

Director's Report

To The Members
Cades Technology Canada Inc.

Your Directors are pleased to present their report on the business operation of the company for the period from 01st April 2013 to 31st March 14 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 GD& Associates, Chartered Accountants, Bangalore, India, for the purpose of publishing the Audited accounts of its parent company Axis-IT&T Limited in accordance with the statutory requirements in India.

1. Financial Results for 1st April,2013 to 31st March, 2014

PARTICULARS	FY 2013-14(in CAD\$)	FY 2012-13(in CAD\$)
Income	3,358,065	1,478,677
Expenditures excluding Tax	2,598,407	1,236,570
Net Profit before Tax	759,658	242,107
Less Tax	207,161	66,200
Profit after Tax	552,497	175,907

II. Business Activity

The Company is engaged in rendering engineering design service for the aerospace sector in Canada and has started operations in December 2010 and has shown considerable progress during the period. During the year, it has augmented its employee strength from 21 to 23 resulting in higher revenue and further consolidation of its presence with its customers.

III. Directors

Mr. S. Ravi Narayanan is the Director, President-Secretary and Treasurer of the Company. Mr. Sreedhar Rao Ellentala was appointed as Director in the company w.e.f. 29th May 2013.

Sd/-

Sreedhar Rao Ellentala
Director

Date: 16th May 2014

Place: Banagalore



AUDITORS REPORT

1. We have examined the attached Balance Sheet of **M/s. CADES TECHNOLOGY CANADA INC** as at **March 31, 2014** and the Profit and Loss Account for the year ended on **March 31, 2014**. 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, 2014.
 - ii. In the case of Profit and Loss account Profit of the Company for the period ended on that date.



Place : Bangalore
Date : May 16, 2014

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

DINESHA M S
Partner.
Membership No.215946

Balance Sheet

	NOTE	As at 31 March 2014 CAD \$	As at 31 March 2013 CAD \$
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2	100	100
Reserves and surplus	3	764,089	211,592
		<u>764,189</u>	<u>211,692</u>
CURRENT LIABILITIES			
Long-term borrowings		-	-
Long-term provisions		-	-
		<u>-</u>	<u>-</u>
CURRENT LIABILITIES			
Short-term borrowings		-	-
Trade payables	4	854,924	295,694
Other current liabilities	5	354,933	148,998
Short-term provisions	5	-	-
		<u>1,209,857</u>	<u>444,692</u>
TOTAL		<u><u>1,974,049</u></u>	<u><u>656,386</u></u>
ASSETS			
NON-CURRENT ASSETS			
Fixed assets		-	-
Tangible assets		-	-
Intangible assets		-	-
Non-current investments		-	-
Long-term loans and advances	8	749	749
		<u>749</u>	<u>749</u>
CURRENT ASSETS			
Trade receivables	6	1,760,387	559,398
Cash and bank balances	7	53,471	77,408
Short-term loans and advances	8	65,943	16,071
Other current assets	9	93,499	2,760
		<u>1,973,300</u>	<u>655,637</u>
TOTAL		<u><u>1,974,049</u></u>	<u><u>656,386</u></u>

Notes 1 to 17 form an integral part of these financial statements.

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

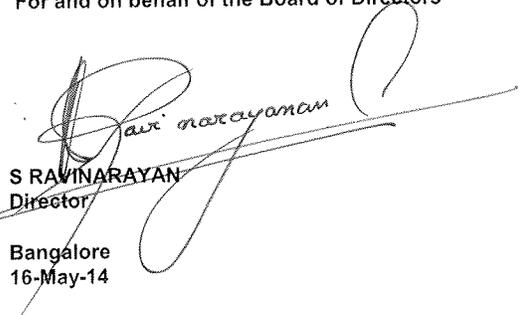
As per our report of even date
for G D & ASSOCIATES
Chartered Accountants



