

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
5th Floor, No. 65/2, Block "A",
Bagmane Tridib, Bagmane Tech Park
C V Raman Nagar, Bengaluru 560093
India

T +91 80 4243 0700
F +91 80 4126 1228

Independent Auditor's Report

To the Members of Cades Studec Technologies (India) Private Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Cades Studec Technologies (India) Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to 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 prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.



6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
 - a. we have sought and 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 it appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 26 April 2017 as per Annexure II expressed an unmodified opinion; and
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigation which would impact its financial position;



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- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. the Company, as detailed in Note 29 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Vijay V Singh

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

26 April 2017



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Annexure I to the Independent Auditor's Report of even date to the members of Cades Studec Technologies (India) Private Limited, on the financial statements for the year ended 31 March 2017

Annexure I

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, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has granted unsecured inter corporate deposit to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) in our opinion the terms and conditions of grant of such inter corporate deposit are not, prima facie, prejudicial to the Company's interest.
 - (b) the schedule of repayment of principal and payment of interest has been stipulated and the principal amount is not due for repayment currently however, the receipt of the interest is regular;
 - (c) there is no overdue amount in respect of inter corporate deposit granted to such companies.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. 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 become payable.



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- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable accounting standards. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Vijay V Singh

per Vijay Vikram Singh

Partner

Membership No.: 059139

Bengaluru

26 April 2017



Walker Chandiook & Co LLP

Annexure II to the Independent Auditor's Report of even date to the members of Cades Studec Technologies (India) Private Limited, on the financial statements for the year ended 31 March 2017

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Cades Studec Technologies (India) Private Limited ("the Company") as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR includes those policies and procedures



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Annexure II to the Independent Auditor's Report of even date to the members of Cades Studec Technologies (India) Private Limited, on the financial statements for the year ended 31 March 2017

that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Vijay V Singh

per Vijay Vikram Singh
Partner
Membership No.: 059139

Bengaluru
26 April 2017



Cades Studec Technologies (India) Private Limited
Balance Sheet

	NOTE	As at 31 March 2017 ₹	As at 31 March 2016 ₹
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	6,250,000	6,250,000
Reserves and surplus	4	123,904,983	100,984,432
		<u>130,154,983</u>	<u>107,234,432</u>
NON-CURRENT LIABILITIES			
Long-term provisions	5	9,581,418	8,582,931
		<u>9,581,418</u>	<u>8,582,931</u>
CURRENT LIABILITIES			
Trade payables	6	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,202,164	671,221
Other current liabilities	7	5,529,068	4,953,504
Short-term provisions	5	4,417,092	2,744,899
		<u>11,148,324</u>	<u>8,369,624</u>
TOTAL		<u><u>150,884,725</u></u>	<u><u>124,186,987</u></u>
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	8	7,524,954	9,490,625
Intangible assets	9	1,202,268	1,614,751
Deferred tax assets	10	5,537,102	4,368,880
Long-term loans and advances	11	31,420,571	6,797,620
		<u>45,684,895</u>	<u>22,271,876</u>
CURRENT ASSETS			
Current investments	12	3,499,756	-
Trade receivables	13	42,969,531	12,955,213
Cash and bank balances	14	49,143,649	46,725,085
Short-term loans and advances	11	3,167,298	28,567,570
Other current assets	15	6,419,596	13,667,243
		<u>105,199,830</u>	<u>101,915,111</u>
TOTAL		<u><u>150,884,725</u></u>	<u><u>124,186,987</u></u>

Summary of significant accounting policies and other explanatory information. 1-31
Notes form an integral part of these financial statements.

