



3D PLM SOFTWARE SOLUTIONS LTD.

Regd. Office:

Plant 11, 3rd Floor, Pirojshanagar, Vikhroli (West), Mumbai - 400 079, India

Board's Report

To

The Members,

3D PLM Software Solutions Limited

The Directors have pleasure in presenting their Report on the business and operations of the Company for the year ended March 31, 2016

I. FINANCIAL STATEMENT AND RESULTS:

1. Financial Results:

Your Company's financial performance for the year under review has been encouraging and is summarised below:

(All amount in millions)

PARTICULARS	Consolidated		Standalone	
	FY16	FY15	FY16	FY15
Net Sales	3,360	2,914	3,005	2,910
Total Expenses other than Depreciation & Finance Cost	2,581	2,094	2,290	2,087
Profit from Operations before Other Income, Finance Cost & Exceptional Items	779	819	715	823
Depreciation	231	212	208	212
Profit from Operations before Other Income, Finance Cost & Exceptional Items	548	607	506	612
Foreign Exchange Gain/ (Loss)	311	135	313	135
Other Income	32	39	37	39
Profit before Finance Cost & Exceptional Items	892	781	856	786
Finance Cost	-	-	-	-
Profit Before Tax	892	781	856	786
Tax Expense	292	268	292	268
Net Profit for the period	600	514	565	518
Appropriation				
Surplus as at end of previous year	1,329	1,413	1,333	1,413
Add: Net Profit for the year	600	514	565	518
Available for appropriation	1,929	1,927	1,898	1,931
Less: Interim Dividend	616	466	616	466
Less: Tax on distributed profits	125	79	125	79
Less : Adjustment pursuant to revision in useful life of assets (Net of tax impact)	-	1	-	1
Less: Transfer to General Reserve	57	52	57	52
Total Appropriation	799	598	799	598
Surplus Carried Forward	1,130	1,329	1,099	1,333

Board's Report (Contd.)

2. Operations [Nature of Business]:

3D PLM has completed successfully fourteen years of operation and continues to add value to Dassault Systèmes (DS). We have been continuing to work to strengthen DS activities in India and creating stronger synergies between all teams across different DS locations. 3D PLM works on 8 major software Brands of DS, viz, ENOVIA, CATIA, 3DVIA, SIMULIA, SOLIDWORKS, DELMIA, GEOVIA and 3DEXCITE.

There was no change in nature of business of the company during the year.

Company still contributing services in below areas:

- Product Development: Support Dassault Systemes in development of products in the areas mentioned above.
- Testing & Quality Assurance: Our Product Testing & Quality Assurance teams are an integral part of our development process. They ensure that our software products are thoroughly tested at every stage.
- Customer Support: The Customer Support team resolves customer queries, suggests workarounds, and advises best practices to global customers of Dassault Systèmes products.
- Product Documentation: With each new release, our technical publications team develops and delivers user assistance, video courses, and knowledge base articles that enable our customers to stay updated.
- Courseware Development: Our Learning Solutions team creates best-in-class learning content & learning software. The learning content is developed by a highly skilled team of technical domain specialists, subject matter experts, instructional designers & writers. Additionally, our trainers team provides training support to a global network of partners.

3. State of the Company's Affairs:

This year has been very challenging for R&D with releases on 3DEXPERIENCE platform, cloud etc. All the R&D deliveries were met as per plan without serious issues. We have started a new R&D team to develop the products for 3DExcite. Created new team for IT applications, made significant releases of 3DEXPERIENCE University.

BAPS team which is providing financial shared services to Dassault Systemes is doing well.

Last year, we have started our 100% owned new subsidiary, 3D PLM Global Services Pvt Ltd (3D GS). This new subsidiary is giving software services to Dassault Systèmes, Geometric and other partners of Dassault Systèmes. This entity is doing pretty well, meeting all the targets set for it.

Operationally, we have done fairly well with a growth of 9% in revenues (in INR) and 9 % growth in Profit Before Taxes (PBT).

During the year company has added 48 employees (net additions). It had voluntary employee turnover of 10% which is much lower than Industry in general.

4. Report on Performance of Subsidiary:

A statement containing salient features, performance and financial position of each of the subsidiaries for the year ended March 31, 2016 is attached and marked as **Annexure I** (AOC-1) which forms part of this Report.

The entire set of subsidiary financials will be kept ready for inspection at the registered office and the same will be displayed on the Company's website, in accordance to the requirements of the Act.

