

Financial Statements and Auditors' Report

CADES Digitech Private Limited

31 March 2011

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# Walker, Chandiook & Co

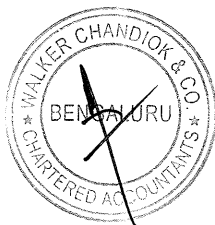
## Auditors' Report

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16/1, Cambridge Road  
Ulsoor, Bengaluru 560008  
India

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

To,  
**The Members of CADES Digitech Private Limited**

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



# Walker, Chandiook & Co

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

*Walker, Chandiook & Co*

For Walker, Chandiook & Co

Chartered Accountants

Firm Registration No: 001076N

*Aashish Arjun Singh*

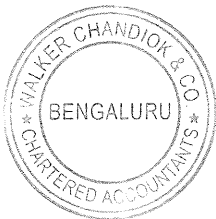
per Aashish Arjun Singh

Partner

Membership No. 210122

Noida

25 May 2011

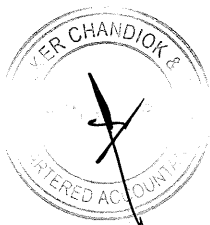


# Walker, ChandioK & Co

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

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

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



# Balance Sheet

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

**NOTES TO THE FINANCIAL STATEMENTS**

18

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

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

*Aashish Arjun Singh*  
per Aashish Arjun Singh  
Partner

Noida  
25 May 2011

For and on behalf of the Board of Directors

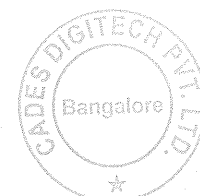
*Kedar Nath Choudury*  
Kedar Nath Choudury  
Director

*Pradeep Dadlani*  
Pradeep Dadlani  
Director

*Kirit Manek*  
Kirit Manek  
Vice President-Finance

*P. H. Joshi*  
Poonam Joshi  
Company Secretary

Noida  
25 May 2011



# Profit and Loss Account

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

## NOTES TO THE FINANCIAL STATEMENTS

18

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

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

per *Aashish Arjun Singh*  
Partner

Noida  
25 May 2011

For and on behalf of the Board of Directors

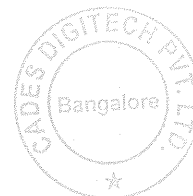
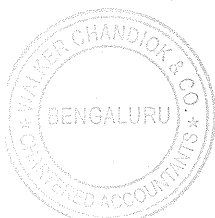
*Kedar Nath Choudury*  
Kedar Nath Choudury  
Director

*Kirit Manek*  
Kirit Manek  
Vice President-Finance

*Pradeep Dadlani*  
Pradeep Dadlani  
Director

*Poonam Joshi*  
Poonam Joshi  
Company Secretary

Noida  
25 May 2011



## Cash Flow Statement

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

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

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

*Aashish Arjun Singh*  
per Aashish Arjun Singh  
Partner

Noida  
25 May 2011

For and on behalf of the Board of Directors

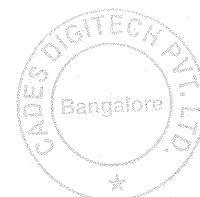
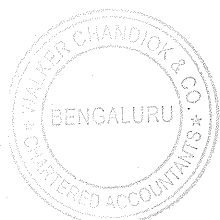
*Kedar Nath Choudury*  
Kedar Nath Choudury  
Director

*Kirit Manek*  
Kirit Manek  
Vice President - Finance

*Pradeep Dadlani*  
Pradeep Dadlani  
Director

*Poonam Joshi*  
Poonam Joshi  
Company Secretary

Noida  
25 May 2011





## Schedules forming part of the financial statements

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

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

### SCHEDULE 2 RESERVES AND SURPLUS

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

### SCHEDULE 3 UNSECURED LOANS

|                   |   |                    |
|-------------------|---|--------------------|
| Subordinated debt | - | 175,000,000        |
| From others       | - | 5,000,000          |
|                   | - | <b>180,000,000</b> |

