



CONTINUOUS  
**TRANSFORMATION**  
THROUGH INNOVATION  
AND EXCELLENCE





pg# 02 ▶  
Future, Built Here



pg# 04 ▶  
Chairman's Letter



pg# 11 ▶  
Management Discussion & Analysis

## STORIES INSIDE

### Corporate Overview

- ▶ Engineering a digital and greener tomorrow... **01**
- ▶ Future, Built Here... **02**
- ▶ Transformation... Enabled through Innovation, Driven by Passion... **03**
- ▶ Chairman's Letter... **04**
- ▶ Our Synergy... Your Success... **06**
- ▶ Board of Directors... **07**
- ▶ Your preferred partner for end-to-end solutions... **08**
- ▶ Many Services, One Brand... **09**
- ▶ Intensive Technologies... Delivered by Passionate Prodigies... **10**

### Statutory Reports

- ▶ Management Discussion & Analysis... **11**
- ▶ Board's Report & Annexures... **18**
- ▶ Report on Corporate Governance... **51**

### Financial Statements

- ▶ Standalone... **66**
- ▶ Consolidated... **125**

### Notice... **206**

#### FORWARD-LOOKING STATEMENT

This Report may contain certain forward-looking statements relating to the future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro-economic and political trends; (4) fluctuations in currency exchange rates and general market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigations; (8) adverse publicity and news coverage, which could cause actual developments and results to differ materially from the statements made in this report. AXISCADES Engineering Technologies Limited assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

The Engineering services industry is undergoing a radical shift worldwide. The Design aspects are being reimagined to address the creative appetite, digital enablement and futuristic needs of a greener, safer and sustainable world. Manufacturing is increasingly adopting Industry 4.0 standards as the base, a scenario marked by an increase of simulation, automation and data exchange. Customers are demanding integrated digital-led service offerings at competitive prices and expect long-term partners to set up innovation and broaden offerings. This unique scenario has created newer challenges and opportunities that can be capitalized through inspired and innovative solutions.

Over the next few years, our strategy will entail consistent transformation by integrating and digitalizing our offerings, building new capabilities and solutions in Engineering for a greener tomorrow. As we evolve into a next-generation digital engineering services company built on our strong foundation of classical engineering, we will focus on extending offerings encompassing the entire product lifecycle and multiplying competencies by forming alliances with innovative companies.

The ramp-up strategy in Defense business is to capitalize on our deep expertise in product development, extensive experience in offset implementation and our global OEM clientele.

Our entire leadership team is aligned, with well-defined metrics, towards ensuring the success of this consistent and continuous transformation.

# Engineering a digital and greener tomorrow



# FUTURE, BUILT HERE ...

2,250+  
Skilled  
Workforce

500+  
Customers

8  
Engineering  
COEs

15  
Locations

18  
Partners

## AXISCADES is amongst India's leading Engineering Solutions Companies.

With 2,250+ skilled workforce with an average of seven years of industry experience, versatile competencies, strong domain knowledge and strategic alliances, we are driven by our vision to deliver futuristic, digitally-enabled engineering solutions. We have deep domain expertise and proven capabilities across six technology-intensive industries.

AXISCADES' holistic offerings cover the entire scale of product lifecycle, comprising research and development, design, manufacturing, integration, testing, in-service and integrated logistics management. Our excellence in mechanical engineering, embedded electronics, software/hardware, system integration and digitization makes us the preferred partner to build the future.

We are a technology solutions partner to global OEMs, including Fortune 500 companies, in developing innovative, sustainable, safer and smarter products.

We are a preferred strategic partner with 8 COEs to better serve customers, facilitating us to build deep-rooted relations with industry leaders. We reach closer to customers through 15 locations across North America, Europe and Asia-Pacific. We also have proximity centers at Toulouse, Hamburg, Augsburg, Peoria, and Denmark. We deliver one-stop solution for multiple requirements through our reliable ecosystem, with the support of our 18 partners.

We follow best practices and have ISO, ISO/IEC, AS9100D ISO 13485, AUTOSAR, DO 178B, CEMILAC certifications.

