

CADES DIGITECH PRIVATE LIMITED

CADES DIGITECH PRIVATE LIMITED

BOARD OF DIRECTORS

Mr. S Ravinarayanan	Chairman & Director
Mr. Rohitasava Chand	Director
Mr. Pradeep Dadlani	Director
Mr. Kedar Nath Choudhury	Director

MANAGER

Mr. Kirit Manek

COMPANY SECRETARY

Mrs. Poonam Joshi

AUDIT COMMITTEE

Mr. Rohitasava Chand
Mr. Pradeep Dadlani
Mr. Kedarnath Choudhury

BANKERS

Yes Bank Limited,
Prestige Obelisk,
Municipal, No3
Kasturbha Road,
Bangalore-560001

HDFC Bank Limited
No9, Eterna ,
Kormangala Industrial Layout,
Koramangala,
Bangalore-560095.

CADES DIGITECH PRIVATE LIMITED

AUDITORS

Walker Chandiok & Co
Grant Thornton House
"WINGS", First Floor,
16/1 Cambridge Road,
Halasaru,
Bangalore-560008

REGISTERED OFFICE

100/ 1 Anchorage,
Richmond Road
Bangalore-560025

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CADES TECHNOLOGY CANADA INC

CADES DIGITECH PRIVATE LIMITED

NOTICE OF 10TH ANNUAL GENERAL MEETING

Notice is hereby given that the 10th Annual General Meeting of the members of **CADES DIGITECH PRIVATE LIMITED** will be held on Friday 29th July, 2011 at 11:00 A.M. at the registered office of the Company at 100/ 1 Anchorage, Richmond Road Bangalore-560025 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011 along with the Auditors Report and Directors Report thereon.
2. To appoint a Director in place of Mr. Rohitasava Chand, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/S Walker, Chandiok & Co; Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS:

4. **To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr.Kedar Nath Choudhury, who was appointed as an Additional Director of the Company by the Board in its meeting held on 23rd December, 2010 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and whose office shall be liable to retire by rotation."

**By order of the Board of Directors
For Cades Digitech Private Limited**

Place: Noida
Date: 25.05.2011

**Director
Pradeep Dadlani**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member.
2. Instruments of proxies in order to be valid must be received by the company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed hereto forms part of this notice.

**Annexure to Notice
Explanatory Statement
Pursuant to Section 173(2) of the Companies Act, 1956**

Item No. 4,

The Board in its meeting held on 23rd December, 2010 appointed Mr. Kedarnath Choudhury as an Additional Director of the company. Pursuant to section 260 of the Companies Act, 1956 he shall hold the office only upto the date of this Annual General Meeting. Mr. Kedar Nath Choudhury is a qualified Chartered Accountant and Cost & Works Accountant. Further, he has an experience of more than 15 years in the areas of financial reporting, business finance, treasury, international finance, ERP Implementation, and mergers & acquisitions.

The Company has received a notice in writing proposing Mr. Kedar Nath Choudhury for the post of Director as per the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- . The Company will be benefited from the association of Mr. Kedar Nath Choudhury as a Director. He shall be liable to retire by rotation. The Board recommends the resolution for your approval.

None of the Directors of the Company is interested except Mr. Kedar Nath Choudhury as it relates to his appointment.

By Order of the Board of Directors

Place: Noida
Date: 25.05.2011

**Director
Pradeep Dadlani**

CADES DIGITECH PRIVATE LIMITED

ANNUAL REPORT 2010-2011

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 10th Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March, 2011

FINANCIAL RESULTS:

The Profit and Loss Account presented to you gives the results for the Period ended 31st March, 2011.

(Amount in Rupees Lakhs)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2010-2011	2009-10
Total Income	7131.39	6289.47
Profit / (Loss) before Depreciation, Interest and Tax	660.82	576.65
Less: Depreciation	245.34	157.11
Interest	163.28	72.89
Profit / (Loss) before Taxation & Prior Period Items	252.20	346.65
Less: Tax Expenses	62.39	55.70
Profit / (Loss) after Taxation & before Prior Period Items	189.81	290.95
Prior Period Items (Net)	-	168.26
Profit / (Loss) after Taxation & Prior Period Items	189.81	122.69
Loss Brought Forward	(5071.23)	(5193.92)
Loss carried to Balance Sheet	(4881.42)	(5071.23)

Your Company has shown, growth of 13% in the Total Income and 55% in Profit after Taxes during the year under review as compared to the corresponding previous year.

REVIEW OF OPERATIONS:

The Company during the year has invested in high-end software, hardware and other infrastructure with a view to achieve the expertise in the delivery of high end engineering solutions using CAD/CAM/CAE tools.

The Company has further enhanced the engagement by establishing offshore development centre for Premium Aerotech, Germany, in the area of structural design activities, which is one of it's long standing customer.

Your company is in advanced stage of discussions & negotiations for setting up dedicated Offshore Design Center for one of the world's largest Aerospace Original Equipment Manufacturer (OEM).

CADES DIGITECH PRIVATE LIMITED

Your Company has also recruited personnel at various levels to meet the ever growing challenges of the industry. The Company has added manpower with domain expertise to fulfill its enhanced business needs. As a result, at the end of the year, the Company had more than 400 employees on its roll.

The Directors wish to inform you that during the year, the Company has taken the strategic direction to build up and expand its business development. The Company has created a strong and robust platform for a good growth.

DIVIDEND:

The Company has not declared dividend on account accumulated losses of Rs. 4881.42 lakhs.

RESERVES:

During the year, Rs. 2824.19 lakhs have been received from share premium account.

SHAREHOLDERS AGREEMENT:

The Shareholders Agreement between the Company, Axis -IT & T Limited, and Nadathur Estates Private Limited (Formerly Nadathur Holdings & Investments Private Limited) was ended on account of exercise of call option by Axis Aerospace & Technologies Private Limited (AAT) and its nominee on 23rd Day of December, 2010.

SUBSIDIARY:

During the year, a wholly owned subsidiary of the Company was incorporated in Canada named Cades Technology Canada Inc. The statement pursuant to Section 212 of the Companies Act, 1956 is annexed to this report.

CONSITUTION OF AUDIT COMMITTEE:

The Board of Directors in their meeting held on 29th January, 2011 re-constituted the Audit Committee. The Audit Committee as on 31.03.2011 comprised:

Mr. Pradeep Dadlani	-	Chairman
Mr. Rohitasava Chand	-	Member
Mr. Kedar Nath Choudhury	-	Member

The Chairman and the members of the committee are all non-executive Directors.

CONSITUTION OF REMUNERATION COMMITTEE:

The Board of Directors in their meeting held on 29th January, 2011 re-constituted the Remuneration Committee. The Remuneration Committee as on 31.03.2011 comprised:

Mr. Pradeep Dadlani	-	Chairman
Mr. Rohitasava Chand	-	Member
Mr. Kedar Nath Choudhury	-	Member

The Chairman and the members of the committee are all non-executive Directors.

CADES DIGITECH PRIVATE LIMITED

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

The operations of the Company involve low energy consumption. Adequate measures, however, have been taken in the form of improved operational methods to conserve energy.

