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## Key highlights of FY22

**₹ 6,194 million**

Total income

15.1%^

**₹ 797 million**

EBITDA

1.6%^

**12.9%**

EBITDA margin

**₹ 227 million**

Profit after tax

^ Growth in FY22 over FY21

## Investor Information

BSE Code : 532395

NSE Code : AXISCADES

CIN : L72200KA1990PLC084435

AGM Date : Tuesday, September 27, 2022

AGM Time : 11:30 A.M. (IST)

AGM Mode : Video Conferencing (VC) / Other Audio

Visual Means ("OAVM")



For more details visit our website  
[www.axiscades.com](http://www.axiscades.com)





## **DIGITAL. DIVERSIFIED. DRIVEN.**

The ER&D industry is poised for rapid growth in the post-pandemic world with demand for safer, smarter and comprehensive solutions. With manufacturing becoming intelligent and digitalisation being at the core of future growth strategy, we at AXISCADES are scaling our digital and embedded solutions to capitalise on the emerging opportunities. As a leader in the space, we have an established track record of excellence. Now, we are focusing on smart factories, Industry 4.0, Product Lifecycle Management (PLM), IIOT and AR/VR which have major applications in the manufacturing space.

In addition to strengthening our position in the traditional strongholds of Aerospace, Heavy Engineering and Defense sectors, we are further diversifying into Automotive, Energy and Medical Devices to de-risk our portfolio from sectoral concentration and drive secular growth.

At the same time, we are driven by the global concerted efforts to address the most pressing challenges of our time like climate change and the need to build a low-carbon future. We are focusing on enabling our clients improve resource efficiency and security to optimise production and costs while adopting cleaner fuel and technologies to create a sustainable and equitable future.

## Chairman's Address

# Progressing with optimism

**At AXISCADES, the interplay of speed, scope and skill will drive growth and value creation for the long-term**

**Dear Shareholders,**

Trust this message finds you and your loved ones safe and in good health.

This has been an important year for AXISCADES. Not only have we managed to remain resilient to ongoing impact of the COVID-19 pandemic, but we are setting up our new multiyear performance framework and the strategic priorities that will drive sustainable progress, in future. Over the last couple of years, we have seen a global pandemic and many other public and private upheavals. As the dust settles, and a clearer picture of the world ahead emerges, I believe we are standing at the threshold of a period of great opportunity and growth.

### Performance review

For FY22, we generated total revenue of ₹ 6,084 million compared to ₹ 5,174 million in FY21, reporting a growth of 17.6%. Our Adjusted EBITDA margin during the year stands at 12.5% compared to 11.7% in FY21. Profit after tax during the period stands at ₹ 227 million compared to loss of ₹ (212) million in FY21. We saw strong revenue addition in Aerospace and Heavy Engineering vertical. This reflects our commitments to deliver consistent value to our clients. Our contract execution during the year is notable despite challenges posed by supply chain disruptions. Our improved profits and positive financial results reflects that we are in the cusp of positive business transformation.

I am happy to announce the on-boarding of Mr. Arun Krishnamurthi as Chief Executive Officer and Managing Director (CEO & MD) and Mr. Shashidhar SK as Chief Financial Officer (CFO). I am confident that under their leadership we will continue to strengthen our business and make focused investments that will augment our capabilities, ensure a differentiated value proposition in the market.

During the fiscal, we acquired total 17 new clients across Automotive, Aerospace Energy and Heavy Engineering sectors. We have commenced engagement with one of the largest Aerospace companies, globally. We are also gaining momentum in Automotive segment where we are starting with tier-1 Automotive company in the area of embedded, mechanical and hardware. We established an Offshore Development Center (ODC) at Hyderabad for an energy client and also set up a new office in Montoir de Bretagne, France to further enhance market presence and facilitate continued expansion.

We will continue to work on our traditionally strong sectors like Aerospace, Heavy Engineering and Defense. Moreover, we will be diversifying and strengthening our presence in three other verticals, namely, Automotive, Energy and Medical Devices.