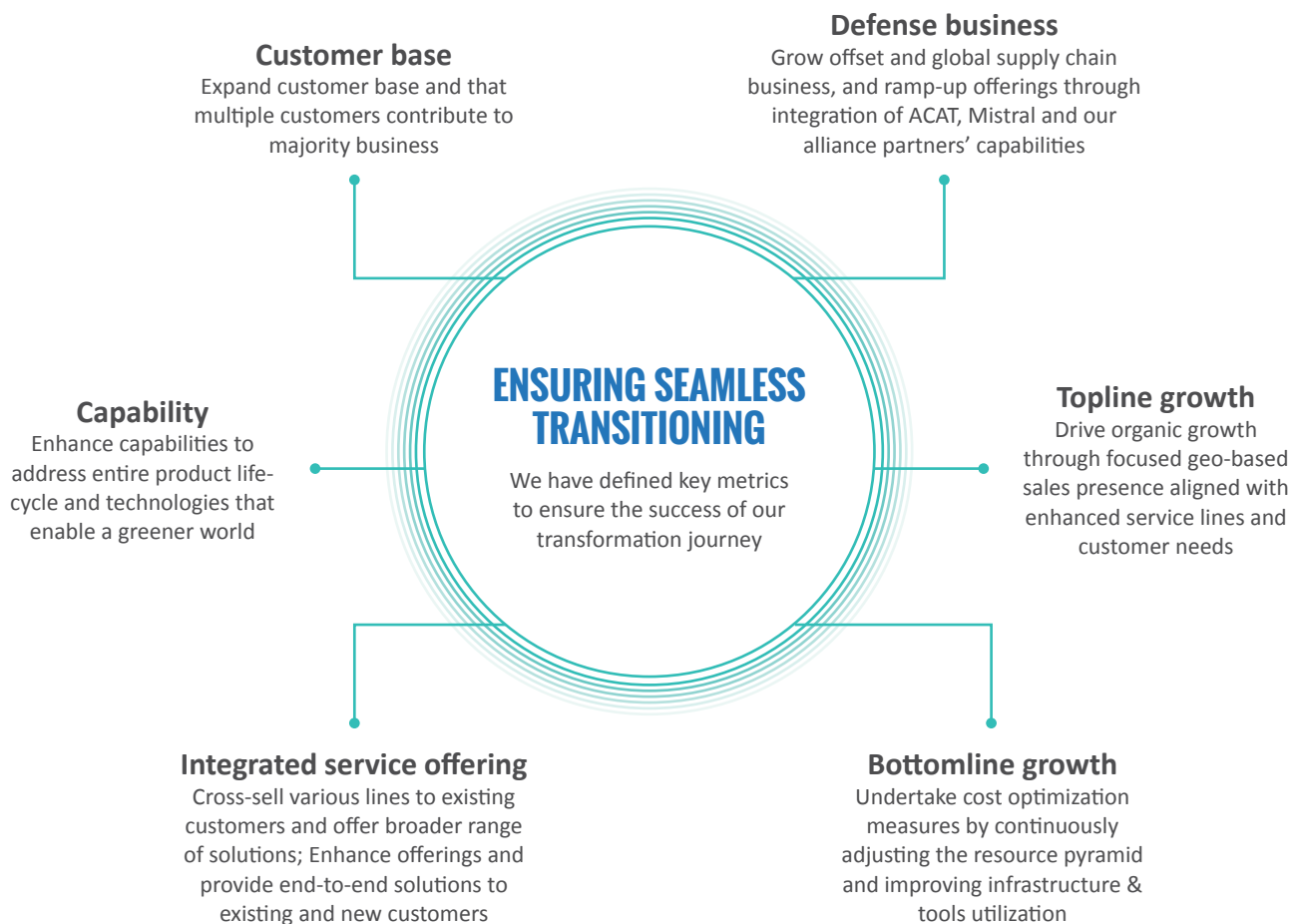


# TRANSFORMATION... ENABLED THROUGH INNOVATION, DRIVEN BY PASSION

With the new era bringing in new challenges, we have developed a comprehensive strategy to strengthen our preferred partner positioning and ensure long-term sustainability.

## OUR STRATEGY TO TRANSFORM

Build digital & green engineering capabilities	Grow defense business	Enter strategic alliances
<ul style="list-style-type: none"> <li>▶ Integrate core mechanical, electrical, electronics and software</li> <li>▶ Incubate green technologies</li> <li>▶ Incorporate digital &amp; product lifecycle management capabilities as a part of engineering service offerings</li> </ul>	<ul style="list-style-type: none"> <li>▶ Develop product strategy in niche areas such as Radar, electronic warfare, drones, etc.</li> <li>▶ Focus on offset opportunity arising out of large defense procurements</li> <li>▶ Leverage partner ecosystem for an upgraded industrial organization</li> </ul>	<ul style="list-style-type: none"> <li>▶ Forge alliances with innovative companies to strengthen competencies for Industry 4.0</li> <li>▶ Offer risk sharing partnership model to strategic customers</li> </ul>





# CHAIRMAN'S LETTER



66

Staying true to the core values of offering strong technical capabilities and solutions to the market will be the key to ensuring that the value addition provided by AXISCADES is recognized by strategic customers.