DINESHA M S
Partner
Membership No - 215946
Bangalore
16-May-14



For and on behalf of the Board of Directors



S RAVINARAYAN
Director

Bangalore
16-May-14

Statement of Profit and Loss Account

	NOTE	Year ended 31 Mar 2014 CAD \$	Year ended 31 March 2013 CAD \$
INCOME			
Revenue from operations	10	3,350,035	1,478,677
Other income	11	8,030	-
TOTAL		3,358,065	1,478,677
EXPENSES			
Employee benefit expenses	12	1,437,928	970,224
Direct project expenses	13	944,667	122,106
Other expenses	13	215,812	144,240
TOTAL		2,598,407	1,236,570
		759,658	242,107
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)			
Depreciation and amortisation expense	14	-	-
Finance costs	14	-	-
		759,658	242,107
PROFIT BEFORE TAX			
Tax expense			
Current tax		207,161	66,200
		552,497	175,907
PROFIT FOR THE PERIOD			
Earnings per equity share:			
Basic & diluted (Par value of ₹ 10)	15	5,524.97	1,759.07

Notes 1 to 17 form an integral part of these financial statements.

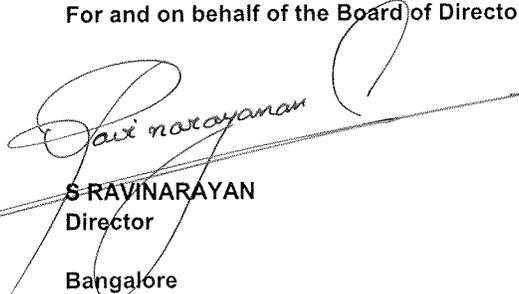
This is the statement of profit and loss referred to in our report of even date.

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


DINESHA M S
Partner
Membership No - 215946
Bangalore
16-May-14



For and on behalf of the Board of Directors


S RAVINARAYAN
Director

Bangalore
16-May-14

Notes to the financial statements for the year ended 31 March 2014 (Contd)

(f) Impairment of assets

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

(g) Finance costs

Finance 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.

(h) Investments

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

(i) Foreign currency transactions

Initial recognition

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

Conversion

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

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

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

(j) Employee benefits

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

Provident fund

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

Overseas social security charges

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 Statement of profit and loss in the year in which such gains or losses arises.



Notes to financial statements for the year ended 31 March 2014 (Cont'd)

Compensated absences

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

(k) Income taxes*Current tax*

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

Deferred tax

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

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

(l) Provisions and contingent liabilities

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

(m) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares).

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

(n) Derivative instruments and hedge accounting

The Company uses foreign exchange forwards contracts to hedge its exposure to movements in foreign exchange rates. These foreign exchange forward contracts are not used for trading or speculation purposes.

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

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

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



Notes to the financial statements for the period ended 31 March 2014

	As at 31 March 2014		As at 31 March 2013	
	Number	CAD \$	Number	CAD \$
2 SHARE CAPITAL				
Authorised				
100 Class A shares of Canada\$ 1 per share	-	-	-	-
	-	-	-	-
Issued, subscribed and paid up				
100 Class A shares of Canada\$ 1 per share	100	100	100	100
	100	100	100	100

a. Reconciliation of the equity share capital

	As at 31 March 2014		As at 31 March 2013	
	Number	CAD \$	Number	CAD \$
Balance at the beginning of the year	100	100	100	100
Add : Issued during the year	-	-	-	-
Balance at the end of the year	100	100	100	100

b. Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of CAD\$ 1 per share. Each equity share is entitled to one vote per share.

The Company declares and pays dividends in CAD\$.

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

c. Shares held by holding and intermediate holding companies

	As at 31 March 2014		As at 31 March 2013	
	Number	CAD \$	Number	CAD \$
Holding Company - Axis-IT&T Limited (refer Note 1(a))	100	100	100	100
	100	100	100	100

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

	As at 31 March 2014		As at 31 March 2013	
	Number	CAD \$	Number	CAD \$
(i) Axis-IT&T Limited	100	100	100	100
	100	100	100	100

3 RESERVES AND SURPLUS

Surplus in the statement of profit and loss

	As at 31 March 2014 CAD \$	As at 31 March 2013 CAD \$
Balance at the beginning of the year	211,592	35,685
Add : Transferred from statement of profit and loss	552,497	175,907
Balance at the end of the year	764,089	211,592



Notes to the financial statements for the period ended 31 March 2014 (contd.)

