

Engineering great designs
Performing for the world.



CADES
Inspiring Engineering Innovation

BOARD OF DIRECTORS:



Mr. S Ravinarayanan, Chairman and Director



Mr. Rohitasava Chand, Director



Mr. Kedar Nath Choudhury, Director



Mr. Pradeep Dadlani, Independent Director



Jagadish Shettar the Then Hon'ble Chief Minister of Karnataka inaugurating the State of the Art Engineering Design Centre of CADES at Kirloskar Business Park, Hebbal, Bengaluru.

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➤ CADES TECHNOLOGY CANADA INC

CADES DIGITECH PRIVATE LIMITED

BOARD OF DIRECTORS

| | |
|--------------------------|-----------------------|
| Mr. S Ravinarayanan | Chairman and Director |
| Mr. Rohitasava Chand | Director |
| Mr. Pradeep Dadlani | Director |
| Mr. Kedar Nath Choudhury | Director |

MANAGER

Mr. Kirit Manek (upto 31st May 2013)
Mr. Sreedhar Ellentala (w.e.f 01st June 2013)

COMPANY SECRETARY

Mrs. Poonam Joshi

AUDIT COMMITTEE

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

BANKERS

Yes Bank Limited,
Prestige Obelisk,
Municipal, No. 3
Kasturbha Road,
Bangalore-560001

HDFC Bank Limited
No. 9, Eterna,
Kormangala Industrial Layout,
Koramangala,
Bangalore-560095.

NOTICE OF 12TH ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting of the members of **CADES DIGITECH PRIVATE LIMITED** will be held on Wednesday 10th July, 2013 at Kirloskar Business Park, Block C, II Floor, Hebbal, Bangalore at 11:00 A.M. to transact the following business as :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended 31st March, 2013 along with the Auditor's Report and Director's Report thereon.
2. To appoint a Director in place of Mr. Pradeep Dadlani, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/S Walker, Chandiook & Co; Chartered Accountants, as Statutory 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 modification (s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 309 and 387 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956, and subject to such other approvals, if any, including statutory modification or enactment thereof, the consent of the members be and is hereby accorded for the re-appointment of Mr. Kirit Manek as Manager of the Company (under the designation Vice President -Finance) with effect from 01st April, 2013 to 31st May 2013 on a remuneration of ₹ 3,00,000/- (Rupees Three Lakhs) per month in the following manner:

- (a) Basic Remuneration of Rs 125,000/- per month
- (b) House Rent Allowance of Rs 30,000/- per month
- (c) Flexible Benefit Plan of Rs 144,500/- per month
- (d) Insurance as per company policy
- (e) Company's Contribution to Provident Fund 12 % of Salary (Basic Salary)
- (f) Gratuity as per the norms prescribed by the Payment of Gratuity Act, 1972 and the Rules framed there under.
- (g) Reimbursement for all expenses made for business purpose on behalf of company.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to sign, execute and submit all the necessary letters, agreements other documents, papers, e-forms and to do all such incidental acts as may be required to give effect thereof."

5. **To consider, and if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 309 and 387 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956, and subject to such other approvals, if any, including statutory modification or enactment thereof, the consent of Members of the Company be and is hereby accorded to appoint Mr. Sreedhar Ellentala as Manager (under the designation Vice President) of the Company with effect from 01st June, 2013 to 31st March, 2016 on a remuneration upto ₹ 3,00,000 (Rupees Three lakhs) per month and is also entitled to:

- (a) Insurance as per company policy
- (b) Company's Contribution to Provident Fund 12 % of Salary (Basic Salary)
- (c) Gratuity as per the norms prescribed by the Payment of Gratuity Act, 1972 and the Rules framed there under.
- (d) Reimbursement for all expenses made for business purpose on behalf of company.

RESOLVED FURTHER THAT consent of the Members be and is hereby accorded to authorize the Board of Directors to negotiate and fix the remuneration of the Manager from time to time within the approved limits and to do all such acts and things including signing of any document, to give effect to the resolution."

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

Place: New Delhi
Date: 30.05.2013

**Sd/-
Poonam Joshi
Company Secretary**

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 and forms part of this notice.

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

Item No. 4 & 5:

Mr. Kirit Manek was appointed as Manager w.e.f 01st April 2010 for a period of 3 (three) years till 31st March 2013. Taking into consideration his valuable contribution to the company, financial position of the company, Professional expertise of Manager, Industry Standards & the recommendation of the Remuneration Committee, Board re-appointed Mr. Kirit Manek as Manager of the Company for a further period of 3 (three) years on a remuneration ₹ 3,00,000 (Rupees Three Lakhs only) per month and other benefits as allowed under Schedule XIII of the Companies Act, 1956 subject to necessary approvals.

Now, on account of step-down by Mr. Kirit Manek from the position of Manager w.e.f 1st June 2013, the re-appointment for 2(two) months and increase in remuneration for corresponding period requires the approval of shareholders in general meeting.

Due to resignation of Mr. Kirit Manek as Manager of the Company, the Company intends to appoint Mr. Sreedhar Ellentala as Manager of the Company from 01st June 2013 to 31st March 2016. Based on the recommendations of Remuneration Committee and Board approval, his appointment is placed before the members for approval on a remuneration upto ₹ 3,00,000(Rupees Three Lakhs) per month subject to the limits specified under Schedule XIII of the Companies Act, 1956. The Board may authorize any of its Directors to fix the remuneration with the said limits.

The detailed note is given below:

1. GENERAL INFORMATION:

- (1) *Nature of Industry:* The Company is engaged in providing engineering design services in the aerospace and automotive domain.
- (2) *Date or expected date of commencement of commercial production:* The Company is engaged in providing engineering design services in aerospace, automotive and transportation sector
- (3) *Financial Performance:* During the year 2012-2013, the company has earned profit of 4.27 Crores.
- (4) *Export Performance and Net Foreign Exchange Collaborations:* During the year 2012-2013 earnings in foreign exchange amounted to ₹ 94.17 Crores and foreign exchange outgoings amounted to ₹ 66.21 Crores.
- (5) *Foreign Investments and Collaboration, if any:* The Company has Wholly Owned Subsidiary (WOS) named Cades Technology Canada Inc

II. INFORMATION ABOUT THE APPOINTEE:

A. KIRIT MANEK:

Mr. Kirit Manek is a qualified Chartered Accountant and has 20 plus years of experience in working with organizations like 20th Century Finance Corporation Limited, Lexicon Finance Limited. He has the relevant experience in finance and compliance in addition to marketing, compliance and operations of capital markets

and mutual funds, handling finance, taxation and accounts related matters. During his career he helped his organizations in realizing good returns on investments and receivables management. His focus was on strategic initiatives, increasing adaptability and customer satisfaction. Further he has leadership skills and hence his association will be beneficial for the future growth and prospects of the company. The remuneration payable to Mr. Kirit Manek is as proposed in the resolution and in consonance with the industry standard. No pecuniary relationship exists.

B. SREEDHAR ELLENTALA:

Mr. Sreedhar Ellentala is MBA-Marketing by profession, P.G.D.C.A with an experience of 20 plus years of experience spending across in - IT operations, Infrastructure, Information Technology, HR Operations in various companies like DCM Ltd, HMRI (Joint Venture of Govt of Andhra Pradesh and Satyam Foundation). He served on the Board of Lakshmi Vilas Bank Limited, based in Karur. Further, he has strong leadership, high entrepreneurial and operational skills and hence his association will be beneficial for the future growth and prospects of the company. The remuneration payable to Mr.Sreedhar Ellentala is as proposed in the resolution and in consonance with the industry standard. No pecuniary relationship exists.

III.OTHER INFORMATION:

- (1) *Reasons for inadequate profit:* Profit for the year 2012-2013 stood at ₹4.27 Crores. Further, the Company's relationships with existing European OEM's have expanded compared to previous corresponding year. The Company has carried forward losses from previous period being the reason for inadequate profit.
- (2) *Steps taken or proposed to be taken:* The Company has strengthened its business development and footprint and has also expanded the existing major customer relationships
- (3) *Expected increase in profitability and sales:* In view of the steps taken as outlined above, the outlook is bright for the company for the current year and thereafter.

This explanation together with the accompanying notice is and should be treated as an abstract under the Section 302 of the Companies Act, 1956 in respect of the managerial remuneration payable to Mr. Kirit Manek, and Mr. Sreedhar Ellentala as Manager of the Company.

The consent of shareholders is sought.

None of the Director is interested in the resolution.

By Order of the Board of Directors

Place:New Delhi
Date: 30.05.2013

Sd/-
Poonam Joshi
Company Secretary

ANNUAL REPORT 2012-2013

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 12th Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March, 2013

FINANCIAL RESULTS:

The Profit and Loss Account presented to you gives the results for the Period ended 31st March, 2013.