## Dear Stakeholders,

It gives me pleasure to present to you the first report of AXISCADES since joining the Board of the Company.

Though a new entrant to the Board, I can see that 2019 was a mixed year for the Company, with our strategic customer relationships steering positive external market changes, while the internal environment saw management changes following the Company's decision to appoint Mr. Sharadhi Babu as CEO and ED from early January 2019, to replace Mr. Mritunjay Singh. In addition, the acquisition of Mistral Solutions in December 2017 is yet to translate into the full benefits of what this exciting group of highly talented technologists can bring to the AXISCADES capability offering.

From what I can see, AXISCADES has many of the required ingredients to become a global player in the Engineering Services market and I, as the new Chairman, will bring 30 years of my experience to realize this potential of your Company in the coming months and years. During what will be a period of change, I will, along with your Board, provide the support and insight that the management team needs to build on the clear successes

achieved in recent years, and address any areas for operational improvement to deliver the value creation expected by all stakeholders.

## 2019 Performance Review

From the perspective of financial performance, too, FY 2018-19 proved to be a mixed year for your Company. The revenue from operations for the year increased by 17% to ₹ 6,077 million, as compared to ₹ 5,192 million in FY 2017-18. The Company benefited from the full year consolidation of Mistral Solutions, together with growth in Engineering Services, but there was a decline in the Defense sector due to unforeseen contract delays. Profitability came down to ₹ 210 million with a margin of 3.4%, due to one-off events that amounted to ₹ 258 million. These events included provisions on receivables, POC inventory and loss on restatement of forex borrowings. Without these effects, operating margin would have been 7.6% compared to 6.1% in the previous year. Underlying operating profit is, however, below what should be expected of AXISCADES, and focus is being targeted at addressing several areas of operational inefficiency and duplication caused by the recent acquisitions.

It is my understanding that AXISCADES has made significant investments, in

66

The focus must be on building on the existing foundations, and delivering what is planned to customers, employees and shareholders alike.

recent years, in global positioning and capability expansion, which have been well received by existing and emerging strategic accounts. I believe that now is the time to capitalize on the potential of these investments by selectively realizing the organic growth offered to the Company. Staying true to the core values of offering strong technical capabilities and solutions to the market will be the key to ensuring that the value addition provided by AXISCADES is recognized by strategic customers. It will also be the path to avoid the battle for the lower added value commodity services addressed by others.

It is clear that the previously reported Mega Trends have sustained across all sectors - from Aerospace, Capital Equipment, to Defense and Energy. Investment cycles are, however, different and specific between sectors. This can provide resilience as well as frustration for short-term growth, and the key, in my opinion, is modeling these differences into the annual operating plans. Amid the growing need for change to the onshore/offshore delivery solution, 90% plus offshore, long seen as a goal for many IT Services businesses, is no longer universally feasible for Engineering Services. Global politics are adding to this difference, with stronger demands, to respect the need for both local and global support/skills retentions. This plays well for AXISCADES' business model

and multicultural delivery teams across the globe.

With the pace of growth around Industry 4.0, IoT and Digitization, AXISCADES is already building its platforms for the future solutions-based offers, as well as decoupling of revenue and resources. Customer pilot projects have already confirmed the Company's capability to operate in this area, deploying in-house and partner capabilities, with AI and machine learning to offer solutions decoupled to the resources needed to deliver. This new and exciting potential will require AXISCADES to build/deploy additional and complementary business models.

### Outlook

As is evident, 2019 has seen new opportunities, disruptive change and encouraging innovation backed by new offers and engagements. These have come at a cost but one that is, I believe, an investment for the future performance of your Company. The investments during 2019 in new service delivery and significant new contract additions provide AXISCADES with a platform for growth for the years to come.

With the market trends well known in the sectors served by AXISCADES, the focus must be on building on the existing

foundations, and delivering what is planned to customers, employees and shareholders alike. Change will be continuous across all facets of the business, and I see it as the area of focus for myself as your Chairman, together with all the Board members. We remain committed to supporting the Executive Management to deliver the required value to all stakeholders.