5. Amalgamation procedure initiated:

The Board has approved a proposal for entering into a composite Scheme of Arrangement and Amalgamation amongst Geometric Limited, HCL Technologies Limited and 3D PLM Software Solutions Limited and their respective shareholders and creditors pursuant to the provisions of Sections 391 to 394 read with Section 100 of the Companies Act, 1956 or under Section 230 to 234 of the Companies Act, 2013 and other applicable provision, if any, of the Companies Act, 1956 and/or Companies Act, 2013 & the relevant provisions made thereunder.

The composite Scheme of Arrangement and Amalgamation involves the following:

- (i) Demerger of the IT enabled engineering services, PLM services and engineering design productivity software tools business of the Company including the overseas subsidiaries but excluding the shares held by the Company in 3D PLM Software Solutions Ltd., ("**Demerged Business Undertaking**") to HCL Technologies Limited, as a going concern, together with all its properties, assets, liabilities,

Board's Report (Contd.)

rights, benefits and interest therein. In consideration for the transfer and vesting of the Demerged Business Undertaking in HCL Technologies Limited, HCL Technologies Limited shall issue and allot shares, credited as fully paid up, to all the equity shareholders of the Company, as the case may be, whose names appear in the Register of Members as on the Record Date to be fixed in that behalf by the Board of Directors of the Company for the purpose of reckoning name of equity shareholder of the Company in the following ratio:

For every 43 equity shares of the face value of ₹ 2 each held in the Company on the record date, 10 equity shares of ₹ 2 each fully paid-up of HCL Technologies Ltd for the demerger.

The equity shares issued by T shall be listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

- (ii) Thereafter, the Company comprising the shares held by it in 3D PLM Software Solutions Limited ("**Remaining Undertaking**") shall be merged and amalgamated with 3D PLM Software Solutions Limited. In consideration of the amalgamation, 3D PLM Software Solutions Limited shall issue and allot:
- to each resident shareholder of the Company and, subject to approval by the Reserve Bank of India, all non-resident shareholders of the Company, 1 (one) fully paid up redeemable preference shares of ₹68 each in 3D PLM Software Solutions Limited ("**Redeemable Preference Share**") for every 1 (one) fully paid up equity shares each of the Company; or
 - If the approval of the Reserve Bank of India as contemplated above is not received, such shareholders shall be issued and allotted 24 fully paid unlisted equity share of ₹ 10 each of 3D PLM Software Solutions Limited for every 1793 fully paid up equity shares of ₹ 2 each of the Company held by such shareholder which shall be compulsory purchased by Dassault Systemes and/or its nominees immediately on issuance at a price of ₹ 5080.3 per equity share.

The Redeemable Preference Shares issued by 3D PLM Software Solutions Limited pursuant to the Amalgamation are proposed to be listed on the BSE. However, the equity shares, if any, issued by 3D PLM Software Solutions Limited to each shareholder of the Company who is a non-resident pursuant to the Amalgamation will remain unlisted and compulsorily purchased in the manner set out in the draft Scheme.

- (iii) Demerger of the IT enabled engineering services, PLM services and engineering design productivity software tools business of the Company including the overseas subsidiaries but excluding the shares held by the Company in 3D PLM Software Solutions Ltd., ("**Demerged Business Undertaking**") to HCL Technologies Limited, as a going concern, together with all its properties, assets, liabilities, rights, benefits and interest therein. In consideration for the transfer and vesting of the Demerged Business Undertaking in HCL Technologies Limited, HCL Technologies Limited shall issue and allot shares, credited as fully paid up, to all the equity shareholders of the Company, as the case may be, whose names appear in the Register of Members as on the Record Date to be fixed in that behalf by the Board of Directors of the Company for the purpose of reckoning name of equity shareholder of the Company in the following ratio:

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Board's Report (Contd.)

Rationale of the Composite Scheme of Arrangement and Amalgamation:

A. Demerger

HCL Technologies Limited has a rapidly growing engineering services business and is a leader in embedded systems and software engineering services with strengths in the aerospace, hi-tech and telecom markets. The Company is a leader in PLM software services combined with capability in mechanical engineering and some unique technologies. The Company's market strength lies in automotive and industrial arenas.

The consolidation will widen the markets and expertise and the combined entity will be able to offer its customers a unique blend of services and solutions around PLM, engineering software, embedded software, mechanical engineering and geometry related technologies.

B. Amalgamation

The Company and Dassault Systemes recognize that the changes in technology and the consequent evolution of software development would require a very tight and close integration between the research and development centers of Dassault Systemes.

The proposed integration of 3D PLM Software Solutions Limited into Dassault Systèmes as a result of the Amalgamation will mark the strategic next phase in the contribution of 3D PLM Software Solutions Limited in Dassault Systemes cut and place' strategic research and development operations.