Since the requirements of the technology business are changing constantly, your Company has sought to focus on critical technologies and processes, which are likely to create value in the foreseeable future.

Foreign Exchange earnings for the year 2010-2011 stood at Rs.5991.52 lakhs and Foreign Exchange Outgo for the year 2010-2011 (including imports and expenditure in foreign currency) stood at Rs. 2671.66 lakhs.

PARTICULARS OF EMPLOYEES:

Information of Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and the Companies (Particulars of Employees) Amendment Rules, 2011 are set out in the Annexure to this report.

DIRECTORS:

- Mr. Rohitasava Chand, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
- During the year Mr. Kedarnath Choudhury was appointed as Additional Director. The Company has received notice proposing the candidature of the Director. The members are requested to appoint Mr. Kedarnath Choudhury as Director.
- Mr. V. Sarangarajan, Mr. Gururaja Sridhara resigned during the year. The Board takes on its record, sincere appreciation, for the support, co-operation and dedicated work from all the outgoing Directors of the Company during their tenure.

AUDITORS:

M/s Walker Chandiook & Co;, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- 1) That in the preparation of the Accounts for the financial year ended 31st March, 2011 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for the year under review;

CADES DIGITECH PRIVATE LIMITED

3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) That the Directors have prepared the Accounts for the financial year ended 31st March, 2011 on 'going concern' basis.

AUDITORS REPORT:

The Auditors' in their report and under the point (x) have made an observation about accumulated losses being more than fifty percent of the Company's net worth.

The Company has made good progress in the year and has a Net Worth of Rs.3454.88 lakhs as at 31st March, 2011 as compared to Rs 154.19 Lacs as at 31st March 2010. The company is expected to perform better in the years to come.

APPRECIATION:

Your Director wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to maintain its premium position in the industry.

ACKNOWLEDGEMENTS:

The Board desires to place on record its sincere appreciation for the support and co-operation that the Company received from the suppliers, customers, strategic partners, Bankers, Auditors, Government Agencies including Software Technology Parks of India (STPI) Bangalore and all others associated with the Company.

For and on behalf of the Board of Directors

Place: Noida
Date: 25.05.2011

-
Director
(Pradeep Dadlani)


Director
(Kedar Nath Choudhury)

CADES DIGITECH PRIVATE LIMITED

Particulars of the Employees as per Section 217(2A) of the Companies Act read with Companies (Particulars of Employees) Rules, 1975 and amendments thereon for the year ended 31st March, 2011

Name of Employee	Designation of the Employee.	Gross Remuneration	Qualifications of the employee.	Experience	Date of commencement of employment.	Age	the percentage of equity shares held by the employee in the company within the meaning of sub-clause (iii) of clause (a) of sub-section (2A) of section 217 of the Act.	Name of Previous Employer	Last Designation
Ashish Mishra	Vice President	8,441,879.63	B E (Mechanical)	12	14 Oct, 2004	36	NA	CSM Software P Ltd	Sr. Business Development Manager

For and on behalf of Board of Directors


Director
(Kedar Nath Choudhury)

Director
(Pradeep Dadlani)

Notes:

- 1.The Gross remuneration shown above comprises salary, allowances, incentives & monetary value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund, Social Security, Employee Insurance as applicable.
2. The above does not include provision for gratuity and provision for leave encashment.
3. All appointment are contractual and other terms and conditions are as per the Company rules.
4. None of the employees are related to any director of the Company.

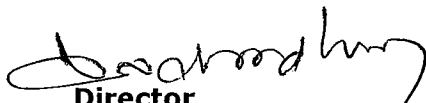
ANNEXURE TO DIRECTORS' REPORT OF CADES DIGITECH PRIVATE LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES, ACT, 1956

(Amount in Rupees Lakhs)

				For financial year of the subsidiary		For previous financial year since it became a subsidiary	
Name of the Subsidiary Co.	Financial Yr. ending of the Subsidiary	Number of share held	Extent of holding	Profit/(Loss) so far as it concerns themselves of Cades Digitech Pvt Ltd. And not dealt with in the books of accounts of Cades Digitech Pvt Ltd. (except dealt with in F)	Profit/(Loss) so far as it concerns the members of Cades Digitech Pvt Ltd. And dealt within the books of accounts of Cades Digitech Pvt Ltd.	Profit/(Loss) so far as it concerns the members of Cades Digitech Pvt Ltd. And dealt within the books of accounts of Cades Digitech Pvt Ltd. (except dealt with in H)	Profit/(Loss) so far as it concerns the members of Cades Digitech Pvt Ltd. And dealt within the books of accounts of Cades Digitech Pvt Ltd.
A	B	C	D	E	F	G	H
Overseas							
Cades Technology Canada Inc	31.03.2011	100	100	4.86	NIL	NIL	NIL

For and on behalf of the Board


Director
Kedar Nath Choudhury

Director
Pradeep Dadlani

Place : Noida
 Date : 25.05.2011

CADES DIGITECH PRIVATE LIMITED

CADES DIGITECH PRIVATE LIMITED
ANCHORAGE 100/1 RICHMOND ROAD, BANGALORE - 560025.

ATTENDANCE SLIP

NO OF SHARES _____ FOLIO NO/DP ID _____

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I/We hereby record/our presence at the 10th Annual General Meeting held on Friday the 29th July, 2011 at 11:00A.M. at the Registered Office of the Company at #100/1, Anchorage, Richmond Road, Bangalore-560025.

NAME/s OF THE SHAREHOLDER/s OR PROXY SIGNATURE/s OF THE SHAREHOLDER/s OR PROXY

CADES DIGITECH PRIVATE LIMITED
ANCHORAGE, 100/1 RICHMOND ROAD, BANGALORE - 560025.

ATTENDANCE SLIP PROXY

I/We _____ of _____
In the district of _____
being a Member/Members of CADES DIGITECH PRIVATE LIMITED hereby appoint
_____ of _____ in the district of _____
or failing him _____ of _____
in the district of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the 10th Annual General Meeting of the Company, to be held on Friday the 29th day of July, 2011 at 11:00A.M. at the Registered Office of the Company at #100/1, Anchorage, Richmond Road, Bangalore-560025 and at any adjournment thereof.

Signature _____

Affix
Re 1
Revenue
Stamp

Signed this _____ day of _____ 2011

PROXY NO _____ FOLIO NO/DPID _____ NO OF SHARES _____

Note: This form duly completed and signed as per specimen signature registered with the company should be deposited at the Registered Office of the Company not less than 48 hours before the time of the commencement of the Meeting.

