

AXIS-IT&T LIMITED (formerly IT&T Limited)

ANNUAL REPORT 2006-2007

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AXIS-IT&T LIMITED (formerly IT&T Limited)

BOARD OF DIRECTORS

MR. ROHITASAVA CHAND	<i>Executive Chairman</i>
DR. AJAY SHANKAR	<i>Group President</i>
MR. ASHISH CHAND	<i>Director</i>
MR. ASHOK SAIGAL	<i>Director</i>
MR. ATUL SHARMA	<i>Director</i>
MR. OM PRAKASH MISHRA	<i>Director</i>
MR. PRADEEP MAITRA	<i>Director</i>
MR. VINAY SHANKAR	<i>Director</i>
MR. KAILASH M. RUSTAGI	<i>Director</i>
MR. JOSEPH KOSHY	<i>Director</i>
MS. SHWETA AGARWAL	<i>Company Secretary & Compliance Officer</i>

REGISTERED OFFICE

AXIS-IT&T Limited (Formerly IT&T Limited)
325, South Ex Plaza- II,
209, Masjid Moth,
NDSE- II, New Delhi - 110 049.

CORPORATE OFFICE

AXIS-IT&T Limited (formerly IT&T Limited)
D-30, Sector- III,
NOIDA

BAKNERS

ABN Amro Bank N.V.
Hansalaya Building
15, Barakhamba Road
Connaught Place,
New Delhi - 110 001.

AUDITORS

Walker Chandiok & Co.
L-41, Connaught Circus,
New Delhi - 110 001.

AXIS-IT&T LIMITED (formerly IT&T Limited)

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the members of AXIS-IT&T Limited (formerly IT&T Limited) will be held at Lakshmi Pat Singhania Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, P.O. Box – 130, New Delhi – 110016 on Friday the 28th day of September, 2007 at 3.30 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended 31st March, 2007 and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ajay Shankar, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. K.M. Rustagi, who retires by rotation and, being eligible offers himself for re-appointment.
4. Mr. Atul Sharma, retires at the Annual general meeting as he has not offered himself for re-appointment and the company may resolve not to fill the vacancy arising due to his retirement.
5. To consider, and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
“RESOLVED THAT, the retiring auditors M/s Walker Chandiok & Co., Chartered Accountants, New Delhi, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration and reimbursement of out of pocket expenses as may be approved by the Board of Directors of the Company.”

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:
“Resolved that, Mr. Joseph Koshy who was appointed as an additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 and who has offered his candidature for the office of Director pursuant to section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the company liable to retire by rotation.”

By Order of the Board of Directors

For AXIS-IT&T Limited

Sd/-

Shweta Agrawal
Company Secretary

Place : Noida
Date : 31/07/07

NOTES:

1. A Member entitled to attend and vote is, entitled to appoint a proxy to attend the Meeting. A proxy need not be a Member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting. Under the Companies Act, 1956, voting is by show of hands unless a poll is demanded by a member or members present, or by proxy holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid up capital of at least Rs. 50,000. A proxy may not vote, except in a poll.
2. The proxy form duly complete and signed should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.
3. Explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of special business, under item no. 6 as set out above, is annexed hereto and forms part of the notice.
4. The register of Members and Share transfer shall remain closed from September 1, 2007 till September 28, 2007 (both days inclusive).
5. For the convenience of the members, an attendance slip is annexed to the proxy form. Members are requested to affix their signatures at the space provided and fill the particulars and hand over the attendance slip at the place of the Meetings.

AXIS-IT&T LIMITED (formerly IT&T Limited)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

1. Dr. Ajay Shankar has over thirty years of experience in the engineering design services domain. He has a Bachelor's Degree in Mechanical Engineering from the Indian Institute of Technology, New Delhi, India and a Masters Degree and Ph.D. in Mechanical Engineering from Carnegie-Mellon University, Pittsburgh, PA.
2. Mr. K. M. Rustagi is a Chartered Accountant & Company Secretary and he also has an LLB degree. He has worked with ICRA Ltd. which is a premier credit rating agency and had been a member of its Rating committee. He has done credit ratings of around 400 companies and has handled several consultancy assignments relating to investments, acquisitions, joint ventures and taxation.

