

Director's Report

To The Members

Cades Technology Canada Inc

Your Directors are pleased to present their report on the business operations of the company for the period from 01st April 2012 to 31st March 13 and subsequent events to date. While audit is not mandated in Canada for small enterprises, however **Cades Technology Canada Inc** has got its accounts audited by G D & Associates, Chartered Accountants, Bangalore, India for the purpose of publishing the Audited accounts of its parent company Cades Digitech Private Limited in accordance with the statutory requirements in India.

I. Financial Results for 1st April, 2012 to 31st March, 2013

PARTICULARS	FY 2012-13 (inCAD \$)	FY 2011-12 (inCAD \$)
Income	1,480,666	729,994
Expenditures excluding Tax	1,238,230	698,577
Net Profit before Tax	242,435	31,417
Less: Tax	67,496	6,100
Profit after Tax	174,939	25,317

II. Business Activity

The Company is engaged in rendering engineering design service for the aerospace sector in Canada and has started operations in December 2010 and has shown considerable progress during the period. During the year, it has augmented its employee strength from 08 to 21 resulting in higher revenue and further consolidation of its presence with its customers.

III. Directors

Mr. S. Ravi Narayanan is the sole Director, President-Secretary and Treasurer of the Company.

Sd/-

**S. Ravinarayanan
Chairman and Director**

Date: May 29, 2013

Place: Bangalore



AUDITORS REPORT

1. We have examined the attached Balance Sheet of **M/s. CADES TECHNOLOGY CANADA INC (subsidiary of M/s. Cades Digitech Private Limited)** as at **March 31, 2013** and the Profit and Loss Account for the year ended on **March 31, 2013**. 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 have conducted our audit in accordance with 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 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 the management as well as evaluating the overall financial Statement presentation. We believe our audit provides a reasonable basis for our opinion.
3. 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 purpose 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 Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts
 - d. In our opinion, the Balance sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e. In our opinion and to the best of my information and according to the explanations given to us, the said accounts together with the notes attached thereto give the information required by the Act, in a manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. in the case of the Balance Sheet, of the state of affairs of the Company at March 31, 2013.
 - ii. In the case of Profit and Loss account Profit of the Company for the period ended on that date.



For G D & ASSOCIATES
Chartered Accountants
Firm Registration No - 011187S

DINESHA M S
Partner.
Membership No.215946

Place : Bangalore
Date : May 29, 2013

CADES TECHNOLOGY CANADA INC.
BALANCE SHEET AS AT MARCH 31, 2013

PARTICULARS	NOTE	As at	As at
		31-Mar-13	31-Mar-12
		Can \$	Can \$
I. EQUITY AND LIABILITIES			
1. Shareholder's funds			
(a) Share Capital	1	100	100
(b) Reserves and Surplus	2	212,164	37,755
		<u>212,264</u>	<u>37,855</u>
2. Current Liabilities			
(a) Trade payables	3	296,485	208,314
(b) Other current liabilities	4	149,396	64,043
		<u>445,881</u>	<u>272,357</u>
TOTAL		<u>658,145</u>	<u>310,215</u>
II ASSETS			
1. Non-current assets			
(a) Fixed Assets			
- Tangible Assets		NIL	NIL
- Intangible Assets		NIL	NIL
(b) Long - term loans and advances	5	2,413	1,132
		<u>2,413</u>	<u>1,132</u>
2. Current assets			
(a) Trade receivables	6	560,894	235,374
(b) Cash and Cash equivalents	7	77,615	73,708
(c) Short-term loans and advances	8	17,224	NIL
		<u>655,732</u>	<u>309,082</u>
TOTAL		<u>658,145</u>	<u>310,215</u>

As per our report of even date
for G D & ASSOCIATES

Chartered Accountants

DINESHA M S

Partner

Membership No - 215946



for and on behalf of the Board

S RAVINARAYAN

Director



Place: Bangalore

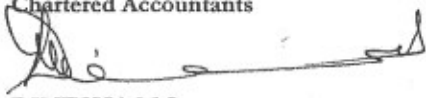
Date: May 29, 2013

CADES TECHNOLOGY CANADA INC.