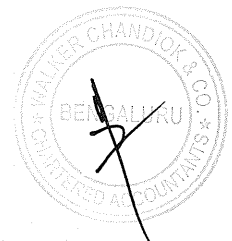
### SCHEDULE 4 SECURED LOANS

#### From banks

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

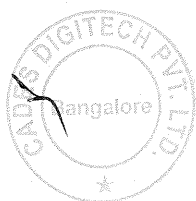
|  |                    |          |
|--|--------------------|----------|
| Packing credit in foreign currency from Yes Bank               | 96,504,241         | -        |
| Term loan from Yes Bank  | 19,000,000         | -        |
| [Repayable within one year - ₹ 7,600,000 (31 March 2010: Nil)] |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

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## Schedules forming part of the financial statements

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



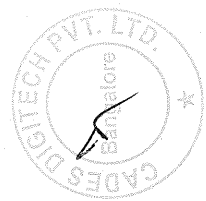
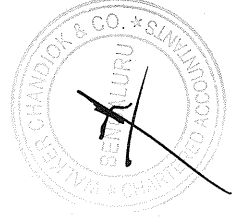
## Schedules forming part of the financial statements

## SCHEDULE - 5

## FIXED ASSETS

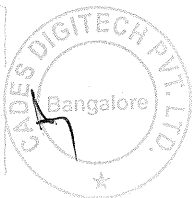
(Amount in ₹)

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



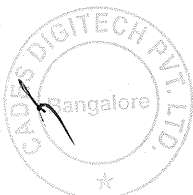
## Schedules forming part of the financial statements

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



## Schedules forming part of the financial statements

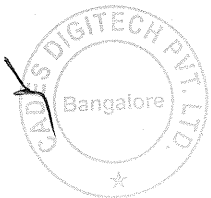
|   | Year ended<br>31 March 2011<br>₹ | Year ended<br>31 March 2010<br>₹ |
|---|----------------------------------|----------------------------------|
| <b>SCHEDULE 12</b>  |                                  |                                  |
| <b>OTHER INCOME</b>   |                             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



## Schedules forming part of the financial statements

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

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## Schedules forming part of the financial statements

### SCHEDULE 18

#### Notes to the financial statements

##### 1) Background and Operational outlook

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

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

##### 2) (a) Basis of preparation of financial statements

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

##### (b) Use of estimates

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

##### 3) Significant accounting policies

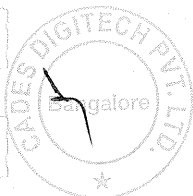
###### i. Revenue recognition

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

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

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

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## Schedules forming part of the financial statements

### ii. Fixed assets and depreciation

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

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

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

| <b>Asset category</b>  | <b>Depreciation Rate</b> |
|------------------------|--------------------------|
| Computers              | 33.33%                   |
| Furniture and fixtures | 14.29%                   |
| Office equipments      | 14.29%                   |
| Leasehold improvements | 14.29%                   |
| Software               | 33.33%                   |

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

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

### iii. Impairment of assets

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

### iv. Borrowing costs

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

### v. Investments

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

### vi. Foreign currency transactions

#### *Initial Recognition*

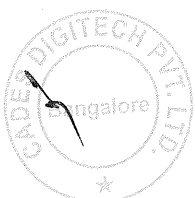
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### *Conversion*

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

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

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





## Schedules forming part of the financial statements

### vii. Employee benefits

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

#### *Provident fund*

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

#### *Social Security Overseas*

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

#### *Gratuity*

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

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

#### *Vacation Pay*

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

### viii. Tax Expenses

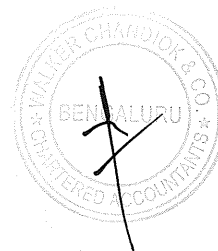
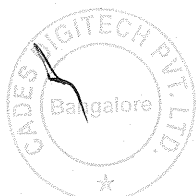
#### *Current tax*

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

#### *Deferred tax*

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

Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.



