AXIOM CONSULTING PRIVATE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

2015-16

GURU
& JANA
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS OF
AXIOM CONSULTING PRIVATE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **AXIOM CONSULTING PRIVATE LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies or those charged with governance included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 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.

GURU & JANA CHARTERED ACCOUNTANTS

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Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We have conducted an audit of the holding Company's standalone financials. For the purpose of review of the consolidated financial statement, for Axiom Americas Inc (subsidiary Company) and Axiom Product Development LLC (step-down subsidiary) audit was conducted by us as at year ended 31st March, 2016.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Auditor's Responsibility Statements above, the aforesaid consolidated financial statements give the information required by 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, as at 31st March, 2016, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We have not audited the financial statements of Axiom Product Development Pte Ltd. (subsidiary Company) whose financial statements reflect total assets of Rs. 69,76,898 (SGD 1,41,960) as at 31st March, 2016, total revenues of Rs. 1,27,44,799 (SGD 2,70,230) and net cash flows amounting to Rs 27,17,904/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by Chartered Accountants of Singapore whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

(b) As per the written representation received from the Management and those charged with governance, the subsidiaries shall comply with the applicable law and regulations relating to maintenance of books of accounts, financials records of the Company, management of the affairs of the Company and compliance with the regulations of the state.

(c) We have not received the bank confirmations for the subsidiary Company Axiom Americas Inc, however we have obtained account statements.

Our opinion 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 / financial information certified by the Management.

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Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, the said Order is not applicable to the auditor's report on consolidated financial statements.

2. As required by Section143 (3) of the Act, we report, to the extent applicable, that:

(a) We have sought and, except for the possible effect of the matter described in sub-paragraph (a) & (b) of Basis for Opinion above, 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 consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) Except for the matter described in sub-paragraph (a) & (b) of Opinion paragraph above, the reports on the accounts of its subsidiaries, audited under Section 143 (8) of the Act by the other auditors, as applicable, have been properly dealt with in preparing this report.

(d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group's companies, is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

GURU & JANA... CHARTERED ACCOUNTANTS

(g) With regards to the matter to be reported under sub clause (*i*) of Sub section (3) of Sec 143, reporting on the Internal Financial Controls of the Company, and the guidance notes issued by the Institute of Chartered Accountants of India, since the components included in the Consolidated Financial Statements are not regulated by the Companies Act, 2013, hence there is no matter to be reported. The effectiveness of the Internal Controls of the Holding Company has been reported with the standalone financials of the Company.

(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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. There are no pending litigations on the consolidated financial position of the Group. Hence the said clause is not applicable.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies. Hence this clause is not applicable.

For **Guru & Jana,**
Chartered Accountants
Firm's Registration No. 006826S

Guru Prasad M.
Partner
Membership No. 200714

Place: Bangalore
Date: 11 July 2016

AXIOM CONSULTING PRIVATE LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016

Particulars	Note	(Amounts in Rupees)
Equity and Liabilities		
Shareholders' Funds		
Share capital	2	13,457,520
Reserves and surplus	3	59,550,064
Non-current Liabilities		
Long term borrowings	4	11,586,417
Long term provisions	5	8,718,201
Current Liabilities		
Short term borrowings	6	4,529,082
Trade payables	7	15,901,148
Other current liabilities	8	44,217,232
Short-term provisions	9	4,507,277
Deferred tax liability	10	2,291,866
		164,758,807
Assets		
Non-current Assets		
Fixed assets		
Tangible assets	11	10,087,246
Intangible assets	12	36,076,682
Intangible assets under development	12	981,895
Long term loans and advances	13	21,500
Current Assets		
Trade receivables	14	53,792,901
Cash and cash equivalents	15	42,151,193
Short term loans and advances	16	13,794,225
Other current assets	17	7,853,165
		164,758,807
Significant accounting policies	1	

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For Guru & Jana
Chartered Accountants
Firm Registration No.006826S