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2013

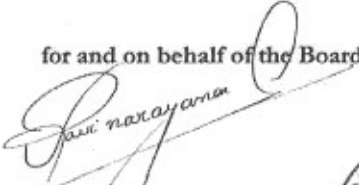
PARTICULARS	NOTE	for the year	for the year
		ended 31-Mar-13 Can \$	ended 31-Mar-12 Can \$
I INCOME			
Revenue from operations	9	1,480,666	729,994
TOTAL REVENUE		<u>1,480,666</u>	<u>729,994</u>
II EXPENSES			
Employee benefits expenses	10	971,528	460,129
Finance Costs	11	1,741	372
Other expenses	12	264,961	238,075
TOTAL EXPENSES		<u>1,238,230</u>	<u>698,577</u>
III PROFIT BEFORE TAX (I - II)		242,435	31,417
IV TAX EXPENSES			
(1) Current tax		67,496	6,100
(2) Deferred tax		NIL	NIL
		<u>67,496</u>	<u>6,100</u>
V PROFIT FOR THE YEAR (III-IV)		174,939	25,317
VIII EARNINGS PER EQUITY SHARES			
(Face value of Can \$ 1/= each)			
Basic & Diluted (in Can \$)		1,749.39	253.17

As per our report of even date
for G D & ASSOCIATES
Chartered Accountants


DINESHA M S
Partner
Membership No - 215946



for and on behalf of the Board


S RAVINARAYAN
Director



Place: Bangalore
Date: May 29, 2013

CADES TECHNOLOGY CANADA INC.
NOTES TO BALANCE SHEET AS AT MARCH 31, 2013

As at
31-Mar-13
Can \$

As at
31-Mar-12
Can \$

1 SHARE CAPITAL

Authorised Share Capital

100 Class A shares of Canada\$ 1 per share

100

100

100

100

Issued, Subscribed and Paid up

100 Class A shares of Canada\$ 1 per share

100

100

100

100

1.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period is set out below :-

	No of Shares	No of Shares
1.2 Outstanding at the beginning of the reporting period	100	100
Add: Equity shares allotted during the year	NIL	NIL
TOTAL	100	100

1.3 Shares held by holding and intermediate holding companies

Holding Company - Cades Digitech Pvt Ltd

100

100

(100 shares of class A shares of Canada \$ 1 per share)

1.4 The details of shareholders holding more than 5% shares

Name of the share holder	No of shares	%	No of shares	%
M/s. Cades Digitech Pvt Ltd	100	100%	100	100%

2 RESERVES & SURPLUS

Foreign Currency translation reserve

Opening Balance

2,331

262

Add: Current period

(531)

2,069

Closing balance

1,800

2,331

Surplus in Statement of Profit & Loss

Opening Balance

35,424

10,457

Add: Current period

174,939

24,968

Closing balance

210,364

35,424

212,164

37,755

3 TRADE PAYABLE

Secured

NIL

NIL

Unsecured

- Due to SSI Units

NIL

NIL

- Due to Other Units

119,827

101,681

- Due to Holding Company

59,829

87,119

- Accrued expenses

116,830

19,514

296,485

208,314



Duties & Taxes Payable	138,158	51,672
Dues to employees	10,684	11,819
Advance from Customers	553	552
	<u>149,396</u>	<u>64,043</u>
5 LONG TERM LOANS AND ADVANCES		
Other Advances	2,413	1,132
	<u>2,413</u>	<u>1,132</u>
6 TRADE RECEIVABLES		
(a) Outstanding more than 6 months	NIL	NIL
(b) Others		
Secured, considered good		
Unsecured, considered good	560,894	235,374
Doubtful	NIL	NIL
	<u>560,894</u>	<u>235,374</u>
7 CASH & BANK BALANCES		
(a) Cash & Cash Equivalents		
Balances with Banks		
In current Account	77,615	73,708
Cash in Hand	NIL	NIL
	<u>77,615</u>	<u>73,708</u>
8 SHORT TERM LOANS & ADVANCES		
Advance taxes (net of provision for taxation)	13,063	NIL
Prepaid expenses	203	NIL
Advance to Employees	1,191	NIL
Unbilled Revenue	2,767	NIL
	<u>17,224</u>	<u>NIL</u>



