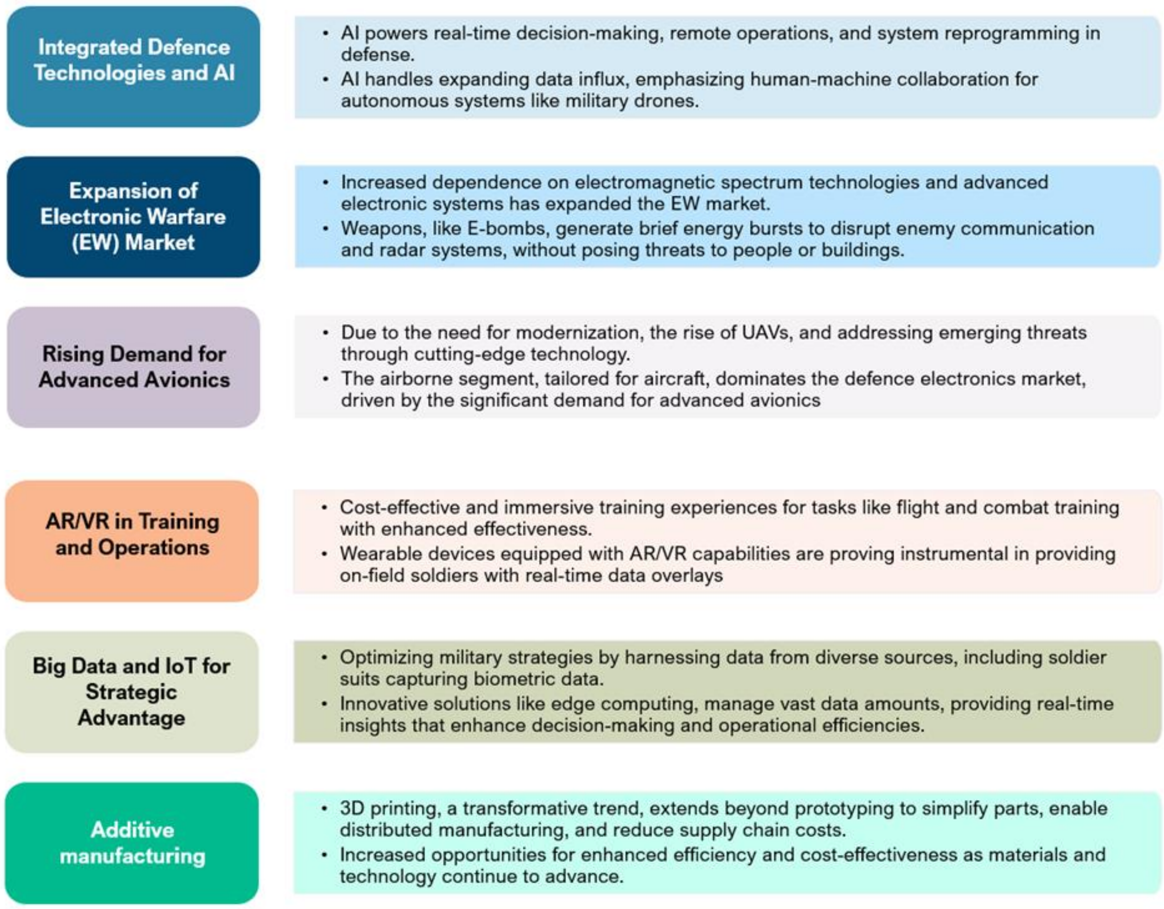
Source(s): 1Lattice analysis

The global defence electronic market was US$ 104B in CY17 and witnessed a CAGR of ~6% from the year CY17-22 where it was valued at US$ 137B in CY22 and estimated to be US$ 142B in CY23 and is anticipated to grow at 7% CAGR between CY23-28. The defence electronics market is influenced by factors like the increasing use of integrated defence electronic technologies and the creation of modern air and missile defence systems. The market is further driven by the swift pace of technological innovation, particularly in artificial intelligence, machine learning, and big data analytics, leading to advanced defence electronics systems. Additionally, the growing use of unmanned systems in military applications is contributing to the demand for innovative electronics products. Increasing adoption of various technologies such as sensors, communications, automation, and cyber defence is set to boost the market growth. This also enhances information sharing, situational awareness, decision-making, and defence efficiency, leading to cost savings.

Cloud computing's significance has grown, facilitating shared IT infrastructure for a flexible and scalable IT environment. In the aerospace, defence, and security (ADS) sector, cloud migration offers demand flexibility, allowing companies and militaries to use computing capacity as needed without a large upfront cost. UAVs and UGVs is a key factor driving the defence electronics market, relying on advanced electronics for effective operation. The rising demand for military automation is driving the growth of 5G in defence, enabling end-to-end slicing for specific users and optimizing resources like spectrum and bandwidth.

Global Trends in the Electronics Defence Market

The market is witnessing a growing adoption of integrated defence electronics technologies, increasing defence expenditures, and a focus on the growing need for cybersecurity measures to protect defence infrastructure.

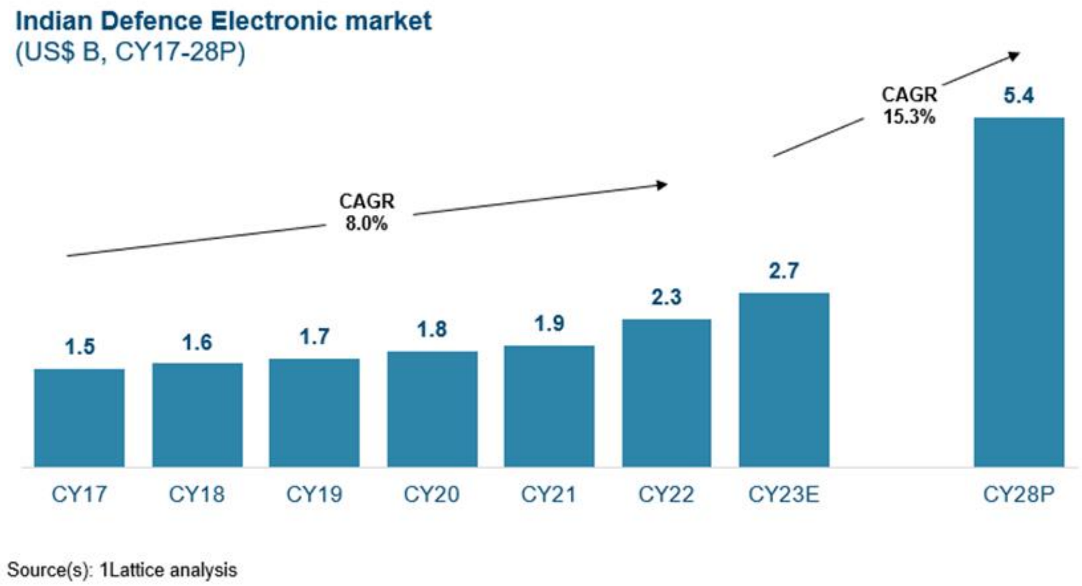


Key Growth Drivers for the Defence Electronics Market

The Defence Electronics market is witnessing robust growth driven by a number of key factors including increasing defence expenditure, advancements in electronics, communication, and information technologies, global collaboration and partnerships, and autonomous systems.

Indian Defence Electronics Market

In recent years, the defence electronics sector in India has experienced rapid growth, propelled by the rising need for sophisticated defence systems and technologies. Indian defence electronics market accounted for US$ 2.3B in CY22 grown at CAGR OF 8% over CY17-22. The Indian defence electronics market is expected to be 2.7B in CY23 and anticipated to grow from US$ 2.7B in CY23 to US$ 5.4B in CY28 at a CAGR of 15.3% over CY23-28.



The Indian government has been actively investing in the expansion of the defence electronics industry, emphasizing domestic production and the advancement of indigenous defence technology. In the past few years, India has achieved notable advancements in its defence electronics sector, encompassing the manufacturing of various defence electronics systems like radars, electronic warfare systems, and navigation systems.

Recent introductions, including the light combat aircraft, Akash Missile, and advanced light helicopters (ALH), display India's commitment to technological advancement. The 'Make in India' program involves producing Ka-226 T helicopters, missile systems, and single-engine fighter aircraft. Moreover, India is developing a fifth-generation fighter aircraft under the HAL Advanced Medium Combat Aircraft (AMCA) program.

Government is actively promoting indigenous product development and manufacturing in the Defence Electronics sector, with a focus on the entire value chain. The Modified Special Incentive Package (MSIPS) provides financial incentives to overcome challenges and attract investments in electronic systems design and manufacturing. India is poised to establish itself as a key player in defence R&D, with both public and private sector companies. Its objective includes advancing along the technological spectrum and opening defence production to private sector entities to create opportunities for talented young minds in the fields of defence and space.

Programs Driving the Indian Defence Electronics Market

Several programs have driven the growth of the Indian defence electronics market. Some of the notable programs include:

1. 'Make in India' Initiative: This initiative aims to promote indigenous manufacturing capabilities and technology transfer, with a special focus on electronic equipment for defence projects. It promotes collaboration between domestic and international defence electronics manufacturers, fostering growth and self-reliance in defence technology.

2. Defence Research and Development Organization (DRDO) Programs: DRDO's efforts contribute significantly to indigenous development and innovation in defence electronics. It has identified nine focus areas for the development of defence technology in the country, including platforms, weapon systems, strategic systems, sensors and communication systems, space, cybersecurity, AI and robotics, materials and devices, and soldier support.

3. Artillery Modernization: India has been investing heavily in modernizing its artillery systems, including the development and procurement of advanced artillery guns, howitzers, and mortars

    - Bofors Howitzer: The indigenous development and production of the Bofors howitzer have been significant drivers of the artillery modernization programs in India

    - Advanced Light Howitzer (ALH): The ALH program aims to develop a modern and advanced artillery system to meet the needs of the Indian Army, contributing to the growth of the defence electronics market in India

    - Modernization initiatives in artillery systems, such as the Advanced Towed Artillery Gun System (ATAGS) and others, involve the integration of advanced electronics for targeting, fire control, and communication.

4. National Electronic Policy (NEP): The NEP aims to promote the growth of the electronics industry, including defence electronics, through incentives, subsidies, and support for research and development. It is responsible for creating a conducive environment for the growth of the defence electronics sector.

5. Space-Based Electronic Systems: ISRO (Indian Space Research Organisation) launched programs, such as the development and launch of communication and navigation satellites. It enables the integration of space-based technologies into defence strategies and enhances communication, surveillance, and navigation capabilities.

6. Indian Air Force's Modernization Projects: The Indian Air Force (IAF) spearheads diverse projects, including the acquisition of Israel Aerospace Industries (IAI) MRSAM, indigenous Akash SAM, S-400 air defence, and the development of Agni, Prithvi, and Astra missiles. Additionally, the IAF is procuring 156 Light Combat Helicopters and advanced fighter aircraft like Rafale, stimulating growth in avionics and electronic warfare systems.

7. Indian Navy's Modernization Plans: Programs such as Project 17A (stealth frigates) and Project 75 (submarines) involve the integration of advanced defence electronics systems facilitating the demand for state-of-the-art electronic components for naval applications.

8. Indian Army's Network-Centric Warfare Systems: Initiatives like the Battlefield Management System (BMS) and the Tactical Communication System aim to enhance the Indian Army's communication and situational awareness capabilities driving the development and deployment of advanced communication and information systems.

Defence Competitive Landscape

India holds a crucial position with one of the world's most potent military forces, encompassing key sectors such as radar, naval vessels, missiles, and more. Defence equipment acquisition involves collaboration with both local and international vendors, considering the Armed Forces' needs and production capacities.

Defence supplier landscape

The Indian government is actively promoting indigenous defence manufacturing through the 'Make in India' initiative, implementing policy reforms to ease collaboration with foreign OEMs and lower entry barriers. Recent initiatives include business reforms, the draft Defence Procurement Policy (DPP) 2020, defence corridor establishment, a Strategic Partnership model, simplified exports, and liberalized FDI. Under the 'Aatmanirbhar Bharat' initiative, the government prioritizes the Defence and Aerospace sector as a key focus. This initiative emphasizes establishing indigenous manufacturing infrastructure and a robust research and development ecosystem, marking a shift away from import dependence and aiming to attract global OEMs and lower-tier vendors. The Defence Ministry has prohibited the import of 209 defence-related equipment/components. Services are required to procure the specified equipment solely from Indian vendors.

The DAP 2020 aims to enhance indigenous manufacturing by simplifying procurement processes and introducing clauses focused on "innovation" to promote prototype development in India. Additional measures include providing incentives for foreign OEMs and service providers to establish their manufacturing/ Maintenance, Repair, and Overhaul (MRO) facilities and creating a specialized category for equipment "leasing," potentially expediting capability acquisition.

While the emphasis has been on enhancing prioritization for procurement mechanisms led by Indian companies, various policies have been introduced to simplify entry into the defence sector and delegate more decision-making freedoms, such as export selection, to Indian companies.

India ranks fourth among 12 Indo-Pacific countries in self-sufficient arms production. The increase in the FDI limit in defence manufacturing from 49% to 74% under the automatic route promotes greater foreign investment, bringing in advanced technologies and capital. This move aims to boost self-reliance, enhance domestic capabilities, and stimulate economic growth in India's defence sector.

In the Union Budget 2023-24, capital allocations for the modernization and infrastructure development of the Defence Services have been increased to INR 1,62,600 Crore, marking a 6.7% rise over 2022-23. The industry received INR 5.94 Lakhs Crore in Budget 2023-24, reflecting a significant 13% increase from the previous year.

Despite Russia historically serving as India's main arms supplier, its market share has dropped from 64% to 45% due to heightened competition, increased domestic arms production, and constraints following Russia's invasion of Ukraine in 2022. India actively diversifies its arms trade partners to lessen its dependence on traditional allies. In 2020, major arms suppliers included France, Russia, the United States, South Korea, and Israel, while newcomers like South Korea, Brazil, and South Africa have also emerged as significant exporters to India in recent years. Axiscades is a prominent player in the defense vertical with comprehensive capabilities that contribute significantly to the advancement of defense technologies.

Product capability comparison

Mistral Solutions a subsidiary of Axiscades, is a technology design and systems engineering company that holds ISO certifications, specializing in end-to-end solutions for product design and application deployment. Mistral provides cutting-edge product design and development services, covering build to specification (BTS), build to print (BTP), and comprehensive system engineering across diverse applications. Since its establishment in 1997, Mistral has evolved into a leading system engineering and product design company, with a strong emphasis on the embedded domain. It has its presence in the regions of USA, Canada, Europe, Singapore, and South Africa, with its headquarters located in Bangalore. The company also maintains regional offices in the USA (California) and India (Delhi, Hyderabad). As of FY23, Mistral's annual revenue was INR 2.7B.

The company boasts a track record of over 150 commercially deployed products. Mistral is one of the leading provider of cutting-edge Aerospace and Defence solutions, specializing in defence electronics technologies. With a focus on advanced systems, equipment, software, and services for the defence sector, Mistral contributes significantly to India's defence capabilities in radar systems, sonar systems, electronic warfare, telemetry solutions, naval systems, and airborne systems.

Company	Radar Systems	Sonar Systems	Electronic Warfare	Telemetry Solutions	Naval Systems	Airborne Systems	UAVs Drone
Axiscades Consol -Defence	✓	✓	✓	✓	✓	✓	✓
Data Patterns	✓	×	✓	✓	✓	✓	×
L&T	×	×	×	×	×	✓	×
BEL	✓	×	✓	✓	✓	✓	×
Paras Defence	×	×	✓	×	✓	×	×
Mahindra Defence Systems	✓	×	✓	×	✓	×	×
Astra Microwave Products	✓	×	✓	✓	×	✓	×

Strong Capabilities-Product and component	✓
No Capability	×

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 13 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations" on pages 35 and 296, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless otherwise indicated or the context otherwise requires, the financial information for the six months period ended September 30, 2023 and Fiscals 2021, 2022 and 2023 included herein is derived from the Unaudited Interim Condensed Consolidated Financial Statements and Audited Consolidated Financial Statements respectively included in this Placement Document. For further information, see "Financial Statements" on page 76. Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year.

*Unless stated otherwise, statistical information, industry and market data used in this section has been derived from the industry report titled "Defense and ER&D Industry Report" dated January 2, 2024, (the "**Lattice Report**") which is a report exclusively commissioned and paid for by our Company and prepared by Lattice Technologies Private Limited pursuant to an engagement letter dated December 7, 2023 in connection with the Issue. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. The relevant industry sources are indicated at all relevant places within this section. For more information, see "Risk Factors – Industry information included in this Placement Document has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate." on page 56.*

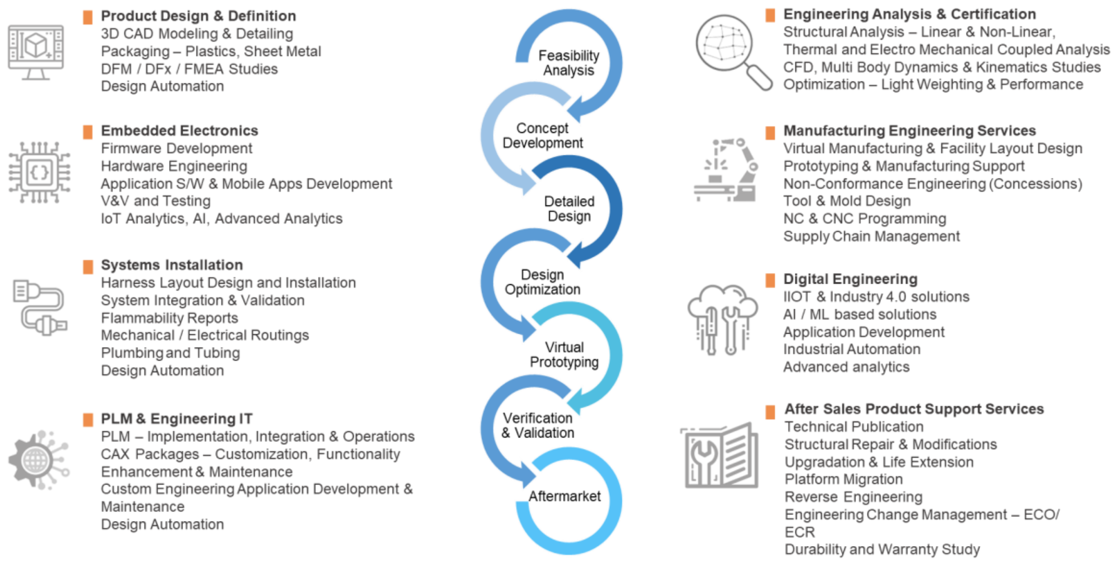
Unless otherwise stated, references in this section to "we", "our" or "us" (including in the context of any financial information) are to our Company along with our Subsidiaries and associate (both as at and during the relevant fiscal/ period), on a consolidated basis. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview" and "Management's Discussions and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 35, 326, 292 and 76, respectively, as well as the financial and other information contained in this Placement Document. Additionally, see "Definitions and Abbreviations" on page 18 for certain terms used in the following section.

Overview

We are one of the leading, end-to-end engineering and technology solutions company with expertise that caters to the digital, engineering and smart manufacturing needs of large global enterprises. (*Source: Lattice Report*). Our offerings include product design and development, embedded hardware and software, digital engineering, system installation and integration, manufacturing engineering, enterprise solutions, Industry 4.0 and IIOT solutions and aftermarket support. We provide cutting edge technology solutions in order to address the futuristic business needs of our clients in verticals such as products and solutions (encompassing the defense business of our Company), aerospace, automotive, heavy engineering, product engineering services (encompassing the semiconductor business of our Company) and energy. (*Source: Lattice Report*). Our domain expertise ranges from product design, testing and development, engineering analysis, manufacturing engineering solutions design and optimization.

Our Company has been in operation for over three decades and we have built a strong presence in key markets worldwide through strategic partnerships. We have a notable domestic and international footprint through our subsidiaries in six countries viz., India, USA, UK, Canada, Germany and China. Further, we operate through a comprehensive network of offices spread across North America, Europe, UK and the Asia Pacific regions. Our global engineering centres leverage the skills and capabilities of our employees from our various offices, delivering value to our clients. As of September 30, 2023, we had a global workforce of over 3,000 employees serving multiple global clients from 17 global engineering centres spread across North America, Europe and Asia Pacific regions. We believe that our globally distributed execution model ensures balance between onshore client proximity and offshore efficiency. Our customers include global OEMs across verticals such as products and solutions (encompassing the defense business of our Company), aerospace, automotive, heavy engineering, product engineering services (encompassing the semiconductor business of our Company) and energy.