### Segment outlook

Covid-19 pandemic has accelerated the demand for digital transformation across businesses, which will have positive impact on Engineering Research & Development (ER&D) specially in India, which contributes ~33% in the global ER&D sourcing market. The global ER&D is expected to grow at 9% CAGR to reach ~US\$2.1 trillion by 2024. Moreover, Digital engineering spend will account for over 50% of global ER&D spend

by 2024 and Digital ER&D is likely to grow at a CAGR of 19% during the same period.

We are witnessing automotive firms investing in Advanced Driver Assistance Systems (ADAS), Factory 4.0 and Electric Vehicles. Moreover, as the world entered 2022, trends in commercial air travel and customer order activity witnessed a robust rebound and much better traction than earlier post-COVID expectations, which is a positive sign for the industry as global roll out of COVID vaccines is helping to clear a path toward normalisation of air travel.

The COVID-19 pandemic affected the Indian economy, though its impact was not felt on the country's defense spending. On the other hand, increasing cross border tension with neighbour nations during the same timeframe forced the government to take quick measures to modernise its military equipment while also reducing its dependence on imports, thus, supporting the market growth. The increased need for homeland security has provided the impetus to further reinforce perimeter security, naval and airborne capabilities. The country has constantly been increasing its defense expenditure over the years. The defense budget for 2022 is at USD 70.6 billion (₹5.25 trillion), reflecting an increase of 9.8% compared to the previous year's allocation and one of the sharpest increase in the defense budget in recent years. The increasing defense budget is expected to drive market growth for our services during the forecast period.

The Government of India is promoting its 'Make in India' initiative through focused, sustained, and evolved indigenisation programmes. This may provide new growth opportunities for players in the market like us. Moreover, we are designated India Offset Partner for global players in defense and we expect increased revenue from





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Offset opportunities owing to our niche expertise in the sector.

#### In closing

Despite macro-economic challenges which caused supply chain disruption, this was a reasonably good year for AXISCADES, where we achieved a 17.6% y-o-y growth in revenue.

We are hopeful that this growth in revenue will continue to gain momentum with recent client acquisitions in Aerospace, Automotive and Energy sectors, along with stronger revenue addition from existing business specially in Heavy Engineering, Aerospace, and defense. We also expect digital revenue to pick up pace in the coming years. Our engagement with the existing clients in digital space are scaling up and we are hopeful of expanding our offerings to newer clients and geographies.

Let me conclude by reiterating that our business has reached an inflexion point and I am convinced that our new Leadership Team will elevate the business to the next level, ensuring sustainable and profitable growth. In this fiscal, the AXISCADES team demonstrated remarkable resilience, solidarity and passion; and worked tirelessly to deliver on our commitment to our customers – whether working from home or from the office. I want to thank all our employees and partners for their support. While the operating environment will continue to throw up new set of challenges, we will continue to strive to build a resilient corporation, with customers as our central focus.

Warm regards,

**DAVID BRADLEY**

Chairman & Non-Executive Director



## Chief Executive Officer and Managing Director's Message

# Demonstrating resilience, staying ahead

### Dear Shareholders,

I am pleased to present to you AXISCADES' annual report for the fiscal year ended March 31, 2022, my first as the CEO and Managing Director of the Company.

This fiscal, we have turned the pages on a new chapter, ready to transform the landscape and business of this organisation. Our renewed purpose and strategic priorities, built on three pillars of business transformation, namely, Digital First, Vertical Diversification and Customer Diversification. These will set us up to be even more customer centric, future ready and competitive; leveraging and building on the engineering and delivery capabilities built and honed by us over the years of serving marquee clientele across diverse verticals, globally.

Our improved and enhanced performance for the last fiscal reflects the strong fundamentals that we have built over the years, despite the continued adverse impact of the Pandemic and aggravated geopolitical situation.

I am grateful that on the business front, we have much to feel happy about. We concluded the fiscal year 2022 with 17.6% growth in overall revenue. Our two largest verticals, namely Heavy Engineering and Aerospace grew by 28.2% and 32.6% respectively.

