

Independent Auditor's Review Report on the Quarterly Unaudited Standalone Ind AS Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
AXISCADES Technologies Limited

1. We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of AXISCADES Technologies Limited (the "Company") for the quarter ended June 30, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement 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 and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. 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.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. **Emphasis of Matter**

We draw attention to Note 4 to the Statement in respect of dispute between the Company and the Shareholders of Mistral Solutions Private Limited in relation to the implementation of the Share Purchase Agreement ('SPA') dated December 1, 2017. The Arbitral Tribunal has passed its Interim Arbitration Award directing the parties to comply with the aforesaid award. Pending the compliance with the direction contained in the aforesaid award and the issuance of the final award, the outcome of the matter is not fully known currently. Our conclusion is not modified in respect of this matter.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

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per Sunil Gaggar

Partner

Membership No.: 104315

UDIN: 22104315AOUFBZ2367

Place: Bengaluru

Date: August 10, 2022

AXISCADES Technologies Limited
CIN NO: L72200KA1990PLC084435

Regd. Office: Block C, Second Floor, Kirloskar Business Park, Bengaluru - 560024, Karnataka, India
Website: www.axiscades.com, Email: info@axiscades.com, Tel: +91 80 4193 9000, Fax: +91 80 4193 9099

(₹ in lakhs)

Statement of unaudited standalone financial results for the quarter ended June 30, 2022

Particulars	Quarter ended			Year ended
	June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
		(Refer Note 8)		
I. Income				
(a) Revenue from contracts with customers	6,121.35	5,161.97	3,573.58	18,198.07
(b) Other income	15.38	13.88	111.14	204.57
Total Income	6,136.73	5,175.85	3,684.72	18,402.64
II. Expenses				
(a) Employee benefits expense	3,683.53	3,093.18	2,527.03	11,403.96
(b) Finance costs	131.53	256.39	298.01	1,171.56
(c) Depreciation and amortisation expense	236.43	255.71	226.17	950.96
(d) Other expenses	1,359.85	1,511.88	909.96	5,271.18
Total expenses	5,411.34	5,117.16	3,961.17	18,797.66
III. Profit / (Loss) before exceptional items and tax (I-II)	725.39	58.69	(276.45)	(395.02)
IV. Exceptional items, net (refer note 5)	(4,444.98)	750.42	-	750.42
V. Profit / (Loss) before tax (III+IV)	(3,719.59)	809.11	(276.45)	355.40
VI. Tax expense				
Current tax	58.46	109.97	13.69	140.45
Deferred tax charge / (credit)	146.88	(92.93)	-	(92.93)
VII. Profit / (Loss) for the period / year (V - VI)	(3,924.93)	792.07	(290.14)	307.88
VIII. Other comprehensive income, net of tax [(loss) / profit]				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Remeasurement gain / (losses) in defined benefit plans	8.64	76.11	(13.39)	34.54
Income tax effect	(2.40)	(20.05)	3.37	(9.61)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Gain / (losses) on cash flow hedges	(66.88)	(48.09)	8.90	19.08
Income tax effect	18.59	11.59	(2.24)	(5.31)
IX. Total comprehensive income / (loss) for the period / year (VII+VIII)	(3,966.98)	811.63	(293.50)	346.58
X. Paid-up equity share capital (₹ 5/- each)	1,901.68	1,897.23	1,889.51	1,897.23
XI. Other equity				14,729.98
XII. Earnings / (Loss) per share ("EPS") (of ₹ 5/- Each) (not annualised for quarters):				
Basic EPS (₹)	(10.34)	2.09	(0.77)	0.81
Diluted EPS (₹) (refer note 6)	(10.34)	2.02	(0.77)	0.80

1. In terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the aforesaid Statement of unaudited standalone financial results for the quarter ended June 30, 2022 of the AXISCADES Technologies Limited (hereinafter referred to as the "Company") has been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on August 10, 2022. The aforesaid unaudited standalone financial results for the quarter ended June 30, 2022 have been subjected to limited review by the statutory auditors of the Company.

2. The financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

3. The Company is engaged in the business of "Technology Services and Solutions". These, in the context of Ind AS 108 on Operating Segments Reporting are considered to constitute one segment and hence the Company has not made any additional segment disclosures.



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(₹ in lakhs)

Statement of unaudited standalone financial results for the quarter ended June 30, 2022

4. The Company entered into a Share Purchase Agreement ('SPA') on December 1, 2017, to acquire 100% stake in Mistral Solutions Private Limited ('MSPL') 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 December 01, 2017.

Pursuant to the requirements of SPA, during the quarter ended June 30, 2018, 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 May 15, 2018, with NCLT, Mumbai for approval. Pending necessary approval from NCLT Mumbai Bench, no effect of the aforesaid scheme of amalgamation is given in the financial results.

During the quarter ended June 30, 2020, the shareholders of MSPL have demanded for discharge of purchase consideration of Phase II of SPA aggregating Rs 7,213 lakhs as the scheme of merger has not yet been approved. The shareholders have also demanded an interest of Rs 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, 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 May 26, 2022, dated May 21, 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. During the quarter ended June 30, 2022, the Company has recorded an additional charge of Rs. 4,444.98 lakhs (including interest of Rs. 2,944.98 lakhs and additional consideration of Rs. 1,500 lakhs) as an exceptional item, in accordance with Interim Award. Pursuant to further directions contained in the Interim Award, the Company issued bank guarantees aggregating Rs. 6,500 lakhs in favour of shareholders of MSPL towards completion of its performance under the SPA.

Pending the issuance of final Award by the Arbitral Tribunal, the Management believes the liability being carried towards the purchase consideration of acquisition is adequate and no further provision is required.

5. Exceptional item comprises of the following:

(₹ in lakhs)

Particulars	Quarter ended			Year ended
	June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Interest and additional purchase consideration (refer note 4 above)	4,444.98	-	-	-
Impairment (reversal) of Investment and Fair value change in contingent purchase consideration payable	-	(750.42)	-	(750.42)
Total, net	4,444.98	(750.42)	-	(750.42)

6. For the purpose of computation of diluted EPS for quarter ended June 30, 2022 and June 30, 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.

7. The previous quarter / year figures have been regrouped / rearranged wherever necessary to conform with the current quarter presentation.

8. The figures of the last quarter ended March 31, 2022 are the balancing figures between audited figures in respect of the full financial year up to March 31, 2022 and the unaudited published year to-date figures up to December 31, 2021, being the date of the end of the third quarter of the respective financial year, which were subjected to limited review.

9. The above unaudited standalone financial results of the Company are available on the Company's website (www.axiscades.com) and also on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com), where the shares of the Company are listed.

Place : London, UK
Date : August 10, 2022



For AXISCADES Technologies Limited

Arun Krishnamurthi
CEO & Managing Director