Our full-service offerings encompassing the entire product lifecycle can be categorized as depicted below:



We completed the acquisition of Mistral in Fiscal 2023. Through Mistral, our subsidiary we offer product engineering services, encompassing the semiconductor business of our Company and products and solutions, encompassing the defense business of our Company.

Our range of services, through Mistral forming a part our products and solutions offerings include product design and product deployment of radar, sonars integrated hardware for underwater acoustic imaging system and telemetry modules, and integrated logistics support tailored specifically for defense applications. Further, as a part of our product engineering services portfolio (encompassing the semiconductor business of our Company) through Mistral, we provide design and fabrication facilities electrical items and electronic items.

We have received quality and standard certifications such as AS 9100D, ISO 9001:2015, ISO 27001:2013 and ISO 14001:2015.

The engineering, research and development services space ("**ER&D**") is at an early stage of penetration with a large total addressable market. (Source: *Lattice Report*) Rapid advancement of technology and faster innovation has translated to a drastic reduction in product development timelines. (Source: *Lattice Report*) This has increased the need for outsourcing ER&D to third-parties with end-to-end capabilities in traditional as well as new-age products. (Source: *Lattice Report*) India has emerged as a favourable destination for outsourced ER&D spend by global enterprises due to its large talent pool, innovation ecosystem, affordable costs, maturing in-house research and development centres landscape and geopolitical support. (Source: *Lattice Report*) The global ER&D spend through GCCs was USD 82 billion in CY23, growing at a CAGR of 10% from CY23 to CY28, translating to USD 132 billion in CY28. The outsourced market of Indian ESPs has grown significantly over the years and has a share of 23% in the outsourced ER&D spending through ESPs. India has shown significant growth due to the availability of a next-generation digital talent pool and attractive billing rates when compared to other nations. (Source: *Lattice Report*) Key drivers for growth within the ER&D market include smaller innovation cycles, cost optimization, widening skill gap, Industry 4.0 and overcoming challenges in manufacturing engineering and Digital twin. (Source: *Lattice Report*) We intend to continue leveraging our strengths to address the opportunities in the ER&D industry generally and more specifically in the automotive and aerospace industries.

We have a diversified and a professional Board, which is supplemented by our strong management team. Our CEO and MD, Arun Krishnamurthi joined our Company in November 2021 We believe that, we are well positioned to harness market opportunities, develop and execute business plans, oversee customer relationships, and adapt dynamically to evolving market conditions.

In Fiscals 2021, 2022 and 2023, our total income was ₹ 53,830.73 lakhs, ₹ 61,940.02 lakhs and ₹ 82,758.05 lakhs respectively and grew at a CAGR of 23.99% between Fiscal 2021 and Fiscal 2023. Our adjusted EBITDA was ₹ 6,400.01 lakhs, ₹ 7,063.60 lakhs and ₹ 14,556.52 lakhs, respectively, in Fiscals 2021, 2022 and 2023 and grew at a CAGR of 50.81% between Fiscal 2021 and Fiscal 2023. In addition, our (loss)/profit after tax for the year was ₹ (2,120.55) lakhs, ₹ 2,267.91 lakhs and ₹ (479.82) lakhs, in Fiscals 2021, 2022 and 2023, respectively.

Performance parameters

In evaluating our business, we consider and use certain performance parameters that are presented below as supplemental measures to review and assess our operating performance. The presentation of these performance parameters is not intended to be considered in isolation or as a substitute for the Audited Consolidated Financial Statements and Unaudited Interim Condensed Consolidated Financial Statements included in this Placement Document. Further, this information may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these performance parameters should not be considered in isolation or construed as an alternative to GAAP measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

The following table sets forth certain of our performance parameters for the period/ years indicated below:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at and for the six-months ended September 30, 2023	Fiscal		
		2023	2022	2021
Revenue from contracts with customers(1)	46,510.10	81,360.47	60,840.77	51,738.61
Other Income	284.01	595.84	909.43	1,446.07
(Loss)/profit after tax for the period/year (2)	1,688.15	(479.82)	2,267.91	(2,120.55)
PAT Margin for the period/year (%)(3)	3.63%	(0.59%)	3.73%	(4.10%)
EBITDA(4)	7,360.20	8,344.21	7,757.87	3,811.04
Adjusted EBITDA(5)	7,076.19	14,556.52	7,063.60	6,400.01
Adjusted EBITDA Margin (%)(6)	15.21%	17.89%	11.61%	12.37%
Return on Equity(%)(7)	4.60%	(1.40%)	6.74%	(6.99%)
Profit/(loss) before tax and non-controlling interests(8)	2,607.31	2,102.40	3,676.40	(1,037.94)
Total Equity(9)	36,659.99	34,386.27	33,661.07	30,351.12
Total Income(10)	46,992.11	82,758.05	61,940.02	53,830.73
Total assets(11)	1,02,772.23	90,438.45	79,440.20	74,236.04

Notes:

(1) Revenue from contracts with customers is the revenue generated by the Group and is comprised of ((i) Technology services & Solutions and (ii) Strategic Technology solutions).

(2) (Loss)/profit after tax for the period/year is the Group's (loss)/ profit after tax for the period/year.

(3) PAT Margin represents the profit/(loss) for the period/year as a percentage of our revenue from contracts with customers. For a detailed calculation of PAT Margin, see " Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Revenue from contracts with customers to PAT Margin" on page 296.

(4) EBITDA is calculated as profit/(loss) for the period/year plus tax expense, finance costs, depreciation and amortisation expenses. For a detailed calculation of EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Profit/(loss) after tax for the period/year to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin" on page 295.

(5) Adjusted EBITDA is calculated as EBITDA plus exceptional items and share of (profit)/loss of an associate less other income. For a detailed calculation of Adjusted EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Profit/(loss) after tax for the period/year to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin" on page 295.

(6) Adjusted EBITDA Margin is the percentage of adjusted EBITDA divided by revenue from contracts with customers. For a detailed calculation of Adjusted EBITDA Margin, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Profit/(loss) after tax for the period/year to EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin" on page 295.

(7) Return on equity is computed as profit/ (loss) after tax for the period/ year divided by total equity.

(8) Profit/(loss) before tax and non-controlling interests is profit/(loss) after exceptional items and before total income tax expense

(9) Total equity is total of equity share capital, other equity and non-controlling interest, if applicable.

(10) Total income comprises of revenue from contracts with customers, other operating income and other income.

(11) Total assets comprises of current assets and non-current assets.

Please also see, *Risk Factors* - "*Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity, have been included in this Placement Document. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable"* on page 57.

For EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, PAT Margin, Return on Equity reconciliation, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*" on page 295.

Our Competitive Strengths

Differentiated expertise across verticals enabling us to provide high quality end-to end integrated solutions to our customers globally

In an increasingly complex and technology-driven engineering landscape, we believe companies require reliable partners with cutting-edge solutions. The global ER&D spend through GCCs was USD 82 billion in CY23, growing at a CAGR of 10% from

CY23 to CY28, translating to USD 132 billion in CY28, driven by factors such as smaller innovation cycles, cost optimization, widening skill gap, Industry 4.0 and overcoming challenges in manufacturing engineering. (*Source: Lattice Report*).

We operate primarily across six verticals – products and solutions (encompassing the defense business of our Company), aerospace, automotive, heavy engineering, product engineering services (encompassing the semiconductor business of our Company) and energy. As of September 30, 2023, products and solutions is the largest part of our business contributing 29.00% to our revenue from contracts with customers followed by aerospace contributing 27.60% of our revenue from contracts with customers. Our other business verticals, i.e., heavy engineering, product engineering services, automotive and energy contribute 17.00%, 15.50%, 8.70% and 2.30%, respectively, of our revenue from contracts with customers as of September 30, 2023. In terms of geography as well, our revenues are well diversified across Europe, North America and Asia Pacific. In Fiscal 2023, we derived 69.00% of our revenue from contracts with customers from the overseas market.

Our core competency is full lifecycle development services commencing from feasibility analysis, concept development, detailed design, design optimization, virtual prototyping, verification and validation and finally aftermarket support services. Our core offerings, among others include manufacturing engineering, solution architect, mechanical engineering tool design and development and test solutions spread across various verticals.

Our products and solutions portfolio, encompassing the defence business of our Company are embedded with the latest cutting-edge technology for strategic advantage of clients. Our offerings among others include electronic, warfare solutions, system integration, supply, installation, testing & commissioning of smart accessories for traffic patrolling/surveillance cars for traffic management under smart city project of a union territory in India and supply of Information Technology Services to automotive industry which find applications in the armed forces and at airports, ports, critical infrastructure projects and VIP security. We are an Offset Partner to an entity registered in France and have successfully established strategic partnerships for discharge of its offset obligations. We believe our cutting-edge solutions make us a preferred partner to the global aerospace and defense industry. In Fiscal 2023, our products and solutions vertical saw a 51.30% growth characterized by Indian defence and homeland security.

In the aerospace sector, we are strategic partners to some of the major OEMs of commercial, business, military and special purpose aircraft. The burgeoning demand in the aviation industry directly influences the ER&D and digital engineering service providers. Given the colossal order backlog and the pressing need for efficient production and delivery, there's an escalating demand for innovation and digital transformation. (*Source: Lattice Report*) Our aerospace capabilities include design solutions for primary and secondary structures, ranging from concept to certification, manufacturing and plant engineering, manufacturing concessions, in-service repair, aircraft modifications and certifications, 3D CAD modelling and detailing, aircraft communication, surveillance and infotainment systems which has enabled us to keep up with the demand and cater to the requirements of some of biggest OEMs in the aerospace industry.

In the automotive and heavy engineering vertical, we offer comprehensive solutions for design, analysis, new product development and continuous product development. Our competencies lie in concept design, vehicle electronics, telematics, active and passive safety systems, manufacturing engineering, wiring harness, software testing and after-market services. We provide complete end-to-end solutions to our clients with respect to interiors, exteriors, powertrains, chassis and hydraulics. We see ourselves playing a significant role in the software driven future of mobility.

Through innovation in advanced packaging and chip stacking, AI in the semiconductor value chain, and design customization, we are driving the increase in ER&D spend in the semiconductor industry. (*Source: Lattice Report*) With the electronics and tech industry expected to grow at a very steep rate over the coming years, we believe that the demand for semiconductors will be complementary. Our semiconductor business vertical includes programming tools, processors/ micro- processors, memory devices along with other embedded engineering services and platforms. We believe that the government push for Make in India initiatives for the semiconductor sector will open new opportunities and we will have competitive advantage in design services. The increasing adoption of electronic components in the automotive vertical is of significant potential for revenue growth. Through our acquisition of Mistral, we aspire to leverage existing skills to penetrate into the semiconductor market.

We are proud to bring our engineering expertise to the energy sector by means of our wide-ranging offerings poised to lead the transition to renewable energy. The global renewable energy trends are indicating a monumental shift in the energy landscape, moving away from fossil-based fuels like oil and coal towards cleaner and sustainable sources such as wind and solar power.

Proven ability to move up the value chain through organic and inorganic initiatives.

Our Company's priorities revolve around digital transformation and diversification. We have been focussing on automation and leveraging embedded electronics in areas such as autonomous vehicle technology, avionics, and smart automation. We have invested in technologies such as IoT, AI and advanced analytics to enable us to develop smart and connected products for our clients.

As the demand for high-performance and reliable products grows, we are investing in advanced engineering analysis techniques. We are utilising tools and simulations for structural analysis, thermal analysis, and optimisation techniques. These analyses allow us to validate product designs, ensure structural integrity, optimise weight and performance, and meet safety standards. We are committed to integrating environmentally friendly practices into our engineering processes. We are exploring ecodesign principles, energy-efficient solutions, and sustainable manufacturing techniques.

Further, we are in the process of transitioning from predominantly time and material-based engagements to fixed-price contracts, pursuant to which we provide an agreed scope of work over a defined timeline for a fixed fee. As on September 30, 2023, revenue from our fixed-price contracts represented 66.50% of our revenue from contracts with customers.

We completed the acquisition of Mistral in Fiscal 2023 with a view to unlocking potential, generating incremental value and achieving sustained growth in the future. With this acquisition, we believe we are in a position to capitalize significantly on the opportunities in the semiconductor and defense industry.

We have collaborated with an Indian engineering company in order to strengthen manufacturing and engineering activities. We have also collaborated with a Singapore-based powerhouse developer and owner of software applications for a technology partnership.

We recently completed the acquisition of Epcogen Private Limited to expand our offerings in the business of engineering

Long-standing and deep customer relationships

We commenced operations in 1990 and have a track record of more than three decades of operations. Satisfactory execution of the awarded projects enabled us to establish our credentials, in acquiring marquee customers over the years and repeat orders from them, which has been the core strength of our Company. We have a well-diversified customer base that spreads across APAC, Europe and North America.

The table below sets forth our revenue from contracts with customers from clients in APAC, Canada, Europe and USA for the period/ years indicated:

Geography	**Percentage of revenue from contracts with customers as at and for the**			
	Six-months period ended September 30, 2023	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
APAC	29.69%	28.30%	24.30%	21.10%
Canada	4.40%	4.60%	6.20%	6.90%
Europe	35.61%	34.30%	32.10%	33.40%
USA	30.30%	32.80%	37.40%	38.60%
Total	**100%**	**100%**	**100%**	**100%**

Our long-standing customer base comprises leading aerospace, heavy engineering and automotive companies, key strategic and globally preferred partners with whom we have an average relationship of over 15 years. For the six months period ended September 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021, (a) contribution to revenue from contracts with customers from our top five customers was ₹ 26,185.54 lakhs, ₹ 44,819.39 lakhs, ₹ 34,963.47 lakhs and ₹ 30,757.39 lakhs respectively and (b) constituted 56.30%, 55.09%, 57.47% and 59.45%, respectively, of our total revenue from contracts with customers.

We have excess of 10 years relationships with some of our clients. We actively engage on multiple projects with clients with customers signing long term agreements for an average of 3 years across our business verticals over the periods ended September 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively. The repeat rate is 100% for all of our top 10 customers.

As part of our commitment to long-term partnerships, we have executed an enhanced contract and commenced our offerings with a major aerospace OEM and recently established a new delivery center in Broughton, United Kingdom. Our Company also continues to acquire new clientele as witnessed in the past one year, which augurs well for the revenues and profitability of our Company.

We have been honoured with awards and accolades from our customer such as, inter alia:

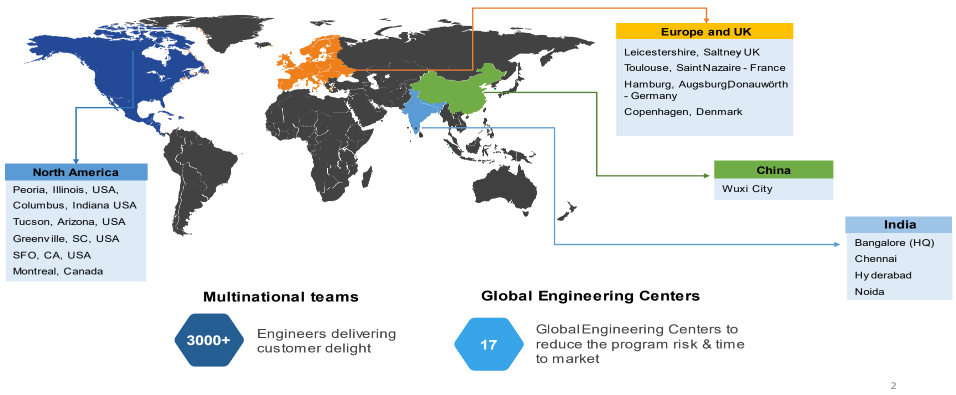
a) Diamond Supplier 2022 Certification for the third year in a row, by a Canadian aerospace OEM.
b) Rising Star Award in the embedded electronics category, awarded by a German technology and services company.

We believe that our enduring customer relationships serve as a clear testament to our commitment to quality, as well as our robust quality management and project management processes, which are an amalgamation of best practices from all industries verticals and geographies that we have worked with. Further, our domain expertise as well as our adoption of technologically advanced and cost-competitive processes have been instrumental in obtaining repeat orders from our key customer group. Given the intricacies involved in the portfolio of products and services, we firmly believe that once our customers find a suitable vendor meeting their requirements, they are inclined to maintain a lasting partnership. Our enduring relationships with clients enable us to deeply understand their diverse requirements, including the expansion of our portfolio base. We believe that our long-term relationship with our clients serves as testament to our operational and managerial capabilities and makes us an attractive choice for potential clients in the industry.

Global delivery model enabling intimate client engagement and scalability

As of September 30, 2023, we had a global workforce of over 3,000 employees serving multiple global clients from 17 global engineering centres spread across North America, Europe and Asia Pacific. Our globally distributed execution model ensures balance between onshore client proximity and offshore efficiency. This efficiency is achieved through leveraging our low-cost offshore delivery model to move a greater portion of the work offshore to India. With the right skill set at a global scale, an optimized engagement model and a balance of onshore/offshore employees, we are able to provide aligned onshore client proximity and support the iterative nature of product development services together with the capacity and cost-effectiveness of offshore engineering centres.

We had nearly 400 employees based out of our strategic onshore locations, enabling greater proximity to our clients. Details of our global footprint is depicted below:



Significant improvement in performance of our Company

In Fiscal 2023, we achieved remarkable performance and reached our highest-ever revenue and profitability. Our performance, on a consolidated basis, improved in Fiscal 2023 with 33.73% growth in revenue from contracts with customers from ₹ 60,840.77 lakhs in Fiscal 2022 to ₹ 81,360.47 lakhs in Fiscal 2023. Our total income on a consolidated basis, improved in Fiscal 2023 with 33.61% growth in our total income from ₹ 61,940.02 lakhs in Fiscal 2022 to ₹ 82,758.05 lakhs in Fiscal 2023. There was an improvement in the EBITDA of the Group by 7.56% from ₹ 7,757.87 lakhs in Fiscal 2022 to ₹ 8,344.21 lakhs in Fiscal 2023, majorly driven by increased diversification in automotive and energy and further traction with the aerospace, product engineering services and product and solutions verticals.

In Fiscal 2023, the automotive vertical experienced robust growth of 65.20% year-on-year, driven by a ramp-up in recently acquired clients. This growth reflects our Company's success in expanding its client base within the automotive vertical. We believe that increasing adoption of electronic components in the automotive vertical is of significant potential for revenue growth.

Our Company's energy vertical witnessed an impressive 51.10% year-on-year growth, signaling a marked improvement in its performance.

The aerospace vertical continued its growth trajectory and achieved a noteworthy increase of 44.30% year-on-year. This growth was primarily driven by an expansion of business from existing clients, showcasing our Company's strong position and expertise in this domain.

Our product and engineering services business, encompassing our semiconductor business witnessed a growth of 33.50% year-on-year, driven by an increased traction from existing clients. Moving forward, we believe that the government push for 'Make in India' for the semiconductor sector will open new opportunities and we will have competitive advantage in design services.

The products and solutions vertical, encompassing the defence business of our Company's wholly owned subsidiaries, namely Mistral exhibited strong growth during the year. This growth was primarily fueled by the traction gained from recently secured contracts, such as the development of radar exciter and receiver to the Indian defence sector.

Strong and seasoned Board and senior management team

We are led by our diversified and a professional Board experienced in various industries in which we operate, which is supplemented by our management team. We believe that the quality of our management team has been critical in achieving our business results and that our management's experience allows us to make strategic and timely business decisions in response to evolving customer needs and market conditions. In particular, we believe that our management team has sound cross-functional expertise across various verticals.

Our leadership team is supported by a workforce of nearly 3000 full time employees and over 100 contract workers as on the date of this Placement Document.

Our Strategies

Deepen engagement with existing client base

The engineering solutions and services industry is undergoing significant change, driven by rapid technological advancements. The convergence of traditionally disparate fields like aerospace, defense, and energy creates a demand for integrated solutions. In order to excel in this dynamic landscape, our key strategy revolves around deep technology integration and also reinventing ourselves as we move up in the value chain of our customer. Our customer relationships have matured over time and is now firmly established. We aspire to leverage these relationships to expand our expertise in core engineering disciplines and combine them with cutting-edge technologies like artificial intelligence, robotics, and data analytics. We believe this will enable us to develop innovative, cross-industry solutions that address the evolving needs of our diverse clientele.

Our global presence and robust research and development capabilities offer a unique advantage. We can leverage our international network to gather insights from various markets and translate them into cutting-edge solutions. By focusing on deep tech integration and cross-industry solutions, we are poised to capture significant growth opportunities. This strategy allows us to cater not only to established sectors but also emerging markets like autonomous vehicles and renewable energy.