M. Guru Prasad
Partner
Membership No: 200714

For and on behalf of the Board of Directors

Satya Simha Rao
Chairman & Managing Director
DIN: 00350297

Giridhar Lakshminarayana
Director
DIN: 01553968

Place: Bangalore
Date: 11th July, 2016

AXIOM CONSULTING PRIVATE LIMITED

CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	Note	(Amounts in Rupees)
Income		
Revenue from operations	18	406,922,755
Other income	19	77,468
		407,000,223
Expenses		
Employee benefits expenses	20	251,731,131
Other expenses	21	98,121,820
		349,852,951
Earnings before interest, tax, depreciation and amortization (EBITDA)		57,147,272
Finance cost	22	3,879,387
Depreciation, amortisation and impairment	23	14,903,523
Profit before tax		**38,364,362**
Tax expenses		
Current tax		10,045,543
MAT credit		(1,597,064)
Deferred tax charge/ (credit)		3,321,415
Profit after tax		**26,594,468**
Significant accounting policies	1	

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For Guru & Jana
Chartered Accountants
Firm Registration No.006826S

M. Guru Prasad
Partner
Membership No: 200714

For and on behalf of the Board of Directors

Satya Simha Rao
Chairman & Managing Director
DIN: 00350297

Giridhar Lakshminarayana
Director
DIN: 01553968

Place: Bangalore
Date:11th July, 2016

AXIOM CONSULTING PRIVATE LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	(Amounts in Rupees)
Cash Flow from Operating Activities	
Net profit after tax	26,594,468
Adjustments for:	
Net Income tax for current period	8,448,480
Depreciation	14,903,523
Interest expense	2,682,406
Operating profit before working capital changes	**52,628,877**
Movement in trade receivables	(12,483,983)
Movement in deferred tax	3,319,448
Movement in long term loans and advances	7,117,925
Movement in short term loans and advances	(909,732)
Movement in other current assets	(8,042,834)
Movement in long term provisions	1,708,732
Movement in trade payables	2,513,821
Movement in other current liabilities	14,939,887
Movement in short-term provisions	726,690
Cash from operating activities	**61,518,831**
Tax payable	-
Net Cash from operating activities	**61,518,831**
Cash Flow from Investing Activities	
Purchase of fixed assets	(15,643,205)
Capitalisation of intangible assets under development	(4,524,001)
Net cash used in investing activities	**(20,167,206)**
Cash Flow from Financing Activities	
Movement in long term borrowings	5,767,906
Movement in short term borrowings	(6,794,538)
Interest paid	(2,682,406)
Net cash used in financing activities	**(3,709,038)**
Net movement in cash and cash equivalents	**37,642,587**
Cash and cash equivalents at beginning of period	12,009,799
Effect of exchange difference due to translation of foreign currency items	947,288
Cash and cash equivalents at end of period	**42,151,193**

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Balances with banks on current accounts	34,902,340
Balances with banks on EEFC accounts	7,070,382
Cash in hand	178,471
Cash and cash equivalents as restated	42,151,193

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For Guru & Jana
Chartered Accountants
Firm Registration No.006826S

M. Guru Prasad
Partner
Membership No: 200714

GURU & JANA CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Satya Simha Rao
Chairman & Managing Director
DIN: 00350297

Giridhar Lakshminarayana
Director
DIN: 01553968

Place: Bangalore
Date:11th July, 2016

AXIOM CONSULTING PVT. LTD. BANGALORE

(Amounts in Rupees)

Note 2 : Share Capital

Authorised	
1,500,000 Equity Shares of Rs.10/- each (previous year 1,500,000)	15,000,000
	15,000,000
Issued, subscribed and fully paid-up	
1,345,752 Equity Shares of Rs.10/- each (previous year 1,345,752)	13,457,520
	13,457,520

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March, 2016	
	Number of shares	Amount
As at the beginning of the year	1,345,752	13,457,520
Issued during the year	-	-
Outstanding at the end of the year	1,345,752	13,457,520

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year, the company has not declared any dividend.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Share holders.

c) Details of shareholders holding more than 5% of equity shares in the Company

Equity shares of Rs. 10 each fully paid	As at 31 March, 2016	
	Number of shares	% holding
Satya Simha Rao	421,250	31.30%
Giridhar L	355,000	26.38%
Robert H Tate	251,678	18.70%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d) Details of shares issued for consideration other than cash.