Attendance record of the Directors seeking re-election (1.4.2006 to 31.3.2007)

At the Board Meeting

Name of the Director	No. of Board Meeting Held	No. of Meetings attended in person	Attendance at the last AGM
Mr. Ajay Shankar	8	7	Present
Mr. K.M. Rustagi	8	4	Present

At the Audit Committee Meeting

Name of the Director	No. of Held	No. of Meetings attended in person
Mr. Ajay Shankar	5	NA
Mr. K.M. Rustagi	5	5

EXPLANATORY STATEMENT

As required by section 173 of the Companies Act, 1956, the following explanatory statement sets out all the materials facts relating to the business mentioned in the accompanying notice dated 31st July 2007.

ITEM NO. 6

The Board of Directors at its meeting held on July 31st, 2007 had co-opted Mr. Joseph Koshy, as an Additional Director of the company and he holds office upto the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. Due notice under Section 257 of the Companies Act, 1956 has been received from Mr. Joseph Koshy, proposing himself for the candidature of directorship of the company.

Brief profile of Mr. Joseph Koshy

Mr. Joseph Koshy has done LLM from the University of Queensland Brisbane, Australia in Intellectual Property Law. He is a registered member of Bar Council of Delhi and is a Managing partner of the Law firm Joseph & Joseph. He has been appointed as counsel for the Union of India, in the High Court of Delhi.

Prior to his current position he was heading the IPR division of Fox Mandal & Co. and also handling litigations. He has an experience of 7 years as a lawyer.

None of the Directors are interested in the resolution except for Mr. Joseph Koshy.

By Order of the Board of Directors

For **AXIS-IT&T Limited**

Sd/-

Shweta Agrawal
Company Secretary

Place : Noida
Date : 31/07/07

AXIS-IT&T LIMITED (formerly IT&T Limited)

DIRECTORS' REPORT

To The Members,

Your Directors are pleased to present their report on the business and operations of the Company for the financial year ended 31st March 2007

I. Financial Results

Rs./Lacs

	Axis-IT & T Ltd.		Consolidated for the Group	
	2007	2006	2007	2006
Year ended March 31				
Total income	576.80	459.69	2485.74	2388.97
Total expenditure (before interest & depreciation)	659.18	438.77	2505.40	2416.09
Profit / (Loss) before interest, depreciation, amortization and extra ordinary items	(82.37)	(5.24)	(69.4)	(27.12)
Interest & other finance charges	7.28	1.36	27.01	22.27
Depreciation & amortization	98.76	114.61	112.39	131.01
Provision for diminution in the value of investments or Bad Advances & Debts/ (Written Back)	—	(26.16)	—	(26.16)
Profit/ (Loss) before Tax and Extraordinary Items	(188.41)	(95.05)	(208.8)	(154.24)
Extra Ordinary Income/ (Expenses)	—	—	49.74	—
Profit/ (Loss) before Tax	(188.41)	(95.05)	(159.06)	(154.24)
Provision for Tax – Current & Deferred	3.17	(0.50)	3.17	2.68
Profit / (Loss) after Tax	(191.58)	(94.55)	(162.23)	(156.92)
Tax Earlier Years	0.04	—	0.04	—
Prior Period Expense Adjustments/ (Income Adjustments)	—	—	—	—
Minority Interests	—	—	—	—
Profit/ (Loss) Brought Forward after adjusting amount transferred on Amalgamation	(1902.75)	(1808.20)	(1663.81)	(1506.89)
Balance Available for appropriation	(2094.37)	(1902.75)	(1826.08)	(1663.81)

2. Dividend

No dividends have been declared for the current year as the Company has not made profits.

3. Transfer to Reserves

During the current year an amount of Rs. 16,37,899 has been received as premium on Equity shares and therefore forms part of Reserves and Surplus.

4. Business Activities

During the year the Company remained focused on Engineering Design & Software Development.

A. Engineering Design

In engineering design, the company continues to focus on the Mechanical Engineering Domain. The Axis IT&T Group has at present over 150 engineers deployed globally in the engineering services domain who specialize in offering the following services:

- Product Design / Machinery Design
- Modeling / Detailing
- Analysis
- Reverse Engineering.