(Amount in Rupees Crores)

| PARTICULARS | CURRENT YEAR 2012-2013 | PREVIOUS YEAR 2011-2012 |
|--|-----------------------------------|------------------------------------|
| Total Income | 105.90 | 81.08. |
| Earnings before Interest Depreciation, Amortization and Tax (EBIDTA) | 8.61 | 6.26 |
| Less: Depreciation & Amortisation | 4.75 | 4.31 |
| Interest | 2.23 | 1.17 |
| Profit before Taxation & Prior Period Items | 1.63 | 0.78 |
| Less: Tax Expenses | (2.64) | 0.58 |
| Profit / (Loss) after Taxation | 4.27 | 0.20 |

Your Company has shown growth of 30.61% in the Total Income and Profit after Tax of amounted to ₹ 4.27 Crores during the year under review as compared to ₹ 0.20 Crores in the corresponding previous year.

REVIEW OF OPERATIONS:

During the year, the Company has scaled up its volume of operations and invested in improving systems, processes and competencies. The Company has created a strong and robust platform for high growth in future. It continued to invest in high-end software, hardware and other infrastructure with a view to improve the expertise in the delivery of high end engineering design solutions.

During the year, the company has established State of the Art Engineering Design Centre with world class technologies in Bangalore. This facilitated consolidation of multiple operations into a single location.

Your company has expanded the existing engagement with one of the world's leading Aerospace Original Equipment Manufacturer (OEM). It has also started a near-shore delivery centre in Toulouse, France to meet the requirements of this OEM and other nearby customers.

Your Company has been strengthening the delivery capabilities to meet new challenges from its customers. To enhance focus on various customer segments, the operations of the Company have been organized into various Business Units. This will enable the delivery teams to focus on specific customer requirements and exceed their expectations.

As at the end of the year, the Company had 492 employees as compared to 444 employees in the previous year.

MATERIAL CHANGES OR COMMITMENTS POST BALANCE SHEET DATE:

There were no other major events subsequent to the balance sheet date affecting the financial position of the Company.

During the year, your Company has entered into Strategic Partnership Agreement with STUDEC France, one of the leaders in documentation engineering and publications.

As per this Strategic Partnership Agreement, CADES proposes to acquire 76% stake in STUDEC France's wholly owned Indian subsidiary namely Studec Technologies India Private Limited (STI). On completion of the transaction, STI will become subsidiary of your company.

DIVIDEND:

The Company has not declared dividend on account accumulated losses of ₹ 44.34 Crores

SCHEME OF ARRANGEMENT:

Axis-IT&T Limited, Parent Company, under clause 24(f) of the Listing Agreement had filed an application with NSE & BSE seeking their approval for the proposed Scheme of Arrangement between Axis IT& T Limited and Axis Aerospace & Technologies Limited (and their respective shareholders) which was not approved by the respective stock exchanges and therefore, the Board of Directors ('the Board') of your Company at their meeting held on 06th of November 2012 have approved the withdrawal of Composite Scheme of Arrangement (which was originally approved by Board of Cades in their meeting held on 12th September, 2011) between Cades Digitech Private Limited and Axis Aerospace & Technologies Limited and its shareholders' subject to necessary approvals. Pursuant to which Honb'le High Court of Karnataka at Bangalore approved the aforesaid withdrawal petition.

The Board of Directors ('the Board') of the Company at their meeting held on 23rd January 2013 approved the proposed Scheme of Arrangement where Cades Digitech Private Limited (Cades) will be merged with Axis-IT&T Limited (Axis), Parent Company, subject to the approval of requisite majority of the shareholders' and creditors of Cades and Axis and Honb'le High Court of Karnataka and Delhi and also necessary statutory and regulatory approvals as applicable.

CONSTITUTION OF AUDIT COMMITTEE:

The Audit Committee as on 31.03.2013 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.

CONSTITUTION OF REMUNERATION COMMITTEE:

The Remuneration Committee as on 31.03.2013 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.

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 2012-2013 amounts to ₹ 94.17 crores and Foreign Exchange Outgo for the same period (including imports and expenditure in foreign currency) stood at ₹66.21crores.

PARTICULARS OF EMPLOYEES:

Information 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.

Also, the Department of Company Affairs has amended the Companies (Particulars of Employees) (Amendment) Rules, 1975, to the effect that particulars of employees of companies engaged in Information Technology sector posted and working outside India not being Directors or their relatives, drawing more than prescribed limits, as the case may be, need not be included in the statement but, such particulars shall be furnished to the Registrar of Companies. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India. There are no employees working in India and drawing remuneration in excess of limits under aforesaid section and rules thereunder, as amended.

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT:

The audited accounts and other particulars, pursuant to Section 212(1) of the Companies Act, 1956 relating to the subsidiary for the year ended 31st March 2013 are appended.

DIRECTORS:

Mr. Pradeep Dadlani, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS:

M/s Walker Chandiok & Co; Chartered Accountants, Bangalore, Statutory 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, 2013 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;
- 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, 2013 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 a profit of ₹ 4.27 Crores during the year and Net worth has increased from ₹ 33.81 Crores (as on 31st March 2012) to ₹ 38.89 Crores.

Further, the company had Profit for 4 (four) consecutive years and is expected to continue the trend in the years to come.

APPRECIATION:

Your Director wish to place on record their appreciation of 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, Software Technology Parks of India (STPI) Bangalore, Government Semi-Government agencies, regulators across all the operations of the Company including and all others associated with the Company.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 30.05.2013

**Sd/-
Director
Pradeep Dadlani**

**Sd/-
Director
Kedarnath Choudhury**

ANNEXURE TO DIRECTORS' REPORT OF CADES DIGITECH PRIVATE LIMITED

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

(Amount in CAD)

| | | | | 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 | 31.03.2013 | 100 | 100 | CAD 174939 | NIL | CAD 25317 | NIL |

For and on behalf of the Board

Sd/-
Director
Pradeep Dadlani

Sd/-
Director
Kedarnath Choudhury

Place: New Delhi
Date: 30.05.2013

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

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E BENGALURU@in.gt.com

Independent Auditors' Report

To the Members of CADES Digitech Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of CADES Digitech Private Limited, ("the Company"), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Mumbai, New Delhi and Pune

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
 - in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
- 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;
 - 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;
 - the financial statements dealt with by this report are in agreement with the books of account;
 - in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
 - on the basis of written representations received from the directors, as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

Walker, Chandiook & Co
For Walker, Chandiook & Co

Chartered Accountants

Firm Registration No.: 001076N

Aashesh Arjun Singh
per Aashesh Arjun Singh
Partner
Membership No.: 210122



New Delhi
30 May 2013

Walker, Chandiook & Co

Annexure to the Independent Auditors' Report of even date to the members of CADES Digitech Private Limited, on the financial statements for the year ended 31 March 2013

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 program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, 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 4(iii)(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 sell 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 internal control system in respect of these areas.
- (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 the 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 Company's services. 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. Further, 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.



Walker, Chandiook & Co

Annexure to the Independent Auditors' Report of even date to the members of CADES Digitech Private Limited, on the financial statements for the year ended 31 March 2013

(b) The dues outstanding in respect of service tax on account of any dispute, are as follows:

| Name of Statute | Nature of dues | Amount (₹) | Period to which the amount related | Forum where dispute is pending |
|-------------------|-----------------------------------|-------------|------------------------------------|--------------------------------|
| Finance Act, 1994 | Service tax on import of services | 94,857,196* | April 2006 to September 2010 | Commissioner of service tax |

* Of the same, ₹ 7,818,233 has been remitted.