Enhance domain capabilities by strategically growing through both organic and inorganic channels

As of September 30, 2023, our offerings catered to global customers in over 10 countries. We enjoy relationships in excess of 10 years with some of our customers. We believe that the long-standing relationships that we have enjoyed with our customers over the years and the repeat and increased orders received from them are an indicator of our position as a preferred source as compared to our competition.

Our Company is implementing a strategy of 'vertical diversification, customer diversification and digital first', in order to de-risk its business model.

We intend to continue to expand our customer base by leveraging our relationship with our existing customers in India and globally, while simultaneously pursuing opportunities to develop new relationships We have built long-standing relationship with our customers through various strategic endeavours.

For example, we completed the acquisition of Mistral in Fiscal 2023 with a view to unlocking potential, generating incremental value and achieving sustained growth in the futureWe believe this will translate into revenue over the next 5-10 years. Further, we believe that Mistral's presence in the semiconductor industry has the potential to bring significant growth opportunities, given the ubiquitous nature of semiconductors.

We have entered into a collaboration with an Indian engineering company to leverage its comprehensive product engineering abilities. We believe that the partnership will help us tap into new sectors and expand our market presence. We have also collaborated with, a Singapore-based powerhouse developer and owner of software applications for a technology partnership.

We recently completed the acquisition of Epcogen Private Limited and add-solutions GmbH. They are a solutions provider focused on concept engineering.

Further reduce operating costs and improve operating efficiencies

We aim to provide quality engineering services and products at competitive prices to our customers and believe this will enable us to maintain our long-term relationship with customers. We believe that our innovation, research and development capabilities and fast supply chain lead-time are key factors that distinguish us from our competitors both in India and globally. We recently entered into an memorandum of understanding with Central Manufacturing Technology Institute to collaborate and work in areas of mixed reality technology solutions and manufacturing use case developments or joint research and development activities carried out by the parties. We intend to continue enhancing our operational efficiencies by optimizing our resource allocation and utilization efforts, and exploit economies of scale, by better absorbing our fixed costs, while also reducing other operating costs to strengthen our competitive position. We find ourselves at a critical juncture, transitioning from predominantly time and material-based engagements to a greater emphasis on fixed price contracts with the majority of our medium-term to new customers. Anticipating this shift in our revenue mix, we expect enhanced resource optimization, more efficient management of the human resources pyramid, and the strategic leverage of our existing enablers structure, all contributing to improved operating leverage.

Strengthen service delivery through capacity and capability building and optimizing delivery processes

As we scale our business across geographies, it is critical that we strengthen our work systems and processes, including through the optimization and management of the employee pyramid per engagement, to increase efficiency of service delivery, thereby increasing margins. We continue to work on strengthening our forecasting processes, resource management processes and automation of non-core processes in order to enhance delivery excellence and strengthen pricing models that will enable us to improve our margins while creating value for all stakeholders.

We are focused on building our talent supply chain to ensure we fulfil client requirements at the right time and at the right cost. We plan to drive offshoring, optimize the employee pyramid and span of control, invest strongly in recruiting, development and retention of our employees, increase utilization rates among employees, drive sub-contractor optimization to further reduce costs where applicable and drive increased productivity. We will continue to leverage the global talent pool with a balanced onshore/offshore mix so that it offers a viable, more cost-effective, value-enabled alternative to OEMs who are looking to partners to provide more value at a lesser cost. Further, we will continue to invest in platforms to improve workforce productivity In addition, we have launched initiatives to develop talent in digital lines of services, supported by differentiated compensation strategies with a view to launch a holistic career path strategy in the near future including predictable growth opportunities for talent with niche skills.

Description of our business

We primarily categorize our business verticals as follows:

Products and solutions, encompassing the defense business of our Company:

We are a prominent player in the products and solutions vertical for our comprehensive capabilities that contribute significantly to the advancement of defense technologies. (*Source: Lattice Report*) We possess a sound portfolio of competencies, including radar, sonar, and provide an array of services, including engineering design and integrated logistics support tailored specifically for defense applications. We are an Offset Partner to an entity registered in France and have successfully established strategic partnerships for discharge of its offset obligations.

Aerospace:

We are one of the leading engineering solutions with the best in market aerospace team having over two decades of experience and exposure across various categories of aircraft programs. (*Source: Lattice Report*) The deep domain knowledge coupled with digital engineering and industry leading processes makes our solutions one of the best available in the market for gaining a competitive edge. (*Source: Lattice Report*). With service lines that extends from concept generation to manufacturing and aftermarket support, we are the preferred engineering partner to the aerospace industry enabling OEM's and tier 1 suppliers conceptualize and build futuristic aerospace solutions. (*Source: Lattice Report*). Our domain expertise spans across commercial, business, military and multi-purpose aircrafts in addition to UAVs. We have established a long-term strategic relationship with aerospace OEMs and suppliers. We undertake integrated solutions for systems and sub-systems, including primary and secondary structures (metallic and composites), electrical wiring harness design, aircraft interiors, avionics, manufacturing engineering, technical publication, reports on non-conformances, daily repairs and life extension.

Automotive:

With a robust pedigree in product design and manufacturing engineering solutions, we stand at the forefront of the automotive engineering landscape. (*Source: Lattice Report*) Our capabilities in this vertical includes integrating cutting-edge technologies such as AR, VR, AI, and ML to position our customers in the adoption of Industry 4.0 practices.

As a partner for leading global auto OEMs we offer a diverse portfolio of engineering solutions. From BIW/CIW, chassis, interiors to plastics, 3 D Modeling, body control and beyond, our expertise spans the entire automotive spectrum. We specialize in delivering solutions for telematics, Human Machine Interference. Additionally, our proficiency extends to after-market solutions like TPM, making us a comprehensive partner for navigating the complexities of the automotive industry. Our recent acquisition of add-solutions GmbH, a German automotive company has further strengthened our capabilities in automotive sector.

Heavy Engineering:

We are a leading engineering solutions provider, recognized for its expertise in the demanding off-highway and industrial sectors. (*Source: Lattice Report*). For over three decades, we have empowered leading manufacturers to bring their visions to life, from sleek concept cars to rugged off-road behemoths. (*Source: Lattice Report*). From concept generation to manufacturing and supply chain management, we offer a comprehensive suite of services that empower businesses to achieve operational excellence.

Over the course of three decades, we believe that we have cultivated a reliable alliance with diverse industries. Our proficiency in machine design and development covers the entire spectrum, spanning from the initial ideation phase to manufacturing assistance and tailored solutions. Drawing upon our experience and skillset, we tailor our approach to meet the distinct requirements of our customers. Our services encompass a wide array, including product design and validation, engineering software development, manufacturing support, virtual manufacturing, supply chain management, and automated engineering processes.

Product engineering services, encompassing the semiconductor business of our Company:

Leveraging advanced technology and a deep understanding of the embedded domain, we offer comprehensive services throughout the semiconductor product development lifecycle. Our capabilities in the product engineering services vertical spans in diverse areas, including fabrication facilities, integrated circuit design operations, IOT and cloud computing. We deliver innovative designs for compact, power-optimized solutions that address a diverse array of applications.

Energy:

We deliver a diverse range of services tailored to meet the dynamic demands of the energy sector. Our recent acquisition of Epcogen Private Limited, a niche player in energy sector has bolstered our portfolio of energy offerings.

The following table sets forth the breakdown of our revenue from contracts with customers as a percentage from our business operations for the period/ years indicated:

Vertical	Breakdown of our revenue from contracts with customers as a percentage from our business operations as at and for the			
	Six Months period ended September 30, 2023	Fiscal ended March 31, 2023	Fiscal ended March 31, 2022	Fiscal ended March 31, 2021
Products and solutions (Defense)	29.00%	29.30%	25.90%	29.80%
Aerospace	27.50%	27.60%	25.60%	22.60%
Heavy engineering and others	17.00%	20.90%	27.30%	30.00%
Product engineering services (Semiconductors)	15.50%	15.70%	15.70%	12.60%
Automotive	8.70%	4.30%	3.50%	2.90%
Energy	2.30%	2.20%	2.00%	2.10%
Total	**100%**	**100%**	**100%**	**100%**

International Operations

In addition to our operations in India, we are present in the USA, Canada, France, Germany, Denmark, UK and China. Our revenues are primarily generated from three main geographic markets: APAC, Europe and North America. We present our revenues by customer location based on the location of the specific customer site that we serve, irrespective of the location of the headquarters of the customer. The following tables set out the proportion of our revenue from contracts with customers on the basis of the geographic markets for the years/period indicated:

Geography	Percentage of revenue from contracts with customers as at and for the			
	Six-months period ended September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
APAC	29.69%	28.30%	24.30%	21.10%
Canada	4.40%	4.60%	6.20%	6.90%
Europe	35.61%	34.30%	32.10%	33.40%
USA	30.30%	32.80%	37.40%	38.60%
Total	**100%**	**100%**	**100%**	**100%**

Our Customers

As of September 30, 2023, we have a diversified customer base and have served more than 60 customers globally over the years, most of whom we have acquired organically while some have come to us through our acquisitions. The duration of our engagement with some of these customers which spans well over a decade is a testament to the quality of our delivery and customer engagement teams.

Sales and Marketing

We believe that understanding the customers and making them central to our decision-making is key to our long-term growth.

In addition to effective customer management, we believe that our reputation as a premium provider of software product development services drives additional business from inbound requests, referrals and request for proposals. We have a dedicated sales force as well as a marketing team, which coordinates corporate-level branding efforts that range from organising of programming competitions to participation in and hosting of industry conferences and events. Our marketing program includes various activities to increase market outreach, press releases and media mentions (both print and online), engagement with analyst firms and consulting engagement to secure technology partners, conducting regular e-mail and social media campaigns, participating and organising industry events and publishing thought leadership content like videos, blogs, white papers and articles.

Competition

We operate in a global and fragmented market, competing with a variety of companies. (*Source: Lattice Report*) Our key competitors are Onward Technologies Limited, Cyient Limited, L&T Technology Services Limited, KPIT Technologies Limited, Tata Technologies Limited and Sasken Technologies Limited in the ER&D space. (*Source: Lattice Report*).

Insurance

We maintain standard insurance policies for our assets and our employees. As of September 30, 2023, our policies included inter alia: (i) fire policy (ii) burglary policy, (iii) group personal accident policy, (iv) directors and officers liability insurance policy (v) commercial crime insurance policy (vi) cyber crime policy. The insurance policies are reviewed periodically to ensure that the coverage is adequate. However, notwithstanding our insurance coverage, disruptions to our operations could nevertheless have a material adverse effect on our business, results of operations and financial condition to the extent our insurance policies do not cover our economic loss resulting from such damage.

For further information, see "*Risk Factors - If we incur serious uninsured loss that significantly exceeds the limit of our insurance policies, it would have an adverse effect on our financial conditions, results of operation and cash flows"* on page 47.

Corporate Social Responsibility

We are committed to giving back to the communities in which we live and operate through sustainable measures.

The table below sets forth our corporate social responsibility expenses for the period/ years indicated.

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	**Six months period ended September 30, 2023**	**Fiscal**		
		2023	**2022**	**2021**
Corporate social responsibility expenses	17.25	53.81	29.69	44.46

Over the past few years, we have expanded our corporate social responsibility initiatives to enable us to reach a wider audience and have a greater impact.

Properties

Our Registered and Corporate Office is located in Bengaluru, Karnataka, India on a leased premises. Further, we have 17 global engineering centres spread across North America, Europe and Asia Pacific regions. We also own three office facilities; one in Noida, India, one in Wolfsburg, Germany, through our subsidiary add-solutions GmbH and one in Bangalore, India through our step subsidiary, Enertec Controls Limited.

For further information, see, "*Risk Factors- Our Registered and Corporate Office and certain properties from which we operate are not owned by us and we have only leasehold rights. If we are unable to renew our current leases or if we renew them on terms which are detrimental to us, we may suffer a disruption in our operations or increased relocating costs, or both, which could adversely affect our business, results of operations, cash flows and financial condition.*" on page 55.

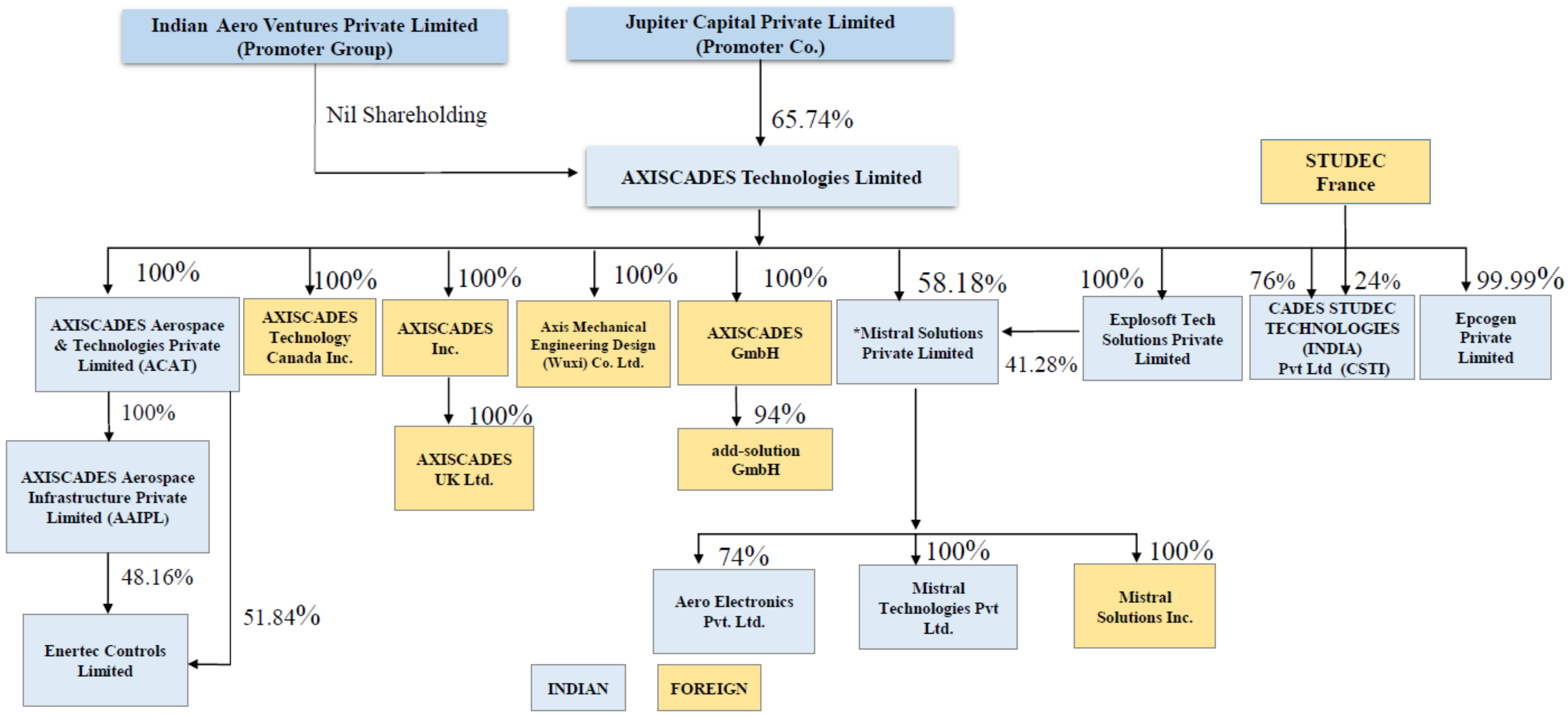
ORGANIZATIONAL STRUCTURE

Corporate History

Our Company was incorporated as ‘I.T. and T Enterprises Limited’ on August 24, 1990 in New Delhi as a private limited company under the Companies Act, 1956, as amended. The Registrar of Companies, NCT of Delhi and Haryana (“**RoC Delhi**”) on July 1, 1996 certified that our Company became a deemed public company under section 43A of the Companies Act, 1956, as amended. A fresh certificate of incorporation dated January 7, 1998 was issued by the RoC Delhi consequent to change of name of our Company to ‘IT & T Limited’. Thereafter, the name of our Company was changed to ‘Axis-IT&T Limited’ and a fresh certificate of incorporation was issued on May 12, 2005 by the RoC Delhi. The name of our Company was thereafter changed to ‘Axiscades Engineering Technologies Limited’ and a fresh certificate of incorporation was issued on August 1, 2014 by the RoC, Delhi. On December 2, 2015, the RoC certified the registration of an order passed by the Company Law Board, Northern region on September 9, 2015 pursuant to which the state of our Registered Office was changed from the state of Delhi to the state of Karnataka. Subsequently, the name of our Company was changed to ‘AXISCADES Technologies Limited’ and a fresh certificate of incorporation was issued on November 10, 2020 by the RoC. The Equity Shares of our Company were listed on the Stock Exchanges on NSE on December 21, 2000 and on the BSE on January 1, 2001.

The CIN of our Company is L72200KA1990PLC084435 and our Registered and Corporate Office is situated at Block C, Second Floor, Kirloskar Business Park, Bengaluru, Karnataka, India, 560 024.

Organizational Structure



* AXISCADES Technologies Limited holds 99.2% in Mistral Solutions Private Limited through Explosoft Tech Solutions Private Limited

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI Listing Regulations and the Articles. In accordance with the Articles, our Company shall not have less than three Directors and not more than 15 Directors, provided that our Company may appoint more than 15 Directors after passing a special resolution of the shareholders of our Company. As on the date of this Placement Document, our Board comprises eight Directors, including one Managing Director and seven Non-Executive Directors of which three are Independent Directors. We have one woman Director on our Board.

The following table sets forth details regarding our Board as of the date of this Placement Document:

Sr. No.	Name, Address, Occupation, Nationality, Date of Birth, Term, DIN and Association with Company	Age (in years)	Designation
1.	**Abidali Zainuddin Neemuchwala** **Address:** 3964, Spinnaker Run Pt, Little Elm, Texas, 75068, United States **Occupation:** Self employed **Nationality:** United States of America **Term**: With effect from October 4, 2023 and liable to retire by rotation **Date of birth**: December 8, 1967 **DIN**: 02478060 **Association with Company:** He has been associated with our Company since October 4, 2023	56	Chairman & Non-Executive, Non-Independent Director
2.	**Arun Krishnamurthi** **Address**: 2083, Tower 2, Belvedere Prestige, White Meadows, Sathya Sai Layout, Whitefield Main Road, Near Whitefield Police Station, Bengaluru, Karnataka, 560 066 **Occupation**: CEO and Managing Director **Nationality:** Indian **Term**: With effect from November 22, 2021 up to November 21, 2026 and for a period of five years **Date of birth:** August 1, 1969 **DIN**: 09408190 **Association with Company:** He has been associated with our Company since November 22, 2021	54	Executive Director – Chief Executive Officer and Managing Director
3.	**Mariam Mathew** **Address**: Flat 117-118, Villa Heights, Brahmanawadi, Begumpet, Hyderabad, 500 016 **Occupation**: Self Employed (Consultant) **Nationality:** Indian **Term**: With effect from February 12, 2023 to February 11, 2028, for a period of five years **Date of birth:** December 15, 1962 **DIN**: 08065365 **Association with Company:** She has been associated with our Company since February 13, 2018	61	Non-Executive – Independent Director
4.	**Desh Raj Dogra**	69	Non-Executive – Independent Director

Sr. No.	Name, Address, Occupation, Nationality, Date of Birth, Term, DIN and Association with Company	Age (in years)	Designation
	Address: 402, Somerset, Hiranandani Gardens, Powai, Mumbai, 400 076 **Occupation**: Retired **Nationality:** Indian **Term**: With effect from September 27, 2022 until the 34th Annual General Meeting and not liable to retire by rotation **Date of birth:** September 21, 1954 **DIN**: 00226775 **Association with Company:** He has been associated with our Company since September 29, 2020		
5.	**Dhiraj Mathur** **Address**: Flat no. 202, Tower-13, Common Wealth Games Village, Delhi, 110 092, Delhi, India **Occupation**: Independent Consultant **Nationality:** Indian **Term**: With effect from September 27, 2022 until 34th Annual General Meeting and not liable to retire by rotation **Date of birth:** September 11, 1958 **DIN**: 08478137 **Association with Company:** He has been associated with our Company since September 29, 2020	65	Non-Executive – Independent Director
6.	**David Abikzir*** **Address**: B – 2023, Sobha Rose, Whitefield Main Road, Bangalore North, Bengaluru, Karnataka, 560 066 **Occupation**: Professional **Nationality:** Indian **Term**: With effect from March 22, 2022 and liable to retire by rotation **Date of birth:** May 28, 1978 **DIN**: 03160720 **Association with Company:** He has been associated with our Company since March 22, 2022	45	Non-Executive - Non Independent Director
7.	**Venkatraman Venkitachalam*** **Address**: Near Jain Temple A/103, Sainath Heights, Neelam Nagar, Phase-II, Mulund (East), Mumbai, Maharashtra, 400 081 **Occupation**: Professional **Nationality:** Indian **Term**: With effect from January 6, 2023 and liable to retire by rotation **Date of birth:** September 8, 1977 **DIN**: 05008694 **Association with Company:**. He has been associated with our Company since January 6, 2023	46	Non-Executive - Non Independent Director
8.	**Sargunaraj Thomas Christopher**	68	Non-Executive - Non Independent Director

Sr. No.	Name, Address, Occupation, Nationality, Date of Birth, Term, DIN and Association with Company	Age (in years)	Designation
	Address: #D-107, Casa Ansal Apartment, No.18 Bannerghata Main Road, Next Gopalan Mall, N S Palya, J P Nagar, 3rd Stage, Bengaluru, Karnataka, 560 076 **Occupation**: Service **Nationality:** Indian **Term**: With effect from June 30, 2023 and liable to retire by rotation **Date of birth:** July 8, 1955 **DIN**: 08983133 **Association with Company;** He has been associated with our Company since June 30, 2023		

*** *David Abikzir has been appointed as a representative of Jupiter Capital Private Limited.*

*** *Venkatraman Venkitachalam has been appointed as a representative of Jupiter Capital Private Limited.*

Relationship with other Directors

None of our Directors are related to each other.