Axis-IT&T has now become one of the four approved suppliers of engineering services to Caterpillar India. The contract with Caterpillar India commenced in mid-August and a dedicated team of 46 engineers was formed. Considerable effort was spent in recruiting engineering staff and training them in CAT standards.

Extensive efforts in business development during the year have been successful in Axis-IT&T identifying and working with at least five new clients with the potential to outsource significant engineering project work. Repeat orders are expected from these clients enabling the company to increase its headcount by 40% in the next one year.

The rapid increase in work flow to Axis-IT&T emanating from its success in business development during the year resulted in it logging over 9000 hours of billable work in March'07 against a corresponding figure of approximately 2700 hours in March'06.

Axis-IT&T, during the year, continued to increase its presence in the structural engineering domain and has executed some projects for well known clients.

B. Software Development

AXIS-IT&T Limited provides development and testing services to software product companies to develop new and enhanced products. The company also collaborates with other organizations to develop customized software tools. The company focuses on building strong ties with its customers, enabling it to provide dependable, high-value, quality service.

During the year the company continued to nurture its relationship with Intervoice and has succeeded in doubling its headcount to 40 persons by securing additional work from Intervoice. As Axis-IT&T works as a virtual extension of the Intervoice teams in the US, this relationship is expected to continue for a long term and to be further enhanced.

As a result of the aforesaid growth in the Software Division, additional investments were made, during the year, in building new capacity in Gurgaon for the Division.

I. Subsidiaries

The statement pursuant to Section 212 of the Companies Act, 1956 is annexed as Annexure to this Report.

AXIS Inc.

AXIS- IT & T Limited has only one subsidiary which is incorporated in the US, namely AXIS Inc.

AXIS Inc. has a wholly owned subsidiary AXIS EU Ltd. in the UK.

The accounts of the Company as well as its wholly owned subsidiary – AXIS EU Limited are annexed hereto.

The company has no domestic subsidiary.

5. Major events Subsequent to Balance Sheet Date

There are no major events to report subsequent to the Balance Sheet date.

6. Corporate Governance

The company adheres to the SEBI prescribed corporate governance norms.

AXIS-IT&T LIMITED (formerly IT&T Limited)

The compliance report alongwith the Corporate Governance Policy is attached as an Annexure to this report.

The shares of the Company are listed on the following exchanges:

1. National Stock Exchange of India Ltd.
Exchange Plaza
Bandra Kurla Complex, Bandra (E), Mumbai.
2. The Bombay Stock Exchange – Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai.

7. Responsibility Statement of the Board of Directors

The Directors' responsibility statement setting out the compliance with the accounting and financial reporting requirements specified under Section 217(2AA) of the Companies (Amendment) Act, 2000 in respect of the financial statements is annexed to this report.

8. Directors

Dr. Ajay Shankar, Mr. K. M. Rustagi & Mr. Atul Sharma are liable to retire by rotation at the next Annual General Meeting. Dr. Ajay Shankar and Mr K. M. Rustagi being eligible offer themselves for reappointment. However, Mr. Atul Sharma is unable to devote time to the company owing to his other preoccupations & is, therefore, not offering himself for reappointment.

Dr. Ajay Shankar has over thirty years of experience in the engineering design services domain. He has a Bachelor's Degree in Mechanical Engineering from the Indian Institute of Technology, New Delhi, India and a Masters Degree and Ph.D. in Mechanical Engineering from Carnegie-Mellon University, Pittsburgh, PA.

Mr. K. M. Rustagi is a Chartered Accountant & Company Secretary and he also has an LLB degree. He has worked with ICRA Ltd. which is a premier credit rating agency and had been a member of its Rating committee. He has done credit ratings of around 400 companies and has handled several consultancy assignments relating to investments, acquisitions, joint ventures and taxation.

9. Auditors

The auditors M/s Walker Chandio & Co. retire from office at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

10. Auditors Report

The Auditors in para (x) of their CARO report on Standalone financials of the company have mentioned about the draining of the net worth of the company.

Upto 31st March 2007 your company spent a huge amount of money on building its capacity in order to cater to the foreseeable requirements of CAT India's (the major client) new projects as per the projections made to the company by CAT India. This capacity was built up over a period of the last 6 months and the whole of the amount spent has been reflected in the revenue accounts even though the benefit would flow from it over a much longer period.