4 TRADE PAYABLES

	As at 31 March 2014 CAD \$	As at 31 March 2013 CAD \$
Dues to others	858	-
Dues to Holding Company	485,846	179,176
Accrued expenses	368,220	116,518
	<u>854,924</u>	<u>295,694</u>

5 OTHER CURRENT LIABILITIES

Duties and taxes payable	281,842	137,790
Dues to employees	72,539	10,656
Advances from customers	552	552
	<u>354,933</u>	<u>148,998</u>

6 TRADE RECEIVABLES

Considered good	<u>1,760,387</u>	<u>559,398</u>
	<u>1,760,387</u>	<u>559,398</u>

7 CASH AND BANK BALANCES

Cash and cash equivalents

Cash on hand	-	-
Balances with banks:		
- in current accounts	53,471	77,408
	<u>53,471</u>	<u>77,408</u>

8 LOANS AND ADVANCES

	As at 31 March 2014		As at 31 March 2013	
	Long term CAD \$	Short term CAD \$	Long term CAD \$	Short term CAD \$
Security deposit				
Unsecured, considered good	749	-	749	-
	<u>749</u>	<u>-</u>	<u>749</u>	<u>-</u>
Other loans and advances				
Unsecured, considered good				
Advance taxes (net of provision for taxation)		13,028	-	13,027
VAT input credit		1,323		1,657
Prepaid expenses	-	-	-	199
Advances to employees	-	51,592	-	1,188
	<u>-</u>	<u>65,943</u>	<u>-</u>	<u>16,071</u>
	<u>749</u>	<u>65,943</u>	<u>749</u>	<u>16,071</u>

9 OTHER CURRENT ASSETS

	As at 31 March 2014 CAD \$	As at 31 March 2013 CAD \$
Unbilled revenue	93,499	2,760
	<u>93,499</u>	<u>2,760</u>



Notes to the financial statements for the period ended 31 March 2014 (contd.)

	Year ended 31 Mar 2014 CAD \$	Year ended 31 March 2013 CAD \$
10 REVENUE		
Revenue from operations		
Engineering Design Services	3,350,035	1,478,677
Export		
	<u>3,350,035</u>	<u>1,478,677</u>
11 OTHER INCOME		
Interest income	8,030	-
Foreign exchange gain		
	<u>8,030</u>	<u>-</u>
12 EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	1,305,952	890,614
Contribution to other funds	131,212	79,610
Staff welfare expenses	764	-
	<u>1,437,928</u>	<u>970,224</u>
13 OTHER EXPENSES		
Rent	2,385	2,388
Direct project expenses	944,667	122,106
Travelling and conveyance	115,758	51,520
Repairs and maintenance		
-Buildings	9	3
-Others	300	150
Rates and taxes	6,048	478
Net loss on foreign currency transactions and translation	-	5,859
Legal and professional charges	87,801	61,664
Sales commission and brokerage	-	20,355
Processing fee and other bank charges	711	1,739
Postage and courier charges	283	84
	<u>1,160,479</u>	<u>266,346</u>
14 FINANCE COSTS		
Interest on other loans	-	-
	<u>-</u>	<u>-</u>
15 EARNINGS PER SHARE (EPS)		
a) Profit after tax attributable to equity shares (in CAD \$)	552,497	175,907
b) Weighted average number of shares outstanding	100	100
c) Nominal value of shares (in CAD \$)	1	1
d) Basic and diluted earning per share (in CAD \$)	5,524.97	1,759.07

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Notes to the financial statements for the year ended 31 March 2014 (Cont'd)

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

ii. Key Management Personnel :

Chairman and Director

Mr. S Ravinarayanan

iii. Transactions with related parties:

(Amount in CAD \$)

	Nature of transaction	Holding Company / Intermediate Holding Company		Total	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
A	Direct project expenses				
	Cades Digitech Private Limited (Now merged into Axis-IT&T Limited)	857,847	-	857,847	-
A	Reimbursement of expenses				
	Cades Digitech Private Limited (Now merged into Axis-IT&T Limited)	241,706	125,877	241,706	125,877

iv. Balances as at the year end

(Amount in CAD \$)