CADES TECHNOLOGY CANADA INC.
NOTE FORMING PART OF STATEMENT PROFIT & LOSS

	for the year ended 31-Mar-13 Can \$	for the year ended 31-Mar-12 Can \$
9 REVENUE FROM OPERATIONS		
Engineering Design Services		
-Export	1,480,666	729,994
-Domestic	NIL	NIL
	<u>1,480,666</u>	<u>729,994</u>
10 EMPLOYEE BENEFITS EXPENSES		
Salaries & Wages	891,812	421,331
Contribution to other Funds		
- Overseas employees benefits	79,717	38,798
	<u>971,528</u>	<u>460,129</u>
11 FINANCIAL COST		
Bank Charges & Processing Fees	1,741	372
	<u>1,741</u>	<u>372</u>
12 OTHER EXPENSES		
Office Maintenance	2	3
Postage & Courier	85	68
Rent	2,391	2,721
Direct Project Expenses	122,269	155,452
Repairs & Maintenance	151	NIL
Rates & Taxes	479	534
Net loss on foreign currency transactions	5,867	NIL
Legal & Professional Charges	61,747	11,837
Traveling & Conveyance	51,589	44,844
Sales Commission & brokerage	20,382	22,616
	<u>264,961</u>	<u>238,075</u>



NOTE - 13 : SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Company overview

Cades Technology Canada Inc. was incorporated in Canada on June 04, 2010 as fully owned subsidiary of M/s. Cades Digitech Private Limited an Indian Company registered under the Indian Companies Act, 1956.

Cades Technologies Canada Inc. (The Company) is a subsidiary of Cades Digitech Private Limited. Cades Digitech Private Limited is a subsidiary of M/s. Axis IT & T Limited.

I. SIGNIFICANT ACCOUNTING POLICIES:

1. **Basis of Preparation of financial Statements**

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India (GAAP), under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in The Companies (Accounting Standard) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956, to the extent applicable. These financial statements have been prepared for the purpose of compliance by the Company's holding company under Section 212 of the Indian Companies Act, 1956.

2. **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of income and expenditure during the year. Actual results could differ from those estimates. Any revision in accounting estimate is recognized prospectively in current and future periods.

3. **Fixed assets and depreciation**

Fixed assets are carried at cost of acquisition less accumulated depreciation. Depreciation on furniture and fixture and plant and equipments has been provided on a straight line method over an estimated useful life of the assets.

4. **Income tax**

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements of the Company.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/substantive enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Accordingly, in view of carried forward business losses the Company has not recognized deferred tax assets as at balance sheet date.



Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

5. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of an obligating 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. Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

6. 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 to 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 recognized in the profit and loss account. If at the balance sheet date there is an indication that 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.

7. Earnings per share

The number of equity shares used in computing basic earnings / (loss) per share is the weighted average number of shares outstanding during the period. Dilute earning / (loss) per share is computed by dividing net profit / (loss) by the diluted weighted average number of shares outstanding during the period. Diluted earnings / (loss) per share reflects the potential dilution from shares issuable through conversion of preference shares.

The Company treats potential equity shares as dilutive when and only when the conversion to equity shares would decrease net profit per share from continuing ordinary operations.



II Notes to Accounts

1. Related party transaction:

Related parties with whom control exists and no transactions have taken place during the year :-

Cades Digitech Private Limited - the holding Company

Cades Digitech USA - Branch of a Holding Company

The following is the listing of payables/ (Receivables) to/ (from) related parties:

Name of the Party	As at March 31,2013	As at March 31,2012
Cades Digitech Private Limited	72,716.71	100,166.71
Cades Digitech USA	(13047.71)	(13047.71)

2. Earnings/ (Loss) per share

Profit or (Loss) for the year	CAD.174,939.37	CAD.25,317
Weighted average number of equity shares	100 shares	100 shares
[100 shares of face value of CAD\$1 for 10 months)	1749.39	253.17

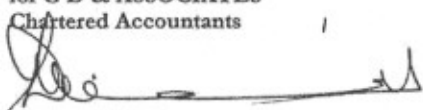
3. Segment reporting

The Company has one business segment and geographic segment; hence segment information is not required to be disclosed.

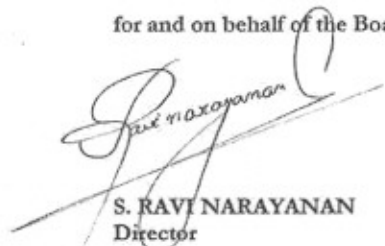
4. Prior period comparatives have been regrouped/reclassified wherever necessary, to confirm to the presentation in the current reporting period.

As per our report of even date

for G D & ASSOCIATES
Chartered Accountants


DINESHA M S
Partner
Membership No. 215946

for and on behalf of the Board


S. RAVI NARAYANAN
Director

Place: Bangalore
Date: May 29, 2013