Despite the fact of cash losses & accumulated losses being more than 50% of the Net worth of the company, the Directors have a strong belief that in the current year the company should generate cash surplus on account of a good build up of its order book. In fact the company achieved cash-break-even, on a consolidated basis, in the month of March 2007.

The Auditors in para 4 of their report on the consolidated Financial Statements have given an adverse comment of the non accounting of the investment in IT&T Global Services Ltd. as required by Accounting standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as issued by the Institute of Chartered Accountants of India.

The term "Associate" is defined under AS 18 which states that "An Associate is an enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a joint venture of that party"

Your company holds 28.56% of the Share Capital in IT&T Global Services Ltd. and has no significant influence on the working of the company as this company is neither a subsidiary nor a joint venture company of Axis-IT&T Ltd. Axis-IT&T

AXIS-IT&T LIMITED (formerly IT&T Limited)

Ltd. does not have any control on the Company IT&T Global Services Ltd., as it does not have a majority of its Directors or nominees on the Board of IT&T Global Services Ltd. The accounts of IT&T Global Services Ltd. were not ready and hence accounting for our interest in that company could not be done.

11. Conservation of Energy, Research & Development Technology Absorption, Foreign Exchange earnings and Outgo

The particulars prescribed under Section (1) (e) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are as follows:

1) Conservation of Energy

The operation of your Company involves low energy consumption and are not energy intensive. However, adequate measures have been taken to minimize the consumption through improved operational methods and new technologies. The company is using CFL bulbs to conserve the electricity and energy consumption.

2) Research & Development & Technology absorption

Since the requirements of the technology business are changing constantly, your Company has sought to focus on critical technologies and processes, which are likely to create value in the foreseeable future. As a part of this continuous evolution, your company has adopted the Six Sigma Methodology to bring about improvements in its processes and the quality of its offerings. Your company has undertaken a comprehensive exercise to upgrade the hardware so that the workstations represent state of the art technology. Application software packages are regularly upgraded to the latest version. Network management & information security policies & practices meet the stringent requirements of major clients such as Caterpillar.

3) Foreign Exchange Earnings and Outgoings:

Activities relating to Exports, initiatives taken to increase exports, development of new export markets for product and services, and export plans:

Axis-IT&T is focused primarily on exports of its Engineering & Software Services. The company has a delivery centre in Noida which is registered as an STP (Software Technology Park) Unit.

The company supplies its services to companies in the US, UK, Netherlands, Australia & Germany.

Axis-IT&T markets its services in the US & UK through Axis Inc. & Axis EU respectively.

The marketing team in the US & UK are supported by a Business Development Team based in India.

The Business Development team does a search of companies that could potentially require the services being offered by Axis-IT&T and generates leads for the marketing teams based in the US & UK to follow up on.

The Business Development & Marketing efforts have resulted in the opening of new markets for the company in the Netherlands & Germany.

Axis-IT&T is also supplying engineering services to Caterpillar India, Chennai, which is a registered STP and, therefore, the work done for it falls under the category of deemed exports.

During the year, sixteen new customers were added to the company's client list and the company has a continuously growing pipeline of both new customers as well as orders.

Foreign exchange earned and used:

S. No.	Particulars	2007 (Rs Lcs)	2006 (Rs. Lcs)
1.	Foreign Exchange Earnings (accrual basis)	428.60	404.25
2.	Foreign Exchange Outgo (Including Capital Goods & Spares)	14.49	—
3.	Deemed Exports	124.99	—

12. Particulars of Employees

There were no employees covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Company's Particulars of Employees' Rules 1975 as amended from time to time.

AXIS-IT&T LIMITED (formerly IT&T Limited)

Acknowledgement

Your Directors wish to place on record their appreciation of the contribution made by employees at all levels. The Directors also thank your company's Clients, Vendors, Investors and Bankers, along with various government agencies, the Software Technology Park, NOIDA and other industry forums and agencies like NASSCOM, for the support received during the year and look forward to their continued support in the future

For and on behalf of the Directors

Place : Noida
Date : 29/06/07

Sd/-
Rohitasava Chand
Executive Chairman

ANNEXURE TO DIRECTORS' REPORT OF AXIS-IT&T LIMITED (FORMERLY IT&T LIMITED)

A. STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES , ACT, 1956

Name of the Subsidiary Co.	Financial Yr. ending of the subsidiary	Number of share held	Extent of holding	For financial Year of the subsidiary		For Previous financial Year since it became a subsidiary	
				Profit/(Loss) so far as it concerns themselves of Axis-IT&T Ltd. and not dealt with in the books of accounts of AXIS-IT&T Ltd. (except dealt with in F)	Profit/(Loss) so far as it concerns the members of AXIS-IT&T Ltd. and dealt within the books of accounts of AXIS-IT&T Ltd.	Profit /(Loss) so far as it concerns the members of AXIS-IT&T Ltd. and not dealt with in the books of accounts of AXIS- IT&T Ltd. (except dealt with in H)	Profit/(Loss) so far as it concerns the members of AXIS-IT&T Ltd. and dealt within the books of accounts of AXIS-IT&T Ltd.
A	B	C	D	E	F	G	H
Overseas							
AXIS Inc.	31.03.2007	14000	100	Rs. (27.14) Lacs	Nil	Rs. (31.27) Lacs	Nil
AXIS EU Ltd. (All shares held by AXIS Inc.)	31.03.2007	91037	100	Rs. (0.31) Lacs	Nil	Rs. (90.14) Lacs	Nil

For and on behalf of the Directors

Rohitasava Chand
Executive Chairman

Om Prakash Mishra
Director

Sd/-
Shweta Agrawal
Company Secretary

Date : 29/06/2007
Place : Noida

AXIS-IT&T LIMITED (formerly IT&T Limited)

AXIS-IT&T LIMITED (formerly IT&T Limited)

ANNEXURE TO THE DIRECTORS REPORT

The Directors Responsibility statement as required under Section 217 (2AA) of the Companies (Amendment) Act, 2000

The financial statements are prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the company; on the historical cost convention; as a going concern and on the accrual basis. There are no material departures from prescribed accounting standards in the adoption of the accounting standards. The accounting policies used in the preparation of the financial statements have been consistently applied, except where otherwise stated in the notes on accounts. The Board of Directors and the management of your company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the company's state of affairs and profits for the year. To ensure this, the company has taken proper and sufficient care in installing a system of internal control and accounting records; for safeguarding assets, and, for preventing and detecting frauds as well as other irregularities; which is reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounts.

The financial statements have been audited by M/s Walker Chandiook & Co. Chartered Accounts, and the independent auditors.

The audit committee of your company meets periodically with the internal auditors and the independent auditors to review the manner in which the auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the independent auditors and the internal auditors have full and free access to the members of the audit committee to discuss any matter of substance.

For and on behalf of the Directors

Place: NOIDA
Date: 29 /6/ 2007

Sd/-
Rohitasava Chand
Executive Chairman

AXIS-IT&T LIMITED (formerly IT&T Limited)

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2006-2007

(as required under clause 49 of the Listing Agreement entered into with Stock-Exchanges)

REPORT ON CORPORATE GOVERNANCE

The Company firmly believes good Corporate Governance and transparency in actions of the management are the key to the building of trust with the Company's Stakeholders. Good governance practices in the Company include adoption of best Board practices, respect and protection of minority views and interests and institutionalization of fair and transparent reporting systems in true spirit, beyond merely complying with mandatory requirements.

A. Board Composition:

As on 31 March 2007, the Board of Directors of the Company consisted of 9 members including two Executive Director. The members are drawn from different areas of specialization and have expertise in Law, Finance, Engineering Design & Development and General Management & Strategic Planning etc. The members of the Boards have been very active in giving advice and direction to the Company.

As at the close of the year under review, the Board of Directors of the Company consisted of:

Name of the Director	Category	Membership of Board Committees of Axis IT&T Ltd.	No. of other Directorship*/
Committee Memberships			
Mr. Rohitasava Chand	Promoter Executive	1	3/2
Mr. Ashish Chand	Promoter Non Executive	2	Nil
Dr. Ajay Shanker	Executive Director	Nil	Nil
Mr. Ashok Saigal	Independent	2	Nil
Mr. Atul Sharma	Independent	2	1
Mr. O.P. Mishra	Non Executive	3	Nil
Mr. Pradeep Maitra	Independent	1	Nil
Mr. Vinay Shankar	Independent	1	Nil
Mr. Kailash M. Rustagi	Independent	1	Nil

* Includes Directorships held in Public Limited Companies and Subsidiaries of Public Limited Companies and excludes Directorships held in Private Limited Companies and Overseas Companies.