Description	Year of issue	Number of shares
Sweat equity shares of Rs. 10 each fully paid	2013-14	55,300
	2011-12	61,450
	2010-11	28,173

GURU & JANA CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. LTD. BANGALORE

	(Amounts in Rupees)
Note 3 : Reserves and surplus	
Securities Premium Reserve	
Opening balance	4,934,250
	4,934,250
Surplus in Statement of Profit and Loss	
Profit brought forward	20,933,670
Current year surplus	26,594,468
	47,528,138
Foreign exchange Translation Reserve	
Opening balance	5,777,691
Additions during the year	1,309,985
Closing balance	**7,087,676**
	59,550,064
Note 4 : Long term borrowings	
Long term Loans	
Indian Rupee Term Loan - Secured	3,071,534
Foreign Currency Term Loans - Secured	20,450,576
	23,522,110
Less: Current Maturities	
Indian Rupee Term Loan - Secured	2,008,281
Foreign Currency Term Loan - Secured	9,927,412
	11,935,693
Amount disclosed under the head "other current liabilities" (Note 8)	(11,935,693)
	11,586,417

Secured loans consist of the following from Kotak Mahindra Bank Ltd.:

1) Foreign currency term loan having original principal loan amount of USD 75,936.55 (equivalent to Rs. 4,500,000/- on date of disbursement) (balance as at 31st March, 2016 USD 43,779.55) carrying floating rate of interest of USD 6 months LIBOR plus 5% p.a. (5.65% at year end). The loan is repayable in 36 monthly instalments of USD 2,287 per month including interest, starting from 28th November, 2014.

2) Foreign currency term loan having original principal loan amount of USD 160,513.65 (equivalent to Rs. 10,000,000/- on date of disbursement) (balance as at 31st March, 2016 USD 122,960.65) carrying floating rate of interest of USD 6 months LIBOR plus 5% p.a. (5.82% at year end). The loan is repayable in 36 monthly instalments of USD 4,843 per month including interest, starting from 20th July, 2015.

3) Foreign currency term loan having original principal loan amount of USD 147,449.13 (equivalent to Rs. 10,000,000/- on date of disbursement) (balance as at 31st March, 2016 USD 141,572.13) carrying floating rate of interest of USD 6 months LIBOR plus 5% p.a. (5.88% at year end). The loan is repayable in 24 monthly instalments of USD 6,526 per month including interest, starting from 20th March, 2016.

4) Indian rupee loan having original principal loan amount of Rs. 5,500,000/ (balance as at 31st March, 2016 Rs. 3,071,534.11) carrying floating rate of interest of 12.25% p.a. at year end. The loan is repayable in 36 monthly instalments of Rs. 189,532 per month including interest, starting from 5th September 2014.

The above loans are in the nature of working capital term loans and secured by exclusive charge on all existing and future current assets/ moveable assets of the Company, collateral security of immovable properties of a promoter director and of a relative of a promoter director and personal guarantees of promoter directors and of a relative of a promoter director .

Note 5 : Long-term provisions	
Provision for Employee Benefits:	
Provision for Gratuity	5,283,833
Provision for Leave Encashment	3,434,368
	8,718,201

GURU & JANA... CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. LTD. BANGALORE

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(Amounts in Rupees)

Note 6 : Short term borrowings

Indian Rupee Overdraft loan - Secured	4,529,082
	4,529,082

Secured loans consist of the following from Kotak Mahindra Bank Ltd.:

1) Foreign currency term loan having original principal loan amount of USD 75,936.55 (equivalent to Rs. 4,500,000/- on date of disbursement) (balance as at 31st March, 2016 USD 43,779.55) carrying floating rate of interest of USD 6 months LIBOR plus 5% p.a. (5.65% at year end). The loan is repayable in 36 monthly instalments of USD 2,287 per month including interest, starting from 28th November, 2014.

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3) Foreign currency term loan having original principal loan amount of USD 147,449.13 (equivalent to Rs. 10,000,000/- on date of disbursement) (balance as at 31st March, 2016 USD 141,572.13) carrying floating rate of interest of USD 6 months LIBOR plus 5% p.a. (5.88% at year end). The loan is repayable in 24 monthly instalments of USD 6,526 per month including interest, starting from 20th March, 2016.

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The above loans are in the nature of working capital term loans and secured by exclusive charge on all existing and future current assets/ moveable assets of the Company, collateral security of immovable properties of a promoter director and of a relative of a promoter director and personal guarantees of promoter directors and of a relative of a promoter director .