While the Amalgamation will result in transfer of ownership and control of 3DL to Dassault Systemes, it will also provide the shareholders of the Company an opportunity to directly participate and receive listed Redeemable Preference Shares of 3D PLM Software Solutions Limited as consideration.

Proposed amendment in Articles of Association of the Company:

In pursuance to the proposed scheme of amalgamation, the Board approved a proposal for adoption of revised Articles of Association for enabling issue of redeemable preference shares subject to approval of shareholders.

An Extra-ordinary General Meeting of the shareholders of the Company has been convened on Monday, April 25, 2016 to approve the same.

6. Dividend:

The Board of Directors declared it that the First interim dividend of ₹ 250 per share (2500%) on July 15, 2015 and declared Second interim Dividend paid of ₹ 147 per share (1470%) on March 14, 2016 on Financial Year 2015-16.

7. Transfer to Reserves:

The Board has recommended transfer of ₹ 57 Millions to the General Reserve out of the amount available for appropriation and an amount of ₹ 1099 Millions is proposed to be carried forward to the Statement of Profit and Loss.

8. Revision of Financial Statement:

There was no revision of the financial statements for the year under review.

9. Deposits:

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

10. Disclosures under Section 134(3)(I) of the Companies Act, 2013:

No material changes and commitments which could affect the Company's financial position, have occurred between the end of the Financial Year of the Company and date of this report.

11. Disclosure of Internal Financial Controls:

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate.

Board's Report (Contd.)

12. Disclosure of Orders passed by Regulators or Courts or Tribunal:

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

13. Particular of Contracts or Arrangement with Related Parties:

The details of transactions/contracts/arrangements entered by the Company with related party(ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review, are furnished in **Annexure II (AOC-2)** forms part of this Report.

14. Particulars of Loans, Guarantees and Investment:

Particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013, are given in the notes to the financial statements provided in this Annual Report.

15. Disclosure under Section 43(a)(ii) of the Companies Act, 2013:

The Company has not issued during the financial year under review any shares with differential rights and hence no information as per provisions of Section 43(a) (ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

16. Disclosure under Section 54(1)(d) of the Companies Act, 2013:

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1) (d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

17. Disclosure under Section 62(1)(b) of the Companies Act, 2013:

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

18. Disclosure under Section 67(3) of the Companies Act, 2013:

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.

II. MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

1. Directors & Key Managerial Personnel:

Ms. Anita Ramachandran was appointed as Independent Director of the Company in whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 to hold office for 3 (three) consecutive years i.e July 15, 2015 to July 14, 2018.

Ms. Pallavi Pathak was appointed as Alternate Director to Mr. Manu Parpia, Director of the Company at board meeting held on April 14, 2015, as per the provisions of Section 161(2) of the Companies Act, 2013.

Mr. Dominique Florack resigned from the Board of the Company w.e.f March 31, 2015 and was re-appointed as Director w.e.f July 1, 2015 and his appointment was confirmed at an Extra-ordinary General Meeting held on July 15, 2015 for a term of three years in accordance with section 163 of the Companies Act, 2013.

2. Statement on declaration given by Independent Directors:

The Company has received declarations from all the Independent Directors under Section 149(6) of the Companies Act, 2013 confirming their independence vis-à-vis the Company.

3. Disclosures related to Board, Committees and Policies:

(i) Board Meetings:

The dates on which the Board of Directors met during the financial year under review are April 14, 2015, July 1, 2015, October 15, 2015, January 29, 2016 and March 14, 2016.

Board's Report (Contd.)

3. Disclosures related to Board, Committees and Policies:(contd.)

(ii) Directors Responsibility Statement:

The Board of Directors of the Company confirms that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the Financial Year ending on March 31, 2016 and of the profit of the Company for the year ended on that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

(iii) Nomination and Remuneration Committee:

The Nomination and Remuneration Committee of Directors was constituted by the Board of Directors of the Company in accordance with the requirements of Section 178 of the Act.

The composition of the committee is as under:

1. Mr. Didier Gaillot, Chairman
2. Ms. Anita Ramachandran, Member
3. Mr. Ajay Mehra, Member
4. Mr. Manu Parpia, Member

The Board has, in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

Terms of reference and objectives of the Nomination and Remuneration Policy of the Company are stated in the Corporate Governance Report annexed to the Report as **Annexure IV**.

The Nomination & Remuneration Committee has met once during the year on July 15, 2015

(iv) Audit Committee:

The Board has constituted the Audit Committee of Directors in pursuance to the provisions of Section 177 of the Companies Act, 2013.

The composition of the committee is as under:

1. Mr. Ajay Mehra, Chairman
2. Mr. Didier Gaillot, Member
3. Mr. Anita Ramachandran, Member

During the year under review, the Board of Directors of the Company had accepted all the recommendations made by the Audit Committee.