- (x) *In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. Further, the Company has not incurred cash losses in the current and the immediately preceding financial year.*
- (xi) The Company has not defaulted in repayment of dues to any bank. The Company has no dues payable to a financial institution or debenture-holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

Walker, Chandiook & Co
For Walker, Chandiook & Co
Chartered Accountants
Firm Registration No.: 001076N

per Aasheesh Arjun Singh
Partner
Membership No.: 210122



New Delhi
30 May 2013

Balance Sheet

| | NOTE | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|-------------------------------------|------|-----------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share capital | 2 | 177,419,350 | 177,419,350 |
| Reserves and surplus | 3 | 211,517,694 | 160,718,313 |
| | | <u>388,937,044</u> | <u>338,137,663</u> |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | 4 | 4,000,000 | 5,700,000 |
| Long-term provisions | 5 | 9,807,057 | 9,959,214 |
| | | <u>13,807,057</u> | <u>15,659,214</u> |
| CURRENT LIABILITIES | | | |
| Short-term borrowings | 4 | 242,358,829 | 134,571,451 |
| Trade payables | 7 | 79,573,634 | 99,809,614 |
| Other current liabilities | 8 | 151,519,477 | 99,490,492 |
| Short-term provisions | 5 | 5,987,820 | 4,261,515 |
| | | <u>479,439,760</u> | <u>338,133,072</u> |
| TOTAL | | <u><u>882,183,861</u></u> | <u><u>691,929,949</u></u> |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | | | |
| Tangible assets | 9 | 31,021,440 | 16,336,550 |
| Intangible assets | 10 | 38,046,921 | 56,174,209 |
| Intangible assets under development | 11 | 164,741,807 | 77,163,400 |
| Non-current investments | 12 | 9,596 | 9,596 |
| Deferred tax assets (net) | 13 | 37,052,267 | - |
| Long-term loans and advances | 16 | 84,904,584 | 63,480,258 |
| | | <u>355,776,615</u> | <u>213,164,013</u> |
| CURRENT ASSETS | | | |
| Trade receivables | 14 | 322,172,932 | 317,004,344 |
| Cash and bank balances | 15 | 85,913,830 | 46,758,723 |
| Short-term loans and advances | 16 | 39,497,489 | 44,235,803 |
| Other current assets | 17 | 78,822,995 | 70,767,066 |
| | | <u>526,407,246</u> | <u>478,765,936</u> |
| TOTAL | | <u><u>882,183,861</u></u> | <u><u>691,929,949</u></u> |

Notes 1 to 33 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

Walker Chandio & Co

For Walker, Chandio & Co
Chartered Accountants

Aashesh Arjun Singh

per Aashesh Arjun Singh
Partner

New Delhi
30 May 2013



For and on behalf of the Board of Directors

Kedar Nath Choudhury
Kedar Nath Choudhury
Director

Kirit Manek
Kirit Manek
Vice President-Finance

New Delhi
30 May 2013

Pradeep Dadlani
Pradeep Dadlani
Director

Poonam Joshi
Poonam Joshi
Company Secretary



Statement of Profit and Loss

| | NOTE | Year ended 31 March 2013 ₹ | Year ended 31 March 2012 ₹ |
|--|------|----------------------------------|----------------------------------|
| INCOME | | | |
| Revenue from operations | 18 | 1,054,335,974 | 801,130,190 |
| Other income | 19 | 4,681,180 | 9,711,133 |
| TOTAL | | 1,059,017,154 | 810,841,323 |
| EXPENSES | | | |
| Employee benefits expense | 20 | 662,703,950 | 505,287,923 |
| Other expenses | 21 | 310,166,392 | 242,917,816 |
| TOTAL | | 972,870,342 | 748,205,739 |
| EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) | | 86,146,812 | 62,635,584 |
| Depreciation and amortisation expense | 22 | 47,524,896 | 43,097,520 |
| Finance costs | 23 | 22,370,456 | 11,682,194 |
| PROFIT BEFORE TAX | | 16,251,460 | 7,855,870 |
| Tax expense | | | |
| Current tax (foreign) | | 10,645,499 | 5,816,436 |
| Deferred tax credit | | (37,052,267) | - |
| PROFIT FOR THE YEAR | | 42,658,228 | 2,039,434 |
| Earnings per equity share: | | | |
| Basic & diluted (Par value of ₹ 10) | 24 | 2.40 | 0.11 |

Notes 1 to 33 form an integral part of these financial statements.

This is the statement of profit and loss referred to in our report of even date.

Walker, Chandio & Co
For Walker, Chandio & Co
Chartered Accountants


per Aasheesh Arjun Singh
Partner



New Delhi
30 May 2013

For and on behalf of the Board of Directors


Kedar Nath Choudhury
Director


Pradeep Dadlani
Director


Kirit Manek
Vice President-Finance


Poonam Joshi
Company Secretary

New Delhi
30 May 2013



CADES Digitech Private Limited
Cash Flow Statement

| | Year ended 31 March 2013 ₹ | Year ended 31 March 2012 ₹ |
|---|----------------------------------|----------------------------------|
| A Cash flow from operating activities | | |
| Profit before tax | 16,251,460 | 7,855,870 |
| Adjustment for : | | |
| Depreciation and amortisation | 47,524,896 | 43,097,520 |
| Unrealised foreign exchange loss | 12,417,460 | 3,633,216 |
| Finance costs | 22,370,456 | 11,682,194 |
| Provision for gratuity and compensated absences | 81,326 | 581,873 |
| Interest income | (3,075,377) | (8,491,220) |
| Profit on sale of assets | (13,785) | - |
| Operating profit before working capital changes | 95,556,436 | 58,359,453 |
| Movements in working capital | | |
| (Increase) in trade receivables | (3,692,254) | (20,118,517) |
| (Increase) in loans and advances | (15,901,870) | (13,663,459) |
| (Increase) in other current assets | (7,941,123) | (31,752,088) |
| Increase in current liabilities | 37,031,676 | 51,340,128 |
| Direct taxes paid | (9,152,677) | (5,816,436) |
| Net cash from/(used in) operating activities (A) | 95,900,188 | 38,349,080 |
| B Cash flow from investing activities | | |
| Purchase of fixed assets | (44,301,514) | (77,712,727) |
| Development of intangible assets | (87,578,407) | (77,163,400) |
| Interest received | 2,960,572 | 9,760,485 |
| Proceeds from sale of fixed assets | 232,801 | - |
| Proceeds from realisation of fixed deposits | 9,650,000 | 80,817,054 |
| Net cash used in investment activities (B) | (119,036,549) | (64,298,588) |
| C Cash flow from financing activities | | |
| Proceeds from Inter-corporate deposit | 65,000,000 | - |
| Proceeds from working capital loan, net of repayments | 56,705,657 | 30,919,554 |
| Repayment of term loan | (7,600,000) | (5,700,000) |
| Repayment of Inter-corporate deposit | (18,500,000) | - |
| Finance costs | (21,593,545) | (11,646,390) |
| Net cash from financing activities (C) | 74,012,112 | 13,573,164 |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | 50,875,750 | (12,376,345) |
| Cash and cash equivalents as at beginning of the year | 5,360,739 | 17,737,084 |
| Effect of exchange rate changes | (2,070,641) | - |
| Cash and cash equivalents as at end of the year | 64,165,848 | 5,360,739 |

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

Walker, Chandio & Co

For Walker, Chandio & Co
Chartered Accountants

Aashish Arjun Singh

per Aashish Arjun Singh
Partner



New Delhi
30 May 2013

For and on behalf of the Board of Directors

Kedar Nath Choudhury
Kedar Nath Choudhury
Director

Pradeep Dadlani
Pradeep Dadlani
Director

Kirit Manek
Kirit Manek
Vice President-Finance

Poonam Joshi
Poonam Joshi
Company Secretary

New Delhi
30 May 2013



Notes to the financial statements for the year ended 31 March 2013

1) SIGNIFICANT ACCOUNTING POLICIES

(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 Act'). 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 doubtful trade receivables, employee benefits, estimation of revenue and project completion. Any revision to accounting estimates are recognised prospectively.

(c) 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.

Interest income' is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

(d) Fixed assets and depreciation/amortisation

Fixed assets are carried at the cost less accumulated depreciation/amortisation and impairment losses. The cost of fixed assets comprises of 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 are disclosed as other non-current assets and the cost of fixed assets not ready for their intended use before such date are disclosed as capital work-in-progress.

Intangibles under development

Intangibles under development represent the costs incurred in the creation of engineering and design process manuals.

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 & Fixtures | 14.29% |
| Office equipment's | 14.29% |
| Leasehold improvements | period of lease |
| Computer 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 or useful economic life, whichever is shorter.

(e) Leases

Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.



Notes to the financial statements for the year ended 31 March 2013

(e) Leases (Cont'd)

Finance leases

Assets acquired on lease where the entity has substantially holds all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to the Statement of Profit and Loss on accrual basis.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(f) 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 Statement of Profit and Loss. 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.

(g) Borrowing cost

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

(h) 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.

(i) 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 Statement of Profit and Loss.

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.

(j) 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.

Overseas social security

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.



Notes to the financial statements for the year ended 31 March 2013

(j) Employee benefits (Cont'd)

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 Statement of Profit and Loss in the year in which such gains or losses arises.

Compensated absences

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

(k) Income taxes

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. 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.

(l) 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.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

(m) Earnings per share

Basic earnings per share are 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 are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, 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 are adjusted for the effects of all dilutive potential equity shares.