Financial Statements and Auditors' Report

CADES Digitech Private Limited

31 March 2011

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Walker, Chandiook & Co

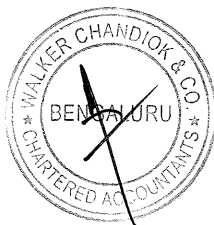
Auditors' Report

"WINGS", First Floor
16/1, Cambridge Road
Ulsoor, Bengaluru 560008
India

T +91 80 4243 0700
F +91 80 4126 1228
E BENGALURU@in.gt.com

To,
The Members of CADES Digitech Private Limited

1. We have audited the attached Balance Sheet of CADES Digitech Private Limited, (the 'Company') as at 31 March 2011 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the Directors, as on 31 March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;



Walker, Chandiook & Co

- e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in the Subsection (3C) of Section 211 of the Act and the rules framed there under and 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, in the case of:
- i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;
 - ii) the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

Walker, Chandiook & Co

For Walker, Chandiook & Co

Chartered Accountants

Firm Registration No: 001076N

Aashish Arjun Singh

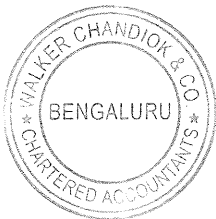
per Aashish Arjun Singh

Partner

Membership No. 210122

Noida

25 May 2011

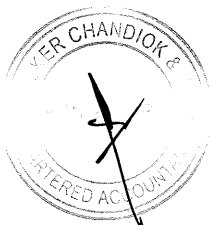


Walker, ChandioK & Co

Annexure to the Auditors' Report of even date to the members of Cades Digitech Private Limited, on the financial statements for the year ended 31 March 2011.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) The Company does not have any tangible inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to (d) of the Order are not applicable.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sells any goods. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system.
- (v) (a) The Company has not entered into any contracts or arrangements referred to in Section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of the services rendered by the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.



Balance Sheet

	Schedule	As at 31 March 2011 ₹	As at 31 March 2010 ₹
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	177,419,350	150,000,000
Reserves and surplus	2	654,961,656	372,542,351
		832,381,006	522,542,351
LOAN FUNDS			
Unsecured loans	3	-	180,000,000
Secured loans	4	115,504,241	-
		947,885,247	702,542,351
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	5	217,317,911	182,550,244
Less: Depreciation/amortisation		169,665,147	145,131,503
Net block		47,652,764	37,418,741
INVESTMENTS			
	6	9,596	5,000
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	7	292,604,394	189,568,136
Unbilled revenue		27,161,278	23,015,752
Cash and bank balances	8	139,952,120	15,537,055
Loans and advances	9	110,225,226	58,060,718
		569,943,018	286,181,661
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	10	143,787,644	118,499,988
Provisions	11	14,074,111	9,686,003
		157,861,755	128,185,991
NET CURRENT ASSETS			
		412,081,263	157,995,670
PROFIT AND LOSS ACCOUNT			
		488,141,624	507,122,940
		947,885,247	702,542,351

NOTES TO THE FINANCIAL STATEMENTS

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The schedules referred to above form an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

Walker, Chandiook & Co
For Walker, Chandiook & Co
Chartered Accountants

per *Aashish Arjun Singh*
Partner

Noida
25 May 2011

For and on behalf of the Board of Directors

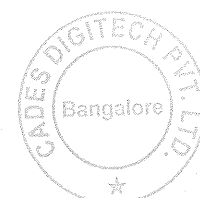
Kedar Nath Choudury
Kedar Nath Choudury
Director

Kirit Manek
Kirit Manek
Vice President-Finance

Noida
25 May 2011

Pradeep Dadlani
Pradeep Dadlani
Director

P. H. Joshi
Poonam Joshi
Company Secretary



Profit and Loss Account

	Schedule	Year ended 31 March 2011 ₹	Year ended 31 March 2010 ₹
INCOME			
Income from services		707,581,636	618,910,607
Other income	12	5,556,927	10,036,265
		713,138,563	628,946,872
EXPENDITURE			
Manpower and consultancy charges	13	462,622,414	405,024,287
Operating and administrative expenses	14	131,563,650	109,893,438
Selling expenses	15	52,870,445	56,364,381
Finance charges	16	16,328,066	7,289,091
Depreciation/amortisation	5	24,533,644	15,710,556
		687,918,219	594,281,753
		25,220,344	34,665,119
PROFIT BEFORE TAX AND PRIOR PERIOD ITEMS			
TAX EXPENSE			
- Foreign taxes		6,239,028	3,352,852
- Prior year foreign taxes		-	2,216,972
		18,981,316	29,095,295
PROFIT AFTER TAXATION AND BEFORE PRIOR PERIOD ITEMS			
PRIOR PERIOD EXPENSES, NET	17	-	(16,825,787)
		18,981,316	12,269,508
PROFIT AFTER TAXATION AND PRIOR PERIOD ITEMS			
Deficit brought forward from the previous year		(507,122,940)	(519,392,448)
		(488,141,624)	(507,122,940)
DEFICIT CARRIED TO BALANCE SHEET			
EARNINGS PER SHARE			
(Refer note 4 in Schedule 18)			
-Basic and diluted		1.21	1.02

NOTES TO THE FINANCIAL STATEMENTS

18

The schedules referred to above form an integral part of the financial statements.
This is the Profit and Loss Account referred to in our report of even date.

Walker Chandiook
For Walker, Chandiook & Co
Chartered Accountants

Aashish Arjun Singh
per Aashish Arjun Singh
Partner

Noida
25 May 2011

For and on behalf of the Board of Directors

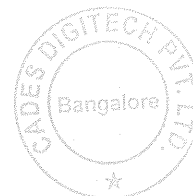
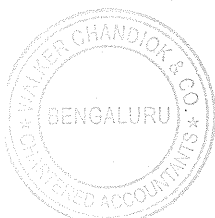
Kedar Nath Choudury
Kedar Nath Choudury
Director

Kirit Manek
Kirit Manek
Vice President-Finance

Pradeep Dadlani
Pradeep Dadlani
Director

Poonam Joshi
Poonam Joshi
Company Secretary

Noida
25 May 2011



Cash Flow Statement

	Year ended 31 March 2011 ₹	Year ended 31 March 2010 ₹
A Cash flow from operating activities		
Profit before taxation after prior period items	25,220,344	17,839,332
Adjustment for :		
Depreciation/amortisation	24,533,644	15,710,556
Prior period expenses, net	-	1,682,820
Unrealised foreign exchange loss	1,314,868	2,991,509
Finance charges	16,328,066	7,289,091
Interest income	(3,692,298)	(154,045)
Operational profit before working capital changes	63,704,624	45,359,263
Movements in working capital		
(Increase) in sundry debtors	(104,031,418)	(23,659,623)
(Increase) in unbilled revenue	(4,145,526)	(23,015,752)
(Increase) in loans and advances	(52,164,508)	(6,823,231)
Increase in current liabilities	27,427,277	39,227,945
Cash generated/(used in) from operations	(69,209,551)	31,088,602
Direct taxes paid	(4,310,249)	(4,642,189)
Fringe benefit tax paid	-	(713,133)
Net cash from/(used in) operating activities (A)	(73,519,800)	25,733,280
B Cash flow from investing activities		
Purchase of fixed assets	(34,767,667)	(28,117,808)
Interest received	3,692,298	154,045
Investment in subsidiary	(4,596)	-
Net cash from/(used in) investment activities (B)	(31,079,965)	(27,963,763)
C Cash flow from financing activities		
Receipts from issue of equity shares, including share premium	309,838,655	-
Proceeds from term loan	19,000,000	-
Proceeds from working capital loan, net of repayments	96,504,241	-
Proceeds from unsecured loan	-	190,149,572
Repayment of unsecured loan	(180,000,000)	(175,000,000)
Finance charges	(16,328,066)	(7,289,091)
Net cash from financing activities (C)	229,014,830	7,860,481
Net increase/(decrease) in cash and cash equivalents (A+B+C)	124,415,065	5,629,998
Cash and cash equivalents as at beginning of the year	15,537,055	9,907,057
Cash and cash equivalents as at end of the year	139,952,120	15,537,055

This is the Cash Flow Statement referred to in our report of even date.