## Schedules forming part of the financial statements

### ix. Provisions and contingent liabilities

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

### 4) Earnings Per Share

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

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

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

The computation of earnings per share is as follows:

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

### 5) Export obligations

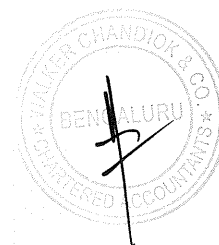
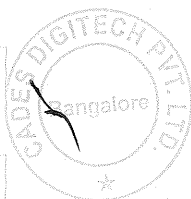
The Company is registered with the Software Technology Parks of India (STPI), Government of India as a 100% Export Oriented Unit with under the STPI Scheme. As per the terms of registration the Company is required to export as per Export - Import policy in force and is entitled to duty free import of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

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

### 6) Operating leases

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

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



## Schedules forming part of the financial statements

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

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

### 7) Commitment and Contingencies

#### i. Capital Commitments

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

### 8) Employee benefits

#### a) Defined benefit plan

##### Gratuity

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

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

The assumptions used in the above valuation are as under:

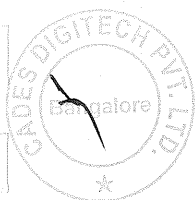
|                        |          |          |
|------------------------|----------|----------|
| Discount rate          | 8%       | 8%       |
| Salary escalation rate | 5%       | 6%       |
| Retirement age         | 60 Years | 60 Years |

#### b) Vacation pay

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

The assumptions used in the above valuation are as under:

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



## Schedules forming part of the financial statements

### c) Defined contribution plan

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

### d) Social Security

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

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

### 10) Related party disclosures

#### i. Parties where control exists :

#### Nature of relationship

#### Name of party

Holding company information

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

Subsidiary Company

Cades Technology Canada Inc.

#### ii. Key Management Personnel :

Chairman and Director  
Director

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

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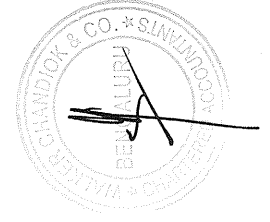


## Schedules forming part of the financial statements

### iii. Transactions with related parties

(Amount in ₹)

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



## Schedules forming part of the financial statements

## Transactions with related parties (Contd)

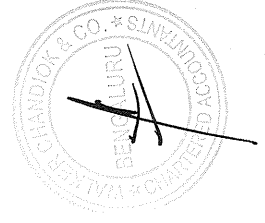
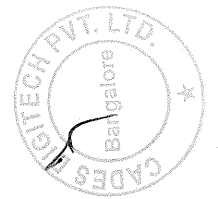
| Nature of Transaction  | Holding Company / Intermediate Holding Company |               | Subsidiary/ Fellow subsidiary |               | Key Management Personnel |               | Total              |               |
|--|--|---------------|-------------------------------|---------------|--------------------------|---------------|--------------------|---------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

## Schedules forming part of the financial statements

## iv. Balances as at the year end

(Amount in ₹)

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

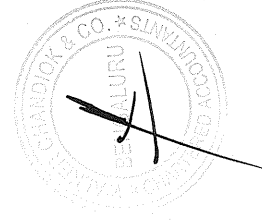
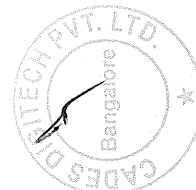


## Schedules forming part of the financial statements

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

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

(Amount in ₹)





## Schedules forming part of the financial statements

### 11) Segment reporting

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

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

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

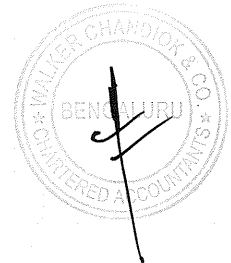


## Schedules forming part of the financial statements

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

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

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## Schedules forming part of the financial statements

### 13) Foreign currency exposures

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

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

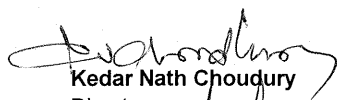
### 14) Additional disclosures under Schedule VI


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

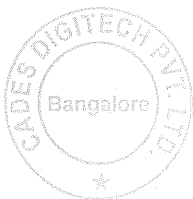
### 15) Prior year comparatives


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


For and on behalf of the Board of Directors

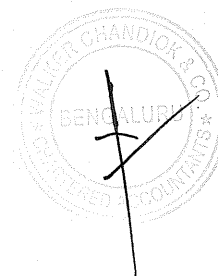
  
**Kedar Nath Choudury**  
 Director

  
**Kirit Manek**  
 Vice President-Finance



  
**Pradeep Dadlani**  
 Director

  
**Poonam Joshi**  
 Company Secretary



Noida  
 25 May 2011