	Nature of Transaction	Holding Company / Intermediate		Total	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
A	Trade Payables				
1	Cades Digitech Private Limited (Now merged into Axis-IT&T Limited)	389,222	-	389,222	389,222
B	Reimbursement of expenses				
1	Cades Digitech Private Limited (Now merged into Axis-IT&T Limited)	94,349	-	94,349	94,349

17 PREVIOUS YEAR FIGURES

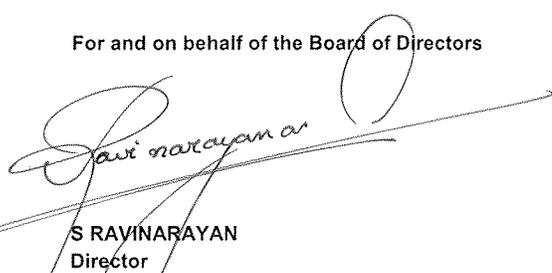
Previous year figures have been regrouped or reclassified wherever considered necessary to conform to current year classification.

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


DINESHA M S
Partner
Membership No - 215946
Bangalore
16-May-14



For and on behalf of the Board of Directors


S RAVINARAYAN
Director

Bangalore
16-May-14

Balance Sheet

	As at 31 March 2014 CAD	As at 31 March 2014 INR	As at 31 March 2013 CAD	As at 31 March 2013 INR
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share capital	100	5,741	100	5,342
Reserves and surplus	7,64,089	438,66,349	2,11,592	113,03,763
	<u>7,64,189</u>	<u>438,72,090</u>	<u>2,11,692</u>	<u>113,09,105</u>
NON CURRENT LIABILITIES				
Deferred tax liabilities, net	-	-	-	-
CURRENT LIABILITIES				
Short-term borrowings	-	-	-	-
Trade payables	8,54,925	490,81,244	2,95,695	157,96,751
Other current liabilities	3,54,935	203,76,818	1,48,999	79,59,892
	<u>12,09,860</u>	<u>694,58,063</u>	<u>4,44,694</u>	<u>237,56,643</u>
TOTAL	<u>19,74,049</u>	<u>1133,30,153</u>	<u>6,56,386</u>	<u>350,65,748</u>
ASSETS				
NON-CURRENT ASSETS				
Fixed assets				
Tangible assets		-		-
Intangible assets		-		-
Non-current investments		-		-
Long-term loans and advances	749	43,000	749	40,013
	<u>749</u>	<u>43,000</u>	<u>749</u>	<u>40,013</u>
CURRENT ASSETS				
Trade receivables	17,60,387	1010,63,818	5,59,398	298,84,412
Cash and bank balances	53,471	30,69,770	77,408	41,35,325
Short-term loans and advances	65,943	37,85,788	16,071	8,58,552
Other current assets	93,499	53,67,778	2,760	1,47,446
	<u>19,73,300</u>	<u>1132,87,153</u>	<u>6,55,637</u>	<u>350,25,735</u>
TOTAL	<u>19,74,049</u>	<u>1133,30,153</u>	<u>6,56,386</u>	<u>350,65,748</u>

Statement of Profit and Loss

	Year ended 31 March 2014 CAD	Year ended 31 March 2014 INR	Year ended 31 March 2013 CAD	Year ended 31 March 2013 INR
INCOME				
Revenue from operations	33,50,035	1816,60,907	14,78,677	789,94,548
Other income	8,030	4,35,439	-	-
TOTAL	33,58,065	1820,96,347	14,78,677	789,94,548
EXPENSES				
Employee benefit expenses	14,37,928	779,73,903	9,70,224	518,31,743
Direct project expenses	9,44,667	512,26,051	1,22,106	65,23,202
Other expenses	2,15,812	117,02,745	1,44,240	77,05,654
TOTAL	25,98,407	1409,02,699	12,36,570	660,60,599
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)	7,59,658	411,93,648	2,42,107	129,33,949
Depreciation and amortisation expense	-	-	-	-
Finance costs	-	-	-	-
PROFIT BEFORE TAX	7,59,658	411,93,648	2,42,107	129,33,949
Tax expense				
- Current tax	2,07,161	112,33,630	66,200	35,36,566
NET PROFIT	5,52,497	299,60,017	1,75,907	93,97,383
Earnings per share:				
Basic and diluted	5,524.97	2,99,600.17	1,759.07	93,973.83