Walker, Chandniok & Co
For Walker, Chandniok & Co
Chartered Accountants

Aashish Arjun Singh
Partner

Noida
25 May 2011

For and on behalf of the Board of Directors

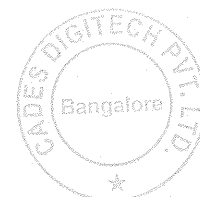
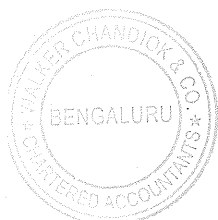
Kedar Nath Choudury
Director

Kirit Manek
Vice President - Finance

Pradeep Dadlani
Director

Poonam Joshi
Company Secretary

Noida
25 May 2011



Schedules forming part of the financial statements

	As at 31 March 2011 ₹	As at 31 March 2010 ₹
SCHEDULE 1		
CAPITAL		
Authorised		
18,000,000 (31 March 2010: 15,000,000) Equity Shares of ₹ 10 each	180,000,000	150,000,000
Issued, subscribed and paid up		
17,741,935 (31 March 2010 : 15,000,000) Equity shares of ₹10 each, fully paid up	177,419,350	150,000,000
	177,419,350	150,000,000

Of the above, 9,066,700 (31 March 2010 - 8,141,700) Equity Shares of ₹10 each are held by Axis-IT&T Limited, the Holding Company.

SCHEDULE 2 RESERVES AND SURPLUS

Securities premium account:		
Opening balance	372,542,351	75,000,000
Add: Received during the year	282,419,305	297,542,351
	654,961,656	372,542,351

SCHEDULE 3 UNSECURED LOANS

Subordinated debt	-	175,000,000
From others	-	5,000,000
	-	180,000,000

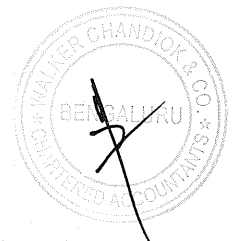
SCHEDULE 4 SECURED LOANS

From banks

(Secured against current assets, moveable fixed assets and corporate guarantees of Axis-IT&T Limited and Axis Aerospace & Technologies Private Limited)

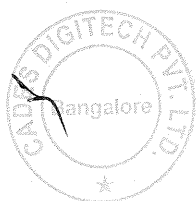
Packing credit in foreign currency from Yes Bank	96,504,241	-
Term loan from Yes Bank	19,000,000	-
[Repayable within one year - ₹ 7,600,000 (31 March 2010: Nil)]	115,504,241	-

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Schedules forming part of the financial statements

	As at 31 March 2011 ₹	As at 31 March 2010 ₹
SCHEDULE 6		
INVESTMENTS		
National savings certificate	5,000	5,000
Investment in subsidiary		
<i>Long term, trade, unquoted, fully paid up</i>		
Cades Technology Canada Inc.		
100 shares (31 March 2010 - Nil) of CAN \$ 1 each	4,596	-
	9,596	5,000
SCHEDULE 7		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered good	8,071,384	11,919,674
- Considered doubtful	58,455,014	58,356,814
	66,526,398	70,276,488
Debts outstanding for a period not exceeding six months		
- Considered good	284,533,010	177,648,462
	284,533,010	177,648,462
Less : Provision for doubtful debts	58,455,014	58,356,814
	292,604,394	189,568,136
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on hand	22,790	13,676
Balances with scheduled banks:		
- In current accounts	15,607,666	11,249,790
- In exchange earners foreign currency account	377,208	424,103
- In deposits accounts	122,215,036	2,264,772
Balances with non-scheduled banks		
- In current accounts		
South Side Trust & Savings Bank - USA	185,180	831,746
Barclays Bank- UK	408,234	94,383
Korea Exchange Bank - USD A/c - Korea	401,371	155,956
Korean Exchange Bank - KRW A/C - Korea	714,197	484,384
Mizohuho Bank - Japan	20,438	18,245
	139,952,120	15,537,055
Note:		
Maximum amount outstanding with non-scheduled banks at any time during the year are as follows:		
South Side Trust & Savings Bank - USA	1,116,518	831,746
Barclays Bank- UK	408,234	1,605,451
Korea Exchange Bank - USD A/c - Korea	2,540,030	1,758,032
Korean Exchange Bank - KRW A/C - Korea	1,321,013	770,587
Mizohuho Bank - Japan	422,615	5,871,384



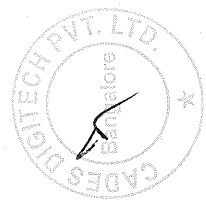
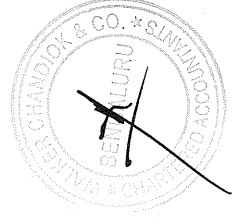
Schedules forming part of the financial statements

SCHEDULE - 5

FIXED ASSETS

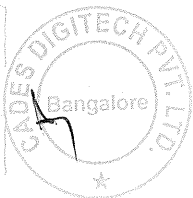
(Amount in ₹)

Asset Category	Gross Block			Depreciation/Amortisation			Net Block	
	As at 1 April 2010	Additions during the year	As at 31 March 2011	As at 1 April 2010	Charge for the year	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
<i>Tangible assets</i>								
Computers	38,872,186	1,647,442	40,519,628	33,194,102	2,573,144	35,767,246	4,752,382	5,678,084
Furniture & Fixtures	3,738,504	52,140	3,790,644	3,719,801	12,862	3,732,663	57,981	18,703
Office Equipment	4,697,182	948,472	5,645,654	4,296,871	128,418	4,425,289	1,220,365	400,311
Leasehold Improvements	8,512,280	-	8,512,280	6,580,720	1,216,405	7,797,125	715,155	1,931,560
<i>Intangible assets</i>								
Software	126,730,092	32,119,613	158,849,705	97,340,009	20,602,815	117,942,824	40,906,881	29,390,083
Total	182,550,244	34,767,667	217,317,911	145,131,503	24,533,644	169,665,147	47,652,764	37,418,741
Previous year	154,432,435	28,117,809	182,550,244	129,420,947	15,710,556	145,131,503	37,418,741	



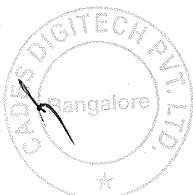
Schedules forming part of the financial statements