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

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
Chartered Accountants

Vijay V Singh
per Vijay Vikram Singh
Partner

Bengaluru
26 April 2017

For and on behalf of the Board of Directors of
Cades Studec Technologies (India) Private Limited

Srinivas
Srinivas Anumanchipalli
Director
DIN:05355507

Bengaluru
26 April 2017

Philippe Chabali
Philippe Chabali
Director
DIN:03101253

Bengaluru
26 April 2017



Cades Studec Technologies (India) Private Limited
Statement of Profit and Loss

	NOTE	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
INCOME			
Revenue from operations	16	170,503,793	161,731,087
Other income	17	8,667,193	7,221,779
TOTAL INCOME		179,170,986	168,952,866
EXPENSES			
Employee benefits expense	18	122,524,035	109,259,924
Other expenses	19	23,516,248	28,534,847
TOTAL EXPENSES		146,040,283	137,794,771
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)		33,130,703	31,158,095
Depreciation and amortisation expense	20	6,029,905	6,362,602
PROFIT BEFORE TAX		27,100,798	24,795,493
Tax expense			
Current tax		10,241,513	9,644,617
Prior year tax		-	(1,252,818)
Deferred tax credit		(1,168,222)	(571,346)
PROFIT FOR THE YEAR		18,027,507	16,975,040
Earnings per equity share:	22		
Basic and diluted		28.84	27.16
Nominal value per share		10.00	10.00
Summary of significant accounting policies and other explanatory information. Notes form an integral part of these financial statements.	1-31		

This is the Statement of Profit and Loss referred to in our report of even date.

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
Chartered Accountants

Vijay V Singh

per Vijay Vikram Singh
Partner

Bengaluru
26 April 2017

For and on behalf of the Board of Directors of
Cades Studec Technologies (India) Private Limited

Srinivas
Srinivas Anumanchipalli
Director
DIN:05355507

Bengaluru
26 April 2017

Philippe Chabalier
Philippe Chabalier
Director
DIN:03101253

Bengaluru
26 April 2017



Cades Studec Technologies (India) Private Limited
Cash Flow Statement

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
A Cash flow from operating activities		
Profit before tax	27,100,798	24,795,493
Adjustment for :		
Depreciation and amortisation	6,029,905	6,362,602
Dividend income from mutual funds	(175,256)	(191,939)
Unrealised foreign exchange loss	948,267	445,903
Service tax credit written off	1,078,927	2,629,496
Interest income from fixed deposit and inter-corporate deposit	(6,227,533)	(4,332,723)
Operating profit before working capital changes	28,755,108	29,708,832
Movements in working capital		
(Increase)/decrease in trade receivables	(30,962,585)	17,804,153
(Increase)/decrease in loans and advances	(288,305)	22,174
Decrease/(increase) in other current assets	13,000,784	(13,000,784)
Increase/(decrease) in trade and other payables	1,106,507	(1,510,449)
Increase in provisions	2,351,919	2,089,651
Cash generated from operating activities	13,963,428	35,113,577
Direct taxes paid	(9,936,053)	(9,822,129)
Net cash generated from operating activities (A)	4,027,375	25,291,448
B Cash flow from investing activities		
Inter-corporate deposit given	-	(24,000,000)
Purchase of fixed assets	(3,651,751)	(2,762,161)
(Investment)/redemption in mutual funds	(3,324,500)	3,567,102
(Investment in)/proceeds from fixed deposits	(358,183)	6,100,000
Interest/dividend income received	5,367,440	6,032,021
Net cash used in investment activities (B)	(1,966,994)	(11,063,038)
Net increase in cash and cash equivalents (A+B)	2,060,381	14,228,410
Cash and cash equivalents as at beginning of the year	14,825,085	596,675
Cash and cash equivalents as at end of the year	16,885,466	14,825,085
Components of cash and cash equivalents		
Cash and bank balances (also, refer note 14)	49,143,649	46,725,085
Less: Deposits with maturity more than 3 months but less than 12 months, considered separately	(32,258,183)	(31,900,000)
	16,885,466	14,825,085

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

Walker Chandiook & Co LLP
 For Walker Chandiook & Co LLP
 Chartered Accountants

Vijay V Singh
 per Vijay Vikram Singh
 Partner

Bengaluru
 26 April 2017

For and on behalf of the Board of Directors of
 Cades Studec Technologies (India) Private Limited

Srinivas
 Srinivas Anumanchipalli
 Director
 DIN:05355507

Bengaluru
 26 April 2017

Philippe Chaballer
 Philippe Chaballer
 Director
 DIN:03101253

Bengaluru
 26 April 2017



Cades Studec Technologies (India) Private Limited
Summary of significant accounting policies and other explanatory information

1 BACKGROUND

Cades Studec Technologies (India) Private Limited ('Studec' the 'Company') is a Private Limited Company incorporated on 20 March 2006 under the Companies Act, 1956 having its registered office at No.11, 3rd cross, Ganganagar North, near CBI office, Bangalore - 560032, Karnataka, India. The Company is a subsidiary of AXISCADES Engineering Technologies Limited ("ACETL"), a public limited Company, operates in the business of Engineering Design Services. The Company operates in the business of Documentation Engineering Services.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements of the Company have been prepared under historical cost convention in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The accounting policies applied by the Company are consistent with those used in the prior period.