Note 7 : Trade payables

Trade payables	15,901,148
	15,901,148

Note 8 : Other current liabilities

Statutory liabilities	4,479,940
Payable to employees	8,044,291
Current maturities of long term borrowings (Note 4)	11,935,693
Interest accrued but not due on Term Loan	31,869
Other payables	13,473,916
Deferred revenue	6,251,523
	44,217,232

Note 9 : Short term provisions

Provision for income tax (net of advance taxes)	3,819,812
Provision for gratuity	369,492
Provision for leave encashment	317,973
	4,507,277

Note 10 : Deferred tax liability (Net)

Deferred tax liability

Fixed assets	5,370,358
	5,370,358

Deferred tax asset

Provision for Gratuity	1,746,877
Provision for Leave encashment	1,159,473
Other expenses	172,142
	3,078,492
	2,291,866

GURU & JANA CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. LTD. BANGALORE

AXIOM CONSULTING PRIVATE LIMITED

Notes to Consolidated Financial Statements for the year ended 31st March 2016

Note 11

Tangible Assets

Changes in the carrying amount of tangible assets for the year ended 31st March 2016

(Amounts in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 1-4-2015	Additions	Deletions	As at 31-03-2016	Upto 1-4-2015	For the year	Impairment	Deletion	Total upto 31-03-2016	As at 31-03-2016	As at 31-03-2015
Computers & Accessories	9,266,609	4,380,839	-	**13,647,448**	8,146,299	1,384,340	-	-	**9,530,639**	**4,116,809**	1,120,310
Plant & Machinery	1,125,248	-	-	**1,125,248**	1,086,567	41	-	-	**1,086,608**	**38,640**	38,681
Furniture & Fixtures	8,743,556	-	-	**8,743,556**	4,514,408	1,427,197	-	-	**5,941,605**	**2,801,951**	4,229,148
Office Equipments	2,807,606	313,284	-	**3,120,890**	1,588,218	621,628	-	-	**2,209,846**	**911,044**	1,219,388
Equipment on Lease	-	3,560,971	-	**3,560,971**	-	1,342,169	-	-	**1,342,169**	**2,218,802**	-
Total	**21,943,019**	**8,255,094**	-	**30,198,113**	**15,335,492**	**4,775,375**	-	-	**20,110,867**	**10,087,246**	**6,607,527**

GURU & JANA... CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. LTD. BANGALORE

AXIOM CONSULTING PRIVATE LIMITED

Notes to Consolidated Financial Statements for the year ended 31st March 2016

Note 12

Intangible assets

Changes in the carrying amount of intangible assets for the year ended 31st March 2016

(Amounts in Rupees)

Particulars	GROSS BLOCK				AMORTISATION					NET BLOCK	
	As at 1-4-2015	Additions	Deletions	As at 31-03-2016	Upto 1-4-2015	For the year	Impairment	Deletion	Total upto 31-03-2016	As at 31-03-2016	As at 31-03-2015
Acquired Software	25,203,880	7,388,111	-	32,591,991	11,711,308	5,195,090	-	-	16,906,398	15,685,593	13,492,572
Internally Developed	-	25,313,076	-	25,313,076	-	4,921,987	-	-	4,921,987	20,391,089	-
Total	25,203,880	32,701,187	-	57,905,067	11,711,308	10,117,077	-	-	21,828,385	36,076,682	13,492,572

Internally developed intangible assets represents the proprietary software 'VEOL' which was part of Assets Under Development till last year. The same has been capitalised during the year and considered for amortisation in next 3 years starting from 1st September 2015 onwards.

Intangible assets under development

Changes in the carrying amount of intangible assets under development for the year ended 31st March 2016

(Amounts in Rupees)

Particulars	GROSS BLOCK				AMORTISATION					NET BLOCK	
	As at 1-4-2015	Additions	Deletions	As at 31-03-2016	Upto 1-4-2015	For the year	Impairment	Deletion	Total upto 31-03-2016	As at 31-03-2016	As at 31-03-2015
Under Development	21,770,970	4,524,001	25,313,076	981,895	-	-	-	-	-	981,895	21,770,970

GURU & JANA CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. LTD. BANGALORE

Notes to Consolidated Financial Statements for the year ended 31st March 2016

(Amounts in Rupees)

Note 13 : Long term loans and advances	
(Unsecured, considered good unless stated otherwise)	
Security Deposits	21,500
	21,500
Note 14 : Trade receivables	
(Unsecured, considered good unless stated otherwise)	
Outstanding for more than 6 months	585,738
Outstanding less than 6 months	53,207,163
	53,792,901
Note 15 : Cash and cash equivalents	
Cash and cash equivalents:	
Balances with Banks:	
on Current accounts	34,902,340
on EEFC accounts	7,070,382
Cash on hand	178,471
	42,151,193
Note 16 : Short term loans and advances	
(Unsecured, considered good unless stated otherwise)	
Deposits	1,476,615
Staff Advances	315,320
Other Advances	1,220,418
Prepaid expenses	1,927,246
Advance taxes (net of provision for taxation)	4,551,529
Balances with Service Tax department	4,303,097
	13,794,225
Note 17 : Other Current Assets	
Unbilled Revenue	7,853,165
	7,853,165