	As at 31 March 2011 ₹	As at 31 March 2010 ₹
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or value to be received:		
-Prepaid expenses	5,445,255	6,458,766
-Receivable from employees	1,806,483	1,840,868
Duties and taxes recoverable	41,829,723	26,472,205
Inter corporate deposit	27,250,000	-
Security deposits	25,844,663	23,193,982
Others	2,060,404	94,897
Advances to subsidiary	5,988,698	-
(Maximum outstanding at anytime during the year ₹ 5.988 millions (31 March 2010 - Nil))		
	110,225,226	58,060,718
SCHEDULE 10		
LIABILITIES		
Sundry creditors		
-Total outstanding dues of micro enterprises and small enterprises;*	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	42,859,643	34,187,875
Dues to employees	26,946,773	28,055,920
Duties and taxes payable	53,008,018	29,877,740
Advances from customers	1,353,293	3,146,182
	124,167,727	95,267,717
Accrued expenses	17,078,504	8,123,339
Unearned revenue	2,541,413	9,904,960
Interest accrued but not due	-	5,203,972
	19,619,917	23,232,271
	143,787,644	118,499,988
* There are no Micro, Small and Medium enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2011. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.		
SCHEDULE 11		
PROVISIONS		
Gratuity	6,975,890	6,322,466
Vacation Pay	3,792,654	2,306,457
Fringe benefit tax, net of advance taxes	129,445	129,445
Foreign tax, net of advance tax	3,176,122	927,635
	14,074,111	9,686,003



Schedules forming part of the financial statements

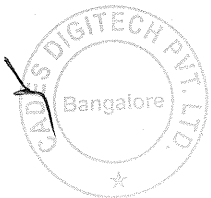
	Year ended 31 March 2011 ₹	Year ended 31 March 2010 ₹
SCHEDULE 12		
OTHER INCOME		
Interest on income tax refund	1,025,234	147,429
Provision for debtors no longer required	-	8,158,903
Interest income [Tax deducted at source - ₹ 1,89,361 (31 March 2010 - ₹ 21,171)]	3,692,298	154,045
Miscellaneous income	839,395	1,575,888
	5,556,927	10,036,265
SCHEDULE 13		
MANPOWER AND CONSULTANCY CHARGES		
Salaries, wages and bonus	385,041,134	347,726,571
Contribution to provident fund	10,653,974	10,067,869
Overseas employee benefits	13,706,920	22,512,554
Staff welfare	5,625,403	4,034,354
Gratuity	1,977,245	1,515,441
Vacation pay	1,486,197	133,501
Recruitment and training expenses	2,635,328	2,523,796
Consultants' fees	41,496,213	16,510,201
	462,622,414	405,024,287
SCHEDULE 14		
OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	35,422,323	31,704,580
Electricity charges	6,063,357	4,595,560
Travelling and conveyance	19,568,849	14,253,157
Repairs and maintenance		
-Building	6,073,501	3,392,364
-Others	1,934,011	520,176
Communication expenses	8,151,169	6,885,523
Equipment hire charges	5,490,096	1,571,452
Legal and professional charges	6,698,418	8,218,169
Management fees	10,783,943	-
Audit fees	429,019	504,954
Printing and stationery	1,030,527	940,825
Security charges	1,229,828	761,718
Rates and taxes	3,733,742	2,913,412
Prototyping expenses	5,555,230	3,987,339
Software subscription charges	15,630,362	9,137,957
Insurance expenses	113,007	230,112
Postage and courier charges	418,066	376,699
Provision for doubtful debts	-	1,382,908
Foreign exchange loss, net	2,685,715	17,833,975
Miscellaneous expenses	552,487	682,558
	131,563,650	109,893,438



Schedules forming part of the financial statements

	Year ended 31 March 2011 ₹	Year ended 31 March 2010 ₹
SCHEDULE 15		
SELLING EXPENSES		
Sales commission	11,938,039	28,992,459
Professional charges	11,133,566	7,401,304
Advertisement and sales promotion	5,886,016	3,750,237
Travelling and conveyance	23,912,824	16,220,381
	52,870,445	56,364,381
SCHEDULE 16		
FINANCE CHARGES		
Interest on loans		
Bank	3,121,608	311,786
Others	10,457,260	5,853,328
Bank charges	2,749,198	1,123,977
	16,328,066	7,289,091
SCHEDULE 17		
PRIOR PERIOD EXPENSES/(INCOME) , NET		
Revenue	-	15,482,711
Other income	-	(7,631,058)
Gratuity charge	-	6,801,178
Vacation pay	-	2,172,956
	-	16,825,787

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Schedules forming part of the financial statements

SCHEDULE 18

Notes to the financial statements

1) Background and Operational outlook

CADES Digitech Private Limited ('CADES' the Company) is a leading product design and engineering services company incorporated on 4 December 2001. CADES provides services to aerospace, defense and automotive industries with its core competency and domain expertise. The Company is a 100 percent software export oriented unit under Software Technologies Park Scheme of Government of India. The profits of the company are exempt up to assessment year 2011-2012.

The Company has made profit after tax of ₹ 18,981,316 during the year ended 31 March 2011 and it's accumulated losses are ₹ 488,141,624 which has significantly eroded it's network, impacting the going concern assumption. During the year on account of a fresh infusion of capital and profits from operations, the Company has achieved positive net worth of ₹ 345,487,901 as against ₹ 15,419,411 as at 31 March 2010. The management believes that it's revenue growth plans for the financial year 2011-12 and its focus on cost savings measures will result in overall efficiencies and improved performance. There is no impact on the carrying/ recoverable value of the assets and liabilities and so no adjustments have been recorded for these assets and liabilities thereon in the financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

2) (a) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') and comply with the mandatory Accounting Standards ('AS') prescribed by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year unless otherwise stated.

(b) Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles, which requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts, employee benefits, estimation of revenue and project completion.

3) Significant accounting policies

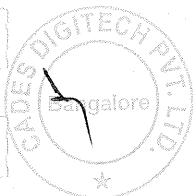
i. Revenue recognition

The Company derives its revenues primarily from engineering design services. Service income comprises of income from time-and-material and fixed-price contracts. Revenue from time-and-material contracts is recognised in accordance with the terms of the contracts with clients. Revenue from fixed-price contracts is recognised using the percentage of completion method, calculated as the proportion of the efforts incurred up to the reporting date to the estimated total efforts. Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' represent revenues recognised on services rendered as per contractual terms, for which amounts are to be billed in subsequent periods. The related billings are expected to be performed as per milestones provided in the contracts.

'Unearned revenues' included in other liabilities represent billings in excess of revenues recognised. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

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Schedules forming part of the financial statements

ii. Fixed assets and depreciation

Fixed assets are carried at the cost less accumulated depreciation/amortisation and impairment losses. The cost of fixed assets comprises its purchase price and other costs attributable to bringing such assets to its working condition for its intended use. Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed as capital work-in-progress.