Borrowing powers of our Board

In accordance with the Articles of Association of our Company, our Board of Directors is authorised to borrow funds in accordance with applicable law. Pursuant to the resolution dated September 27, 2022 passed by our Shareholders, our Board was authorised to borrow an amount not exceeding the aggregate of the paid up capital and free reserves by more than ₹50,000 lakhs.

Interests of our Directors

Except for Abidali Zainuddin Neemuchwala, who is associated with Neemuchwala Family 2022 LLC as a consultant who has entered into a consultancy agreement dated October 4, 2023 with our Company, and the consultancy agreement dated August 1, 2023, entered into by Sargunraj Thomas Christopher and our Subsidiary, Mistral, our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. In consideration for these services, they are paid managerial remuneration in accordance with the provisions of applicable law.

Except as stated in "*Related Party Transactions*" on page 34, and as disclosed in this section, our Directors do not have any other interest in the business of our Company.

The Directors may also be regarded as interested in the Equity Shares or options held by them (as disclosed below) or that may be subscribed by or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoter, pursuant to this Issue.

None of the Directors, Promoter or Senior Management of our Company have any financial or other material interest in this Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Except for David Abikzir and Venkatraman Venkitachalam who are on our Board as representatives of Jupiter Capital Private Limited, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any Director was selected as a Director.

Furthermore, our Directors have not taken any loans from our Company.

Shareholding of Directors

As per our Articles of Association, our Directors are not required to hold any qualification shares.

As on the date of this Placement Document, except for Arun Krishnamurthi who has 1,510,381 options granted under the ESOP 2018-1, none of the Directors hold any Equity Shares or options of our Company.

Terms of appointment of Directors

1. **Remuneration to Executive Director:**

Arun Krishnamurthi

Pursuant to the agreement dated November 22, 2021 and Shareholders' resolution dated May 24, 2022, our Company has set out the terms of the remuneration and other employee benefits payable to Arun Krishnamurthi. A description of remuneration payable to Arun Krishnamurthi as per the Board resolution dated November 9, 2021 and the Shareholders' resolution dated May 24, 2022 is provided below:

Salary Components	Description
Basic Salary	₹26,146,833 per annum
Perquisites (benefits & retirals)	₹1,853,167 per annum
Performance Bonus	₹16,000,000 per annum
Perquisites	(i) Group medical insurance as per Company's policy; (ii) Group personal accident life insurance as per Company's policy; (iii) ESOP – 15,10,381 options

Compensation to the Executive Director

The following table sets forth the compensation paid by our Company to the Executive Director of our Company during the six months ended September 30, 2023, Fiscals 2023, 2022 and 2021:

(in ₹ lakhs)

S. No.	Name of Director	Remuneration			
		Fiscal 2024^	Fiscal 2023	Fiscal 2022	Fiscal 2021
1.	Arun Krishnamurthi	405.80	817.78	146.86	-

^ From April 1, 2023 till September 30, 2023.

Note: Remuneration includes Employee Stock Compensation Expense

2. Remuneration to Non-Executive Directors:

Sitting fees to Non-Executive Directors

Pursuant to the resolution passed by the Board at its meeting held on May 25, 2023, our Non-Executive Directors are entitled to receive sitting fees of ₹1,00,000 for attending a meeting of the Board and Audit Committee Meetings and are entitled to receive sitting fees of ₹50,000 for attending a meeting of any other statutory committee prescribed under the SEBI Listing Regulations and Companies Act, 2013.

Compensation to Non-Executive Non Independent Directors

The following table sets forth the sitting fees paid by our Company to the Non-Executive Non Independent Directors of our Company during the six months period ended September 30, 2023, Fiscals 2023, 2022 and 2021:

(in ₹ lakhs)

S. No.	Name of Director	Sitting fees			
		Fiscal 2024^	Fiscal 2023	Fiscal 2022	Fiscal 2021
1.	Abidali Zainuddin Neemuchwala	-	-	-	-
2.	David Abikzir	6.30	3.30	-	-
3.	Venkatraman Venkitachalam	4.80	0.60	-	-
4.	Sargunaraj Thomas Christopher	2.00	-	-	-

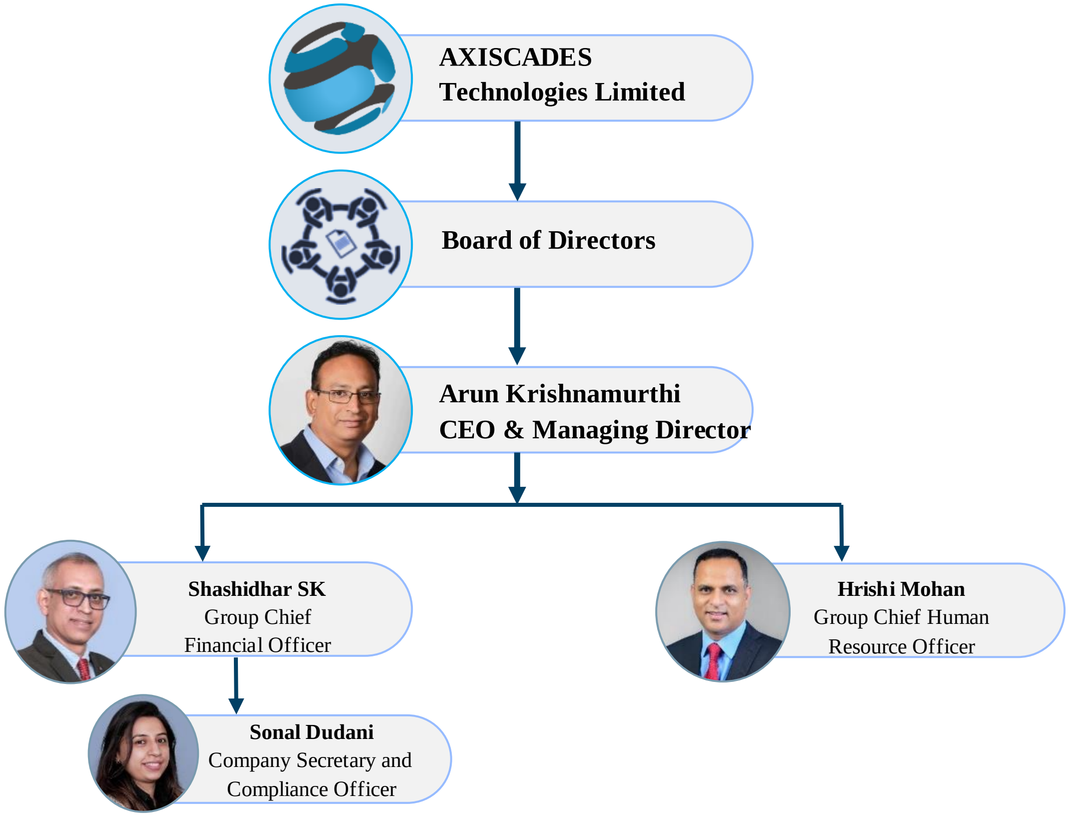
^ From April 1, 2023 till September 30, 2023.

The following table sets forth the sitting fees paid by our Company to the Non-Executive Independent Directors of our Company during the six months ended September 30, 2023, Fiscals 2023, 2022 and 2021:

(in ₹ lakhs)

S. No.	Name of Director	Sitting fees			
		Fiscal 2024^	Fiscal 2023	Fiscal 2022	Fiscal 2021
1.	Mariam Mathew	8.00	12.50	9.00	8.00
2.	Desh Raj Dogra	9.00	14.50	11.50	4.00
3.	Dhiraj Mathur	8.50	12.00	9.50	3.00

Organisation Chart of our Company



Key Managerial Personnel

The Key Managerial Personnel are permanent employees of our Company. In addition to the Executive Director, whose details are provided in "- *Details regarding our Board*" on page 364, the details of our other Key Managerial Personnel in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as on the date of this Placement Document are set forth below:

S. No.	Name of Senior Management	Designation
1.	Shashidhar SK	Group Chief Financial Officer
2.	Sonal Dudani	Company Secretary and Compliance Officer

Brief biographies of the Key Managerial Personnel

Arun Krishnamurthi is the Executive and Managing Director of our Company. For further details see *"–Details of our Board*" and "*Remuneration to Executive Director*" on pages 364 and 366, respectively.

Shashidhar SK is the Group Chief Financial Officer of our Company. He has been associated with our Company since January 3, 2022. During Fiscal 2023, he received a remuneration of ₹431.29 lakhs.

Sonal Dudani is the Company Secretary and Compliance Officer of our Company. She has been associated with our Company since March 22, 2022. During Fiscal 2023, she received a remuneration of ₹15.49 lakhs.

Senior Management

In addition to Arun Krishnamurthi, the Executive and Managing Director of our Company, Shashidhar SK, Group Chief Financial Officer of our Company and Sonal Dudani, the Company Secretary and Chief Compliance Officer of our Company who are also our Key Managerial Personnel and whose details are provided above in "*–Key Managerial Personnel*", the details of our Senior Management as on the date of this Placement Document are as set forth below:

Hrishi Mohan is the Group Chief Human Resource of our Company. He has been associated with our Company since August 10, 2023. During Fiscal 2023, he has not received any remuneration.

Shareholding of Key Managerial Personnel and Senior Management

As on the date of this Placement Document, except as stated below, none of our Key Managerial Personnel and Senior Management hold Equity Shares and employee stock options in our Company:

Sr. No	Name	Number of Equity Shares	Percentage of total number of outstanding Equity Shares (%)
1.	Arun Krishnamurthi	Nil(1)	-
2.	Shashidhar SK	10(2)	Negligible
3.	Sonal Dudani	50	Negligible

(1) Arun Krishnamurthi holds 1,510,381 options to be vested under the ESOP 2018-2.
(2) Shashidhar SK holds 11,32,786 options to be vested under the ESOP 2018-2.

Relationship

None of the Key Managerial Personnel and Senior Management are related either to each other or to the Directors.

Interest of Key Managerial Personnel and Senior Management

Our Key Managerial Personnel and Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. The Key Managerial Personnel and Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in the Company, if any.

None of the Key Managerial Personnel and Senior Management have been paid any consideration of any nature from our Company, other than their remuneration.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel and Senior Management was selected as member of key and senior management.

Corporate Governance

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and its committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of our Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions.

Our Company's executive management provides our Board detailed reports on its performance periodically.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; and (iv) Risk Management Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Placement Document:

S. No.	Committee	Name and Designation of Members
1.	Audit Committee	a. Desh Raj Dogra - Chairman; b. Dhiraj Mathur – member; and c. Venkatraman Venkitachalam – member
2.	Nomination and Remuneration Committee	a. Mariam Mathew – Chairman; b. Desh Raj Dogra – member; and c. Venkatraman Venkitachalam – member
3.	Stakeholders' Relationship Committee	a. Desh Raj Dogra - Chairman; b. Mariam Mathew – member; and c. Abidali Zainuddin Neemuchwala – member;
4.	Risk Management Committee	a. Dhiraj Mathur – Chairman; b. Mariam Mathew – member; c. Venkatraman Venkitachalam – member; and d. Shashidhar SK – member

Other Confirmations

None of the Directors, Promoter, Key Managerial Personnel or Senior Management of our Company has any financial or other material interest in the Issue and there is no effect of such interest as is different from the interest of other persons.

Neither our Company, nor the Directors or Promoter have ever been identified as wilful defaulters by any Company or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI or fraudulent borrowers as defined in the SEBI ICDR Regulations.

Neither our Company, nor our Directors or Promoter have been debarred from accessing capital markets under any order or direction made by SEBI. Further, neither of the Promoter nor any of the Directors have been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Directors, Promoter, Key Managerial Personnel or Senior Management of our Company intends to subscribe to the Issue.

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company has implemented a code of internal procedures and conduct for regulating, monitoring and reporting of trading by insiders, in accordance with the SEBI Insider Trading Regulations, as per which, the Company Secretary of our Company is the Compliance Officer for the purposes of this code.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscals, immediately preceding the year of circulation of this Placement Document, see section entitled "*Related Party Transactions*" on page 34.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company, as on September 30, 2023, is set forth below.

Summary Statement holding of specified securities:

Sr.	Category of Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no of shares (As a % of (A+B+C2))	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	1	25,282,047	0	0	2,528,2047	65.74	25,282,047	0	25,282,047	65.74	0	65.74	0	0.00	6,104,000	24.14	25,282,047
(B)	Public	17,885	13,174,934	0	0	13,174,934	34.26	13,174,934	0	13,174,934	34.26	0	34.26	0	0.00	NA	NA	13,136,319
(C)	Non Promoter-Non Public																	
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	0	NA	0	0.00	NA	NA	0
(C2)	Shares held by Employees Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total:	**17,886**	**38,456,981**	**0**	**0**	**3,845,6981**	**100.00**	**38,456,981**	**0**	**38,456,981**	**100.00**	**0**	**100.00**	**0**	**0.00**	**6,104,000**	**15.87**	**38,418,366**

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid - up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VII) As a % of (A+B))	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI)+(IX) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)				(IX)	(X)	(XI)		(XII)		(XIII)			
(1)	Indian																				
(a)	Individuals/Hindu undivided Family	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(b)	Central Government/State Government(s)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(c)	Financial Institutions/Banks	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(d)	Any Other	1	25,282,047	0	0	25,282,047	65.74	25,282,047	0	25,282,047	65.74	0	65.74	0	0.00	6,104,000	24.14	25,282,047	0	0	0
	JUPITER CAPITAL PRIVATE LIMITED	1	25,282,047	0	0	25,282,047	65.74	25,282,047	0	25,282,047	65.74	0	65.74	0	0.00	6,104,000	24.14	25,282,047	0	0	0
	INDIAN AERO	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid - up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VII) As a % of (A+B))	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI)+(IX) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
	VENTURES PRIVATE LIMITED																				
	Sub-Total (A)(1)	**1**	**25,282,047**	**0**	**0**	**25,282,047**	**65.74**	**25,282,047**	**0**	**25,282,047**	**65.74**	**0**	**65.74**	**0**	**0.00**	**6,104,000**	**24.14**	**25,282,047**	0	0	0
(2)	Foreign																				
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(b)	Government	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(c)	Institutions	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(d)	Foreign Portfolio Investor	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
(e)	Any Other	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0	0	0
	Sub-Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0**	0	0	0
	Total Shareholding of Promoter	**1**	**25,282,047**	**0**	**0**	**25,282,047**	**65.74**	**25,282,047**	**0**	**25,282,047**	**65.74**	**0**	**65.74**	**0**	**0.00**	**6,104,000**	**24.14**	**25,282,047**	0	0	0

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid - up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VII) As a % of (A+B))	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI)+(IX) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
	and Promoter Group (A)=(A)(1)+(A)(2)																				

Table III - Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (A+B)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI+X)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)				(IX)	(X)	(XI)		(XII)		(XIII)			
(1)	Institutions (Domestic)																				
(a)	Mutual Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(b)	Venture Capital Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(c)	Alternate Investment Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(d)	Banks	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(f)	Provident Funds/Pension Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(g)	Asset Reconstruction Companies	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (A+B)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI+X)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
(h)	Sovereign Wealth Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(i)	NBFC Registered with RBI	1	500	0	0	500	0.00	500	0	500	0.00	0	0.00	0	0.00	NA	NA	500	0	0	0
(j)	Other Financial Institutions	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(k)	Any Other																				
	Sub Total (B)(1)	**1**	**500**	**0**	**0**	**500**	**0.00**	**500**	**0**	**500**	**0.00**	**0**	**0.00**	**0**	**0.00**	**NA**	**NA**	**500**	**0**	**0**	**0**
(2)	Institutions (Foreign)																				
(a)	Foreign Direct Investment	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(b)	Foreign Venture Capital	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(c)	Sovereign Wealth Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (A+B)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI+X)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
(d)	Foreign Portfolio Investors Category I	3	30,825	0	0	30,825	0.08	30,825	0	30,825	0.08	0	0.08	0	0.00	NA	NA	30,825	0	0	0
(e)	Foreign Portfolio Investors Category II	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(f)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(g)	Any Other																				
	Sub Total (B)(2)	**3**	**30,825**	**0**	**0**	**30,825**	**0.08**	**30,825**	**0**	**30,825**	**0.08**	**0**	**0.08**	**0**	**0.00**	**NA**	**NA**	**30,825**	**0**	**0**	**0**
(3)	Central Government/State Government(s																				

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (A+B)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI+X)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
	)/President of India																				
(a)	Central Government / President of India	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(b)	State Government / Governor	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(c)	Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
	Sub Total (B)(3)	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**NA**	**NA**	**0**	**0**	**0**	**0**

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (A+B)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI+X)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
(4)	Non-Institutions																				
(a)	Associate companies / Subsidiaries	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(b)	Directors and their relatives (excluding independent directors and nominee directors)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(c)	Key Managerial Personnel	2	60	0	0	60	0.00	60	0	60	0.00	0	0.00	0	0.00	NA	NA	60	0	0	0
(d)	Relatives of promoters (other than 'immediate relatives' of	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (A+B)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI+X)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
	promoters disclosed under 'Promoter and Promoter Group' category)																				
(e)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(f)	Investor Education and	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (A+B)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI+X)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
	Protection Fund (IEPF)																				
(g)	Resident Individuals holding nominal share capital up to Rs. 2 lakhs	16,851	6,025,777	0	0	6,025,777	15.67	6,025,777	0	6,025,777	15.67	0	15.67	0	0.00	NA	NA	5,987,162	0	0	0
(h)	Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	23	4,284,199	0	0	4,284,199	11.14	4,284,199	0	4,284,199	11.14	0	11.14	0	0.00	NA	NA	4,284,199	0	0	0
	SUDHAKAR GANDE	1	1,164,622	0	0	1,164,622	3.03	1,164,622	0	1,164,622	3.03	0	3.03	0	0.00	NA	NA	1,164,622	0	0	0
	SANJAY KATKAR	1	468,569	0	0	468,569	1.22	468,569	0	468,569	1.22	0	1.22	0	0.00	NA	NA	468,569	0	0	0

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (III+IV+V)	Shareholding as a % of total no of shares (A+B)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VI+X)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub category (i)	Sub category (ii)	Sub category (iii)
(i)	Non Resident Indians (NRIs)	300	677,384	0	0	677,384	1.76	677,384	0	677,384	1.76	0	1.76	0	0.00	NA	NA	677,384	0	0	0
(j)	Foreign Nationals	2	1,028	0	0	1,028	0.00	1,028	0	1,028	0.00	0	0.00	0	0.00	NA	NA	1,028	0	0	0
(k)	Foreign Companies	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(l)	Bodies Corporate	182	1,556,684	0	0	1,556,684	4.05	1,556,684	0	1,556,684	4.05	0	4.05	0	0.00	NA	NA	1,556,684	0	0	0
(m)	Any Other																				
	CLEARING MEMBERS	1	37,777	0	0	37,777	0.10	37,777	0	37,777	0.10	0	0.10	0	0.00	NA	NA	37,777	0	0	0
	H U F	520	560,700	0	0	560,700	1.46	560,700	0	560,700	1.46	0	1.46	0	0.00	NA	NA	560,700	0	0	0
	Sub Total (B)(4)	**17,881**	**13,143,609**	**0**	**0**	**13,143,609**	**34.18**	**13,143,609**	**0**	**13,143,609**	**34.18**	**0**	**34.18**	**0**	**0.00**			**13,104,994**			
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)+(B)(4)	**17,885**	**13,174,934**	**0**	**0**	**13,174,934**	**34.26**	**13,174,934**	**0**	**13,174,934**	**34.26**	**0**	**34.26**	**0**	**0.00**			**13,136,319**	**0**	**0**	**0**

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment of Bid Amount, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see "Selling Restrictions" and "Transfer Restrictions" on pages 398 and 405, respectively.

