

**Director's Report**

To The Members  
**Cades Technology Canada Inc**

Your Directors are pleased to present their report on the business operations of the company for the period from 01<sup>st</sup> April 2011 to 31<sup>st</sup> March 12 and subsequent events to date. While audit is not mandated in Canada for small enterprises, however **Cades Technology Canada Inc** has got its accounts audited by G D & Associates, Chartered Accountants, Bangalore, India for the purpose of publishing the Audited accounts of its parent company Cades Digitech Private Limited in accordance with the statutory requirements in India.

I. **Financial Results for 04/01/2011-3/31/2012 (in Rupees lakhs)**

<b>PARTICULARS</b>	<b>FY 2011-12</b>
Total Income	351.74
Total Expenses	336.61
Profit before Interest & Tax	15.13
Less: Tax Expense	3.11
Profit for the Period	12.02

II. **Business Activity**

The Company is engaged in rendering engineering design service for the aerospace sector in Canada and has started operations in December 2010 and has shown good progress during the period.

III. **Directors**

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



**S. Ravinarayanan**  
**Chairman and Director**

Date: 25<sup>th</sup> May, 2012

Place: Bangalore



**AUDITORS REPORT**

1. We have examined the attached Balance Sheet of **M/s. CADES TECHNOLOGY CANADA INC (subsidiary of M/s. Cades Digitech Private Limited)** as at **March 31, 2012** and the Profit and Loss Account for the year ended on **March 31, 2012**. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial Statement presentation. We believe our audit provides a reasonable basis for our opinion.
3. We report that :-
  - a. We have obtained all the information and explanations, which to the best of our Knowledge and belief were necessary for the purpose of our audit
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts
  - d. In our opinion, the Balance sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e. In our opinion and to the best of my information and according to the explanations given to us, the said accounts together with the notes attached thereto give the information required by the Act, in a manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - i. in the case of the Balance Sheet, of the state of affairs of the Company at March 31, 2012.
    - ii. In the case of Profit and Loss account Profit of the Company for the period ended on that date.

Place : Bangalore  
Date : May 25, 2012



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


**DINESHA M S**  
Partner.  
Membership No.215946

CADES TECHNOLOGY CANADA INC.  
BALANCE SHEET AS AT MARCH 31, 2012

(Amount in Rupees)

PARTICULARS	Note No.	Current reporting period		Previous reporting period	
		Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>					
<b>1. Shareholder's funds</b>					
(a) Share Capital	1	4,596		4,596	
(b) Reserves and Surplus	2	1,819,100	1,823,696	498,503	503,099
<b>2. Current Liabilities</b>					
(a) Trade payables	3	5,181,648		10,420	
(b) Other current liabilities	3	9,211,829		8,911,405	
(c) Short term provisions	4	(407,953)		-	
			13,985,524		8,921,825
<b>TOTAL</b>			<b>15,809,220</b>		<b>9,424,924</b>
<b>II ASSETS</b>					
<b>1. Non-current assets</b>					
(a) Fixed assets		-		-	
(b) Long-term loans and advances	5	38,164	38,164	34,418	34,418
<b>2. Current assets</b>					
(a) Trade receivables	6	11,995,196		9,169,755	
(b) Cash and Cash equivalents	7	3,756,347		131,865	
(c) Short-term loans and advances	8	19,515		88,887	
			15,771,058		9,390,507
<b>TOTAL</b>			<b>15,809,220</b>		<b>9,424,924</b>
Significant accounting policies and notes to accounts	13				

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

  
DINESHA M S  
Partner  
Membership No - 215946



for and on behalf of the Board

  
S RAVINARAYAN  
Director


Place: Bangalore  
Date : May 25, 2012

CADES TECHNOLOGY CANADA INC.  
 PROFIT & LOSS STATEMENT FOR THE PERIOD ENDING MARCH 31, 2012

(Amount in Ruppes)