Depreciation is provided under the straight-line method based on the estimated useful life of the assets. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Management's estimate of the useful lives for the various categories of fixed assets is as follows:

Asset category	Depreciation Rate
Computers	33.33%
Furniture and fixtures	14.29%
Office equipments	14.29%
Leasehold improvements	14.29%
Software	33.33%

Depreciation/amortisation is charged on a proportionate basis for all the assets purchased and sold during the year. Fixed assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase.

Leasehold improvements have been depreciated over lease period including renewable period and subject to maximum useful economic life of 7 years.

iii. Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

iv. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of assets. Other borrowings cost are recognised as an expense in the period in which they are incurred.

v. Investments

Investments that are readily realisable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

vi. Foreign currency transactions

Initial Recognition

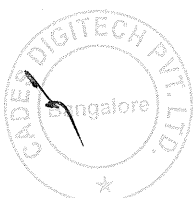
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account.

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.

Foreign currency transactions entered into by branches, which are integral foreign operations are accounted in the same manner as foreign currency transactions described above. Branch monetary assets and liabilities are restated at the year end rates.



Schedules forming part of the financial statements

vii. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits.

Provident fund

The Company contributes to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with Employees provident fund and Miscellaneous Provision Act, 1952 for its employees in India. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which the employee renders services.

Social Security Overseas

The Company contributes to social security charges of countries to which the Company deutes its employees on employment. The plans are defined contribution plan and contributions paid or payable is recognised as an expense in these periods in which the employee renders services in those respective countries.

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan for its Indian employees. The liability recognised in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of plan assets (if any), together with adjustment for unrecognised actuarial gains or losses and past service cost. Independent actuaries using the Projected Unit Credit Method calculate the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Profit and Loss Account in the year in which such gains or losses arises.

Vacation Pay

The Company has a vacation policy by which employee can carry forward the eligible leaves and avail on a future date and however the same is not encashable. Liability in respect vacation pay becoming due or expected to be availed within one year from the Balance Sheet date is recognised on the basis of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of vacation pay becoming due or expected to be availed more than one year after the Balance Sheet date is estimated on the basis of actuarial valuation by an independent actuary.

viii. Tax Expenses

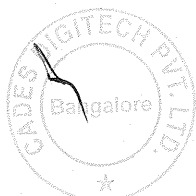
Current tax

Provision is made for income tax under the tax payable method, based on the liability computed, after taking credit for allowances and exemptions. Minimum Alternative Tax ("MAT") paid in accordance with the tax laws which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. MAT credit entitlement can be carried forward and utilised for a period of seven years from the year in which the same is availed. Accordingly, it is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. Tax expenses comprise both current and deferred taxes.

Deferred tax

Deferred tax charge or credit reflects the tax effect of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to 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 such deferred tax assets can be realised.



Schedules forming part of the financial statements

ix. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

4) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares will be treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

The weighted average numbers of equity shares outstanding during the period will be adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period will be adjusted for the effects of all dilutive potential equity shares.

The computation of earnings per share is as follows:

	Year ended 31 March 2011	Year ended 31 March 2010
Weighted average number of shares outstanding	15,631,021	11,972,334
	₹	₹
Profit after tax attributable to equity shareholders (Amount in ₹)	18,981,316	12,269,508
Earnings per share		
-Basic & diluted	1.21	1.02
Nominal value per equity share	10.00	10.00

5) Export obligations

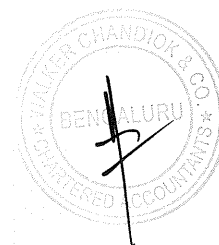
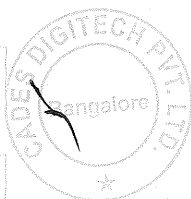
The Company is registered with the Software Technology Parks of India (STPI), Government of India as a 100% Export Oriented Unit with under the STPI Scheme. As per the terms of registration the Company is required to export as per Export - Import policy in force and is entitled to duty free import of capital goods up to ₹ 136,100,000 (31 March 2010 ₹ 136,100,000). The Company's duty free import on CIF basis against this entitlement was ₹ 25,454,602 (31 March 2010 ₹ 25,454,602) cumulative till 31 March 2011.

In accordance with the terms of approval of the STPI, the Company is required to be a positive net foreign exchange earner as per Foreign Trade policy 2005 - 2010. As at 31 March 2011, the Company has complied with these requirements.

6) Operating leases

The Company has entered into cancellable and non-cancellable operating lease agreements for its Business Centers, branches and Corporate Office premises. These leases expire over the period extending up to 20 June 2015 and are further renewable at the mutual consent of the Company and the lessor, based on an agreed escalation in the existing rental.

The lease expenses for cancellable and non-cancellable operating leases during the year ended 31 March 2011 was ₹ 35,422,323 (31 March 2010 - ₹ 31,704,580).



Schedules forming part of the financial statements

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

Payments falling due:	As at 31 March 2011 ₹	As at 31 March 2010 ₹
Not later than one year	16,005,421	21,219,395
Later than one year but not later than 5 years	257,450	14,671,499
Later than 5 years	-	-
	<u>16,262,871</u>	<u>35,890,894</u>

7) Commitment and Contingencies

i. Capital Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided (Net of advances) ₹ 1,315,818 (31 March 2010 - ₹ 6,461,221).

8) Employee benefits

a) Defined benefit plan

Gratuity

The Company has provided for the gratuity liability (defined benefit plan), for its Indian employees as per actuarial valuation carried out by an independent actuary on the Balance Sheet date.

Change in the defined benefit obligation	Year ended 31 March 2011 ₹	Year ended 31 March 2010 ₹
Amount recognised in the Balance Sheet are as follows		
Present value of unfunded obligations as at the end of the year		
Present value of unfunded obligations	6,975,890	6,322,466
Net liability recognised in the Balance sheet	<u>6,975,890</u>	<u>6,322,466</u>
Amount recognised in the Profit & Loss account are as follows		
Current service cost	1,830,426	1,515,441
Prior year service cost	-	4,807,025
Interest on defined benefit obligation	207,554	-
Net actuarial losses / (gains) recognised in Year	(60,735)	-
Expenses recognised in the profit and loss account for the year	<u>1,977,245</u>	<u>6,322,466</u>
Changes in the present value of defined benefit obligation		
Opening defined benefit obligation as at 1 April 2010	6,322,466	-
Service cost	1,830,426	
Interest cost	207,554	6,322,466
Actuarial losses/(gains)	(60,735)	-
Benefits Paid	(1,323,821)	-
Defined benefit obligation as at 31 March 2011	<u>6,975,890</u>	<u>6,322,466</u>

The assumptions used in the above valuation are as under:

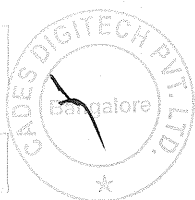
Discount rate	8%	8%
Salary escalation rate	5%	6%
Retirement age	60 Years	60 Years

b) Vacation pay

The Company has provided liability for vacation pay as per an actuarial valuation carried out by an independent actuary on the balance sheet date.