Our Company, the Book Running Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders that have applied in the Issue are required to confirm and are deemed to have represented to our Company, the Book Running Lead Managers and their respective directors, employees, counsels, officers, agents, affiliates and representatives that they were eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Book Running Lead Managers and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder was eligible to acquire the Equity Shares. For details, see section titled, "Selling Restrictions" and "Transfer Restrictions" on pages 398 and 405, respectively.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue has been made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a Qualified Institutions Placement ("**QIP**"). Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, our Company, being a listed company in India may issue Equity Shares to Eligible QIBs, provided that:

- the Shareholders have adopted a special resolution approving the Issue. Such special resolution must specify (a) that the allotment of Equity Shares is proposed to be made pursuant to the Issue and (b) the Relevant Date;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose, amongst others, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered, the price at which they are offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the Promoter or Directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, equity shares of the same class of such issuer, which are proposed to be allotted through the qualified institutions placement or pursuant to conversion or exchange of eligible securities, are listed on a recognized stock exchange in India that has nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its Shareholders for convening the meeting to pass the above-mentioned special resolution;

- invitation to apply in the Issue must be made through a private placement offer letter (i.e., the Preliminary Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made, within 30 days of recording the name of such person in accordance with applicable law; the allotments with respect to any earlier offer or invitation made by the Company shall have been completed or the Company shall have withdrawn or abandoned such invitation or offer made, except as permitted under the Companies Act, 2013;

- in accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be made only in dematerialized form;

- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- an offer to QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application letter, the Company was required to prepare and record a list of Eligible QIBs to whom the offer will be made. The QIP was required to be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the QIP is prohibited;

- the Promoter and Directors are not fugitive economic offenders;

- the Promoter or Directors are not declared as wilful defaulters; and

- the Promoter or Directors are not declared as 'Fraudulent Borrower' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 01, 2016.

Please note that the requirement under Regulation 172(1)(b) of the SEBI ICDR Regulations, i.e. the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue, are listed on the Stock Exchanges, for a period of at least one year prior to the date of issuance of notice to our Shareholders for convening the meeting to adopt the above-mentioned special resolution.

At least 10% of the Equity Shares issued to Eligible QIBs shall be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders were not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue is not less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or the Capital Raise Committee decides to open the Issue and "stock exchange", for the purposes of determination of price, means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the special resolution of our Shareholders passed by way of a postal ballot dated December 18, 2023, the results of which were declared on December 19, 2023, our Company offered a discount of 4.98% on the Floor Price in accordance with the SEBI ICDR Regulations. The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as mentioned in Regulation 176(4) of the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of the Shareholders' resolution approving the Issue, and within 60 days from the date of receipt of Bid Amount from the Successful Bidders. For details of refund of Bid Amount, see "*– Pricing and Allocation – Designated Date and Allotment of Equity Shares*" on page 394.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of the Preliminary Placement Document and this Placement Document, which shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

This Issue was authorized and approved by our Board on November 8, 2023 and approved by our Shareholders, by way of a postal ballot resolution dated December 18, 2023 the results of which were declared on December 19, 2023. This Issue is approved for raising a sum not exceeding ₹500 crore (including premium), in one or more tranches.

The minimum number of allottees with respect to a QIP shall not be less than:

- two, where the issue size is less than or equal to ₹250 crore; and
- five, where the issue size is greater than ₹250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control", see section "*—Bid Process—Application Form*" on page 390.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on a recognized stock exchange.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares have not been and will not be registered under the U.S Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 398 and 405, respectively. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Our Company had filed a copy of the Preliminary Placement Document with each of the Stock Exchanges. and received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares on the BSE and NSE on January 10, 2024. We will file a copy of the Placement Document with the Stock Exchanges.

Our Company shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

Issue Procedure

1. On the Issue Opening Date, our Company and the Book Running Lead Managers had circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form and shall circulate serially numbered copies of this Placement Document, either in electronic or physical form, to Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the

Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom the Preliminary Placement Document, this Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules. The list of Eligible QIBs to whom the Preliminary Placement Document, this Placement Document and Application Form are delivered has been determined by our Company in consultation with the Book Running Lead Managers, at their sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which included the details of the bank account wherein the Bid Amount was to be deposited, were addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs were required to submit the Application Form, including any revisions thereof along with the Bid Amount and a copy of the PAN card or PAN allotment letter, during the Issue Period to the Book Running Lead Managers. Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB was required to submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount was transferred to the Escrow Account, such Application Form constituted an irrevocable offer and could not have been withdrawn or revised downwards after the Issue Closing Date. In case Bids were made on behalf of the Eligible QIB and the Application Form was unsigned, it was required to be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB was authorised to do so.

4. Bidders were required to indicate the following in the Application Form:

   - it has agreed to certain other representation as set forth in the Application Form and the Preliminary Placement Document;
   - full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details and bank account details;
   - number of Equity Shares Bid for;
   - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;
   - an undertaking that they will deliver an offshore transaction letter to our Company prior to any sale of Equity Shares confirming that they will not re-offer, re-sell, pledge or otherwise transfer the Equity Shares, except in an offshore transaction on a recognized Indian stock exchange in compliance with Regulation S under the Securities Act;
   - Equity Shares held by the Eligible QIBs in our Company prior to the Issue;
   - details of the beneficiary account maintained with a depository participant to which the Equity Shares should be credited; and
   - Eligible FPIs were required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds were required to specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid could be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund was treated as one application from the Mutual Fund. Bidders were advised to ensure that any single

Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

5. Each Bidder was required to make the entire payment of the Bid Amount for the number of Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares was required to be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. Bid Amount payable on Equity Shares to be held by joint holders was required to be paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final trading approval from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares were required to be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but on or prior to the Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 394.

6. Once a duly completed Application Form was submitted by a Bidder and the Bid Amount is transferred to the Escrow Account, such Application Form constituted an irrevocable offer and the Bid could not have been withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount was required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date was notified to the Stock Exchanges and the Eligible QIBs were deemed to have been given notice of such date after receipt of the Application Form.

7. The Eligible QIBs acknowledged that in accordance with the requirements of the Companies Act, upon Allocation, our Company is required to disclosed the names of proposed Allottees and the percentage of their post Issue shareholding in this Placement Document and any other regulatory filing and consents to such disclosure, if any Equity Shares were allocated to it.

8. The Bids made by asset management companies or custodians of Mutual Funds were required to specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid could have been made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund was be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund was treated as one application from the Mutual Fund. Bidders were advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

9. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, after the Issue Closing Date, our Company shall, in consultation with Book Running Lead Managers determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Managers will send the serially numbered CAN and this Placement Document to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and this Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form. **Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the Book Running Lead Managers.**

10. Upon determination of the Issue Price and the issuance of CAN and prior to Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, will, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

11. Upon dispatch of the serially numbered Placement Document, our Company will Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the depository participant, as indicated in their respective Application Form, our Company will apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

14. Our Company will then apply for the final listing and trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approvals from the Stock Exchanges.

16. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the final listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Prospective investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

17. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in the Refund Intimation which will be dispatched to such Bidder.

Qualified Institutional Buyers

Only Eligible QIBs were eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules were considered as Eligible QIBs. FVCIs were not permitted to participate in the Issue. Currently, QIBs, who were eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds;

- pension funds with minimum corpus of ₹25 crore, registered with the Pension Fund Regulatory and Development Authority established under Section 3(1) of the Pension Fund Regulatory;
- provident funds with minimum corpus of ₹25 crore;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- SI-NBFC.

Eligible FPIs were permitted to participate through the portfolio investment scheme under Schedule II of FEMA Rules respectively, in this Issue. Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard. Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules. FVCIs are not permitted to participate in this Issue.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or more of the post-Issue Equity Share Capital of our Company, and the total holding of all FPIs, collectively, shall not exceed 24% of the paid-up equity share capital of our Company. In terms of the FEMA, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Restriction on Allotment

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, Promoter, or any person related to, the Promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoter:

- rights under a shareholders’ agreement or voting agreement entered into with the Promoter or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoter.

Our Company, the Book Running Lead Managers and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs were advised to make their independent investigations and satisfy themselves that they were eligible to apply. Eligible QIBs were advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Preliminary Placement Document.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Further, Eligible QIBs were required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.

Note: *Affiliates or associates of the Book Running Lead Managers who are QIBs were permitted to participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs could only use the serially numbered Application Forms (which were addressed to them) supplied by our Company and/or the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB has been deemed to have made the following representations, warranties, acknowledgements and undertakings as well as those given or made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 1, 3, 398 and 405, respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter;

3. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;

4. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;

5. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

7. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the SEBI Takeover Regulations;

8. The Eligible QIB confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

9. The Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB

further acknowledges and agrees that the payment of Bid Amount did not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

10. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, 2013, upon Allocation, the Company will be required to disclose names as proposed Allottees and percentage to post-Issue shareholding of the proposed Allottees in this Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in this Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Managers;

11. The Bidder agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. Each Bidder agrees that once a duly filled Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date;

12. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB; and

    b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)I of the SEBI Takeover Regulations;

13. The Eligible QIB acknowledges that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price; and

14. The Eligible QIB confirms that it is purchasing the Equity Shares in an "offshore transaction" in reliance upon Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate;

15. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to their beneficiary accounts maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares Allotted in the Issue are issued by the Stock Exchanges.

ELIGIBLE QIBS WERE REQUIRED TO PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS WERE REQUIRED TO ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT WAS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account were be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder was deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document (when dispatched) by our Company in favour of the Successful Bidder.

Submission of Application Form

All Application Forms were required to be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form will include details of the relevant Escrow Account into which the Bid Amounts will have to be deposited. The Bid Amount was required to be deposited in the Escrow Account as is specified in the Application Form and the Application Form was required to be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

IIFL Securities Limited 24th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai 400013 Maharashtra, India **Contact Person:** Yogesh Malpani, Pawan Kumar Jain **Emai**l: axiscades.qip@iiflcap.com **Phone No.:** +91 22 4646 4726	**Ambit Private Limited** Ambit House, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400013, Maharashtra, India **Contact Person**: Nikhil Bhiwapurkar, Devanshi Shah **E-mai**l: axiscades.qip@ambit.co **Phone No.**: +91 22 6623 3030	**Centrum Capital Limited** Level 9, Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai 400098, Maharashtra, India **Contact Person**: Sooraj Bhatia/Pooja Sanghvi **E-mai**l: atl.qip@centrum.co.in **Phone No.**: +91 22 4215 9000

The Book Running Lead Managers were not required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

Bidders Bidding in the Issue were required to pay the entire Bid Amount along with the submission of the complete Application Form, within the Issue Period.

Payment of Bid Amount

Our Company has opened the "AXISCADES Technologies Limited – QIP Escrow Account" with RBL Bank Limited in terms of the arrangement among our Company, the Book Running Lead Managers and the Escrow Bank. Bidders were required to deposit the entire Bid Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws.

Payments were required to to be made only through electronic fund transfer.

Note: Payments through cheques or demand draft or cash were rejected.

If the payment is not made favouring the "AXISCADES Technologies Limited – QIP Escrow Account" within the Issue Period stipulated in the Application Form, the Application Form of the Eligible QIB was liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in "AXISCADES Technologies Limited – QIP Escrow Account" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) refund of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, the excess Bid Amount will be refunded to the same bank account from which Bid Amount was remitted, in the form and manner set out in "- *Refunds*" on page 394.

Permanent Account Number or PAN

Each Bidder was required to mention its PAN allotted under the Income Tax Act, 1961 in the Application Form and enclose a copy of the PAN card or PAN allotment letter along with the Application Form. Applications without this information were considered incomplete and were rejected. Bidders were required to not submit the GIR number instead of the PAN as the Application Form was liable to be rejected on this ground.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

Build-up of the Book

The Eligible QIBs were required to submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids were not allowed to be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company offered a discount of 4.98% on the Floor Price in accordance with the special resolution of our Shareholders passed by way of a postal ballot dated December 18, 2023, the results of which were declared on December 19, 2023 and in terms of Regulation 176 of the SEBI ICDR Regulations.

After finalisation of the Issue Price, our Company updated the Preliminary Placement Document with the Issue details and filed the same with the Stock Exchanges as this Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with BRLMs have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allotted shall be notified to such Successful Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document, to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Successful Bidders' beneficiary accounts maintained with the Depository Participant, as indicated in the respective Application Form, our Company will apply for final listing and trading approvals from the Stock Exchanges.

Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with this Placement Document. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company is disclosed in this Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company upon receipt of notice from the Book Running Lead Managers and the listing and trading approvals of the Stock Exchanges for Equity Shares offered in the Issue and after filing return of Allotment under Form PAS-3 with the RoC.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which the Bid Amount was remitted, in the form and manner set out in the Refund Intimation. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of the Bid Amount, or where our Company has Allotted the Equity Shares but final listing and trading approvals are refused by the Stock Exchanges. our Company shall repay the Bid Amount within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act, 2013.

We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever. Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final listing and trading approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder. For details see "*Bid Process*" and "– *Refund*" on pages 390 and 394, respectively.

Equity Shares in dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

Release of Funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the "AXISCADES Technologies Limited – QIP Escrow Account" to our Company until receipt of notice from the Book Running Lead Managers, the listing and trading approvals of the Stock Exchanges for Equity Shares offered in the Issue and filing of return of Allotment under Form PAS-3 with the RoC, whichever is later.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into the Placement Agreement dated January 10, 2024 with our Company, pursuant to which the Book Running Lead Managers have agreed to manage the Issue and procure subscription to Equity Shares on a reasonable efforts basis to be placed with the Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, as amended and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Book Running Lead Managers, and it is subject to termination in accordance with the terms contained therein. Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see the sections "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 398 and 405, respectively. The Preliminary Placement Document and this Placement Document have not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

In connection with the Issue, the Book Running Lead Managers (or their affiliates) were permitted to, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers were permitted to purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "*Offshore Derivative Instruments*" on page 8.

From time to time, the Book Running Lead Managers, and their affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, our Subsidiaries, group companies, affiliates and the shareholders of our Company, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their affiliates and associates.

Lock-up

Our Company shall not for a period of 60 days from the date of Allotment, without the prior written consent of the Book Running Lead Managers, directly or indirectly, (i) purchase, lend, sell, offer, issue, contract to issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned), or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing, or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into, or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (i) or (ii) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise), or (iii) deposit Equity Shares with any other depositary in connection with a depositary receipt facility, or (iv) enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or (v) publicly announce any intention to enter into any transaction falling within (i) to (iv) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (i) to (iv) above.

Promoter Lock-up

Our Promoter agrees that, it will not for a period of 60 days from the date of Allotment under the Issue, without the prior written consent of each of the Book Running Lead Managers, directly or indirectly:

(a) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing;
(b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares;
(c) sell, lend, contract to sell, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares or interest in an entity which holds any Equity Shares;

publicly announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above.

SELLING RESTRICTIONS

The distribution of the Preliminary Placement Document, this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of the Preliminary Placement Document and this Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. The Preliminary Placement Document or this Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Preliminary Placement Document, this Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Preliminary Placement Document, this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made representations, warranties, acknowledgments and agreements as described under "*Transfer Restrictions*" on page 405.

Republic of India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which the Offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public or any other class of investors other than Eligible QIBs. This Placement Document has not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Placement Document and the Equity Shares that shall be offered pursuant to this Placement Document have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law) (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL. This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

Dubai International Financial Centre

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Lead Managers for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the Lead Managers of such fact in writing and has received the consent of the Lead Managers in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Lead Managers has been obtained to each such proposed offer or resale.

Our Company, the Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter

571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO has been or will be issued, whether in Hong Kong or elsewhere.

Japan

The Equity Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). This Placement Document is not an offer of shares for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used in this Placement Document means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been nor will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Placement Document or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Equity Shares. The Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Equity Shares directly or indirectly to anyone in Malaysia.

Mauritius

The public of the republic of Mauritius is not invited to subscribe for the interests offered hereby. This memorandum relates to a private placement and does not constitute an offer to the public in Mauritius to subscribe for the interests offered hereby. the interests are only being offered to a limited number of sophisticated investors meeting the eligibility criteria. no regulatory approval has been sought for the offer in Mauritius and it must be distinctly understood that the Mauritius financial services commission does not accept any responsibility for the financial soundness of or any representations made in connection with the issue. The memorandum is for the use only of the named addressee and should not be given or shown to any other person.

Qatar (excluding the Qatar Financial Centre)

This Placement Document did not, and was not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Company nor the Lead Managers are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. The persons representing the Lead Managers are, by distributing this document, not advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar and Qatar Financial Centre

Nothing in this Placement Document is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of securities or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities under the laws of the State of Qatar and the Qatar Financial Centre.

This Placement Document and any underlying instruments or securities have not been and will not be filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Exchange or any other relevant Qatar governmental body or securities exchange. The Company has not been authorised or licenced by any Qatari governmental body or regulator to market, offer or sell the Equity Shares in the State of Qatar or in the Qatar Financial Centre.

This Placement Document is strictly private and confidential. This Placement Document is provided on an exclusive basis to the specifically intended recipient of such document, upon that person’s request and initiative, and for the recipient’s personal use only. It is being distributed to a limited number of qualified investors and must not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar or the Qatar Financial Centre and may not be reproduced or used for any other purpose. Any distribution of this document by the recipient to third parties in the State of Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Recourse against the Company and/or its affiliates may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and/or the Qatar Financial Centre.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority ("**CMA**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

i. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
ii. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
(b) where no consideration is or will be given for the transfer;
(c) where the transfer is by operation of law;
(d) as specified in Section 276(7) of the SFA; or
(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment: Notice on Recommendations on Investment Products).

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Sultanate of Oman

The information contained in this Placement Document does not constitute a public offer of securities in Oman as contemplated by the Oman Commercial Companies Law (Sultani Decree 18/2019, as amended) or Article 3 of the Capital Market Authority Law (Sultani Decree 80/98, as amended). This Placement Document will only be made available to investors in Oman in accordance with the provisions of Article 139 of the Executive Regulations of the Capital Markets Law (Capital Markets Law Decision No. 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licenced by the Capital Market Authority of Oman to market non-Omani securities in Oman.

This Placement Document is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient. Additionally, this Placement Document is not intended to lead to the making of any contract within the territory or under the laws of Oman.

This Placement Document has not been (and will not be) filed with the Capital Market Authority of Oman (except in accordance with Article 139 of the Executive Regulations) or any other regulatory authority in Oman and the Capital Market Authority of Oman neither assumes responsibility for the accuracy and adequacy of the statements and information contained in this Placement Document nor shall have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

Switzerland

The Equity Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Equity Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Placement Document nor any other offering or marketing material relating to the Equity Shares constitutes a prospectus pursuant to the FinSA, and neither this Placement Document nor any other offering or marketing material relating to the Equity Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The Equity Shares may, however, be offered in Switzerland to professional clients within the meaning of the FinSA, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This Placement Document may only be used by those investors to whom it has been handed out in connection with the Offer described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Placement Document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "Promotion") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "**High Net Worth Individuals**") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

United Kingdom

No Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Lead Managers for any such offer; or
(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Shares shall require the Company or any Lead Managers to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

This Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This Placement Document is directed only at relevant persons. Other persons should not act on this Placement Document or any of its contents. This Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in '*offshore transactions*', as defined in and in reliance on Regulations S and the applicable laws of the jurisdiction where such offers and sales are made. For further information, see "*Purchaser Representations and Transfer Restrictions*" on page 405.

Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

TRANSFER RESTRICTIONS

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares Allotted in the Issue, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 398.

Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

By accepting delivery of this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented, agreed and acknowledged as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S), and such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S.

- It understands that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws.

- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or any of the Book Running Lead Managers for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares and (v) have no need for liquidity with respect to the investment in the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- It has been provided access to the Preliminary Placement Document and will be provided access to this Placement Document which it has read in its entirety.
- It agrees to indemnify and hold the Company and each of the Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold any of the Company or the Book Running Lead Managers liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.
- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.
- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Company.