GURU & JANA., CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. BANGALORE

For

(Amounts in Rupees)

Note 18 : Revenue from operations

Income from research, design & product development services	406,922,755
	406,922,755

Note 19 : Other income

Exchange fluctuation gain (net)	77,468
	77,468

Note 20 : Employee benefits expenses

Salaries and allowances	224,354,604
Contribution to provident and other funds	14,048,391
Gratuity	1,612,572
Leave encashment	1,614,188
Staff welfare	10,101,376
	251,731,131

Note 21 : Other expenses

Product design expenses	26,006,942
Rent	15,960,727
Power & water	2,727,362
Repairs and maintenance	6,197,556
Hire charges	1,909,012
Rates, taxes and duties	1,023,775
Insurance	1,162,169
Travelling & conveyance	9,154,362
Internet & communication charges	6,753,873
Auditors remuneration	934,717
Professional charges	21,379,457
Business development Expenses	991,948
Miscellaneous expenses	3,919,920
	98,121,820

Note 22 : Finance cost

Interest on loans	2,190,236
Lease finance charges	492,169
Bank charges	1,196,982
	3,879,387

Note 23 : Depreciation & Amortization

Depreciation	5,287,586
Amortization	9,615,937
	14,903,523

GURU & JANA CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. LTD. BANGALORE

For

Notes to Consolidated Financial Statements for the year ended 31st March 2016

Significant Accounting Policies

Company overview

Axiom Consulting Private Limited ('the Company') was incorporated as a private limited company under the Indian Companies Act, 1956 on 19th June 2001 and is domiciled in India.

The Company provides engineering design, testing, prototype development and related services and sale/ licensing of internally developed intangible products and their related services. It has branches in USA and Belgium and wholly owned subsidiaries in USA and Singapore.

Note 1 : Significant accounting policies

1 Basis of preparation of financial statements

The consolidated financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, on an accrual basis and under the historical cost convention. The Accounting policies have been applied consistently except to the extent of change required under a new or revised Accounting Standard. The financial statements are presented in Indian Rupees and rounded off to nearest rupee. The Management evaluates all recently issued or revised Accounting Standards on an on-going basis.

The Company is a Small and Medium sized company as defined in the General Instructions in respect of the Accounting Standards notified under Section 133 of the Companies Act 2013. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the AccountingStandard (AS) 21, "Consolidated Financial Statements". The consolidated financial statements comprise the financial statements of the company and its subsidiaries, combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealised gain/ loss. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.

2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Changes in estimates are reflected in the financial statements of the period in which the changes are made with material amounts being disclosed in the financial statements and/ or the notes to the financial statements.

3 Revenue Recognition

Revenue is derived from providing engineering design, testing, prototype development and related services and sale/ licensing of internally developed intangible products and related services related to their implementation and customisation. Revenue from services is recognised based on time and material and/ or fixed price contractual arrangements with customers and accrued when there is no uncertainty as to measurement of revenue or its collectability.

a. Revenue from time and material contracts is recognised as the related services are performed.

b. Revenue from fixed price contracts is recognised as the related services are performed by applying the percentage of completion method.

c. Revenue from the sale of prototype is recognised when the property in the goods or all significant risks and rewards of ownership are transferred to the customer.

d. Revenue from sale/ licensing of internally developed intangibles is recognised when license is issued to customer in case of sale or when services incidental to and necessary for use of the intangibles are performed in case of a sale and services agreement.

e. Billing in excess of revenue recognized is classified as Deferred Revenue and revenue recognized in excess of billing is classified as Unbilled Revenue.

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AXIOM CONSULTING PVT. LTD. BANGALORE

4 Tangible assets and depreciation

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs relating to the acquisition and installation of tangible assets are capitalised. Cost of tangible assets not ready for their intended use as at the reporting date are included in "Capital works in progress".

Tangible leased assets acquired under finance lease are capitalised as owned assets at their fair value on date of acquition. Fair value is the lower of minimum of future lease rentals or present value of lease rentals.