The assumptions used in the above valuation are as under:

Discount rate	8%	8%
Salary escalation rate	5%	6%
Retirement age	60 Years	60 Years



Schedules forming part of the financial statements

c) Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952. This is a defined contribution plan as per AS 15. Contribution made during the year ended 31 March 2011 is ₹ 10,653,974 (31 March 2010 - ₹ 10,067,869)

d) Social Security

The Company makes contribution towards social security charges in Germany which is a defined contribution plan. The plan is a defined contribution plan and contributions paid or payable is recognised as an expenses in the period in which the employee renders services in Germany. Contribution made during the year ended 31 March 2011 is ₹ 11,065,706 (31 March 2010 - ₹ 19,689,693).

- 9) a) As at 31 March 2011 debtors include a sum of ₹ 58,455,014 (31 March 2010 - ₹ 58,356,814) receivable outstanding for more than 365 days. In this regard the Company has filed for extension with its Authorised Dealer as per the required provisions of Foreign Exchange Management Act, 1999.
- b) Prior period income and expenses for the year ended 31 March 2010, have been identified subsequent to acquisition of the shares of the Company by the Holding Company.

10) Related party disclosures

i. Parties where control exists :

Nature of relationship

Holding company information

Name of party

The Company is a subsidiary of Axis-IT&T Limited which is a subsidiary of Tayana Digital Private Limited (demerged from Tayana Software Solutions Private Limited) which is a subsidiary of Axis Aerospace & Technologies Private Limited. ('AATPL', formerly known as Jupiter Strategic Technologies Private Limited'). AATPL, a venture funded by Jupiter Capital Private Limited ('JCPL'), is a subsidiary of the JCPL.

Subsidiary Company

Cades Technology Canada Inc.

ii. Key Management Personnel :

Chairman and Director
Director

Mr. S Ravi Narayanan
Mr. Dattaram Mishra (Resigned w.e.f. 24 October 2009)

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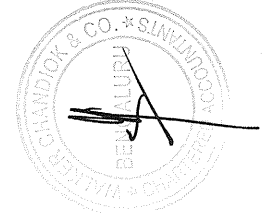
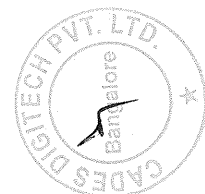


Schedules forming part of the financial statements

iii. Transactions with related parties

(Amount in ₹)

Nature of Transaction	Holding Company / Intermediate Holding Company		Subsidiary/ Fellow subsidiary		Key Management Personnel		Total	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
A Unsecured Loan received								
Asianet TV Holding Private Limited	-	-	-	175,000,000	-	-	-	175,000,000
Axis Aerospace & Technologies Private Limited	-	5,000,000	-	-	-	-	-	5,000,000
Axis-IT&T Limited	-	4,000,000	-	-	-	-	-	4,000,000
B Unsecured Loan repaid								
Asianet TV Holding Private Limited	-	-	175,000,000	-	-	-	175,000,000	-
Axis Aerospace & Technologies Private Limited	5,000,000	-	-	-	-	-	5,000,000	-
Axis-IT&T Limited	-	4,000,000	-	-	-	-	-	4,000,000
C Interest on unsecured loans								
Asianet TV Holding Private Limited	-	-	10,356,164	5,048,630	-	-	10,356,164	5,048,630
Axis Aerospace & Technologies Private Limited	101,096	155,342	-	-	-	-	101,096	155,342
Axis-IT&T Limited	-	33,753	-	-	-	-	-	40,504
D Advances given								
Cades Technology Canada Inc	-	-	5,988,698	-	-	-	5,988,698	-
E Rent paid								
Hindusthan Infrastructure Projects & Engineering Private Limited	-	-	3,603,504	272,250	-	-	3,603,504	272,250
F Salary and allowances								
Mr. Dattaram Mishra	-	-	-	-	-	4,250,289	-	4,250,289
G Management fees paid								
Axis Aerospace & Technologies Private Limited	11,890,322	-	-	-	-	-	11,890,322	-



Schedules forming part of the financial statements

Transactions with related parties (Contd)

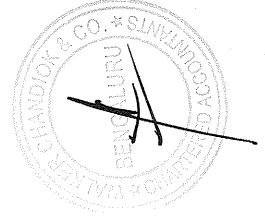
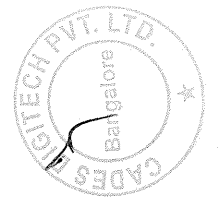
Nature of Transaction	Holding Company / Intermediate Holding Company		Subsidiary / Fellow subsidiary		Key Management Personnel		Total	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	(Amount in ₹)							
H Engineering services rendered Axis Aerospace & Technologies Private Limited Axis-IT&T Limited	513,073 495,523	- -	- -	- -	- -	- -	513,073 495,523	- -
I Consultancy charges (Sharing of Expenses) Axis Aerospace & Technologies Private Limited	8,904,425	-	-	-	-	-	8,904,425	-
J Reimbursement of expenses by the Company Axis Inc	-	-	403,708	-	-	-	403,708	-
K Reimbursement of expenses to the Company Axis-IT&T Limited	197,696	-	-	-	-	-	197,696	-
L Intercorporate deposit extended Axis Aerospace & Technologies Private Limited	29,500,000	-	-	-	-	-	29,500,000	-
M Intercorporate deposit repaid Axis Aerospace & Technologies Private Limited	2,250,000	-	-	-	-	-	2,250,000	-
N Intercorporate deposit received Axis-IT&T Limited	2,000,000	-	-	-	-	-	2,000,000	-
O Intercorporate deposit repaid Axis-IT&T Limited	2,000,000	-	-	-	-	-	2,000,000	-
P Interest income earned on ICD Axis Aerospace & Technologies Private Limited	77,826	-	-	-	-	-	77,826	-
Q Engineering services received Axis-IT&T Limited	5,981,414	-	-	-	-	-	5,981,414	-
R Rent Deposit Hindustan Infrastructure Projects & Engineering Private Limited	-	-	2,250,000	-	-	-	2,250,000	-

Schedules forming part of the financial statements

iv. Balances as at the year end

(Amount in ₹)

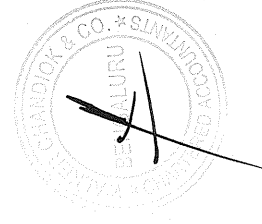
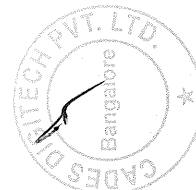
Nature of Transaction	Holding Company / Intermediate Holding Company		Subsidiary / Fellow subsidiary		Key Management Personnel		Total	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
A Accounts Payable								
1 <i>Unsecured Loan</i> Asianet TV Holding Private Limited	-	-	-	180,048,630	-	-	-	180,048,630
2 <i>Unsecured Loans</i> Axis Aerospace & Technologies Private Limited	-	5,203,972	-	-	-	-	-	5,203,972
3 <i>Rent</i> Hindusthan Infrastructure Projects & Engineering Private Limited	-	-	2,432,362	273,067	-	-	2,432,362	273,067
4 <i>Management Fees</i> Axis Aerospace & Technologies Private Limited	1,485,401	-	-	-	-	-	1,485,401	-
5 <i>Engineering Service</i> Axis-IT&T Limited	1,050,668	-	-	-	-	-	1,050,668	-
6 <i>Reimbursement of Expense</i> Axis-IT&T Limited	302,431	-	-	-	-	-	302,431	-
B Accounts Receivable								
7 <i>Consultancy Charges</i> Axis Aerospace & Technologies Private Limited	9,821,581	-	-	-	-	-	9,821,581	-
8 <i>Engineering Services</i> Axis-IT&T Limited	495,523	-	-	-	-	-	495,523	-
9 <i>Reimbursement of Expenses</i> Axis-IT&T Limited	104,735	-	-	-	-	-	104,735	-



Schedules forming part of the financial statements

iv. Balances as at the year end (Contd.)