It acknowledges that the Company and the BRLM and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify the Company and the BRLM. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes the Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Managers or any of their respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investor, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, the BSE was incorporated as a company under the Companies Act, 1956 on August 8, 2005. BSE was listed on NSE with effect from February 3, 2017.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Further the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 govern the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Disclosures under the SEBI Listing Regulations

Public listed companies are required to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25.00%. Where the public shareholding in a listed company falls below 25.00% at any time, such company shall bring the public shareholding to 25.00% within a maximum period of 12 months. However, every public sector listed company whose public shareholding falls below 25.00% at any time on or after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25.00%, within a period of two years from the date of such fall, in the manner specified by SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the abovementioned requirements.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation fully automated BSE on-line trading platform ("**BOLT+**") through which all trades on the equity cash, equity derivatives and currency segments of the exchange are executed.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the SEBI Takeover Regulations, which provides for specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations, *inter alia,* impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any unpublished price sensitive information ("**UPSI**") relating to such companies and securities to any person including other insiders; and (ii) no person shall procure from or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association, and the relevant sections of the Companies Act, 2013. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share Capital

Our Company's authorized Share Capital is ₹10,300 lakhs (Rupees Ten Thousand and Three Hundred lakhs only) divided into 204,000,000 Equity Shares of ₹5 each and 100,000 Preference Shares of ₹100 each.

Dividends

Under Indian law, a company pays final dividend upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM of shareholders held each financial year. Under the Companies Act, 2013 unless the board of directors of a company recommends the payment of interim dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions specified under Section 123 of the Companies Act, 2013 and the rules made thereunder no dividend can be declared or paid by a company for any financial year except (a) out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013; or (b) out of the profits of the company for any previous financial year(s) arrived at in accordance with the Companies Act, 2013 and remaining undistributed; or (c) out of both; or (d) out of money provided by the Central Government or a state Government for payment of dividend by our Company in pursuance of a guarantee given by that Government.

Capitalisation of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to capitalise its profits or reserves for the purpose of issuing fully paid-up bonus shares, which are similar to stock dividend. The Companies Act, 2013 permits the issue of fully paid up bonus shares from its free reserves, securities premium account or capital redemption reserve account, provided that bonus shares shall not be issued by capitalising reserves created by revaluation of assets.

Alteration of Share Capital

The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution. Subject to the provisions of section 61, the company may, by ordinary resolution, (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

General Meetings of Shareholders

All general meetings other than annual general meeting shall be called extraordinary general meeting. The Board may, whenever it thinks fit, call an extraordinary general meeting. If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company read with section 100 of the Companies Act, 2013, may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, then the Vice –Chairman shall be entitled to take the chair. If there is no such Vice Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, (a) on a show of hands, every member present in person shall have one vote; and (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

Directors

The Articles of Association provide that the minimum number of Directors shall be three and a maximum of fifteen. However, the Company may appoint more than fifteen Directors after passing a special resolution. Subject to the provisions of section 149 of the Companies Act, 2013, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles. Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

The sitting fees payable, to the Directors aforesaid shall be within the maximum limits of such fees that may be prescribed under the Rules to Section 197 of the Companies Act, 2013.The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day. In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or (b) in connection with the business of the company.

Transfer of Shares

The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may, subject to the right of appeal conferred by section 58 of the Companies Act, 2013 decline to register (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or (b) any transfer of shares on which the company has a lien.

Buy-back

Our Company may buy back its own Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI guidelines issued in connection therewith.

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
AXISCADES Technologies Limited
Kirloskar Business Park, Block 'C'
2nd Floor, Hebbal, Bengaluru
Karnataka 560 024

Dear Sirs,

Statement of Possible Tax Benefits available to AXISCADES Technologies Limited and its shareholders under the Indian tax laws

1. We hereby confirm that the enclosed Annexure, prepared by AXISCADES Technologies Limited ('the Company'), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('**the Act'**), the Income-tax Rules, 1962, applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25 presently in force in India (referred to as the "Direct Tax Laws"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and/or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offering of equity shares of face value of Rs. 5 each by the Company in a Qualified Institutions Placement in accordance with the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**Offering**"). We are neither suggesting nor advising the investors to invest in the Offering relying on this statement.

3. We do not express any opinion or provide any assurance as to whether:

   (i) the Company or its shareholders will continue to obtain these benefits in future;
   (ii) the conditions prescribed for availing the benefits have been / would be met with; and
   (iii)the revenue authorities/courts will concur with the views expressed herein.

4. We assume no obligation to update the Statement on any events subsequent to this date, which may have a material effect on the discussion herein.

5. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

6. This Statement is issued solely in inclusion in the Preliminary Placement Document ("**PPD**") and the Placement Document ("**PD**") in connection with the Offering, to be filed by the Company with the National Stock Exchange of India Limited and BSE Limited, and is not to be used, referred to or distributed for any other purpose.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sunil Gaggar
Partner
Membership Number: 104315
UDIN: 24104315BKEXHA5121
Place of Signature: Bengaluru
Date: January 10, 2024

Annexure

THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO AXISCADES TECHNOLOGIES LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information provided below sets out the possible tax benefits available to the Company and its Shareholders under the Income-tax Act, 1961**,** as amended by the Finance Act, 2023 ("the Act"), It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

You should consult your own tax advisors concerning the Indian tax implications and consequences of purchasing, owning and disposing of equity shares in your particular situation.

POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

A. Lower corporate tax rate under Section 115BAA of the Act

Section 115BAA of the Act grants an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives/deductions as provided under the Act.

In case a company opts for the lower corporate tax rate under Section 115BAA of the Act, provisions of Minimum Alternate Tax ("**MAT**") under Section 115JB of the Act would not be applicable. Also, such companies will not be able to utilise the carried forward MAT credit as accumulated by them prior to opting for section 115BAA of the Act.

Further, the option once exercised by the Company cannot be subsequently withdrawn for the same or any other FY.

The Company has not yet opted for the lower corporate tax rate under section 115BAA of the Act, owing to the pending unutilized MAT credit and would opt for the same post utilization of the pending MAT credit.

B. Deductions from Gross Total Income

(i) Section 80JJAA of the Act: Deduction in respect of employment of new employees

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

The deduction under Section 80JJAA of the Act shall be applicable even if the Company avails the benefits of the lower corporate tax rate under Section 115BAA of the Act. The Company has not availed any deduction under Section 80JJAA in last AY.

(ii) Section 80M of the Act: Deduction in respect of inter-corporate dividends

Section 80M of the Act provides for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the Company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act.

The deduction under Section 80M of the Act shall also be applicable for the cCmpany availing the benefits of lower corporate tax rate under Section 115BAA of the Act.

POSSIBLE TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE COMPANY

The following tax benefits are generally available to the shareholders of all companies subject to the fulfilment of the conditions specified in the Act:

A. For resident shareholders:

(i) In case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge on amount of Income-tax computed in respect of dividend and capital gains would be restricted to 15%.

(ii) Also, for corporate shareholder, deduction under section 80M of the Act (as discussed above) can be claimed on upward streaming of the dividend income.

(iii) Further, considering the nature of dividend income, it may not possible for taxpayer to accurately determine the advance tax liability on such dividend income and therefore, the proviso to Section 234C(1) of the Act provides that no interest shall be levied under Section 234C of the Act if the shortfall in payment of advance tax instalment is on account of underestimation or failure to estimate dividend income and the taxpayer has paid the whole of the amount of tax payable in respect of such dividend income as part of the remaining instalments of advance tax which are due or where no such instalments are due, by the 31st March of the FY.

B. Additional tax benefits available to the non-resident shareholders:

In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

For **AXISCADES Technologies Ltd.**

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Shashidhar S.K.
Chief Financial Officer
Place of Signature: Bengaluru
Date: January 10, 2024

NOTES:

1. The above statement of possible tax benefits sets out the provisions of the Act in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above are based on the existing provisions of the Act and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of the above.

3. The above statement of possible tax benefits is as per the Act relevant for the assessment year 2024-25. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act.

4. This Statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible tax consequences that apply to them.

5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax implications arising out of their participation in the issue.

6. The views expressed in this Statement are based on the facts and assumptions as indicated in the Statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE MATERIAL SUBSIDIARIES OF THE COMPANY UNDER THE APPLICABLE LAWS IN INDIA

Date: January 10, 2024

The Board of Directors
AXISCADES Technologies Limited
Kirloskar Business Park, Block 'C'
2nd Floor, Hebbal, Bengaluru
Karnataka 560 024

Dear Sirs,

Statement of Possible Tax Benefits available to the material subsidiaries of AXISCADES Technologies Limited under the Indian tax laws

1. We hereby confirm that the enclosed Annexure A, prepared by AXISCADES Technologies Limited ('the Company'), provides the possible tax benefits available to the following material subsidiaries of the Company as detailed in the table below ("**Material Subsidiaries**") under the Income-tax Act, 1961 ('**the Act**'), the Income-tax Rules, 1962, each as amended by the Finance Act 2023, i.e. applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25 presently in force in India (referred to as the "**Tax Laws**"). Several of these benefits are dependent on the Material Subsidiaries fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Material Subsidiaries to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Material Subsidiaries faces in the future, the Material Subsidiaries may or may not choose to fulfil.

Sl. No	Name of Material Subsidiary	Country
1	AXISCADES, Inc	USA
2	Mistral Solutions Private Limited	India
3	AXISCADES Technology Canada Inc.	Canada
4	AXISCADES Aerospace and Technologies Private Limited	India
5	AXISCADES Aerospace Infrastructure Private Limited	India
6	Enertec Controls Limited	India

2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offering of equity shares of face value of Rs. 5 each by the Company in a Qualified Institutions Placement in accordance with the provisions of Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**Issue**"). We are neither suggesting nor advising the investors to invest in the Issue relying on this statement.

3. We do not express any opinion or provide any assurance as to whether:

   (iv) the Material Subsidiaries will continue to obtain these benefits in future;
   (v) the conditions prescribed for availing the benefits have been / would be met with; and
   (vi) the revenue authorities/courts will concur with the views expressed herein.

4. We assume no obligation to update the Statement on any events subsequent to this date, which may have a material effect on the discussion herein.

5. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and the Material Subsidiaries and on the basis of their understanding of the business activities and operations of the Material Subsidiaries.

6. This Statement is issued solely in inclusion in the Preliminary Placement Document ("**PPD**") and the Placement Document ("**PD**") in connection with the Issue, to be filed by the Company with the National

Stock Exchange of India Limited and BSE Limited, and is not to be used, referred to or distributed for any other purpose.

Yours sincerely,

For JAA & Associates
Firm Registration Number: 013699S
Peer Review Number: 014991

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Aradhana Ashok
Partner
Membership Number: 214452
Place: Bengaluru
UDIN: 24214452BKCRPP2239

Annexure A

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE MATERIAL SUBSIDIARIES UNDER THE APPLICABLE TAX LAWS IN INDIA

AXISCADES Technology Canada Inc.:

There are no special tax benefits available to AXISCADES Technology Canada Inc for FY 2023-24.

AXISCADES, Inc.:

There are no special tax benefits available to AXISCADES, Inc for FY 2023-24.

Mistral Solutions Private Limited:

Income Tax Act

Lower corporate tax rate under Section 115BAA of the Act

A new Section 115BAA had been inserted by the Taxation Laws (Amendment) Act, 2019 ("**the Amendment Act, 2019**") w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives as specified u/s 115 BAA of the Act.

The Amendment Act, 2019 further provided that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under Section 115JB. The CBDT had further issued Circular 29/2019 dated October 02, 2019, clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

Deductions from Gross Total Income

Section 80JJAA: Deduction in respect of employment of new employees Subject to fulfilment of prescribed conditions, the Mistral Solutions Private Limited is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Section 80M: Where the company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the company availing the benefits of the special rate u/s 115BAA of the Act.

The deduction u/s 80JJAA of the Act shall be applicable even if the Mistral Solutions Private Limited avails the benefits of the special rate u/s 115BAA of the Act.

Special tax benefits available to Mistral Solutions Private Limited under indirect taxes.

Outlined below are the possible special tax benefits available to the Mistral Solutions Private Limited.

Under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications ("**GST law**"), the Customs Act, 1962 and the Customs Tariff Act, 1975 as amended by the Finance Act 2023 applicable for the Financial Year 2023-24 ("**Customs law**") and Foreign Trade (Development and Regulation) Act, 1992 (read with the Foreign Trade Policy 2015-20) and Foreign Trade Policy 2023 (FTP) and Industrial and Business Development Policy -2017 read with relevant rules, notifications and circulars, each as amended and presently in force in India (herein collectively referred as "**Indirect Tax Laws**")

A. Benefits of Foreign Trade Agreements under Customs Act, 1962: A free trade agreement is a pact between two or more nations to reduce barriers to imports and exports among them. Under a free trade policy, goods and services can be bought and sold across international borders with little or no government tariffs, quotas, subsidies, or prohibitions to inhibit their exchange subject to fulfillment of certain conditions and compliances.

B. Benefits of Duty Drawback scheme under Section 75 of the Customs Act, 1962: As per Section 75 of the Customs Act, the Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods.

C. Benefits of Remission of Duties and Taxes on Export Products ("**RoDTEP**") Scheme under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20): The Government of India by making amendment in the Foreign Trade Policy 2015-20 vide DGFT Notification No. 19/2015-20 dated 17.08.2021 introduced this scheme which provides rebate of all hidden Central, State, and Local duties/taxes/levies on the exported goods including prior stage cumulative indirect taxes on goods and services used in the production and distribution of the exported product, which have not been refunded under any other existing scheme.

D. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20):

E. Benefits under the Central Goods and Services Act, 2017, respective State / Union Territory Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder):

Under the GST regime, supplies of goods or services which qualify as 'export' of goods or services are zero-rated which can be supplied either with or without payment of Integrated Goods and Services Tax ("**IGST**") subject to fulfilment of conditions prescribed. The exporter has the option to either undertake exports under cover of a Bond/ Letter of Undertaking ("**LUT**") without payment of IGST and claim refund of accumulated input tax credit subject to fulfilment of conditions prescribed for export or the exporter may export with payment of IGST and claim refund of IGST paid on such exports as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017. Thus, the Integrated Goods and Service Tax Act, 2017 permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to claim refund of tax paid on exports as IGST (by undertaking exports on payment of tax using ITC) or export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

AXISCADES Aerospace and Technologies Private Limited

Income tax Act

Lower corporate tax rate under Section 115BAA of the Act

A new Section 115BAA had been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives as specified u/s 115 BAA of the Act.

The Amendment Act, 2019 further provided that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("**MAT**") under Section 115JB. The CBDT had further issued Circular 29/2019 dated October 02, 2019, clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

Deductions from Gross Total Income

Section 80JJAA: Deduction in respect of employment of new employees Subject to fulfilment of prescribed conditions, the AXISCADES Aerospace and Technologies Private Limited is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Section 80M: Where the company receives any such dividend during a FY and also, distributes the dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the company availing the benefits of the special rate u/s 115BAA of the Act.

The deduction u/s 80JJAA of the Act shall be applicable even if AXISCADES Aerospace Technologies Private Limited avails the benefits of the special rate u/s 115BAA of the Act.

Special tax benefits available to AXISCADES Aerospace and Technologies Private Limited under indirect taxes.

Outlined below are the possible special tax benefits available to AXISCADES Aerospace and Technologies Private Limited Under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications ("**GST law**"), the Customs Act, 1962 and the Customs Tariff Act, 1975 as amended by the Finance Act 2023 applicable for the Financial Year 2023-24 ("**Customs law**") and Foreign Trade (Development and Regulation) Act, 1992 (read with the Foreign Trade Policy 2015-20) and Foreign Trade Policy 2023 (FTP) and Industrial and Business Development Policy -2017 read with relevant rules, notifications and circulars, each as amended and presently in force in India (herein collectively referred as "**Indirect Tax Laws**")

A. Benefits of Foreign Trade Agreements under Customs Act, 1962: A free trade agreement is a pact between two or more nations to reduce barriers to imports and exports among them. Under a free trade policy, goods and services can be bought and sold across international borders with little or no government tariffs, quotas, subsidies, or prohibitions to inhibit their exchange subject to fulfillment of certain conditions and compliances.

B. Benefits of Duty Drawback scheme under Section 75 of the Customs Act, 1962: As per Section 75 of the Customs Act, the Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods.

C. Benefits of Remission of Duties and Taxes on Export Products ("**RoDTEP**") Scheme under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20): The Government of India by making amendment in the Foreign Trade Policy 2015-20 vide DGFT Notification No. 19/2015-20 dated 17.08.2021 introduced this scheme which provides rebate of all hidden Central, State, and Local duties/taxes/levies on the exported goods including prior stage cumulative indirect taxes on goods and services used in the production and distribution of the exported product, which have not been refunded under any other existing scheme.

D. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20):

E. Benefits under the Central Goods and Services Act, 2017, respective State / Union Territory Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder):

   Under the GST regime, supplies of goods or services which qualify as 'export' of goods or services are zero-rated which can be supplied either with or without payment of Integrated Goods and Services Tax ("**IGST**") subject to fulfilment of conditions prescribed. The exporter has the option to either undertake exports under cover of a Bond/ Letter of Undertaking ("**LUT**") without payment of IGST and claim refund of accumulated input tax credit subject to fulfilment of conditions prescribed for export or the exporter may export with payment of IGST and claim refund of IGST paid on such exports as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017. Thus, the Integrated Goods and Service Tax Act, 2017 permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to claim refund of tax paid on exports as IGST (by undertaking exports on payment of tax using ITC) or export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

AXISCADES Aerospace Infrastructure Private Limited

Income tax Act

Lower corporate tax rate under Section 115BAA of the Act

A new Section 115BAA had been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives as specified u/s 115 BAA of the Act.

The Amendment Act, 2019 further provided that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under Section 115JB. The CBDT had further issued Circular 29/2019 dated October 02, 2019, clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

Deductions from Gross Total Income

Section 80JJAA: Deduction in respect of employment of new employees Subject to fulfilment of prescribed conditions, the AXISCADES Aerospace Technologies Limited is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Section 80M: Where the company receives any such dividend during a FY and also, distributes the dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the company availing the benefits of the special rate u/s 115BAA of the Act.

The deduction u/s 80JJAA of the Act shall be applicable even if AXISCADES Aerospace Infrastructure Technologies Private Limited avails the benefits of the special rate u/s 115BAA of the Act.

Special tax benefits available to AXISCADES Aerospace Infrastructure Private Limited under indirect taxes.

Outlined below are the possible special tax benefits available to AXISCADES Aerospace Infrastructure Private Limited Under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications ("**GST law**"), the Customs Act, 1962 and the Customs Tariff Act, 1975 as amended by the Finance Act 2023 applicable for the Financial Year 2023-24 ("**Customs law**") and Foreign Trade (Development and Regulation) Act, 1992 (read with the Foreign Trade Policy 2015-20) and Foreign Trade Policy 2023 (FTP) and Industrial and Business Development Policy -2017 read with relevant rules, notifications and circulars, each as amended and presently in force in India (herein collectively referred as "**Indirect Tax Laws**")

A. Benefits of Foreign Trade Agreements under Customs Act, 1962: A free trade agreement is a pact between two or more nations to reduce barriers to imports and exports among them. Under a free trade policy, goods and services can be bought and sold across international borders with little or no government tariffs, quotas, subsidies, or prohibitions to inhibit their exchange subject to fulfillment of certain conditions and compliances.

B. Benefits of Duty Drawback scheme under Section 75 of the Customs Act, 1962: As per Section 75 of the Customs Act, the Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods.

C. Benefits of Remission of Duties and Taxes on Export Products ("**RoDTEP**") Scheme under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20): The Government of India by making amendment in the Foreign Trade Policy 2015-20 vide DGFT Notification No. 19/2015-20 dated 17.08.2021 introduced this scheme which provides rebate of all hidden Central, State, and Local duties/taxes/levies on the exported goods including prior stage cumulative indirect taxes on goods and services used in the production and distribution of the exported product, which have not been refunded under any other existing scheme.

D. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20):

E. Benefits under the Central Goods and Services Act, 2017, respective State / Union Territory Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder):

Under the GST regime, supplies of goods or services which qualify as 'export' of goods or services are zero-rated which can be supplied either with or without payment of Integrated Goods and Services Tax ("**IGST**") subject to fulfilment of conditions prescribed. The exporter has the option to either undertake exports under cover of a Bond/ Letter of Undertaking ("**LUT**") without payment of IGST and claim refund of accumulated input tax credit subject to fulfilment of conditions prescribed for export or the exporter may export with payment of IGST and claim refund of IGST paid on such exports as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017. Thus, the Integrated Goods and Service Tax Act, 2017 permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to claim refund of tax paid on exports as IGST (by undertaking exports on payment of tax using ITC) or export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

Enertec Controls Limited

Income tax Act

Lower corporate tax rate under Section 115BAA of the Act

A new Section 115BAA had been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives as specified u/s 115 BAA of the Act.