In FY22, we further strengthened our relationship with key customers, which helped us to consolidate our position as a key partner. We delivered strong performance for the year, in line with our expectations. We delivered a revenue of ₹ 6,084 million (17.6% y-o-y growth), which was driven by growth in Aerospace, Heavy Engineering and Automotive & Industrial Product verticals. This Growth was delivered on the back of improved







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business from our existing customers, certain new customers and aided by our focus on service delivery. We will continue our emphasis on exploring strategic relationships to diversify our portfolio, both across verticals and customers and build a strong order pipeline that will enable accelerated growth in revenue in future.

Our vertical diversification strategy is yielding results. We added a fortune 100 Tier-1 Automotive company as customer, in the areas of embedded, mechanical and hardware solutions, commenced engagement with Fortune 100 aerospace OEM and started an Offshore Development Center (ODC) for an Energy giant. Addition of these logos in diverse verticals will help us to de-risk our business from its dependency on a few verticals. We secured a multi-year contract renewal from Airbus and have been recognised as a preferred supplier to Airbus EMES3 (Engineering, Manufacturing Engineering and Services Strategic Suppliers). We also set up a new

office in Montour de Bretagne, France to further enhance customer accessibility and drive continued expansion. The Company's 100% subsidiary AXISCADES Aerospace & Technologies, continues to serve as a valuable offset and industrialisation partner to Global Defense OEMs, executing several Indian defense programs, thereby continuing to integrate with global supply chains.

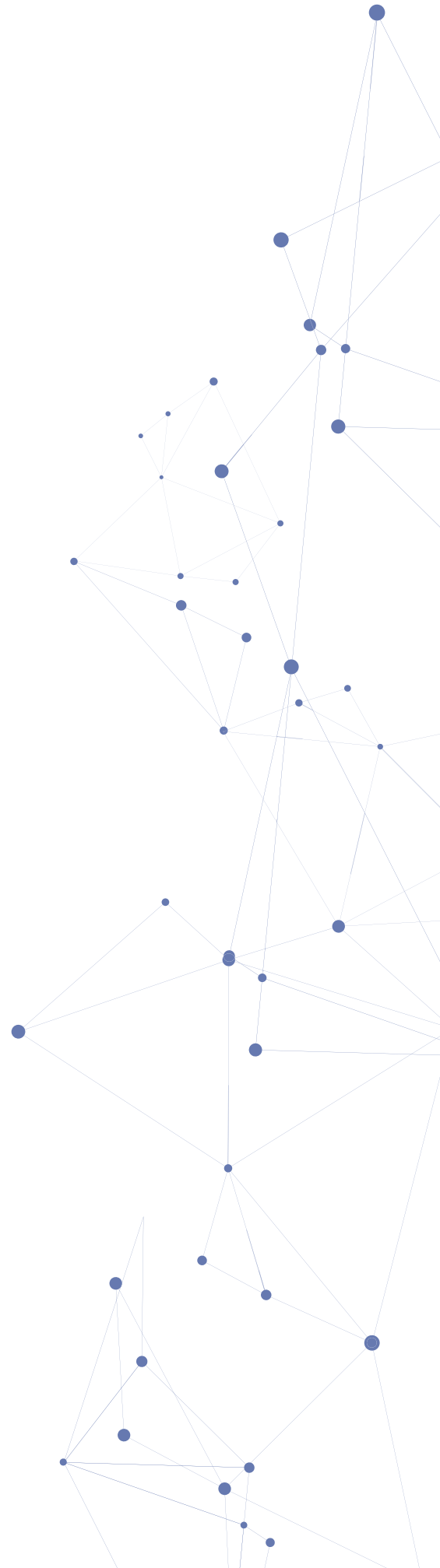
We continue to build competencies and delivery capabilities in the digital space, in order to serve the constantly evolving needs of our customers, in such domains as embedded electronics, vehicle electronics, digital PLM, infotainment, smart factory, avionics and other emerging technologies, in our quest to be innovation driven 'one stop shop' for our global clientele, constantly expanding our addressable market, thereby yielding better revenue mix and gross margins. The Government's focus on Make-in-India indigenisation programs in the defence sector has enhanced the prospects of our strategic solutions vertical. We are leveraging digital technologies across our existing customer portfolio, especially in Aerospace and Heavy Engineering. We will continue to invest in leading cutting-edge technologies to enhance our portfolio of services and position ourselves as a 'Future Ready' Organisation.