Nature of Transaction	Holding Company / Intermediate Holding Company		Subsidiary/ Fellow subsidiary		Key Management Personnel		Total	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	(Amount in ₹)							
10 Intercorporate deposit Axis Aerospace & Technologies Private Limited	27,250,000	-	-	-	-	-	27,250,000	-
11 Interest on Unsecured Loans (Income) Axis Aerospace & Technologies Private Limited	77,826	-	-	-	-	-	77,826	-
12 Advances to subsidiary Cades Technology Canada Inc	-	-	5,988,698	-	-	-	5,988,698	-
13 Rent Deposit paid Hindusthan Infrastructure Projects & Engineering Private Limited	-	-	2,250,000	-	-	-	2,250,000	-



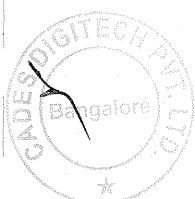
Schedules forming part of the financial statements

11) Segment reporting

The Company has only one business segment viz. engineering design services to aerospace, defence and automotive industries. Hence no further disclosures are required other than those already made in financial statements.

Secondary segment reporting based on the location of the Company's customers is as detailed below.

Description	Region	Year ended	Year ended
		31 March 2011	31 March 2010
		₹	₹
Segment revenue from external customers	Europe	185,061,355	439,525,623
	Asia Pacific	439,871,572	143,194,244
	USA	82,648,709	36,190,740
		707,581,636	618,910,607
Segment assets (excluding fixed assets)	Europe	242,693,543	204,557,572
	Asia Pacific	254,151,785	93,943,893
	USA	28,563,118	(42,944,138)
		44,534,572	30,624,334
Unallocated corporate assets (excluding fixed assets)		569,943,018	286,181,661
Capital expenditure	Europe	421,040	87,048
	Asia Pacific	1,000,612	325,957
	USA	-	-
		33,346,015	27,704,804
Unallocated corporate capital expenditure		34,767,667	28,117,809
Segment - fixed assets - gross block	Europe	851,164	430,124
	Asia Pacific	18,028,265	16,947,966
	USA	230,072	230,072
		198,208,411	164,942,082
Unallocated gross block		217,317,912	182,550,244
Segment - accumulated depreciation	Europe	405,537	298,606
	Asia Pacific	16,034,764	14,597,393
	USA	230,072	220,046
		152,994,772	130,015,458
Unallocated accumulated depreciation		169,665,145	145,131,503
Segment - fixed assets - net block	Europe	445,627	131,518
	Asia Pacific	1,993,500	2,350,573
	USA	-	10,026
		45,213,638	34,926,624
Unallocated net block		47,652,765	37,418,741
Segment Liabilities	Europe	64,375,647	44,244,861
	Asia Pacific	78,918,617	61,359,054
	USA	493,381	1,054,030
		-	11,793,413
Unallocated corporate liability		143,787,645	118,451,358
Segment provisions	Europe	(22,935)	636,069
	Asia Pacific	14,097,045	9,049,934
	USA	-	-
		14,074,110	9,686,003

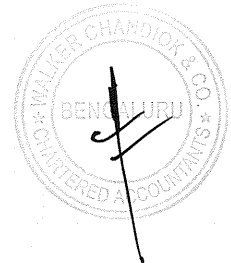


Schedules forming part of the financial statements

12) Supplementary statutory information	Year ended 31 March 2011	Year ended 31 March 2010
a) Particulars relating to foreign exchange	₹	₹
i) Earnings in foreign exchange (accrual basis)		
Income from operations	599,152,206	501,399,148
ii) Expenditure in foreign currency		
Branch salary and related expenses	238,676,156	231,687,128
Other general expenses	6,519,378	2,046,962
Professional fees	-	-
Advance to subsidiary	4,167,939	-
Travel costs	17,802,797	-
	<u>267,166,270</u>	<u>233,734,090</u>
iii) Value of Imports on CIF Basis		
Capital goods	1,729,474	3,385,660
	<u>1,729,474</u>	<u>3,385,660</u>
b) Auditors' remuneration		
Statutory audit fee *	425,000	300,000
Tax audit	-	50,000
Others	-	150,000
Out of pocket expenses	4,019	4,954
TOTAL	<u>429,019</u>	<u>504,954</u>
Note: * Excluding Service Tax		
c) Director remuneration *		
Salary and allowances	-	7,848,849
Technical consultancy charges	-	300,000
	<u>-</u>	<u>8,148,849</u>

Note: * Director remuneration is paid only for the period from April 2009 to October 2009

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Schedules forming part of the financial statements

13) Foreign currency exposures

The details of foreign currency exposures that are not hedged by derivative instrument or otherwise are as mentioned below:

Particulars		31 March 2011			31 March 2010		
Included in	Currency	Coverision rate	Amount in foreign currencey	Amount in ₹	Coverision rate	Amount in foreign currencey	Amount in ₹
Sundry debtors	USD	44.65	1,382,341	61,721,520	45.14	1,161,433	52,427,282
	GBP	-	-	-	68.03	9,310	633,359
	EURO	63.24	2,869,806	181,486,517	60.56	1,775,924	107,549,933
Sundry creditors	USD	44.65	68,497	3,058,391	45.14	72,752	3,284,025
	EURO	63.24	811,547	51,322,232	60.56	405,427	24,552,659
	GBP	71.93	5,457	392,522	68.03	15,362	1,045,077
	JPY	0.54	100,000	54,020	0.48	559,791	271,163
PCFC	EURO	63.24	1,526,000	96,504,241	60.56	-	-

14) Additional disclosures under Schedule VI


The Company is engaged in the business of rendering engineering design services. The production and sale of such services is not capable of being expressed in any generic unit. Consequently, the quantitative details of sales and the particulars required under paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 have not been disclosed.

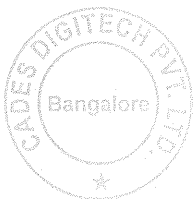
15) Prior year comparatives


Prior period comparatives have been regrouped/reclassified wherever necessary, to confirm to the presentation in the current year.


For and on behalf of the Board of Directors


Kedar Nath Choudury
 Director


Kirit Manek
 Vice President-Finance




Pradeep Dadlani
 Director


Poonam Joshi
 Company Secretary



Noida
 25 May 2011