The Amendment Act, 2019 further provided that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("**MAT**") under Section 115JB. The CBDT had further issued Circular 29/2019 dated October 02, 2019, clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

Deductions from Gross Total Income

Section 80JJAA: Deduction in respect of employment of new employees Subject to fulfilment of prescribed conditions, the Enertec controls Limited is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Section 80M: Where the company receives any such dividend during a FY and also, distributes the dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the company availing the benefits of the special rate u/s 115BAA of the Act.

The deduction u/s 80JJAA of the Act shall be applicable even if Enertec controls Limited avails the benefits of the special rate u/s 115BAA of the Act.

Special tax benefits available to Enertec Controls Limited under indirect taxes.

Outlined below are the possible special tax benefits available to Enertec controls Limited Under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications ("**GST law**"), the Customs Act, 1962 and the Customs Tariff Act, 1975 as amended by the Finance Act 2023 applicable for the Financial Year 2023-24 ("**Customs law**") and Foreign Trade (Development and Regulation) Act, 1992 (read with the Foreign Trade Policy 2015-20) and Foreign Trade Policy 2023 (FTP) and Industrial and Business Development Policy -2017 read with relevant rules, notifications and circulars, each as amended and presently in force in India (herein collectively referred as "**Indirect Tax Laws**")

A. Benefits of Foreign Trade Agreements under Customs Act, 1962: A free trade agreement is a pact between two or more nations to reduce barriers to imports and exports among them. Under a free trade policy, goods and services can be bought and sold across international borders with little or no government tariffs, quotas, subsidies, or prohibitions to inhibit their exchange subject to fulfillment of certain conditions and compliances.

B. Benefits of Duty Drawback scheme under Section 75 of the Customs Act, 1962: As per Section 75 of the Customs Act, the Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods.

C. Benefits of Remission of Duties and Taxes on Export Products ("**RoDTEP**") Scheme under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20): The Government of India by making amendment in the Foreign Trade Policy 2015-20 vide DGFT Notification No. 19/2015-20 dated 17.08.2021 introduced this scheme which provides rebate of all hidden Central, State, and Local duties/taxes/levies on the exported goods including prior stage cumulative indirect taxes on goods and services used in the production and distribution of the exported product, which have not been refunded under any other existing scheme.

D. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20):

E. Benefits under the Central Goods and Services Act, 2017, respective State / Union Territory Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder):

   Under the GST regime, supplies of goods or services which qualify as 'export' of goods or services are zero-rated which can be supplied either with or without payment of Integrated Goods and Services Tax ("**IGST**") subject to fulfilment of conditions prescribed. The exporter has the option to either undertake exports under cover of a Bond/ Letter of Undertaking ("**LUT**") without payment of IGST and claim refund of accumulated input tax credit subject to fulfilment of conditions prescribed for export or the exporter may export with payment of IGST and claim refund of IGST paid on such exports as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017. Thus, the Integrated Goods and Service Tax Act, 2017 permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to claim refund of tax paid on exports as IGST (by undertaking exports on payment of tax using ITC) or export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

Notes:

1. The above statement of special tax benefits is based on the best understanding of the Material Subsidiaries business landscape and tax benefits available to the Material Subsidiaries.

2. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

3. This statement does not discuss any tax consequences in the country outside India of an investment in the equity shares of the Company ("**Equity Shares**"). The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible indirect-tax consequences that apply to them.

4. The above statement covers only above-mentioned Tax Laws benefits and does not cover benefits or benefit under any other law.

5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For **AXISCADES Technologies Ltd.**

Shashidhar S.K.
Chief Financial Officer
Place of Signature: Bengaluru
Date: January 10, 2024

LEGAL PROCEEDINGS

Our Company and Subsidiaries may, from time to time, get involved in various litigation proceedings in the ordinary course of our business. These legal proceedings may primarily be in the nature of civil suits, regulatory/ statutory proceedings, and tax proceedings before various authorities. We assess each such legal proceeding filed by or against us and monitor the legal position on an ongoing basis.

*Except as disclosed in this section, there are no outstanding legal proceedings which have been considered material in accordance with our Company's 'Policy for Determination and Disclosure of Material Events or Information' framed in accordance with Regulation 30 of the SEBI Listing Regulations ("**Materiality Policy**") and adopted by the Capital Raise Committee pursuant to its resolution dated November 8, 2023.*

The following legal proceedings have been disclosed in this section:

(a) all outstanding criminal proceedings involving our Company, our Subsidiaries, our Promoter and our Directors;
(b) any action initiated by regulatory and statutory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities) which is outstanding and involves our Company, our Subsidiaries, our Promoter or our Directors;
*(c) any outstanding civil litigation and tax proceedings involving our Company, our Subsidiaries, our Promoter or our Directors, where the amount involved is ₹81.13 lakhs (being 5% of the average of absolute value of profit after tax as per the last three audited consolidated financial statements of our Company) ("**Materiality Threshold**") or above; and*
(d) any other litigation involving our Company, our Subsidiaries, our Promoter or our Directors which is non-quantifiable and may have a material adverse effect on our Company or which otherwise may be considered material by our Company and/ or has been intimated to the Stock Exchanges by our Company in accordance with the Materiality Policy, for the purposes of disclosure in this section of this Placement Document.

This Placement Document also discloses (a) any inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 or the Companies Act, 1956 in the last three years preceding the year of this Placement Document involving our Company or our Subsidiaries, and any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document for our Company or Subsidiaries; (b) any material fraud committed against our Company in the last three financial years and if so, the action taken by our Company; (c) any significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company or its future operations; (d) any default by our Company including therein the amount involved, duration of default and present status, in repayment of: (i) statutory dues; (ii) debentures and interest thereon; (iii) deposits and interest thereon; or (iv) loan from any bank or financial institution and interest thereon; (e) default in annual filing of our Company under the Companies Act, 2013 or the rules made thereunder; and (f) litigation or legal actions (including regulatory actions), pending or taken, by any ministry or department of the government or a statutory authority against our Promoter during the last three years preceding the year of this Placement Document, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, our Subsidiaries, our Promoter or our Directors as the case may be, from third parties (excluding those notices issued by statutory or governmental or regulatory or taxation authorities) shall not, unless otherwise decided by the Board of Directors, be considered as material litigation until such time that the above-mentioned entities are impleaded as a defendant in litigation proceedings before any judicial or arbitral forum.

Litigation involving our Company

Litigation against our Company

Civil Litigation

Nil

Criminal Litigation

Nil

Actions taken by regulatory and statutory authorities

Nil

Litigation by our Company

Civil Litigation

Our Company ("**Applicant**") by virtue of a registered lease and licence agreement dated March 1, 2019 ("**Agreement**") was the licensee in respect of a commercial premise which was owned by certain individuals ("**Respondents**"). Owing to the Covid-19 pandemic, the Applicant terminated the Agreement by issuing notice to the Respondents. Upon receiving the aforesaid notice, the Respondents denied receiving possession of the licenced premises and refund the relevant security deposit ("**Deposit**") to the Applicant. By way of order dated October 16, 2020, the High Court of Judicature at Bombay appointed the sole arbitrator ("**Sole Arbitrator**") to decide the dispute between the parties. The Applicant filed an application under Section 9 of the Arbitration and Conciliation Act, 1996 seeking interim relief that the Respondent either furnish the Deposit in terms of a bank guarantee or by way of deposit in the relevant court. The court of the District Judge, Pune by way of an order dated October 31, 2020 rejected the aforesaid application of the Applicant. The Sole Arbitrator by way of an order dated June 20, 2021 held that the Applicant had not validly terminated the Agreement by invoking the force majeure clause and passed an award ("**Award**") that the Respondents are entitled to compensation along with outstanding licence fee. The Applicant challenged the Award by filing a miscellaneous application before the District and Sessions Judge at Pune ("**Court**"). The Court passed an order dated November 29, 2023, upholding the Award and dismissing the aforesaid miscellaneous application. As per the Award, our Company is liable to pay ₹30.71 lakhs and interest thereon at the rate of 6 percent per annum from January 5, 2021 till the realization of the amount. As on the date of this Placement Document, our Company is liable to pay an amount aggregating to ₹186.28 lakhs. Our Company is currently assessing the legal options available to it. The matter is currently pending.

Criminal Litigation

Nil

Litigation involving our Subsidiaries

Litigation against our Subsidiaries

Civil Litigation

Nil

Criminal Litigation

Nil

Actions Taken by regulatory and statutory authorities

Nil

Litigation by our Subsidiaries

Civil Litigation

Nil

Criminal Litigation

Nil

Litigation involving our Promoter

Litigation against our Promoter

Civil Litigation

Nil

Criminal Litigation

Nil

Actions Taken by regulatory and statutory authorities

Nil

Litigation by our Promoter

Civil Litigation

1. Our Promoter has on September 13, 2021, filed a civil suit before the hon'ble High Court of Delhi against certain erstwhile directors of a company seeking recovery of money and has also sought damages amounting to ₹1,348 lakhs and applicable interest for alleged misrepresentations and assurances. The matter is currently pending.

2. Our Promoter has on September 23, 2023 initiated arbitration proceedings before the High Court of Telangana against a borrower for disputes arising in relation to recovery of money amounting to ₹950.00 lakhs. The matter is currently pending before the international arbitral tribunal of the High Court of Telangana.

3. Our Promoter has on August 1, 2023, filed a civil suit before the Commercial Court, Bengaluru seeking permanent stay against use of the name "Jupiter" by another company and has claimed damages of ₹100.00 lakhs. The matter is currently pending before the Commercial Court, Bengaluru.

Criminal Litigation

1. Our Promoter has, in the ordinary course of business, on February 24, 2021 filed a criminal complaint before the City Civil Court Complex, Bengaluru, against a defaulting borrower under Section 138 of the Negotiable Instruments Act, 1881 in relation to dishonour of cheques and recovery of dues. The aggregate amount involved in this matter is ₹819.27 lakhs. The matter is currently pending.

2. Our Promoter has, in the ordinary course of business on October 18, 2023, filed a criminal complaint before the Mayo Hall Court Complex, Bengaluru against a defaulting borrower under Section 138 of the Negotiable Instruments Act, 1881 in relation to dishonour of cheques and recovery of dues. The aggregate amount involved in this matter is ₹950.00 lakhs. The matter is currently pending.

Litigation involving our Directors

Litigation against our Directors

Civil Litigation

Nil

Criminal Litigation

Nil

Actions taken by regulatory and statutory authorities

Nil

Litigation by our Directors

Civil Litigation

Nil

Criminal Litigation

Nil

Tax Proceedings

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Company, Subsidiaries, Directors and Promoter.

Nature of case	Number of cases	Amount involved (in ₹ lakhs)[#]
Company		
Direct Tax	3*	373.54
Indirect Tax	11**	982.49
Subsidiaries		
Direct Tax	21	3,751.22
Indirect Tax	3	286.26
Directors		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Promoter		
Direct Tax	7	3,512.00
Indirect Tax	Nil	Nil

[#]To the extent quantifiable

** For one case, the adjudicating officer has asked for various information for assessment, and our Company is awaiting next stages of assessment and is therefore, not quantifiable, as on date of this Placement Document. The amounts disclosed pertain to two cases only.*

*** Out of the 11 cases, 8 are assessment notices received for audit of the books, or notices for difference in GST Return 2A and GST Return 3B (with respect to the input tax credit that can be claimed by our Company). These are in process and are therefore not quantifiable, as on date of this Placement Document. The amounts disclosed pertain to 3 cases only.*

Tax claims above the Materiality Threshold against our Company

Direct tax

1. Our Company has received an assessment order dated December 24, 2018 and a demand notice dated December 24, 2018 issued by the Assessing Officer, Special Range 1, Delhi ("**Assessing Officer**"), under Section 143(3) of the IT Act, for the assessment year 2016-17 ("**Order**"). Pursuant to the Order, our Company was directed to pay an amount aggregating ₹194.42 lakhs. The Assessing Officer computed the net amount payable by our Company *inter alia* on finding that certain bad debts owed by certain foreign debtors of our Company were written off without obtaining the requisite prior approval from the Reserve Bank of India, and computing the consequential interest imposed under Sections 234A, 234B and 234C of the IT Act. Our Company has filed an appeal dated January 8, 2019 against the aforementioned Order with the Commissioner of Income Tax - Appeals. Subsequently, our Company has paid an amount of ₹40.00 lakhs, as part of deposit under protest. The matter is currently pending.

2. Our Company has received an assessment order dated June 6, 2021 and a demand notice dated June 6, 2021 issued by National Faceless Assessment Centre, Delhi ("**NFAC**"), under Section 143(3) of the IT Act, for the assessment year 2018-19 ("**Order**"). Pursuant to the Order, our Company was directed to pay an amount aggregating ₹179.11 lakhs. The NFAC computed the net amount payable by our Company *inter alia* on alleged incorrect disallowances from the total income, and computing the consequential interest imposed under Sections 234A, 234B and 234C of the IT Act. Our Company has filed an appeal dated September 16, 2021 against the aforementioned Order with the Commissioner of Income Tax - Appeals. Subsequently, our Company has paid an amount of ₹36.00 lakhs, being 20% of the total demand as part of deposit under protest. The matter is currently pending.

Indirect tax

1. The Commissioner of Service Tax, Bangalore ("**Commissioner**") had issued a show cause notice dated May 4, 2011, to M/s CADES Digitech Private Limited, which was later merged into our Company, ("**Assessee**"). Subsequently, the Commissioner passed an order dated April 23, 2012 alleging, *inter alia* that the Assessee had failed to discharge service tax liability on import of services in terms of Section 66A of the Finance Act, 1994 read with Rule 2(1)(d)(iv) of the Service Tax Rules, 1994 and directed the Assessee to pay service tax of ₹948.57 lakhs and also imposed additional penalties. Against the aforesaid order, our Company had filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore ("**CESTAT**") on August 13, 2012 ("**Appeal**"). A stay order was passed on August 27, 2013 by the CESTAT for the pendency of the Appeal, which was further extended by way of order dated February 18, 2015. By way of an order dated January 4, 2022, the CESTAT partly allowed the aforesaid appeal. Against the order of the CESTAT dated January 4, 2022, the Commissioner had filed an appeal before the Supreme Court of India. The matter is currently pending.

Tax claims above the Materiality Threshold against our Subsidiaries

Mistral Solutions Private Limited ("MSPL")

Direct tax

Our subsidiary, MSPL, received an assessment order dated February 19, 2021 and a demand notice dated February 19, 2021 issued by the Income Tax Officer, National e-Assessment Centre, Delhi ("**Income Tax Officer**"), under Section 143(3) of the IT Act, for the assessment year 2018-19 ("**Order**"). Pursuant to the aforementioned Order, MSPL was directed to pay an amount aggregating ₹93.42 lakhs. The Income Tax Officer computed the net amount payable by MSPL *inter alia* on alleged incorrect disallowances, and computing the consequential interest imposed under Sections 234A, 234B and 234C of the IT Act. Our subsidiary, MSPL had filed an appeal dated March 17, 2021 against the aforementioned Order with the Commissioner of Income Tax - Appeals. The matter is currently pending.

AXISCADES Aerospace and Technologies Private Limited ("ACAT")

Direct tax

1. Our subsidiary, ACAT, received an order dated March 22, 2018 and a demand notice dated April 3, 2018 issued by the Income Tax Officer, Ward-1(1)(1), Bengaluru ("**Income Tax Officer**") under Section 143(3) of the IT Act for the assessment year 2014-15 ("**Order**"). Pursuant to the aforementioned Order, our Subsidiary, ACAT was directed to pay an amount aggregating ₹573.60 lakhs. The Income Tax Officer computed the net amount payable by ACAT *inter alia* on alleged non-compliance in respect of unclaimed tax deducted at source, and computing the consequential interest imposed under Sections 234B and 234C of the IT Act. Our subsidiary, ACAT had filed an appeal against the aforesaid order before the Income Tax Appellate Tribunal, Bengaluru. The matter is currently pending.

2. Our subsidiary, ACAT, received an order dated December 20, 2017 and a demand notice dated December 20, 2017 issued by the Income Tax Department ("**Department**") under Section 143(3) of the IT Act for the assessment year 2015-16 ("**Order**"). Pursuant to the aforementioned Order, Our Subsidiary, ACAT was directed to pay an amount aggregating

₹157.89 lakhs. The Department computed the net amount payable by our Subsidiary, ACAT *inter alia* on alleged incorrect declaration of income, and computing the consequential interest imposed under Sections 234B and 234C of the IT Act. Our subsidiary, ACAT had filed an application before the Deputy Commissioner of Income Tax, Bangalore, praying that the necessary orders be passed to rectify apparent errors on account of which the aforesaid demand has been raised and that our subsidiary, ACAT not be treated as being in default. The matter is currently pending.

3. Our subsidiary, ACAT, received an order dated May 22, 2023 and a demand notice dated May 22, 2023 issued by the Income Tax Department ("**Department**") under Section 147 of the IT Act for the assessment year 2015-16 ("**Order**"). Pursuant to the aforementioned Order, our subsidiary, ACAT, was directed to pay an amount aggregating ₹2,229.39 lakhs. The Department computed the net amount payable by ACAT *inter alia* on alleged incorrect disallowance of capital loss, and computing the consequential interest imposed under Sections 234A, 234B and 234C of the IT Act. Our subsidiary, ACAT had filed a writ petition before the High Court of Karnataka at Bengaluru ("**High Court**") on the grounds *inter alia* that the Order was barred by limitation. The High Court passed an order dated July 6, 2023 and granted a stay on the aforesaid order dated May 22, 2023. The matter is currently pending.

4. Our subsidiary, ACAT, received an order dated December 27, 2018 and a demand notice dated December 27, 2018 issued by the Office of the Assistant Commissioner of Income Tax, Circle 1(1)(1), Bangalore ("**Income Tax Officer**") under Section 143(3) of the IT Act for the assessment year 2016-17 ("**Order**"). Pursuant to the aforementioned Order, our subsidiary ACAT was directed to pay an amount aggregating ₹225.21 lakhs. The Income Tax Officer computed the net amount payable by ACAT *inter alia* on alleged incorrect disallowances, and computing the consequential interest imposed under Sections 234A, 234B and 234C of the IT Act. ACAT had filed an appeal dated January 29, 2019. The matter is currently pending.

5. Our subsidiary, ACAT received an order dated December 30, 2019 and a demand notice dated December 30, 2019 issued by the Office of the Assistant Commissioner of Income Tax, Circle 1(1)(1), Bangalore ("**Income Tax Officer**") under Section 143(3) of the IT Act for the assessment year 2017-18 ("**Order**"). Pursuant to the aforementioned Order, our subsidiary, ACAT was directed to pay an amount aggregating ₹143.43 lakhs. The Income Tax Officer computed the net amount payable by ACAT *inter alia* on alleged incorrect disallowance of finance costs and depreciation claim on a certain trademark, and computing the consequential interest imposed under Sections 234A, 234B and 234C of the IT Act. ACAT had filed an appeal dated January 31, 2020. The matter is currently pending.

Indirect tax

1. Pursuant to periodic audit by the tax department of records of our Subsidiary, ACAT, during the period from April 2008 to September 2015, the service tax department observed certain discrepancies on account of *inter alia* short-payment of service tax, non-payment of service tax on import of services, non-payment of service tax on works contract service. The Office of the Commissioner of Service Tax, Bangalore, issued a show cause notice dated October 23, 2013 ("**SCN**") to our subsidiary, ACAT, for non-payment of the aforesaid service tax aggregating to an amount of ₹142.39 lakhs. The adjudicating authority ("**AA**") confirmed the demands made in the SCN. Against this, our subsidiary, ACAT, filed an appeal before the Commissioner of Central Tax, Bangalore. The Commissioner of Central Tax, Bangalore, by way of its order dated June 30, 2021, reiterated the findings of the AA. Aggrieved by the same, our subsidiary, ACAT, had filed an appeal dated December 27, 2021 before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore on the grounds *inter alia* that the impugned order is contrary to the position of law, facts and circumstances of the case. Subsequently, our subsidiary, ACAT has paid an amount of ₹86.92 lakhs as part of deposit under protest. The matter is currently pending.