(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

Service revenues are recognised as services are rendered, on the basis of an agreed mark-up on all costs incurred, in accordance with the Services Agreement.

'Unbilled revenues' represent revenues recognised on services rendered as per contractual terms, for which amounts are to be billed in subsequent periods.

'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.

'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.

Dividend income is recognised when the right to receive is established.

(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.

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	Estimated useful life (Years)
Computers	3
Furniture and fixtures *	7
Office equipments *	7
Computer software	3

* For these class of assets, based on internal assessment, the management believes that the useful lives as given above best represents the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation/amortisation is charged on a proportionate basis for all the assets purchased and sold during the year. Leasehold improvements have been depreciated over lease period including renewable period or useful economic life, whichever is shorter.

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Cades Studec Technologies (India) Private Limited

Summary of significant accounting policies and other explanatory information (Cont'd)

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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.

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 if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a 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.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances (including deposits) with original maturity of three months or less.

(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.

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Cades Studec Technologies (India) Private Limited

Summary of significant accounting policies and other explanatory information (Cont'd)

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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.

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan for its 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. 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.

(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 is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares 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.



Cades Studec Technologies (India) Private Limited

Summary of significant accounting policies and other explanatory information (Cont'd)

2 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Derivative Instruments and hedge accounting

The Company has adopted the provisions specified in Guidance Note on Accounting for Derivative Contracts, issued by the Institute of Chartered Accountants of India (ICAI) in June 2015 which is effective 1 April 2016. 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 forward 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.

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Cades Studec Technologies (India) Private Limited
Summary of significant accounting policies and other explanatory information (Cont'd)

3 SHARE CAPITAL	As at 31 March 2017		As at 31 March 2016	
	Number	₹	Number	₹
Authorised				
Equity shares of ₹ 10 each	625,000	6,250,000	625,000	6,250,000
	625,000	6,250,000	625,000	6,250,000
Issued, subscribed and paid up				
Equity shares of ₹10 each, fully paid up	625,000	6,250,000	625,000	6,250,000
	625,000	6,250,000	625,000	6,250,000

a. Reconciliation of the equity share capital

	As at 31 March 2017		As at 31 March 2016	
	Number	₹	Number	₹
Balance at the beginning of the year	625,000	6,250,000	625,000	6,250,000
Add: Issued during the year	-	-	-	-
Balance at the end of the year	625,000	6,250,000	625,000	6,250,000

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 Company

	As at 31 March 2017		As at 31 March 2016	
	Number	₹	Number	₹
AXISCADES Engineering Technologies Limited *	475,000	4,750,000	475,000	4,750,000
	475,000	4,750,000	475,000	4,750,000

* Includes 500 Shares of ₹ 10/- each, being held by five nominee shareholders of AXISCADES Engineering Technologies Limited.

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

	As at 31 March 2017		As at 31 March 2016	
	Number	₹	Number	₹
(i) AXISCADES Engineering Technologies Limited	475,000	4,750,000	475,000	4,750,000
(ii) Studec SAS	150,000	1,500,000	150,000	1,500,000
	625,000	6,250,000	625,000	6,250,000

e. In the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares pursuant to contract without payment being received in cash or any bonus shares or has bought back any shares.