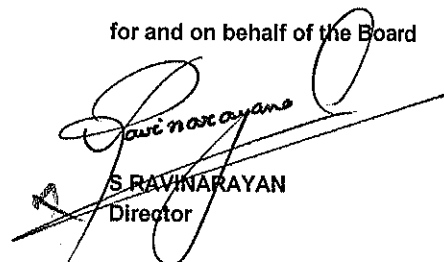
PARTICULARS	Note No.	Current reporting period		Previous reporting period	
		Rs.	Rs.	Rs.	Rs.
I Revenue from operations	9	35,173,677		10,371,200	
II Other income		-		681	
III Total Revenue (I + II)			35,173,677		10,371,881
IV Expenses					
Employee benefits expense	10	22,170,667		5,789,092	
Finance Costs	11	17,944		65,464	
Other expense	12	11,471,284		3,582,050	
Total Expense			33,659,895		9,436,606
V Profit before exceptional and extraordinary items and tax (III-IV)			1,513,782		935,275
VI Exceptional Items			-		-
VII Profit before extraordinary items and tax (V-VI)			1,513,782		935,275
VIII Extraordinary items			-		-
IX Profit before tax (VII-VIII)			1,513,782		935,275
X Tax expense:					
(1) Current tax		310,839		448,932	
(2) Deferred tax		-		-	
XI Profit/(Loss) for the period from continuing operations (IX - X)			310,839		448,932
			1,202,943		486,343
XII Earnings per equity share:					
(1) Basic			12,029		4,863
(2) Diluted			12,029		4,863
See accompanying notes to the financial statements	13				

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

  
 DINESHA M S  
 Partner  
 Membership No - 215946



for and on behalf of the Board

  
 S. RAVINARAYAN  
 Director

Place: Bangalore  
 Date : May 25, 2012

CADES TECHNOLOGY CANADA INC.  
NOTE FORMING PART OF BALANCE SHEET AS AT DECEMBER 31, 2011

(Amount in Ruppees)

	Current reporting period	Previous reporting period
<b>NOTE 1 : SHARE CAPITAL</b>		
<i>Authorised Capital</i>		
100 Class A shares of Canada\$ 1 per share	4,540	4,540
	<u>4,540</u>	<u>4,540</u>
<b>Issued, Subscribed and Paid up</b>		
100 Class A shares of Canada\$ 1 per share	4,596	4,596
	<u>4,596</u>	<u>4,596</u>

A. Share Capital

(a) Reconciliation of number of shares outstanding at beginning & end of the reporting period

	Outstanding at the beginning of the reporting period	Allotment/(Buy back) during the period	Outstanding as at end of the reporting period
Share Capital	4,596	-	4,596

B. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

Holding Company - M/s. CADES DIGITECH PVT LTD (100% Holding)	4,596	4,596
--	-------	-------

**NOTE 2 : RESERVES & SURPLUS**

**Foreign Currency translation reserve**

Opening Balance	12,203	NIL
Add: Current period	105,451	12,203
Closing balance	<u>117,654</u>	<u>12,203</u>

**Surplus/(Deficit) in the Statement of Profit and Loss**

Opening balance	498,503	-
Add: Current period	1,202,943	486,300
Closing balance	<u>1,701,446</u>	<u>486,300</u>

**TOTAL RESERVES & SURPLUS**

	<u>1,819,100</u>	<u>498,503</u>
--	------------------	----------------

**NOTE 3 : OTHER CURRENT LIABILITIES**

Trade Payables	5,181,648	10,420
	<u>5,181,648</u>	<u>10,420</u>
Advance from Customers	28,131	-
Dues to Holding Companies	4,439,783	5,988,697
Accrued Expenses	994,448	1,115,111
Salary Payables	602,326	-
Duties & Taxes Payables	3,147,141	1,807,597
	<u>9,211,829</u>	<u>8,911,405</u>

**NOTE 4 : SHORT TERM PROVISIONS**

(a) Provision for Employees Benefit	-	-
(b) Others		
Foreign Tax net of advance tax	(407,953)	-
	<u>(407,953)</u>	<u>NIL</u>

**NOTE 5 : LONG TERM LOANS & ADVANCES**

Security Deposits		
Secured, considered good	38,164	34,418
	<u>38,164</u>	<u>34,418</u>

**NOTE 6 : TRADE RECEIVABLES**

(a) Outstanding more than 6 months	-	-
(b) Others - Outstanding less than 6 months		
Secured, considered good	-	-
Unsecured, considered good	11,995,196	9,169,755
Doubtful	-	-
	<u>11,995,196</u>	<u>9,169,755</u>



**CADES TECHNOLOGY CANADA INC.**  
**NOTE FORMING PART OF PROFIT & LOSS STATEMENT**  
**FOR THE PERIOD ENDING DECEMBER 31, 2011**

(Amount in Ruppees)