Depreciation is computed using written down value method, based on the prescribed useful lives for tangible assets specified under Schedule II of the Companies Act, 2013. Depreciation on assets purchased during the year is charged proportionately from the date of putting to use.

Leased assets captalised as owned assets are depreciated over their primary period of lease.

5 Intangible assets and amortisation

Intangible assets comprise of acquired software and internally developed engineering solutions/ systems and software. Acquired intangibles are measured on initial recognition at cost. Subsequently, intangible assets are recognised at cost less accumulated amortization and any impairment. Internally developed intangible assets are capitalised at the development stage and all research costs are charged to Statement of Profit and Loss in the year in which the expenditure is incurred.

Intangible assets are amortised on straight line basis over the estimated useful economic life of the asset. The amortisation period and the amortisation method are reviewed at the end of each financial year. If the estimated useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

6 Impairment

The carrying amounts of tangible assets and intangible assets are reviewed at each reporting date to determine if there is any indication of impairment of assets and the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses are recognised in statement of profit and loss. Impairment loss recognised in respect of a CGU is reduced by the carrying amounts of the other assets in the CGU on a pro-rata basis.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated and the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

7 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long-term investment which is expected to be realised within twelve months of the reporting date is presented under 'current assets' as "current portion of long term investments" in accordance with the current/ non-current classification scheme of Schedule III.

Long-term investments (including current portion thereof) are carried at cost less any other than temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investment i.e., equity shares, preference shares, convertible debentures etc.

Any reduction in the carrying amount and any reversal of such reduction is charged or credited to the Statement of Profit and Loss.

GURU & JANA. CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. LTD. BANGALORE

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8 **Employee benefits**

a. Defined Contribution Plans

These are plans in which the Company pays pre-defined percentage of employee's salary to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund maintained by the government. The Company's payment to the defined contribution plans are recognised as expenses during the period in which the employees perform services that the payment covers.

b. Defined Benefit Plans

Gratuity

The Company provides for gratuity, a defined benefit plan (Gratuity Plan). The liability with regard to gratuity plan is accrued based on actuarial valuation, based on Projected Unit Credit Method.

Leave Encashment

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating. The estimated expenses of accumulated compensated absences are determined and accrued using actuarial valuation in respect of the unused entitlement accumulated as at reporting date. Expenses relating to non-accumulated compensated absences are recognized as expenditure in the period in which the absence occurs.

9 **Sweat Equity Shares**

The Company measures the compensation cost relating to sweat equity shares based on fair value determined by a valuer which is expensed in the period in which sweat equity shares are issued.

10 **Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, development, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to be ready for its intended use or sale. All other borrowing costs are recognised as expenses in the period in which they are incurred.

11 **Provisions and contingencies**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimates required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current management estimates.

12 **Foreign currency transactions**

Foreign currency transactions during the year are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary items are translated into rupees at the closing rates of exchange prevailing as at the reporting date. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items at rates different from those at which they are initially recorded, are recognized as income or as expenses in the year in which they arise.

GURU & JANA CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. LTD. BANGALORE

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The Company classifies all its foreign entities as either 'Integral foreign operations' or 'Non-integral foreign operations'. The financial statements of integral foreign operations are translated as if the transactions of such foreign operations have been those of the Company itself.

The assets and liabilities of non-integral foreign operations are translated into the reporting currency at the exchange rate prevailing at the reporting date and their Statement of Profit and Loss are translated at exchange rates prevailing at the dates of transaction or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange difference arising on translation is accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognised in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedure applicable to the revised classification are applied prospectively.

The translation of financial statements of the foreign subsidiaries from the local currency to the reporting currency of the company is performed for balance sheet accounts using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using a monthly average exchange rate for the respective periods and the resulting difference is presented as foreign currency translation reserve included in "reserves and surplus". When a subsidiary is disposed off, in part or in full, the relevant amount is transferred to profit or loss.

13 Income Tax

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes are recognised for the future tax effects attributable to timing differences between the determination of income and expenses for financial statement reporting purposes and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which deferred tax assets can be realised.