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Cades Studec Technologies (India) Private Limited
Summary of significant accounting policies and other explanatory information (Cont'd)

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
4 RESERVES AND SURPLUS		
Securities premium account		
Balance at the beginning of the year	65,682,614	65,682,614
Balance at the end of the year	<u>65,682,614</u>	<u>65,682,614</u>
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	35,301,818	18,326,778
Add: Net profit for the year	18,027,507	16,975,040
Balance at the end of the year	<u>53,329,325</u>	<u>35,301,818</u>
Hedge reserve		
Balance at the beginning of the year	-	-
Movement during the year	4,893,044	-
Balance at the end of the year	<u>4,893,044</u>	<u>-</u>
Total	<u><u>123,904,983</u></u>	<u><u>100,984,432</u></u>

	As at 31 March 2017		As at 31 March 2016	
	Long-term ₹	Short-term ₹	Long-term ₹	Short-term ₹
5 PROVISIONS				
Provision for employee benefits				
Gratuity (also, refer note (a) below)	8,538,283	1,663,876	6,595,976	934,942
Compensated absences	-	1,490,636	-	1,250,138
	<u>8,538,283</u>	<u>3,154,512</u>	<u>6,595,976</u>	<u>2,185,080</u>
Other provisions				
Provision for lease rent straight-lining	1,043,135	943,819	1,986,955	559,819
Provision for income tax [(net of advance tax ₹ 9,922,752 (31 March 2016: Nil)]	-	318,761	-	-
	<u>9,581,418</u>	<u>4,417,092</u>	<u>8,582,931</u>	<u>2,744,899</u>

a) Gratuity

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

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at the beginning of the year	7,530,918	5,524,075
Current service cost	2,511,188	2,263,545
Interest cost	557,721	402,449
Benefits paid	(346,252)	(429,447)
Actuarial (gains)	(51,416)	(229,704)
Defined benefit obligation at the end of the year	<u>10,202,159</u>	<u>7,530,918</u>
Components of net gratuity costs are:		
Current service cost	2,511,188	2,263,545
Interest on defined benefit obligation	557,721	402,449
Net actuarial (gains)	(51,416)	(229,704)
Expenses recognised in the Statement of Profit and Loss for the year	<u>3,017,493</u>	<u>2,436,290</u>
Amount recognised in the Balance Sheet are as follows:		
Present value of unfunded obligations as at the end of the year	10,202,159	7,530,918
Net liability recognised in the Balance Sheet	<u>10,202,159</u>	<u>7,530,918</u>

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

Discount rate	6.68%	7.53%
Salary escalation rate	18%	20%
Retirement age	58 years	58 years

c) Experience adjustments for the year and present value of unfunded obligations as at:

	31 March 2014	31 March 2015	31 March 2016	31 March 2017
Experience adjustments	(107,148)	197,279	(229,704)	(51,416)



Cades Studec Technologies (India) Private Limited
Summary of significant accounting policies and other explanatory information (Cont'd)

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
6 TRADE PAYABLES		
Dues to micro and small enterprises (also, refer note (a) below)	-	-
Dues to others	1,202,164	671,221
	<u>1,202,164</u>	<u>671,221</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 2017 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.

	As at 31 March 2017 ₹	As at 31 March 2016 ₹
7 OTHER CURRENT LIABILITIES		
Duties and taxes payable	1,039,331	919,619
Dues to employees	4,489,737	4,033,885
	<u>5,529,068</u>	<u>4,953,504</u>

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Cades Studec Technologies (India) Private Limited

Summary of significant accounting policies and other explanatory information (Cont'd)

8 TANGIBLE ASSETS

	(Amount in ₹)				
	Computers	Furniture and fixtures	Office equipments	Leasehold improvements	Total
Gross block					
Balance as at 1 April 2015	15,511,624	5,327,472	8,127,177	5,311,992	34,278,265
Addition during the year	1,414,129	227,477	315,556	-	1,957,162
Deletion during the year	-	-	255,375	-	255,375
Balance as at 31 March 2016	16,925,753	5,554,949	8,187,358	5,311,992	35,980,052
Addition during the year	1,733,556	434,065	761,409	-	2,929,030
Deletion during the year	-	-	598,056	-	598,056
Balance as at 31 March 2017	18,659,309	5,989,014	8,350,711	5,311,992	38,311,026
Accumulated depreciation					
Balance as at 1 April 2015	11,183,376	3,443,858	4,109,967	3,182,452	21,919,653
Charge for the year	2,442,644	768,646	1,080,457	533,402	4,825,149
Deletion during the year	-	-	255,375	-	255,375
Balance as at 31 March 2016	13,626,020	4,212,504	4,935,049	3,715,854	26,489,427
Charge for the year	2,493,243	749,657	1,039,616	531,945	4,814,461
Deletion during the year	-	-	517,816	-	517,816
Balance as at 31 March 2017	16,119,263	4,962,161	5,456,849	4,247,799	30,786,072
Net block					
Balance as at 31 March 2016	3,299,733	1,342,445	3,252,309	1,596,138	9,490,625
Balance as at 31 March 2017	2,540,046	1,026,853	2,893,862	1,064,193	7,524,954