Notes to the financial statements for the year ended 31 March 2013

(n) Derivative instruments and hedge accounting

Pursuant to the ICAI Announcement on accounting for derivatives and ability to early adopt Accounting Standard 30-Financial Instruments: "Recognition and Measurement" (AS 30), the Company has early adopted AS 30 with effect from 1 April 2011, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, company law and other regulatory requirements. The Company uses foreign exchange forwards contracts to hedge its exposure to movements in foreign exchange rates. These foreign exchange forward contracts are not used for trading or speculation purposes.

The accounting policies for forwards contracts are based on whether they meet the criteria for designation as effective cash flow hedges. To designate a forward contract as an effective cash flow hedge, the Company objectively evaluates with appropriate supporting documentation at the inception of the each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. Effective hedge is generally measured by comparing the cumulative change in the fair value of the hedge contract with a cumulative change in the fair value of the hedged item.

For forward contracts that are designated as effective cash flow hedges, the gain or loss from the effective portion of the hedge is recorded and reported directly in the shareholders' fund (under the head "Hedge Reserve") and are reclassified into the Statement of Profit and Loss upon the occurrence of the hedged transactions.

The Company recognises gains or losses from changes in fair values of forward contracts that are not designated as effective cash flow hedges for accounting purposes in the Statement of Profit and Loss in the period the fair value changes occur.

(o) Segment reporting

The accounting policies adopted for segment reporting are in line with those of the Company with the following additional policies for segment reporting:

- a) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- b) Revenues and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate revenues and expenses".
- c) Assets and liabilities, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, are shown as unallocated corporate assets and liabilities respectively.



(This space has been intentionally left blank)

Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

| | As at 31 March 2013 | | As at 31 March 2012 | |
|--|------------------------|--------------------|------------------------|--------------------|
| | Number | ₹ | Number | ₹ |
| 2 SHARE CAPITAL | | | | |
| Authorised | | | | |
| Equity shares of ₹ 10 each | 18,000,000 | 180,000,000 | 18,000,000 | 180,000,000 |
| | <u>18,000,000</u> | <u>180,000,000</u> | <u>18,000,000</u> | <u>180,000,000</u> |
| Issued, subscribed and paid up | | | | |
| Equity shares of ₹10 each, fully paid up | 17,741,935 | 177,419,350 | 17,741,935 | 177,419,350 |
| | <u>17,741,935</u> | <u>177,419,350</u> | <u>17,741,935</u> | <u>177,419,350</u> |

Of the above, 9,067,000 (31 March 2012 - 9,067,000) equity shares of ₹10 each are held by Axis-IT&T Limited, the Holding Company and its nominees.

a. Reconciliation of the equity share capital

| | As at 31 March 2013 | | As at 31 March 2012 | |
|--------------------------------------|------------------------|--------------------|------------------------|--------------------|
| | Number | ₹ | Number | ₹ |
| Balance at the beginning of the year | 17,741,935 | 177,419,350 | 17,741,935 | 177,419,350 |
| Add : Issued during the year | - | - | - | - |
| Balance at the end of the year | <u>17,741,935</u> | <u>177,419,350</u> | <u>17,741,935</u> | <u>177,419,350</u> |

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each equity share is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees.

The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding and intermediate holding companies

| | As at 31 March 2013 | | As at 31 March 2012 | |
|---|------------------------|--------------------|------------------------|--------------------|
| | Number | ₹ | Number | ₹ |
| Axis-IT&T Limited - Holding Company | 9,067,000 | 90,670,000 | 9,067,000 | 90,670,000 |
| Jupiter Capital Private Limited - Ultimate Holding Company | 4,198,715 | 41,987,150 | 4,198,715 | 41,987,150 |
| Indian Aero Ventures Private Limited - Intermediate Holding Company | 4,435,483 | 44,354,830 | 4,435,483 | 44,354,830 |
| | <u>17,701,198</u> | <u>177,011,980</u> | <u>17,701,198</u> | <u>177,011,980</u> |

d. Details of shareholders holding more than 5% shares in the company

| | As at 31 March 2013 | | As at 31 March 2012 | |
|--|------------------------|--------------------|------------------------|--------------------|
| | Number | ₹ | Number | ₹ |
| (i) Axis-IT&T Limited | 9,067,000 | 90,670,000 | 9,067,000 | 90,670,000 |
| (ii) Jupiter Capital Private Limited | 4,198,715 | 41,987,150 | 4,198,715 | 41,987,150 |
| (iii) Indian Aero Ventures Private Limited | 4,435,483 | 44,354,830 | 4,435,483 | 44,354,830 |
| | <u>17,701,198</u> | <u>177,011,980</u> | <u>17,701,198</u> | <u>177,011,980</u> |



Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

| | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|--|-----------------------------|-----------------------------|
| 3 RESERVES AND SURPLUS | | |
| Securities premium account | 654,961,656 | 654,961,656 |
| Deficit in the statement of profit and loss | | |
| Balance at the beginning of the year | (486,102,190) | (488,141,623) |
| Add : Net profit for the year | 42,658,228 | 2,039,434 |
| Balance at the end of the year | <u>(443,443,962)</u> | <u>(486,102,189)</u> |
| Hedge reserve | | |
| Balance at the beginning of the year | (8,141,154) | - |
| Movement during the year | 8,141,154 | (8,141,154) |
| Balance at the end of the year | <u>-</u> | <u>(8,141,154)</u> |
| Total | <u>211,517,694</u> | <u>160,718,313</u> |

4 BORROWINGS

| | As at 31 March 2013 | | As at 31 March 2012 | |
|--|------------------------|--------------------|------------------------|--------------------|
| | Long-term ₹ | Short-term ₹ | Long-term ₹ | Short-term ₹ |
| Secured | | | | |
| From banks | | | | |
| Term loan | 5,700,000 | - | 13,300,000 | - |
| Less: Current maturities of long-term borrowings (Also, refer note 8) | (5,700,000) | - | (7,600,000) | - |
| Overdraft | - | 50,424,116 | - | 1,125,083 |
| Packing credit in foreign currency | - | 149,434,713 | - | 133,446,368 |
| Unsecured | | | | |
| Intercompany deposit | 4,000,000 | 42,500,000 | - | - |
| Total borrowings | <u>4,000,000</u> | <u>242,358,829</u> | <u>5,700,000</u> | <u>134,571,451</u> |

(a) Details of security for borrowings

Term loans and packing credit facility from bank are secured by first exclusive charge on both moveable and immovable assets, current assets and by corporate guarantees from Axis-IT&T Limited and Axis Aerospace & Technologies Limited.

Intercompany deposits of ₹42,500,000 from Jupiter Capital Private Limited, carrying an interest rate of 11% per annum is secured by a second charge against receivables.

Intercompany deposits of ₹4,000,000 from Axis Aerospace & Technologies Limited carrying an interest rate of 11% per annum is secured by a charge against receivables and current assets of project revenues.

(b) Terms of repayment of borrowings

Term loans having an interest rate of Bank's base rate plus 5% are repayable from September 2011 over 10 equal quarterly instalments.

Packing credit in foreign currency from bank having an interest rate of 3% - 6% are repayable over maximum tenure of 180 days from the date of respective avallment.

Intercompany deposits from Jupiter Capital Private Limited are repayable over a period 365 days from the date of avallment. Intercompany deposits from Axis Aerospace & Technologies are repayable within 3 years from the date of avallment.



Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

| 5 PROVISIONS | As at 31 March 2013 | | As at 31 March 2012 | |
|--|------------------------|------------------|------------------------|------------------|
| | Long-term ₹ | Short-term ₹ | Long-term ₹ | Short-term ₹ |
| Provision for employee benefits | | | | |
| Gratuity (Also, refer note (a) below) | 6,908,305 | 540,638 | 6,556,698 | 579,843 |
| Compensated absences | 2,898,752 | 1,084,048 | 3,402,516 | 811,360 |
| | <u>9,807,057</u> | <u>1,624,686</u> | <u>9,959,214</u> | <u>1,391,203</u> |
| Other provisions | | | | |
| Foreign tax, net of advance tax | - | 4,233,689 | - | 2,740,867 |
| Fringe benefit tax, net of advance tax | - | 129,445 | - | 129,445 |
| | - | <u>4,363,134</u> | - | <u>2,870,312</u> |
| | <u>9,807,057</u> | <u>5,987,820</u> | <u>9,959,214</u> | <u>4,261,515</u> |

a) 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.