Before I conclude, I would like to extend my personal gratitude, and that of the other Board members, to the outgoing Chairman, Dr. Vivek Mansingh. His visionary business approach has led to the emergence of AXISCADES as a powerful player in its business niche and will continue to guide us to further raise the bar of the Company's performance, going forward.

I would also like to express the Board's appreciation for the contribution of Dr. Vivek Mansingh and Mr. Srinath Batni, who are also relinquishing charge as Independent Directors with effect from 8 September, 2019. I wish them the best in their future endeavors.

Warm regards,

**David Bradley**

Chairman

# OUR SYNERGY... YOUR SUCCESS



## Adding alliances and multiplying competencies

The industry is evolving rapidly and technologies are getting outdated faster than ever. In such a scenario, it is important to be agile, multiply competencies and augment capabilities to be able to deliver tomorrow. AXISCADES comes with solid fundamentals and rich pedigree in engineering, and has a strong track record of successful acquisitions and seamless mergers.

AXISCADES continues to pursue inorganic opportunities, form alliances with niche and innovative companies to keep up with the fast-evolving industry requirements. This enables us to gain access to newer technologies, broaden our reach and offerings and expand our client base, thereby reducing our time-to-market.



# BOARD OF DIRECTORS



**David Bradley\***  
Chairman &  
Non-Executive Director



**Sharadhi Chandra  
Babupampapathy**  
CEO & Executive Director



**Kailash M Rustagi**  
Independent Director,  
Chairman Audit Committee



**Srinath Batni\*\***  
Independent Director,  
Chairman Nomination &  
Remuneration Committee



**Sudhakar Gande**  
Non-Executive Director



**Ajay Lakhota**  
Non-Executive Director



**Vivek Mansingh\*\***  
Independent Director,  
Chairman CSR Committee



**Pradeep Dadlani**  
Independent Director,  
Chairman Stakeholders  
Relationship Committee



**Mariam Mathew**  
Independent Director

## Key Management Personnel



**Sharadhi Chandra  
Babupampapathy**  
CEO & Executive Director



**Srinivas A**  
Chief Financial Officer



**Shweta Agrawal**  
Company Secretary &  
Compliance Officer

\*David Bradley was appointed as the Chairman w.e.f. 31 May, 2019, subsequent to Dr. Vivek Mansingh stepping down as Chairman

\*\*The term of Dr. Vivek Mansingh and Mr. Srinath Batni, Independent Directors is completing on 8 September, 2019

Note:

1. Mr. Anees Ahmed resigned from the Directorship w.e.f. 21 August, 2019
2. Mr. Ashwani Datta resigned from the Directorship w.e.f. 29 August, 2019
3. Mr. Kaushik Sarkar resigned as CFO w.e.f. 7 June, 2019

# YOUR PREFERRED PARTNER FOR END-TO-END SOLUTIONS

## STEPPING UP TO BE A PREFERRED PARTNER

The product engineering solution business can be time-consuming and involves deep knowledge and understanding of customer business and sector. This nature of business makes it extremely important for customers to rationalize suppliers and build long-term relations with a select few, having distinctive competitive edge and long-term vision.

At AXISCADES, we have always been driven by the vision of becoming a valued business partner to our customers through focus on innovation, ability to provide multiple offering and end-to-end support, thereby exceeding customer expectations. Besides, AXISCADES specializes in nurturing relationships by investing in specific skills, trainings, processes, tools and infrastructure. This has been instrumental in our growing relations with existing customers and ability to attract new ones. Our track record of servicing high profile customers and getting repeat business from them validates the strong proposition that we offer.

## ART-TO-PART PARTNERSHIP

We offer customers unparalleled support by working closely with them to deliver unconventional services and solutions that meet their diverse and evolving requirements. We ensure seamless support, right from conceptualization to the final product that is manufactured. Further, through simulation blended with virtual reality, we facilitate a thorough assessment and validation of solutions before customers make actual investments in product development infrastructure, thereby enabling them to take right decisions.

## ONE-STOP SHOP

With our capability, we offer end-to-end solutions for every vertical that we specialize in, we are a one-stop shop for customers.

We consistently strengthen and enhance our capabilities and offerings by allying with right entities, enabling us to address full/larger scope of customer requirement.

We ensure unhindered services by reaching closer to them through our direct presence at 15 engineering centers across the globe.