9 INTANGIBLE ASSETS

	(Amount in ₹)	
	Computer software	Total
Gross block		
Balance as at 1 April 2015	8,918,521	8,918,521
Addition during the year	804,999	804,999
Balance as at 31 March 2016	9,723,520	9,723,520
Addition during the year	802,961	802,961
Balance as at 31 March 2017	10,526,481	10,526,481
Accumulated amortisation		
Balance as at 1 April 2015	6,571,316	6,571,316
Charge for the year	1,537,453	1,537,453
Balance as at 31 March 2016	8,108,769	8,108,769
Charge for the year	1,215,444	1,215,444
Balance as at 31 March 2017	9,324,213	9,324,213
Net block		
Balance as at 31 March 2016	1,614,751	1,614,751
Balance as at 31 March 2017	1,202,268	1,202,268

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Cades Studec Technologies (India) Private Limited
Summary of significant accounting policies and other explanatory information (Cont'd)

	As at 31 March 2017 ₹		As at 31 March 2016 ₹	
10 Deferred tax assets				
Timing difference on depreciation and amortisation			832,321	416,915
Provision for employee benefits			4,047,835	3,109,925
Provision for straight-lining of rent			656,946	842,040
Deferred taxes assets			5,537,102	4,368,880
11 LOANS AND ADVANCES (Unsecured, considered good)				
	As at 31 March 2017		As at 31 March 2016	
	Long-term ₹	Short-term ₹	Long-term ₹	Short-term ₹
Security deposit	4,525,477	-	4,194,310	-
Inter-corporate deposit to related party (also, refer note 23) *	24,000,000	-	-	24,000,000
CENVAT credit receivable	1,127,314	-	500,437	984,661
Prepaid expenses	276,394	789,448	624,788	1,429,411
Loan to employees	-	2,220,673	-	1,750,115
Supplier advances	-	157,177	-	403,383
Advance taxes [net of provision for tax ₹ 9,644,617 (31 March 2016: ₹ 9,644,617)]	1,491,386	-	1,478,085	-
	31,420,571	3,167,298	6,797,620	28,567,570
* The Company has given inter-corporate deposit (ICD) to AXISCADES Aerospace & Technologies Private Limited, a fellow subsidiary during the previous year ended 31 March 2016, carrying interest rate of 11% per annum. The arrangement was renewed on 1 November 2016 for a period of three years with a lock-in-period until 31 October 2017. The ICD amount can be called back or repaid at anytime after expiry of lock-in-period by providing a notice of six months.				
12 CURRENT INVESTMENTS (Unquoted, valued at lower of cost and fair value)				
Others				
Investment in mutual funds			3,499,756	-
			3,499,756	-
13 TRADE RECEIVABLES (Unsecured, considered good)				
Outstanding for a period exceeding six months from the date they are due for payment			-	-
Other debts			42,969,531	12,955,213
			42,969,531	12,955,213
14 CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks in current accounts			3,854,221	14,822,594
Cash on hand			31,245	2,491
Deposits with original maturity of not more than 3 months			13,000,000	-
			16,885,466	14,825,085
Other bank balances				
Deposits with maturity more than 3 months but less than 12 months			32,258,183	31,900,000
			32,258,183	31,900,000
			49,143,649	46,725,085
15 OTHER CURRENT ASSETS				
Interest accrued			1,526,552	666,459
Hedge asset			4,893,044	-
Unbilled revenue			-	13,000,734
			6,419,596	13,667,243



Cades Studec Technologies (India) Private Limited
Summary of significant accounting policies and other explanatory information (Cont'd)