	Current reporting period	Previous reporting period
<b>NOTE 7 : CASH &amp; BANK BALANCES</b>		
(a) Cash & Cash Equivalents		
Balances with Banks	3,756,347	131,865
	<u>3,756,347</u>	<u>131,865</u>
<b>NOTE 8 : SHORT TERM LOANS &amp; ADVANCES</b>		
Advance income tax(net of Provisions)	19,515	-
Advances to Employees	-	88,887
	<u>19,515</u>	<u>88,887</u>
<b>NOTE 9 : REVENUE FROM OPERATIONS</b>		
(Other than Finance Company)		
(a) Sale of Services		
Engineering Design Services	35,173,677	10,371,200
Less: Escise Duty	-	-
	<u>35,173,677</u>	<u>10,371,200</u>
<b>NOTE 10 : EMPLOYEE BENEFITS EXPENSES</b>		
(a) Salaries & Wages	20,301,224	5,287,202
(b) Contribution to Provident & Other Funds	1,869,443	467,227
(c) Staff Welfare Expenses	-	34,663
	<u>22,170,667</u>	<u>5,789,092</u>
<b>NOTE 11 : OPERATING &amp; ADMINISTRATIVE EXPENSES</b>		
Commission & Brokerage	1,089,721	-
Consultants Fees	7,490,236	-
Office Maitenance	116	-
Miscellaneous Expenses	40	-
Postage and Telegram	3,262	-
Legal & Professional Charges	570,336	2,893,588
Rates & Taxes	25,743	-
Rent Paid	131,100	80,968
Traveling & Conveyance	2,160,730	607,494
	<u>11,471,284</u>	<u>3,582,050</u>
<b>NOTE 12 : FINANCE CHARGES</b>		
Processing Fees & Bank Charges	17,944	65,464
	<u>17,944</u>	<u>65,464</u>



## CADES TECHNOLOGY CANADA INC.

### NOTE - 13 : SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

#### Company overview

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

Cades Technologies Canada Inc. ('The Company') is a subsidiary of Cades Digitech Private Limited. Cades Digitech Private Limited is a subsidiary of M/s. Axis IT & T Limited.

#### I. SIGNIFICANT ACCOUNTING POLICIES:

##### 1. Basis of Preparation of financial Statements

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

##### 2. Use of estimates

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

##### 3. Fixed assets and depreciation

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

##### 4. Foreign exchange transactions and translation of financial statements

The local currency of the Company is Canadian Dollar (CAD)

The Company is a foreign subsidiary of Cades Digitech Private Limited and is considered an non-integral operation in accordance with Accounting Standard-11, The Effect of changes in Foreign Exchange Rates. Accordingly, these financial statements have been presented in Indian Rupees and CAD is considered as foreign currency. Foreign currency transactions are recorded at the average foreign exchange rates during the period. All monetary assets and liabilities are translated at the foreign exchange rate as of the balance sheet date and non monetary assets and liabilities are translated at the historical foreign exchange rates. All resulting exchange difference arising out of year-end translations are recorded as in foreign currency translation reserve.



## 5. Income tax

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

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

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

## 6. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

## 7. Impairment of assets

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

## 8. Earnings per share

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

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





## II Notes to Accounts

### 1. Related party transaction:

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

Cades Digitech Private Limited - the holding Company  
Cades Digitech USA - Branch of a Holding Company

The following is the listing of payables to related parties:

Name of the Party	As at March 31,2012	As at March 31,2011
Cades Digitech Private Limited	51,04,724	49,99,400
Cades Digitech USA	6,64,941	10,68,261

### 2. Earnings/(Loss) per share

Profit or (Loss) for the year	Rs.12,02,943	Rs.486,343
Weighted average number of equity shares	100 shares	83.33 shares
[100 shares of face value of CAD\$1 for 10 months)	12,029	5,836

### 3. Segment reporting

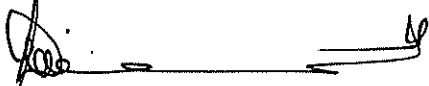
The Company has one business segment and geographic segment; hence segment information is not required to be disclosed.

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

As per our report of even date

for and on behalf of the Board

for G D & ASSOCIATES  
Chartered Accountants

  
DINESHA M S  
Partner  
Membership No. 215946

  
S. RAVI NARAYANAN  
Director

Place: Bangalore  
Date: May 25, 2012