2. Pursuant to investigation against M/s VTI Integrated Systems Private Limited and its transactions with our subsidiary, ACAT, the office of the Principal Commissioner of Central Tax, GST Commissionerate, Bengaluru, East ("**Commissioner**"), issued a show cause notice dated September 7, 2018 ("**SCN**") to our subsidiary, ACAT, alleging that our subsidiary, ACAT, wrongly availed cenvat credit in contravention of *inter alia* Rule 3 and 6 of the Cenvat Credit Rules, 2004 and Section 68 of the Finance Act, 1994 and raised a demand aggregating to an amount of ₹143.87 lakhs. The Commissioner by way of an order dated September 12, 2019 confirmed the aforesaid demand. Our subsidiary, ACAT, had filed an appeal dated December 27, 2021, against the aforesaid order before the Customs, Excise and Service Tax Appellate Tribunal, Bangalore. Subsequently, our subsidiary, ACAT has paid an amount of ₹14.38 lakhs as part of deposit under protest. The matter is currently pending.

Tax claims above the Materiality Threshold against our Promoter

Direct Tax

Our Promoter received 7 notices under section 143(3) of the Income Tax Act, 1961 from the Income Tax Department ("**Department**") on various dates for the assessment year(s) 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2019-20 for a tax demand amounting to ₹ 3512.54 lakhs on account of various assessments. Our Promoter has filed rectification applications against the order of the Department with the Commissioner of Income Tax (Appeals) on various dates during the years 2013 to 2022. The matter is currently pending.

Litigations or legal action pending or taken against the Promoter taken by any ministry, department of the Government or any statutory authority in the last three years

As on the date of this Placement Document, there are no litigations or legal action pending or taken by any ministry, department of the Government or any statutory authority and there are no directions issued by such ministry or department of the Government or statutory authority upon conclusion of such litigation or legal action against the Promoter in the last three years.

Prosecutions filed against, fines imposed on, or compounding of offences by our Company and its Subsidiaries under the Companies Act, 2013 or the Companies Act, 1956 in the last three years

As on the date of this Placement Document, there are no prosecutions filed against (whether pending or not), fines imposed on, or compounding of offences by our Company and its Subsidiaries under the Companies Act, 2013 in the last three years.

Details of acts of materials frauds committed against our Company in the last three years, and the action taken by our Company

Nil

Inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or Companies Act, 1956 against our Company and its Subsidiaries in the last three years

As on the date of this Placement Document, there are no inquiries, inspections or investigations initiated or conducted under the under the Companies Act, 2013 or Companies Act 1956 against our Company and its Subsidiaries in the last three years.

Details of default in repayment of (i) statutory dues; (ii) debentures and interest thereon; (iii) deposits and interest thereon; (iv) loan from any bank or financial institution and interest thereon

As on the date of this Placement Document, except as disclosed below, there is no default in repayment of (i) statutory dues; (ii) debentures and interest thereon; (iii) deposits and interest thereon; (iv) loan from any bank or financial institution and interest thereon:

Details of outstanding defaults in the payment of statutory dues:

Sr. No.	Nature of Default	Amount Involved (in ₹ lakhs)	Duration Of Default	Current Status
1.	Provident fund	0.06	604 days	Not yet paid
2.	Provident fund	0.07	573 days	Not yet paid
3.	Provident fund	0.07	543 days	Not yet paid
4.	Provident fund	0.07	512 days	Not yet paid
5.	Provident fund	0.06	481 days	Not yet paid
6.	Provident fund	0.19	451 days	Not yet paid
7.	Provident fund	0.04	420 days	Not yet paid
8.	Provident fund	0.04	390 days	Not yet paid
9.	Provident fund	0.04	359 days	Not yet paid
10.	Provident fund	0.04	328 days	Not yet paid
11.	Provident fund	0.04	300 days	Not yet paid
12.	Provident fund	0.04	269 days	Not yet paid

Details of defaults in submitting the annual filings under the Companies Act, 2013 or Companies Act, 1956 or rules made thereunder

Nil

Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

Nil

OUR STATUTORY AUDITOR

Our Company's current Statutory Auditors, M/s S.R. Batliboi & Associates LLP, Chartered Accountants, are independent auditors with respect to our Company as required by the Companies Act, 2013 and in accordance with the guidelines prescribed by ICAI and have been appointed as the statutory auditors of our Company.

Our Statutory Auditors have reviewed the Unaudited Interim Condensed Consolidated Financial Statements for the six-months periods ended September 30, 2023 and audited the consolidated financial statements for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021, included in this Placement Document.

As on the date of this Placement Document, our current Statutory Auditor, M/s S.R. Batliboi & Associates LLP, Chartered Accountants hold a valid peer review certificate.

GENERAL INFORMATION

1. Company was incorporated as 'I.T. and T Enterprises Limited' on August 24, 1990 in New Delhi as a private limited company under the Companies Act, 1956, as amended. The Registrar of Companies, NCT of Delhi and Haryana ("**RoC Delhi**") on July 1, 1996 certified that our Company became a deemed public company under section 43A of the Companies Act, 1956, as amended. A fresh certificate of incorporation consequent upon change of name dated January 7, 1998 was issued by the RoC Delhi consequent to change of name of our Company to 'IT & T Limited'. Thereafter, the name of our Company was changed to 'Axis-IT&T Limited' and a fresh certificate of incorporation was issued on May 12, 2005 by the RoC Delhi. The name of our Company was further changed to 'Axiscades Engineering Technologies Limited' and a fresh certificate of incorporation was issued on August 1, 2014 by the RoC Delhi. On December 2, 2015, the RoC certified the registration of an order passed by the Company Law Board, Northern region on September 9, 2015, pursuant to which the state of our Registered Office was changed from the state of Delhi to the state of Karnataka. Subsequently, the name of our Company was changed to 'AXISCADES Technologies Limited' and a fresh certificate of incorporation was issued on November 10, 2020 by the RoC. The Equity Shares of our Company were listed on NSE on December 21, 2000 and on the BSE on January 1, 2001.

2. Our Registered and Corporate Office is located at Block C, Second Floor, Kirloskar Business Park, Bengaluru, Karnataka, India, 560 024.

3. The CIN of our Company is L72200KA1990PLC084435.

4. The Issue was authorised and approved by our Board pursuant to a resolution dated November 8, 2023, and by the Shareholders of our Company pursuant to a special resolution passed through a postal ballot resolution dated December 18, 2023, the results of which were declared on December 19, 2023.

5. Our Company has received in-principle approvals under Regulation 28 of the SEBI Listing Regulations to list the Equity Shares on the BSE and NSE, each dated January 10, 2024. We will apply for final listing and trading approvals in respect of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges after Allotment of the Equity Shares in the Issue.

6. Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 am to 5:00 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered and Corporate Office.

7. Our Company has obtained all consents, approvals and authorisations required in connection with the Issue.

8. Our Company confirms that it is in compliance with the minimum public shareholding requirements as provided under the SEBI Listing Regulations and Rule 19A of the SCRR.

9. There has been no material change in the financial or trading position of our Company since September 30, 2023, the date of the Unaudited Interim Condensed Consolidated Financial Statements prepared in accordance with applicable accounting standards included in this Placement Document, except as disclosed herein.

10. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, see "*Legal Proceedings*" on page 425.

11. The Floor Price is ₹696.70 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company offered a discount of 4.98% on the Floor Price in accordance with the special resolution of our Shareholders passed by way of a postal ballot dated December 18, 2023, the results of which were declared on December 19, 2023 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

12. In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CRISIL as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to this Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

13. Our Company and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including our website, would be doing so at their own risk.

14. Sonal Dudani is the Company Secretary and Compliance Officer of our Company. Her details are as follows:

    Sonal Dudani
    Block C, Second Floor,
    Kirloskar Business Park,
    Bengaluru, Karnataka,
    India, 560 024
    Tel: +91 80 4193 9000

E-mail: investor.relations@axiscades.in

PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotments of Equity Shares pursuant to this Issue shall be made by our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis.

The names of the proposed Allottees and the percentage of post-Issue capital (assuming that the Equity Shares are Allotted to them pursuant to this Issue) that may be held by them in our Company is set forth below.

S. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital held (%)^#
1.	ICICI PRUDENTIAL TECHNOLOGY FUND	3.25%
2.	MOTILAL OSWAL INDIA EXCELLENCE FUND	0.54%
3.	MOTILAL OSWAL INDIA EXCELLENCE FUND MID TO MEGA SERIES II	0.36%
4.	ABAKKUS DIVERSIFIED ALPHA FUND-2	0.54%
5.	ARYABHATA GLOBAL ASSETS FUNDS ICAV ARYABHATA INDIA FUND	0.18%
6.	MOTILAL OSWAL SMALL CAP FUND	0.54%
7.	BANK OF INDIA SMALL CAP FUND	0.18%
8.	BANK OF INDIA LARGE & MIDCAP EQUITY FUND	0.08%
9.	BANK OF INDIA MULTI CAP FUND	0.10%
10.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF01311/02/08LIFEHIGHGR104 - HIGH GROWTH FUND	0.90%
11.	MAX LIFE INSURANCE CO LTD A/C DIVERSIFIED EQUITY FUND (ULIF02201/01/20LIFEDIVEQF104)	0.27%
12.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF01213/08/07PENSGRWSUP104 - PENSION GROWTH SUPER FUND	0.10%
13.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF00525/11/05PENSGROWTH104 - PENSION GROWTH FUND	0.06%
14.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF01425/03/08LIFEDYNOPP104 - DYNAMIC OPPORTUNITIES FUND	0.11%
15.	MAX LIFE INSURANCE COMPANY LIMITED A/C - ULIF00625/11/05PENSBALANC104 - PENSION BALANCED FUND	0.00%
16.	LIC MF AGGRESSIVE HYBRID FUND	0.22%
17.	LIC MF MULTI CAP FUND	0.14%
18.	BENGAL FINANCE AND INVESTMENT PVT LTD	0.36%

^ *Based on beneficiary position as on January 12, 2024 (adjusted for Equity Shares Allocated in the Issue).*

\# *The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees has been disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies, and FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.*

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on the Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

______________________	______________________
Abidali Zainuddin Neemuchwala	**Arun Krishnamurthi**
Chairman & Non-Executive, Non-Independent Director	Managing Director & CEO
DIN: 02478060	DIN: 09408190
Date: January 15, 2024	Date: January 15, 2024
Place: Dallas, USA	Place: Bengaluru

DECLARATION

We, the Board of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

____

Arun Krishnamurthi
Managing Director & CEO
DIN: 09408190
Date: January 15, 2024
Place: Bengaluru

I am authorized by the Capital Raise Committee, a committee of the Board of the Company, vide its resolution dated January 15, 2024 read with the resolution of the Board dated November 8, 2023 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Arun Krishnamurthi
Managing Director & CEO
DIN: 09408190
Date: January 15, 2024
Place: Bengaluru

AXISCADES TECHNOLOGIES LIMITED

Registered and Corporate Office:

Block C, Second Floor, Kirloskar Business Park,
Bengaluru, Karnataka, India, 560 024

Tel: +91 80 4193 9000
Email: investor.relations@axiscades.in | **Website**: www.axiscades.com
CIN: L72200KA1990PLC084435

Contact Person:

Sonal Dudani
Designation: Company Secretary and Compliance Officer
Tel: +91 80 4193 9000
E-mail: secretary@axiscades.com
Address: Block C, Second Floor, Kirloskar Business Park,
Bengaluru, Karnataka, India, 560 024

BOOK RUNNING LEAD MANAGERS

IIFL SECURITIES LIMITED
24th Floor, One Lodha Place,
Senapati Bapat Marg, Lower Parel (West),
Mumbai 400013
Maharashtra, India

AMBIT PRIVATE LIMITED
Ambit House, 449,
Senapati Bapat Marg, Lower Parel,
Mumbai 400013,
Maharashtra, India

CENTRUM CAPITAL LIMITED
Level 9, Centrum House, C.S.T. Road,
Vidyanagari Marg, Kalina, Santacruz (East),
Mumbai 400098,
Maharashtra, India

STATUTORY AUDITOR OF OUR COMPANY

M/s S.R. Batliboi & Associates LLP
UB City, Canberra Block– 12th floor,
No 24, Vittal Mallya Road,
Bengaluru 560 001, Karnataka, India.

LEGAL COUNSEL TO OUR COMPANY

As to Indian law

Cyril Amarchand Mangaldas
3rd floor, Prestige Falcon Towers, 19, Brunton Road, Off M.G. Road
Bengaluru 560 025, Karnataka, India.

LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS AS TO INDIAN LAW

J. Sagar Associates
Vakils House, 18 Sprott Road,
Ballard Estate, Mumbai 400 001, Maharashtra, India

INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS WITH RESPECT TO SELLING AND TRANSFER RESTRICTIONS

Hogan Lovells Lee & Lee
50 Collyer Quay
#10-01 OUE Bayfront
Singapore - 049321

APPLICATION FORM

An indicative form of the Application Form is set forth below:

(Note: The format of the Application Form included herein above is indicative and for illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the BRLMs, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format below.)

Name of Bidder: __________________

AXISCADES TECHNOLOGIES LIMITED

(Incorporated in the Republic of India under the provisions of the Companies Act, 1956)

Form No: ________________________

CIN: L72200KA1990PLC084435; **Registered & Corporate Office**: Block C, Second Floor, Kirloskar Business Park, Bengaluru, Karnataka, India, 560 024; **Telephone**: +91 80 4193 9000; **Contact Person**: Sonal Dudani, Company Secretary and Compliance Officer; **Email**: investor.relations@axiscades.in; **Website**: www.axiscades.com

LEI Code: 335800KHE667P5ZJOL65; **ISIN:** INE555B01013

Date: ____________________________

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH BY AXISCADES TECHNOLOGIES LIMITED (THE "COMPANY") (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE, INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING UP TO ₹ [●] LAKHS UNDER SECTION 42 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT") READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") (HEREINAFTER REFERRED TO AS THE "ISSUE").

THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 696.70 PER EQUITY SHARE AND OUR COMPANY MAY OFFER A DISCOUNT OF NOT MORE THAN 5% OR SUCH PERCENTAGE AS PERMITTED UNDER THE SEBI ICDR REGULATIONS ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) are not prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); and (d) are eligible to invest in the Issue and submit this Application Form, and (ii) are residents in India or Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules; can submit this Application Form. However, foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) are not permitted to participate in the Issue. The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws in the United States, and unless so registered, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws. You understand that the Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and you represent that you were outside the United States when the offer to purchase the Equity Shares was made to you and you are currently outside the United States and that you are not acquiring or subscribing for the Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S). The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdictions. You should note and observe the selling and transfer restrictions contained in the sections

entitled "*Selling Restrictions*" and "*Transfer Restrictions*" in the accompanying preliminary placement document dated January 10, 2024 (the "PPD").

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019 ("FEMA RULES") IN THIS ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,
The Board of Directors
AXISCADES Technologies Limited
Block C, Second Floor, Kirloskar Business Park,
Bengaluru, Karnataka, India, 560 024

Dear Sirs,

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we are an Eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoter of the Company, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoter or persons related to promoter of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules. We confirm that we are not an FVCI. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Funds**
MF	Mutual Funds	**NIF**	National Investment Fund
FPI	Eligible Foreign Portfolio Investors*		
VCF	Venture Capital Funds**	**SI-NBFC**	Systemically Important NBFC
IC	Insurance Companies	**IF**	Insurance Funds
OTH	Others (Please Specify)		

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*
*** Sponsor and Manager should be Indian owned and controlled.*

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the Preliminary Placement Document and this Application Form. We confirm that, in relation to our application, each Eligible FPIs, have submitted separate Application Forms, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of Equity Shares to be Allotted under each such scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant authorisations. We note that the Board of Directors of the Company, or any duly authorised committee thereof, is entitled, in consultation with IIFL Securities Limited, Ambit Private Limited and Centrum Capital Limited (the "**Book Running Lead Managers**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof.

We hereby agree to accept the Equity Shares that may be Allocated to us pursuant to the Confirmation of Allocation Note ("**CAN**"), and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of this Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The Bid Amount payable by us for the Equity Shares applied for in the Issue has been/will be remitted to the designated bank account set out in this Application Form only through electronic mode, along with this duly completed Application Form prior to or on the Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash, demand draft or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the Book Running Lead Managers; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if we withdraw the Bid before Issue Closing Date, or if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We further understand, agree and consent that (i) our names, address, contact details, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Managers; and; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Karnataka at Bangalore (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of BSE Limited and National Stock Exchange of India Limited (together, the "**Stock Exchanges**"), and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the RBI and other applicable laws. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "***Notice to Investors***", "***Representations by Investors***", "***Issue Procedure***", "***Selling Restrictions***" and "***Transfer Restrictions***" sections of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the Book Running Lead Managers, each of whom is entitled to rely on, and is relying on, these representations, undertakings and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD and the Application Form and have read it in its entirety including in particular, the section titled "***Risk Factors***" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the Book Running Lead Managers or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document (when provided), this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares, otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company, in consultation with the Book Running Lead Managers, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Managers; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the Book Running Lead Managers. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) if we are participating in the Issue as an Eligible FPI, we are not an individual, corporate body, or family office; and (10) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form, whether signed or not is submitted by an Eligible QIB, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of such Eligible QIB.

We acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. **By signing this Application Form and checking the applicable box above, we hereby represent, warrant, acknowledge and agree that we are located outside the United States and purchasing the Equity Shares in an "offshore transaction" (as defined in, and in reliance on, Regulation S) complying with Rule 903 or Rule 904 of Regulation S and the applicable laws of the jurisdictions where such offers and sales are made.**

BIDDER DETAILS (IN BLOCK LETTERS)				
NAME OF BIDDER*				
NATIONALITY				
REGISTERED ADDRESS				
CITY AND CODE				
COUNTRY				
MOBILE NO.				
TELEPHONE NO.			**FAX.**	
EMAIL				
FOR ELIGIBLE FPIs**	**REGISTRATION NUMBER:**	**FOR AIFs***/ MFs/ VCFs***/ SI-NBFCs/ ICs**	**REGISTRATION NUMBER:**	

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the Bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the Book Running Lead Managers.*

***In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

****Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the Book Running Lead Managers will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS			
Depository Name (Please ✓)	National Security Depository Limited		Central Depository Services (India) Limited

Depository Participant Name										
DP – ID	I	N								
Beneficiary Account Number										(16 digit beneficiary account. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purpose of refund, if any, only the bank details as mentioned below, from which the Bid Amount has been remitted for the Equity Shares applied for in the Issue, will be considered.**

ESCROW ACCOUNT - BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER	
BY 3.00 P.M. (IST), January 15, 2024, being the Issue Closing Date	
Name of the Account	AXISCADES Technologies Ltd – QIP Escrow Account
Name of the Bank	RBL Bank Limited
Address of the Branch of the Bank	Prestige Tower, 99&100 Residency Road, Bangalore – 560 025
Account Type	Escrow A/C
Account Number	409148509555
IFSC	RATN0000156
Tel No.	9845024550
E-mail	wcsblr@rblbank.com

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "AXISCADES Technologies Limited – QIP Escrow Account". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Bid/Issue Closing Date. The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

You are responsible for the accuracy of the bank account details mentioned below. You are aware that the successful processing of refunds, if any, shall be dependent on the accuracy of the bank details provided by you. The Company and the Book Running Lead Managers shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	
NO. OF EQUITY SHARES BID		**PRICEPER EQUITY SHARE (RUPEES)**	
(In figures)	(In words)	(In figures)	(In words)
BID AMOUNT (RUPEES)			
(In figures)	(In words)		

DETAILS OF CONTACT PERSON			
NAME			
ADDRESS			
TEL. NO.		**FAX NO.**	
EMAIL			

OTHER DETAILS	
PAN*	
Date of Application	
LEI	

ENCLOSURES ATTACHED
Attested/ certified true copy of the following: ☐ Copy of PAN Card or PAN allotment letter ☐ Copy of FPI Registration Certificate /MF Registration certificate / SEBI certificate of registration for AIFs/VCF/SI-NBFC/IC/IF

Signature of Authorised Signatory (may be signed either physically or digitally) **		☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a Scheduled Commercial Bank ☐ Copy of notification as a public financial institution ☐ FIRC ☐ Copy of IRDAI registration certificate ☐ Intimation of being part of the same group ☐ Certified true copy of Power of Attorney ☐ Other, please specify

**It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*

***A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

Note:

(1) Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and the Placement Document.

(2) The Application Form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company in consultation with the Book Running Lead Managers.

(3) The duly filed Application Form along with all enclosures shall be submitted to the Book Running Lead Managers either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in the PPD.

This Application Form, the PPD sent to you and the Placement Document which will be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.