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
16 REVENUE FROM OPERATIONS		
Documentation engineering services	170,503,793	161,731,087
	170,503,793	161,731,087
17 OTHER INCOME		
Interest income from fixed deposit	3,587,534	3,377,019
Interest on inter-corporate deposit	2,639,999	955,704
Interest on lease deposits	348,372	322,439
Net gain on foreign currency transactions and translation	1,916,032	2,374,678
Dividend income from mutual funds	175,256	191,939
	8,667,193	7,221,779
18 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	110,036,647	98,557,117
Contribution to gratuity (also, refer note 5(a))	3,017,493	2,436,290
Contribution to provident and other funds	6,193,055	5,143,545
Provision for compensated absences	512,237	537,604
Staff welfare expense	2,764,603	2,585,368
	122,524,035	109,259,924
19 OTHER EXPENSES		
Rent (also, refer note 25)	8,046,540	8,020,903
Power and fuel	2,899,545	2,879,589
Consulting engineers expenses	-	204,921
Travelling and conveyance	4,419,211	8,358,056
Repairs and maintenance		
-Buildings (leased)	1,696,265	1,212,764
-Others	498,464	621,094
Insurance expense	18,675	22,016
Rates and taxes	92,775	48,455
Service tax credit written off	1,078,927	2,629,496
Auditor's remuneration (also, refer note 27)	400,000	400,000
Communication expenses	1,178,431	1,097,668
Equipment hire charges	282,439	289,406
Directors sitting fees	300,000	200,000
Recruitment and training expense	375,503	527,771
Legal and professional charges	1,097,974	1,251,065
Printing and stationary	347,307	385,683
Security charges	481,520	284,520
Bank charges	234,104	66,647
Miscellaneous expense	68,568	34,793
	23,516,248	28,534,847

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Cades Studec Technologies (India) Private Limited
Summary of significant accounting policies and other explanatory information (Cont'd)

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
20 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets (also, refer note 8)	4,814,461	4,825,149
Amortisation of intangible assets (also, refer note 9)	1,215,444	1,537,453
	<u>6,029,905</u>	<u>6,362,602</u>
21 EMPLOYEE BENEFIT OBLIGATION		
a) Defined contribution plan		
The Company makes contribution to statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952. This is a defined contribution plan as per AS 15. Contribution made during the year ended 31 March 2017 is ₹ 5,217,212 (31 March 2016 - ₹ 4,614,006).		
22 EARNINGS PER SHARE (EPS)		
a) Profit after tax attributable to equity shares (in ₹)	18,027,507	16,975,040
b) Weighted average number of shares outstanding	625,000	625,000
c) Nominal value of shares (in ₹)	10	10
d) Basic and diluted earning per share (in ₹)	28.84	27.16

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Cades Studec Technologies (India) Private Limited
Summary of significant accounting policies and other explanatory information (Cont'd)

23 RELATED PARTY DISCLOSURES

i. Parties where control exists:

Nature of relationship
 Holding Company information

Name of party

The Company is a subsidiary of AXISCADES Engineering Technologies Limited (ACETL). ACETL, a public limited Company, operates in the business of Engineering Design Services. The Company's shares are listed for trading on the National Stock Exchange of India Limited and BSE Limited in India.

ii. Name and relationship of related party where transactions have taken place:

Fellow subsidiary
 Significant shareholder

AXISCADES Aerospace & Technologies Private Limited
 Studec SAS

iii. Transactions with related parties:

		(Amount in ₹)		
	Nature of transaction	Relationship	Year ended 31 March 2017	Year ended 31 March 2016
A	Interest income on Intercompany deposit AXISCADES Aerospace & Technologies Private Limited	Fellow subsidiary	2,639,999	955,704
B	Intercompany deposit given AXISCADES Aerospace & Technologies Private Limited	Fellow subsidiary	-	24,000,000
C	Documentation Engineering Services Studec SAS	Significant shareholder	170,503,793	161,731,087

iv. Balances as at the year end:

		(Amount in ₹)		
	Nature of transaction	Relationship	As at 31 March 2017	As at 31 March 2016
A	Loans and advances AXISCADES Aerospace & Technologies Private Limited	Fellow subsidiary	24,000,000	24,000,000
B	Trade receivables Studec SAS	Significant shareholder	42,969,531	12,955,213
C	Unbilled revenue Studec SAS	Significant shareholder	-	13,000,784

24 SEGMENT REPORTING

The Company has only one business segment, Documentation Engineering Services and earns the revenue primarily from sources within France. Accordingly, primary and secondary reporting disclosures for business and geographical segment as envisaged in Accounting Standard -17 (Segment reporting) are not applicable to the Company.