Changes in the present value of the defined benefit obligation are as follows:

| | Year ended 31 March 2013 ₹ | Year ended 31 March 2012 ₹ |
|---|----------------------------------|----------------------------------|
| Defined benefit obligation at the beginning of the year | 7,136,541 | 6,975,890 |
| Current service cost | 2,043,165 | 1,670,429 |
| Interest cost | 386,692 | 514,427 |
| Benefits paid | (3,224,750) | (1,847,627) |
| Actuarial gains/(loss) | 1,107,295 | (176,578) |
| Defined benefit obligation at the end of the year | <u>7,448,943</u> | <u>7,136,541</u> |

Components of net gratuity costs are

| | Year ended 31 March 2013 ₹ | Year ended 31 March 2012 ₹ |
|--|----------------------------------|----------------------------------|
| Current service cost | 2,043,165 | 1,670,429 |
| Interest on defined benefit obligation | 386,692 | 514,427 |
| Net actuarial gains/(loss) | 1,107,295 | (176,578) |
| Expenses recognised in the Statement of profit and loss for the year | <u>3,537,152</u> | <u>2,008,278</u> |

Amount recognised in the Balance Sheet are as follows

| | Year ended 31 March 2013 ₹ | Year ended 31 March 2012 ₹ |
|---|----------------------------------|----------------------------------|
| Present value of unfunded obligations as at the end of the year | 7,448,943 | 7,136,541 |
| Net liability recognised in the Balance sheet | <u>7,448,943</u> | <u>7,136,541</u> |

b) The principal assumptions used in determining gratuity and compensated absence obligations for the company's plans are shown below:

| | | |
|------------------------|----------|----------|
| Discount rate | 7.0% | 8.5% |
| Salary escalation rate | 5.0% | 5.0% |
| Retirement age | 60 Years | 60 Years |



(This space has been intentionally left blank)

Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

6 EMPLOYEE BENEFIT OBLIGATION

a) 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 31st March 2013 is ₹ 10,953,096 (31 March 2012 - ₹ 11,175,071).

b) Overseas social security

The Company makes contribution towards social security charges for its employees located at the branch office in respective foreign geographies which is a defined contribution plan. The contributions paid or payable is recognised as an expense in the period in which the employee renders services in respective geographies. Contribution made during the year ended 31 March 2013 is ₹ 47,550,683 (31 March 2012 - ₹ 24,052,092).

7 TRADE PAYABLES

| | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|--|-----------------------------|-----------------------------|
| Dues to micro and small enterprises (Also, refer note (a) below) | - | - |
| Dues to others | 79,573,634 | 99,809,614 |
| | <u>79,573,634</u> | <u>99,809,614</u> |

a) The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2013 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMEDA is not expected to be material.

8 OTHER CURRENT LIABILITIES

| | | |
|---|--------------------|-------------------|
| Duties and taxes payable | 42,065,210 | 38,057,259 |
| Current maturities of long-term borrowings (Also, refer note 4) | 5,700,000 | 7,600,000 |
| Hedge liability | - | 8,141,154 |
| Dues to employees | 42,741,744 | 34,026,936 |
| Accrued expenses | 21,286,785 | 9,536,671 |
| Advances from customers | 39,725,738 | 2,128,472 |
| | <u>151,519,477</u> | <u>99,490,492</u> |



(This space has been intentionally left blank)



Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

9 TANGIBLE ASSETS

(Amount in ₹)

| | Computers | Furniture and fixtures | Office equipments | Leasehold improvements | Total |
|------------------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|
| Gross block | | | | | |
| Balance as at 1 April 2011 | 40,519,626 | 3,790,644 | 5,645,654 | 8,512,280 | 58,468,206 |
| Additions during the year | 15,616,791 | 415,863 | 610,749 | - | 16,643,203 |
| Balance as at 31 March 2012 | 56,136,419 | 4,206,307 | 6,256,403 | 8,512,280 | 75,111,409 |
| Additions during the year | 14,249,778 | 3,826,648 | 5,772,258 | 2,775,981 | 26,624,665 |
| Deletions during the year | (23,124,659) | (3,759,979) | (4,474,133) | (8,512,280) | (39,871,051) |
| Balance as at 31 March 2013 | 47,261,538 | 4,272,976 | 7,554,528 | 2,775,981 | 61,865,023 |
| Accumulated depreciation | | | | | |
| Balance as at 1 April 2011 | 35,767,246 | 3,732,663 | 4,425,289 | 7,797,125 | 51,722,323 |
| Charge for the year | 6,018,925 | 57,245 | 261,211 | 715,155 | 7,052,536 |
| Balance as at 31 March 2012 | 41,786,171 | 3,789,908 | 4,686,500 | 8,512,280 | 58,774,859 |
| Charge for the year | 10,199,192 | 288,091 | 1,095,332 | 140,144 | 11,722,759 |
| Depreciation on assets deleted | (23,110,200) | (3,745,936) | (4,283,619) | (8,512,280) | (39,652,035) |
| Balance as at 31 March 2013 | 28,875,163 | 330,063 | 1,498,213 | 140,144 | 30,843,583 |
| Net Block | | | | | |
| Balance as at 31 March 2012 | 14,350,248 | 416,399 | 1,569,903 | - | 16,336,550 |
| Balance as at 31 March 2013 | 18,386,375 | 3,942,913 | 6,056,315 | 2,635,837 | 31,021,440 |

10 INTANGIBLE ASSETS

| | Computer Software | Total |
|------------------------------------|--------------------|--------------------|
| Gross block | | |
| Balance as at 1 April 2011 | 158,849,705 | 158,849,705 |
| Additions during the year | 51,312,312 | 51,312,312 |
| Balance as at 31 March 2012 | 210,162,017 | 210,162,017 |
| Additions during the year | 17,676,849 | 17,676,849 |
| Balance as at 31 March 2013 | 227,838,866 | 227,838,866 |
| Accumulated amortisation | | |
| Balance as at 1 April 2011 | 117,942,824 | 117,942,824 |
| Charge for the year | 36,044,984 | 36,044,984 |
| Balance as at 31 March 2012 | 153,987,808 | 153,987,808 |
| Charge for the year | 35,804,137 | 35,804,137 |
| Balance as at 31 March 2013 | 189,791,945 | 189,791,945 |
| Net block | | |
| Balance as at 31 March 2012 | 56,174,209 | 56,174,209 |
| Balance as at 31 March 2013 | 38,046,921 | 38,046,921 |

11 INTANGIBLE ASSETS UNDER DEVELOPMENT

| | Process manuals | Total |
|------------------------------------|--------------------|--------------------|
| Balance as at 1 April 2011 | - | - |
| Additions during the year | 77,163,400 | 77,163,400 |
| Balance as at 31 March 2012 | 77,163,400 | 77,163,400 |
| Additions during the year | 87,578,407 | 87,578,407 |
| Balance as at 31 March 2013 | 164,741,807 | 164,741,807 |



Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

| | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|---|-----------------------------|-----------------------------|
| 12 NON-CURRENT INVESTMENTS (Unquoted, valued at cost unless stated otherwise) | | |
| Trade | | |
| Investments in equity instruments | | |
| In subsidiary - Cades Technology Canada Inc. 100 equity shares (31 March 2012 - 100) of CAN\$ 1 each | 4,596 | 4,596 |
| Others | | |
| National Savings Certificates | 5,000 | 5,000 |
| | <u>9,596</u> | <u>9,596</u> |
| 13 DEFERRED TAXES | | |
| Deferred tax assets | | |
| Provision for employee benefits | 6,306,700 | 188,789 |
| Provision for receivables (Refer note below) | 23,225,433 | - |
| Provision for doubtful debts (Unbilled) | 1,125,354 | - |
| Unabsorbed depreciation loss | 12,358,241 | 7,818,538 |
| Others | 471,269 | - |
| Total | <u>43,486,997</u> | <u>8,007,327</u> |
| Deferred tax liabilities | | |
| Timing difference on depreciation and amortisation | 6,434,730 | 8,007,327 |
| Total | <u>6,434,730</u> | <u>8,007,327</u> |
| Deferred tax asset, net | <u>37,052,267</u> | <u>(0)</u> |

Note:

During the year ended 31 March 2013, the Company has recorded a deferred tax asset for certain foreign currency receivables that had been previously provided for. In this regard, the Company is currently in the process of applying for regulatory approvals to write off this amount for tax purposes.

14 TRADE RECEIVABLES

(Unsecured)

Outstanding for a period exceeding six months from the date they are due for payment

| | | |
|--------------------------------------|--------------------|--------------------|
| Considered good | 9,449,118 | 28,355,790 |
| Doubtful | 71,584,013 | 66,129,490 |
| | <u>81,033,131</u> | <u>94,485,280</u> |
| Less : Allowances for doubtful debts | (71,584,013) | (66,129,490) |
| | <u>9,449,118</u> | <u>28,355,790</u> |
| Other debts | | |
| Considered good | 312,723,814 | 288,648,554 |
| | <u>322,172,932</u> | <u>317,004,344</u> |

As at 31 March 2013, trade receivables include a sum of ₹ 68,268,537 (31 March 2012 - ₹ 66,129,490) foreign currency receivables 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.



Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

| | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|---|-----------------------------|-----------------------------|
| 15 CASH AND BANK BALANCES | | |
| Cash and cash equivalents | | |
| Balances with banks: | | |
| - in current accounts | 49,516,034 | 3,666,882 |
| - in Exchange Earners Foreign Currency accounts | 4,637,594 | 1,686,374 |
| Cash on hand | 12,220 | 7,485 |
| | <u>54,165,848</u> | <u>5,360,741</u> |
| Other bank balances | | |
| Deposits with maturity more than 3 months but less than 12 months | 31,747,982 | 41,397,982 |
| | <u>31,747,982</u> | <u>41,397,982</u> |
| | <u>85,913,830</u> | <u>46,758,723</u> |

Fixed deposits given as security

1. Fixed deposits of a carrying amount ₹ 29,500,000 (31 March 2012: ₹ 30,000,000) have been deposited as margin money at 20% against the Packing credit facility loan availed from a bank.

2. Deposits of a carrying amount ₹ 2,247,982 (31 March 2012: ₹ 1,397,982) have been deposited as bank guarantee towards lien on customs department and various customers.

16 LOANS AND ADVANCES

(Unsecured, considered good)

| | As at 31 March 2013 | | As at 31 March 2012 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | Long term ₹ | Short term ₹ | Long term ₹ | Short term ₹ |
| Security deposit | 21,961,987 | 583,157 | 29,984,294 | 8,069,554 |
| | <u>21,961,987</u> | <u>583,157</u> | <u>29,984,294</u> | <u>8,069,554</u> |
| Loan and advances to related parties | | | | |
| Advance to subsidiary | - | 3,173,388 | - | 4,439,784 |
| | <u>-</u> | <u>3,173,388</u> | <u>-</u> | <u>4,439,784</u> |
| Other loans and advances | | | | |
| Advance taxes (net of provision for taxation) | 24,790,788 | - | 20,650,972 | - |
| Service tax cenvat input credit | 32,195,699 | 15,064,538 | 12,844,992 | 10,012,112 |
| Prepaid expenses | 5,956,110 | 10,540,711 | - | 13,002,207 |
| Advances to employees | - | 7,262,011 | - | 4,784,575 |
| Supplier advances | - | 2,873,684 | - | 927,571 |
| Advances recoverable in cash or kind | - | - | - | 3,000,000 |
| | <u>62,942,597</u> | <u>35,740,944</u> | <u>33,495,964</u> | <u>31,726,465</u> |
| | <u>84,904,584</u> | <u>39,497,489</u> | <u>63,480,258</u> | <u>44,235,803</u> |

17 OTHER CURRENT ASSETS

| | As at 31 March 2013 ₹ | As at 31 March 2012 ₹ |
|---|-----------------------------|-----------------------------|
| Unbilled revenue | | |
| Considered good | 75,378,520 | 67,437,397 |
| Doubtful | 3,468,497 | - |
| | <u>78,847,017</u> | <u>67,437,397</u> |
| Less : Allowances for doubtful unbilled revenue | (3,468,497) | - |
| | <u>75,378,520</u> | <u>67,437,397</u> |
| Interest accrued | 3,444,475 | 3,329,669 |
| | <u>78,822,995</u> | <u>70,767,066</u> |



Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

| | Year ended 31 March 2013 ₹ | Year ended 31 March 2012 ₹ |
|---|----------------------------------|----------------------------------|
| 18 REVENUE FROM OPERATIONS | | |
| Engineering design services | 1,054,335,974 | 801,130,190 |
| | <u>1,054,335,974</u> | <u>801,130,190</u> |
| 19 OTHER INCOME | | |
| Interest income | | |
| - From fixed deposits | 3,075,377 | 8,491,220 |
| Interest on income-tax refund | 860,942 | 1,010,225 |
| Profit on sale of fixed assets | 13,785 | - |
| Miscellaneous income | 731,076 | 209,688 |
| | <u>4,681,180</u> | <u>9,711,133</u> |
| 20 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, wages and bonus | 594,484,267 | 461,641,214 |
| Contribution to gratuity (Also, refer note 5(a)) | 3,537,152 | 2,008,278 |
| Contribution to provident fund | 10,953,096 | 11,175,071 |
| Contribution to overseas social security | 47,550,683 | 24,052,092 |
| Staff welfare expense | 6,178,752 | 6,411,268 |
| | <u>662,703,950</u> | <u>505,287,923</u> |
| 21 OTHER EXPENSES | | |
| Rent | 52,359,215 | 39,593,486 |
| Power and fuel | 9,248,082 | 6,930,949 |
| Direct project expenses ¹ | 74,432,120 | 56,002,126 |
| Travelling and conveyance | 46,199,430 | 48,860,319 |
| Repairs and maintenance | | |
| -Buildings | 6,654,733 | 4,754,183 |
| -Others | 1,934,434 | 696,252 |
| Insurance expenses | 69,035 | 97,287 |
| Rates and taxes | 3,438,406 | 5,142,047 |
| Payments to auditors (Also, refer note 29) | 817,000 | 512,687 |
| Software subscription charges | 21,766,734 | 24,092,747 |
| Net loss on foreign currency transactions and translation | 19,746,207 | 2,096,120 |
| Communication expenses ² | 10,505,976 | 11,751,108 |
| Equipment hire charges | 7,088,827 | 11,468,237 |
| Recruitment and training expenses | 12,129,515 | 8,190,128 |
| Legal and professional charges | 11,943,615 | 7,634,036 |
| Advertisement and marketing expenses | 8,566,451 | 7,363,059 |
| Sales commission and brokerage | 11,416,993 | 4,216,466 |
| Brokerage | 1,733,384 | - |
| Printing and stationery | 1,032,845 | 1,036,883 |
| Security charges | 1,633,888 | 1,339,140 |
| Postage and courier charges | 1,204,043 | 761,819 |
| Provision for doubtful debts | 2,218,021 | - |
| Provision for unbilled revenue | 3,468,497 | - |
| Directors sitting fees | 410,000 | 330,000 |
| Miscellaneous expenses | 148,941 | 48,737 |
| | <u>310,166,392</u> | <u>242,917,816</u> |

¹ Net of professional consultancy fee of ₹62,483,970 (31 March 2012 - ₹ 50,522,587) capitalised towards creation of intangible assets under development.

² Net of internet charges of ₹10,726,542 (31 March 2012 - ₹ 6,128,496) capitalised towards creation of intangible assets under development.



Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

22 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of tangible assets (Also, refer note 9)
Amortisation of intangible assets (Also, refer note 10)

| | Year ended 31 March 2013 | Year ended 31 March 2012 |
|--|-----------------------------|-----------------------------|
| | ₹ | ₹ |
| | 11,720,759 | 7,052,536 |
| | 35,804,137 | 36,044,984 |
| | <u>47,524,896</u> | <u>43,097,520</u> |

23 FINANCE COSTS

Interest expense on
Loans from bank
Intercompany deposits
Other borrowing costs

| | | |
|--|-------------------|-------------------|
| | 11,768,627 | 6,583,068 |
| | 3,291,862 | - |
| | 7,309,967 | 5,099,126 |
| | <u>22,370,456</u> | <u>11,682,194</u> |

24 EARNINGS PER SHARE (EPS)

- a) Profit after tax attributable to equity shares (in ₹)
b) Weighted average number of shares outstanding
c) Nominal value of shares (in ₹)
d) Basic and diluted earning per share (in ₹)

| | | |
|--|------------|------------|
| | 42,658,228 | 2,039,434 |
| | 17,741,935 | 17,741,935 |
| | 10 | 10 |
| | 2.40 | 0.11 |



Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

25 SEGMENT INFORMATION

- a) The Company has only one business segment being Engineering Design Services to aerospace, defence and automotive industries, therefore, primary reporting segment is geographical segments by location of customers. However, segment results are not disclosed since it is not feasible to attribute related costs to respective segments. Segment reporting based on the location of the Company's customers is as detailed below.