Board's Report (Contd.)

3. Disclosures related to Board, Committees and Policies:(contd.)

The Audit Committee has met on the following dates during the year under review are July 15, 2015, October 15, 2015, January 19, 2016 & March 14, 2016.

(v) Development and Implementation of a Risk Management Policy:

The Board of Directors of the Company has developed and implemented Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

(vi) Corporate Social Responsibility Policy:

As per the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee as under:

1. Mr. Manu Parpia, Director
2. Mr. Didier Gaillot, Director
3. Mr. Ajay Mehra, Independent Director

The Board of Directors of the Company has approved CSR Policy based on the recommendation of the CSR Committee. The Company has initiated activities in accordance with the said Policy, the details of which have been prescribed in **Annexure III**.

The CSR Policy of the Company is available on the Company's web-site and can be accessed in the link provided hereinbelow:

http://www.3dplmsoftware.com/CSR%20Policy_3DPLM_final.pdf

The Company collaborated with third party implementation agencies and spent part of the prescribed amount towards CSR during FY 2015-16. A detailed report on the CSR activities of the Company is enclosed as **Annexure III**.

(vii) Disclosure under Section 197(12) of the Companies Act, 2013 and Other Disclosures as per Rule 5 of Companies (Appointment & Remuneration) Rules, 2014:

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year under review has been marked as **Annexure IV**.

III. AUDITORS AND REPORTS:

The matters related to Auditors and their Reports are as under:

1. Observations of Statutory Auditors on Accounts for the year ended March 31, 2016:

The Auditors' report for the financial year ended March 31, 2016 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with financial statements in this Annual Report.

2. Fraud Reporting:

During the year under review, there were no instances of material or serious fraud falling under Rule 13(1) of the Companies (Audit and Auditors) Rules, 2014, by officers or employees reported by the Statutory Auditors of the Company during the course of the audit.

3. Secretarial Audit Report for the year ended March 31, 2016:

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report issued by, Mr. Atul Gandhi, Practicing Company Secretary, in Form MR-3 for the Financial Year 2015-16 forms part to this report and has been attached as **Annexure V**. The said report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

Board's Report (Contd.)

4. Ratification of Appointment of Auditors:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No. 101049W) the Statutory Auditors of the Company have been appointed for a term of 5 years i.e. from the conclusion of the 13th Annual General Meeting until the conclusion of the 18th Annual General Meeting at the Annual General Meeting held on July 16, 2014, subject to ratification at every Annual General Meeting. Accordingly, their appointment as Statutory Auditors of the Company shall be required to be ratified by the Members at the ensuing Annual General Meeting. The Company has received a certificate from the said Auditors confirming that their appointment, if ratified, would be within the prescribed limit under Section 139 of the Companies Act, 2013 and that they are not disqualified to act as the Auditors and are eligible to continue to hold office as Statutory Auditors of the Company. Your Directors recommend the ratification of appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company.

IV. OTHER DISCLOSURES

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

1. Extract of Annual Return:

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the Financial Year ended March 31, 2016 made under the provisions of Section 92(3) of the Act is attached as **Annexure VI-Form MGT-9** which forms part of this Report.

2. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are furnished in **Annexure VII** which forms part of this Report.

3. Sexual harassment:

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace and has also established Investigation and Redressal Committee, as stipulated by The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder. During the year under review, no complaints in relation to such harassment at workplace have been reported.

V. ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

On behalf of the Board of Directors,

Sd/-

Anita Ramachandran
(DIN: 00118188)
Director

Sd/-

Sudarshan Mogasale
(PAN: AAXPM5923B)
Manager and CEO

Place: Mumbai

Date: April 18, 2016

Annexure 'I' - Board's Report (Contd.)

Form AOC - I - Statement containing salient features of the financial statement of subsidiary/ associates companies/joint Ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

(Amount in ₹ except % of shareholding)

1	Name of the subsidiary	3D PLM Global Services Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2016
3	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	INR
4	Share capital	99,100,000
5	Reserves & surplus	31,210,298
6	Total assets	243,312,170
7	Total Liabilities	243,312,170
8	Investments	4,511,745
9	Turnover	354,883,004
10	Profit before taxation	35,721,791
11	Provision for taxation	265,350
12	Profit after taxation	35,456,441
13	Proposed Dividend	-
14	% of shareholding	100%

On behalf of the Board of Directors,

Sd/-

Anita Ramachandran
(DIN: 00118188)
Director

Sd/-

Sudarshan Mogasale
(PAN: AAXPM5923B)
Manager and CEO

Place: Mumbai

Date: April 18, 2016