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Cades Studec Technologies (India) Private Limited
Summary of significant accounting policies and other explanatory information (Cont'd)

25 OPERATING LEASES

The lease expenses for cancellable and non-cancellable operating leases during the year ended 31 March 2017 was ₹ 8,046,540 (31 March 2016 - ₹ 8,020,903).

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 2017 ₹	As at 31 March 2016 ₹
Payable not later than 1 year	8,671,864	8,258,918
Payable later than 1 year not later than five years	7,132,836	15,804,700
	15,804,700	24,063,618

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 6 and 9 years generally and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in Statement of Profit and Loss (Refer note 19).

	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
26 PARTICULARS RELATING TO FOREIGN EXCHANGE		
Earnings in foreign exchange (accrual basis)		
Income from operations	170,503,793	161,731,087
27 AUDITOR'S REMUNERATION *		
Statutory audit fee	350,000	350,000
Tax audit	50,000	50,000
Certification	20,000	20,000
TOTAL	420,000	420,000

* Exclusive of service tax and out of pocket expenses.

28 HEDGING AND DERIVATIVES

(a) Pursuant to the adoption, the gain on fair valuation on forward contracts, which qualify as effective cash flow hedges amount to ₹ 4,893,044 has been recognised in the hedge reserve account for the year ended 31 March 2017 (31 March 2016 - Nil).

(b) The following are the outstanding derivatives contracts entered into by the Company:

Category	Currency	Buy / Sell	31 March 2017 (₹)	31 March 2016 (₹)
Forward contracts for hedging	USD	Sell	1,304,356	-

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Cades Studec Technologies (India) Private Limited

Summary of significant accounting policies and other explanatory information (Cont'd)

28 HEDGING AND DERIVATIVES (Cont'd)

(c) The following are the outstanding derivatives contracts entered into by the Company and unhedged foreign currency exposures:

Particulars		31 March 2017					31 March 2016				
Included in	Currency	Conversion rate	Total amount in foreign currency	Hedged amount in foreign currency	Unhedged amount in foreign currency	Unhedged Amount (₹)	Conversion rate	Total amount in foreign currency	Hedged amount in foreign currency	Unhedged amount in foreign currency	Unhedged Amount (₹)
Trade receivables	USD	64.84	662,715	662,715	-	-	66.33	195,306	-	195,306	12,955,213
Unbilled revenue	USD	64.84	-	-	-	-	66.33	195,993	-	195,993	13,000,784

29 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	(Amount in ₹)		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
Add: Permitted receipts	-	62	62
Less: Permitted payments	-	58,000	58,000
Less: Amount deposited in Banks	-	55,954	55,954
Closing cash in hand as on 30 December 2016	-	2,108	2,108

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

30 TRANSFER PRICING

The Finance Act, 2001 has introduced, with effect from assessment year 2002-03 (effective 1 April 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within due date of filing the Return of Income. The Company is in the process of updating the Transfer Pricing documentation for the financial year ended 31 March 2017 following a detailed transfer pricing study conducted for the financial year ended 31 March 2016. In the opinion of the management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

31 PREVIOUS YEAR FIGURES

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

Walker Chandiook & Co LLP

For Walker Chandiook & Co LLP
Chartered Accountants

Vijay V Singh

per Vijay Vikram Singh
Partner

Bengaluru
26 April 2017

For and on behalf of the Board of Directors of
Cades Studec Technologies (India) Private Limited

Srinivas Anumanchipalli

Srinivas Anumanchipalli
Director
DIN:05355507

Bengaluru
26 April 2017

Philippe Chabaliere

Philippe Chabaliere
Director
DIN:03101253

Bengaluru
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