Geographical segment

| Particulars | Region | Year ended | Year ended |
|--|--------------|----------------------|--------------------|
| | | 31 March 2013 | 31 March 2012 |
| | | ₹ | ₹ |
| Revenue from external customers | Europe | 844,808,756 | 629,886,661 |
| | Asia Pacific | 150,449,520 | 130,480,924 |
| | USA | 59,077,697 | 40,762,606 |
| | | 1,054,335,973 | 801,130,191 |
| Capital expenditure (including assets under construction) | Europe | 93,463,777 | 79,817,972 |
| | Asia Pacific | - | 799,877 |
| | USA | - | - |
| Unallocated corporate capital expenditure | | 38,533,712 | 64,501,066 |
| | | 131,997,489 | 145,118,915 |
| Depreciation and amortisation expense | Europe | 2,883,930 | 656,597 |
| | Asia Pacific | - | - |
| | USA | - | - |
| Unallocated depreciation and amortisation expense | | 44,640,966 | 42,440,924 |
| | | 47,524,896 | 43,097,519 |
| | | As at | As at |
| | | 31 March 2013 | 31 March 2012 |
| Assets (excluding fixed assets) | Europe | 380,139,892 | 304,557,389 |
| | Asia Pacific | 139,392,351 | 151,600,400 |
| | USA | 26,959,768 | 18,680,009 |
| Unallocated corporate assets (excluding fixed assets) | | 64,826,987 | 51,196,530 |
| | | 611,318,999 | 526,034,328 |
| Liabilities | Europe | 158,628,669 | 98,306,536 |
| | Asia Pacific | 3,736,138 | 90,152,179 |
| | USA | 1,744,148 | 664,426 |
| | | 164,108,955 | 189,123,141 |
| Provisions | Europe | - | - |
| | Asia Pacific | - | - |
| | USA | - | - |
| Unallocated corporate provisions | | 15,794,877 | 14,220,729 |
| | | 15,794,877 | 14,220,728 |
| Fixed assets (Gross block) | Europe | 9,273,537 | 3,505,735 |
| | Asia Pacific | 18,828,142 | 18,828,142 |
| | USA | 230,072 | 230,072 |
| Unallocated gross block | | 261,372,139 | 262,709,477 |
| | | 289,703,890 | 285,273,426 |



CADES Digitech Private Limited

Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

26 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 Limited. ('AATL', formerly known as Jupiter Strategic Technologies Private Limited). AATL, a venture funded by Jupiter Capital Private Limited ('JCPL'), is a subsidiary of JCPL.

Subsidiary Company

Cades Technology Canada Inc.

ii. Key management personnel :

Chairman and Director

Mr. S Ravinayanan

iii. Transactions with related parties :

(Amount in ₹)

| Nature of transaction | Holding Company / Intermediate Holding Company/Ultimate Holding Company | | Subsidiary/ Fellow subsidiary | | Total | |
|--|---|-----------------|-------------------------------|----------------|--------------------------|-------------------------|
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| A Intercorporate deposit availed Axis Aerospace & Technologies Limited Jupiter Capital Private Limited | 22,500,000 42,500,000 | - - | - - | - - | 22,500,000 42,500,000 | - - |
| B Intercorporate deposit repaid Axis Aerospace & Technologies Limited | 18,500,000 | - | - | - | 18,500,000 | - |
| C Interest expense on unsecured loans Axis Aerospace & Technologies Limited Jupiter Capital Private Limited | 306,795 2,985,067 | - - | - - | - - | 306,795 2,985,067 | - - |
| D Rent Hindusthan Infrastructure Projects & Engineering Private Limited | - | - | 988,266 | 3,626,924 | 988,266 | 3,626,924 |
| E Engineering services income Axis Aerospace & Technologies Limited | 23,400,875 | - | - | - | 23,400,875 | - |
| F Recovery of expenses Axis Inc. Axis Aerospace & Technologies Limited | - 17,835,644 | - 31,263,761 | - - | 3,663,390 - | - 17,835,644 | 3,663,390 31,263,761 |



CADES Digitech Private Limited

Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

iii. Transactions with related parties (Contd):

(Amount in ₹)

| Nature of Transaction | Holding Company / Intermediate Holding Company/Ultimate Holding | | Subsidiary/ Fellow subsidiary | | Total | |
|--|---|----------------------------|-------------------------------|---------------|---------------|----------------------------|
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| G Intercorporate deposit extended Axis Aerospace & Technologies Limited | - | 38,000,000 | - | - | - | 38,000,000 |
| H Intercorporate deposit recovered Axis Aerospace & Technologies Limited | - | 65,250,000 | - | - | - | 65,250,000 |
| I Interest income on intercorporate deposit Axis Aerospace & Technologies Limited | - | 1,316,816 | - | - | - | 1,316,816 |
| J Advance extended Cades Technology Canada Inc | - | - | 7,228,287 | 4,566,092 | 7,228,287 | 4,566,092 |
| K Advance recovered Axis Aerospace & Technologies Limited Cades Technology Canada Inc | 3,600,000 | - | - | - | 3,600,000 | - |
| L Sale of trademark* Jupiter Capital Private Limited | 500,000 | - | 8,494,682 | 6,115,007 | 8,494,682 | 6,115,007 |
| M Corporate guarantee received Axis Aerospace & Technologies Limited Axis-IT&T Limited | - | 215,800,000 150,000,000 | - | - | 500,000 | - |
| | | | | | | 215,800,000 150,000,000 |

* This transaction has been based on a valuation carried out by an Independent Chartered Accountant and has been relied upon by the auditors



CADES Digitech Private Limited

Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

iv. Balances as at the year end:

(Amount in ₹)

| Nature of Transaction | Holding Company / Intermediate Holding Company/Ultimate Holding Company | | Subsidiary/ Fellow subsidiary | | Total | |
|---|--|---------------|----------------------------------|------------------|------------------|------------------|
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| A Other current liabilities | | | | | | |
| <i>Rent payable</i> | | | | | | |
| Hindusthan Infrastructure Projects & Engineering Private Limited | - | - | - | 654,034 | - | 654,034 |
| <i>Reimbursement of expenses</i> | | | | | | |
| Axis Inc. | - | - | - | 3,863,390 | - | 3,863,390 |
| B Trade receivables | | | | | | |
| <i>Expenses recoverable</i> | | | | | | |
| Axis Aerospace & Technologies Limited | 1,841,722 | 40,998,962 | - | - | 1,841,722 | 40,998,962 |
| C Interest accrued on intercorporate deposit | | | | | | |
| Axis Aerospace & Technologies Limited | 32,275 | - | - | - | 32,275 | - |
| Jupiter Capital Private Limited | 1,330,959 | - | - | - | 1,330,959 | - |
| D Loans and advances | | | | | | |
| <i>Advances to subsidiary</i> | | | | | | |
| Cades Technology Canada Inc. | - | - | 3,173,388 | 4,439,783 | 3,173,388 | 4,439,783 |
| E Rent deposit | | | | | | |
| Hindusthan Infrastructure Projects & Engineering Private Limited | - | - | - | 2,250,000 | - | 2,250,000 |
| F Corporantee guarantee received | | | | | | |
| Axis Aerospace & Technologies Limited | 215,800,000 | 215,800,000 | - | - | 215,800,000 | 215,800,000 |
| Axis-IT&T Limited | 150,000,000 | 150,000,000 | - | - | 150,000,000 | 150,000,000 |
| G Intercorporate deposit availed | | | | | | |
| Axis Aerospace & Technologies Limited | 4,000,000 | - | - | - | 4,000,000 | - |
| Jupiter Capital Private Limited | 42,500,000 | - | - | - | 42,500,000 | - |



Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

27 OPERATING LEASES

The lease expenses for cancellable and non-cancellable operating leases during the year ended 31 March 2013 was ₹ 52,359,215 (31 March 2012 - ₹ 39,593,486).

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 2013 ₹ | As at 31 March 2012 ₹ |
|---|-----------------------------|-----------------------------|
| Payable not later than 1 year | 39,313,926 | 24,379,484 |
| Payable later than 1 year not later than five years | 51,318,283 | 67,908,375 |
| Payable later than five years | 11,879,623 | - |
| | <u>102,511,831</u> | <u>92,287,859</u> |

The Company's significant leasing arrangements in respect of operating leases for office premises, which includes both cancellable and non cancellable leases and range between 11 months and 9 years generally and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Note 20 to the accounts.

28 COMMITMENT AND CONTINGENCIES

Estimated amounts of contracts remaining to be executed not provided ₹10,458,386 (31 March 2012 - ₹ 24,404,934).