To conclude, I wish to express my heartfelt gratitude to Team AXISCADES for their collaborative and commendable effort, dedication and contribution, during a challenging fiscal, where the Company emerged stronger and well positioned to navigate the vast and expanding engineering and digital landscape and build a sustainable and profitable corporation.

I look forward to your continued support.

Warm regards,

**Mr. Arun Krishnamurthi**  
CEO and Managing Director





# Corporate Identity

## Delivering excellence

AXISCADES is a leading, end-to-end technology and engineering solutions company aiding creation of innovative, sustainable and safer products worldwide. Headquartered in Bangalore with subsidiaries in US, UK, Canada, Germany, India and China; and offices in Germany, France, Denmark, USA and Canada.

We have a diverse and multi-cultural team of engineers working across North America, Europe, UK and Asia-Pacific, striving to reduce the programme risk and time to market. We offer Product Engineering Solutions across Mechanical Engineering, Embedded Software and Hardware, Digitisation and Automation, System Integration, Tech Solutions, Manufacturing Engineering, Technical Publications, and Aftermarket Solutions.

The engineering solutions portfolio covers the complete product development lifecycle from concept evaluation to manufacturing support and certification for Fortune 500 Companies in the Aerospace, Defence, Heavy Engineering, Automotive, Medical Devices and Industrial Products industries. We are known for our robust system of certifications and best practices that address customer requirements as well as domain expertise.

### Progressing with purpose

#### Our vision

To be one of the world's most admired, trusted and capable engineering solutions company

#### Our mission

As a customer-centric company that drives impactful innovation, AXISCADES is committed to delivering engineering excellence for a better future and does that through effective collaboration and partnerships built on integrity.

#### Our values

- Customer centric
- Solution focused
- Responsibility in all relationships
- Impactful innovation
- Commit to excellence
- Make it happen

**35**

Years of experience

**2,200+**

Global workforce

**8**

Offshore  
Development Centres

**17**

Global locations  
where we are present





## **A strong investment case**

### **Global product experience**

We are a trusted engineering partner for global OEMs on our new product development (NPD) and localisation programmes. We are consistently increasing market share across segments with accelerated product development.

### **Technology and process**

We have a vast repository technical and process knowledge acquired from OEMs across domains.

### **End-to-end solutions**

We have expertise on complete engineering ownership, from concept design to manufacturing support and after-market solutions.

### **Highly skilled and scalable talent pool**

Our team of engineers represents one of the best talent pools with experience across product lifecycles.

### **Mature and quality driven delivery processes**

Our global benchmark processes have been deployed to ensure the highest levels of quality and productivity.

### **Centre-of-excellence**

We have established Centre-of-Excellence (CoE) to encourage innovation and deliver value to our clients.

### **Value delivery**

Our optimised cost and flexible business model provides superior control over outcome and costs and risk bearing.

### **Global support**

We provide support across geographies through our offices or Engineering Development Centres.



## Business Model

# Driving sustainable growth



### Aerospace

- Design & Analysis – Primary and Secondary Structures, Aircraft Interiors
- MSI and ESI, Electrical harness
- Manufacturing Engineering
- In-Service support – Repairs

### Heavy engineering

- Structures, Cabin Design
- Engine, Powertrain
- Electrical, Lube, Hydraulic systems design
- Digital Manufacturing



### Energy

- Design, Analysis - Tower, Generator, Hub, Spinner, Nacelle, Yaw, Blade
- Mechanical & Electrical Routing
- Wind Resource Analysis
- Advanced FE Simulations

DESIGN

Mechanical Engineering

Embedded Solutions

Software Development

Manufacturing Engineering Services

IN-SERVICE