Minimum Alternative Tax ('MAT') under the provisions of the Indian Income-Tax Act, 1961 is recognised as part of current tax in the Statement of Profit and Loss. The credit available as per provisions of the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for or set-off against the normal tax liability. MAT credit is recognised as an asset and is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

14 Earnings per share

The basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders for the reporting period by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit after tax attributable to equity share holders for the reporting period and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

GURU & JANA... CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. LTD. BANGALORE

(Amounts in Rupees)

Note 25 : Notes forming part of Balance Sheet and Statement of Profit and Loss

1 Earnings Per share (EPS)

Net Profit / (Loss) for Calculation of Basic and Diluted EPS	26,594,468
Weighted Average no of shares outstanding during the year	1,345,752
Weighted Average no of shares used to compute diluted EPS	1,345,752
Earnings Per Share	
- Basic	19.76
- Diluted	19.76

2 Employee benefits - Post employment benefit plans

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employees salaries or a fixed amount as applicable under the respective legislations, in respect of qualifying employees towards social security, which is a defined contribution plan. The Company has no obligation other than this to make specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to provident fund in respect of salaries paid for the year aggregated to Rs. 137,90,906.

Defined benefit plans

The following table summarize the components of net benefit expense in India, recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet for the respective plans:

Statement of Profit and Loss - Employee benefits expense	**Compensated absences**	**Gratuity**
Current service cost	401,420	643,586
Interest cost on benefit obligation	239,780	343,222
Net actuarial loss/ (gain) recognised	972,989	625,767
Net benefit expense	**1,614,189**	**1,612,575**

Balance Sheet	**Compensated absences**	**Gratuity**
Defined benefit obligation	3,752,342	5,653,328
Plan (asset)/ liability	**3,752,342**	**5,653,328**

Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	2,990,870	4,281,137
Interest cost	239,780	343,222
Current service cost	401,420	643,586
Benefits paid	(852,717)	(240,384)
Actuarial (gains)/losses on obligation	972,989	625,767
Closing defined benefit obligation	**3,752,342**	**5,653,328**

Investment details of plan assets (Not externally funded)	
The principal assumptions used in determining gratuity obligation	
Discount rate	7.80%
Increase in compensation cost	6.80%

Notes:

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other factors including supply and demand of manpower. Employee turnover estimates vary based on service length.

Particulars	**2016**	**2015**	**2014**	**2013**
Amounts for the current year and previous years are as follows:				
Experience adjustment				
Defined Benefit obligation	5,653,328	4,281,137	3,418,497	3,227,375
Surplus / (Deficit)	(5,653,328)	(4,281,137)	(3,418,497)	(3,227,375)

3 Related party disclosures

(a) Names of related parties and relationship

Name	**Relationship**
Satya Simha Rao	Director & Key management personnel
Giridhar L	Director & Key management personnel
Srinivas Mantripragada	Director & Key management personnel

GURU & JANA.. CHARTERED ACCOUNTANTS

AXIOM CONSULTING PVT. LTD. BANGALORE

(Amounts in Rupees)

The following is the summary of transactions with related parties during the year:

Managerial Remuneration	At start of the year	Payable	Paid
Satya Simha Rao	-	3,790,200	3,474,350
Giridhar L	-	3,790,200	3,474,350
Srinivas Mantripragada	-	8,898,236	7,448,828

4 The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum.

Accordingly, the Company has initiated the process of identifying the suppliers who are registered under the MSMED Act. The disclosure in respect of amount payable to such entities has been made in the financial statements based on the information available with the Company. Further in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the said Act is not material. The Company has not received any claim for interest from any supplier under the said Act.

5 **Auditors' remuneration**	2016
Statutory audit fee	150,000
Tax audit fee	25,000
Cerification charges	130,500
Taxation services	185,000
Other Services	100,000
Total	**590,500**

6 **Expenditure capitalised during the year**

During the year, the company has capitalised the following expenses of revenue nature to the cost of intangibles under development. Consequently, expenses disclosed under the respective notes are net of the below amounts capitalised:

	2016
Salaries	3,641,508
Travelling & conveyance	261,648
Professional charges	39,365
Total	**3,942,521**

7 This being the first year of applicability for presentation of consolidated financial statements, previous year figures have not been presented being exempted in this regard by Accounting Standard 21 'Consolidated Financial Statements' issued by The Institute of Chartered Accounatnts of India.

As per our report of even date

For Guru & Jana
Chartered Accountants
Firm Registration No.006826S

M. Guru Prasad
Partner
Membership No: 200711

Place: Bangalore
Date: 11th July, 2016

For and on behalf of the Board of Directors

Satya Simha Rao
Chairman & Managing Director
DIN: 00350297

Giridhar Lakshminarayana
Director
DIN: 01553968

FOR

OUR OFFICES

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