29 PARTICULARS RELATING TO FOREIGN EXCHANGE

| | Year ended 31 March 2013 ₹ | Year ended 31 March 2012 ₹ |
|---|----------------------------------|----------------------------------|
| Earnings in foreign exchange (accrual basis) | | |
| Income from operations | <u>941,729,041</u> | <u>699,068,168</u> |
| Expenditure in foreign currency | | |
| Travel expenses | 35,720,367 | 16,619,636 |
| Salaries, wages and bonus | 416,145,515 | 457,066,347 |
| Direct project expenses | 65,948,728 | 5,557,419 |
| Other general expenses | 54,703,216 | 8,509,002 |
| | <u>572,517,826</u> | <u>487,752,402</u> |
| Value of imports on CIF basis | | |
| Capital goods | 16,335,402 | 8,684,234 |
| Consultancy fees for intangibles under development | 10,726,542 | 6,128,496 |
| Internet charges for intangibles under development | 62,483,970 | 50,522,587 |
| | <u>89,545,914</u> | <u>65,335,317</u> |

30 PAYMENT TO AUDITORS

| | | |
|------------------------|----------------|----------------|
| Statutory audit fee * | 690,000 | 425,000 |
| Tax audit | 75,000 | 75,000 |
| Others | 52,000 | - |
| Out of pocket expenses | - | 12,687 |
| TOTAL | <u>817,000</u> | <u>512,687</u> |

Note: * Excluding Service Tax

31 HEDGING AND DERIVATIVES

Pursuant to the adoption of AS 30 with effect from 1 April 2011, the loss on fair valuation on forward contracts, which qualify as effective cashflow hedges amounting to ₹ nil (31 March 2012 - 8,141,154) has been recognised in the hedging reserve account. The impact of the adoption of AS 30 did not have any material impact on the opening reserves of the Company.

a) Following are the outstanding derivatives contracts entered into by the Company:

| Category | Currency | Buy / Sell | 31 March 2013 | 31 March 2012 |
|-------------------------------|----------|------------|---------------|---------------|
| Forward contracts for hedging | USD | Sell | - | 2,240,227 |



Notes to the financial statements for the year ended 31 March 2013 (Cont'd)

31 HEDGING AND DERIVATIVES (Cont'd)

b) The Company's unhedged foreign currency exposures not hedged are as follows:

| Particulars | | 31 March 2013 | | | 31 March 2012 | | |
|-------------------|----------|-----------------|----------------------------|-------------|-----------------|----------------------------|-------------|
| Included in | Currency | Conversion rate | Amount in foreign currency | Amount in ₹ | Conversion rate | Amount in foreign currency | Amount in ₹ |
| Trade receivables | USD | 54.39 | 5,006,858 | 272,319,502 | 51.16 | 1,671,306 | 85,498,176 |
| | EURO | 69.54 | 246,041 | 17,110,601 | 68.34 | 657,703 | 44,947,638 |
| Trade payables | USD | 54.39 | 21,408 | 1,164,378 | 51.16 | 133,549 | 6,831,925 |
| | EURO | 69.54 | 730,096 | 50,773,661 | 68.34 | 1,019,429 | 69,668,085 |
| | GBP | 82.32 | 4,141 | 340,891 | 81.80 | 3,157 | 258,240 |
| | JPY | 0.58 | 99,786 | 57,637 | 0.62 | 100,000 | 62,430 |
| | KRW | 0.05 | 563,678 | 27,338 | 0.04 | 1,377,790 | 61,910 |
| Salary payable | USD | 54.39 | 41,818 | 2,274,443 | 51.16 | 18,530 | 947,943 |
| | EURO | 69.54 | 319,822 | 34,626,592 | 68.34 | 255,826 | 17,483,234 |
| | GBP | 82.32 | - | - | 81.80 | - | - |
| | JPY | 0.58 | - | - | 0.62 | 482,731 | 301,369 |
| PCFC loans | USD | 54.39 | 2,747,502 | 149,434,713 | 51.16 | 2,475,000 | 126,612,338 |
| | EURO | 69.54 | - | - | 68.34 | 100,000 | 6,834,030 |

32 The Board of Directors ('the Board') of the Company at their meeting held on 6 November 2012 have approved the withdrawal of Scheme of Arrangement between Cades Digitech Private Limited and Axis Aerospace & Technologies Limited and its shareholders. Pursuant to which Hon'ble High Court of Karnataka vide its order dated 21 November 2012 approved the aforesaid withdrawal petition.

The Board of Directors ('the Board') of the Company at their meeting held on 23 January 2013 approved the Scheme of Arrangement where Cades Digitech Private Limited (Cades) will be merged with Axis-IT&T Limited (Axis, parent company) subject to requisite majority of the shareholders' and creditors of Cades and Axis and such other statutory and regulatory approvals. The requisite steps for these activities are under process as at 31 March 2013.

33 PREVIOUS YEAR FIGURES

Previous year figures have been regrouped or reclassified wherever considered necessary to conform to current year classification.

Wally Chandioke
For Walker, Chandioke & Co
Chartered Accountants
per Aashish Arjun Singh
Partner



For and on behalf of the Board of Directors

Kedar Nath Choudhury
Director

Kirli Manek
Vice President-Finance

Pradeep Dadlani
Director

Poonam Joshi
Company Secretary

New Delhi
30 May 2013

New Delhi
30 May 2013



Cades Technology Canada Inc

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.



Place : Bangalore
Date : May 29, 2013

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

DINESHA M S
Partner.
Membership No.215946

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

| PARTICULARS | NOTE | As at 31-Mar-13 Can \$ | As at 31-Mar-12 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><u>658,145</u></u> | <u><u>310,215</u></u> |
| II ASSETS | | | |
| 1. Non-current assets | | | |
| (a) Fixed Assets | | | |
| - Tangible Assets | | NIL | NIL |
| - Inangible 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><u>658,145</u></u> | <u><u>310,215</u></u> |

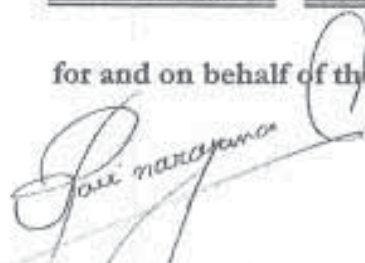
As per our report of even date
for G D & ASSOCIATES
Chartered Accountants



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 ended 31-Mar-13 Can \$ | for the year 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



Place: Bangalore

Date: May 29, 2013

for and on behalf of the Board

S RAVINARAYAN

Director



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 |
| <u>100</u> | <u>100</u> |

Issued, Subscribed and Paid up

100 Class A shares of Canada\$ 1 per share

| | |
|------------|------------|
| 100 | 100 |
| <u>100</u> | <u>100</u> |

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 | <u>100</u> | <u>100</u> |

1.3 Shares held by holding and intermediate holding companies

Holding Company - Cades Digitech Pvt Ltd

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

| | |
|-----|-----|
| 100 | 100 |
|-----|-----|

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

| | |
|--------------|--------------|
| <u>1,800</u> | <u>2,331</u> |
|--------------|--------------|

Surplus in Statement of Profit & Loss

Opening Balance

| | |
|--------|--------|
| 35,424 | 10,457 |
|--------|--------|

Add: Current period

| | |
|---------|--------|
| 174,939 | 24,968 |
|---------|--------|

Closing balance

| | |
|----------------|---------------|
| <u>210,364</u> | <u>35,424</u> |
|----------------|---------------|

| | |
|----------------|---------------|
| <u>212,164</u> | <u>37,755</u> |
|----------------|---------------|

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 |
|---------|--------|

| | |
|----------------|----------------|
| <u>296,485</u> | <u>208,314</u> |
|----------------|----------------|



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 \$ |
|---|------------------------------|------------------------------|
| 4 OTHER CURRENT LIABILITIES | | |
| 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 realised. 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

Place: Bangalore
Date: May 29, 2013



for and on behalf of the Board


S. RAVI NARAYANAN
Director



CADES DIGITECH PRIVATE LIMITED
KIRLOSKAR BUSINESS PARK, BLOCK C, II FLOOR, HEBBAL, BANGALORE-24

ATTENDANCE SLIP

NO OF SHARES _____

FOLIO NO/DP ID _____

CLIENT 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 12th Annual General Meeting held on Wednesday 10th July, 2013 at the Registered Office of the Company at Kirloskar Business Park, Block C, II Floor, Hebbal, Bangalore-560024 at 11:00A.M.

NAME/s OF THE SHAREHOLDER/s
OR PROXY

SIGNATURE/s OF THE SHAREHOLDER/s
OR PROXY

CADES DIGITECH PRIVATE LIMITED
KIRLOSKAR BUSINESS PARK, BLOCK C, II FLOOR, HEBBAL, BANGALORE-24

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 12th Annual General Meeting of the Company, to be held on
Wednesday 10th July 2013 at 11:00 A.M. at the Registered Office of the Company at
Kiroskar Business Park, Block C, II Floor, Hebbal, Bangalore-560024 and at any
adjournment thereof.

Signature _____

Affix
Re 1
Revenue
Stamp

Signed this _____ day of _____ 2013

PROXY NO FOLIO NO/DPID CLIENT ID 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.



Mr. Robert NARDINI - VP & Head of Fuselage Engineering Center of Excellence, Airbus and Mr. Sudhakar Gande, Vice Chairman Axis Aerospace & Technologies at the inauguration of Toulouse (France) office of the Company.



CADES Stall at Aero India 2013, Bengaluru