None of Directors of the Company are members of more than 10 Committees across all the Companies in which they are the Directors and Chairmen of not more than 5 such Committees.

The Non-Executive Directors are entitled to a sitting fee of Rs. 2000/- only for every Board Meeting attended by them. No remuneration is being paid to any of the Non- Executive Directors apart from the sitting fees, which have been decided at a duly convened Board Meeting.

Mr. Ronald Rainson resigned from the directorship w.e.f 30.09.2006.

B. Board Meeting:

Normally, Board Meetings are scheduled a month in advance. The Chairman of the Board and the Company Secretary draft the agenda for each meeting and circulate the agenda in advance to the Board members. Every Board member is free to suggest inclusion of items in the agenda. Normally the Board meets once in a quarter to approve the unaudited/ audited quarterly results and other items on the agenda. The Board also meets on the occasion of the annual general meeting of the shareholders. Additional meetings are held if necessary.

During the year 8 Board meetings were held.

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Schedule

Sl. No.	Board Meeting Dates
1.	16th May, 2006
2.	29th June, 2006
3.	31st July, 2006
4.	31st August, 2006
5.	30th September, 2006
6.	13th October, 2006
7.	31st October, 2006
8.	31st January, 2007

C. Code of Conduct

The Board has laid down a code of conduct for all Board members and senior management of the company. The code of conduct is available on the website of the company www.axisitt.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO)/ Executive Chairman to this effect is enclosed at the end of this report.

D. Committees of the Board of Directors

For effective and efficient functioning of the company, the Board of Directors has constituted the following committees:

- I. Share Transfer Committee
- II. Audit Committee
- III. Investor Grievance Committee
- IV. Remuneration Committee

I. Share Transfer Committee

The Company has appointed Karvy Computershare (P) Ltd., a SEBI recognized transfer agent (earlier a division of Karvy Consultants Limited) as the Share transfer agents of the Company. Although the shares of the Company are compulsorily traded in the Demat form, a Share Transfer Committee has been constituted for giving effect to the few transfer requests received for share scrips which are in physical form. The Share Transfer Committee also processes requests for dematerialization of shares held in physical form as well as the Rematerialisation into physical shares. The Share Transfer Committee consists of:

1. Mr. O. P. Mishra
2. Mr. Rohitasava Chand
3. Ms. Shweta Agarwal Compliance officer/Secretary

The meetings are generally chaired by Mr. Om Prakash Mishra, Non-Executive Director. The Committee meetings were held on May 16th 2006, June 29th, 2006, July 31st 2006, August 24th, 2006 and September 30th, 2006, 31st January 2007.

The Company ensures that the shares are transferred within 15 days of their being lodged for transfer. All the complaints, if any, received during the year were resolved to the satisfaction of the shareholders.

II. Audit Committee

The Company has constituted an Audit Committee consisting of 5 Non- Executive Directors. The Committee is generally headed by Mr. Kailash M. Rustagi who is a fellow member of the Institute of Chartered Accountants of India and an Associate Member of the Institute of Company Secretaries of India.

The Primary Functions of this committee are:

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- a) Review of internal and external audit,
- b) Review of quarterly results of the Company before recommending the same to the Board of Directors,
- c) Implementing various audit recommendation.
- d) Review of the Management discussion & analysis of financial conditions & results of operation.
- e) Review of the statement of significant related party transactions.

The Committee consists of:

- Mr. Kailash M. Rustagi (Chairman)
- Mr. Om Prakash Mishra
- Mr. Ashish Chand
- Mr. Atul Sharma
- Mr. Ashok Saigal

The Company Secretary of the Company acted as the secretary of the meeting.

The Committee met on 16th May 2006, 29th June, 2006, 31st July, 2006, 31st October, 2006, and 31st January, 2007.

III. Investor Grievance Committee

The Board has also constituted the Investor Grievance Committee to address the various grievances received from the investors. The Committee consists of

- | | | |
|----|----------------------|--------------------|
| A. | Mr. O. P. Mishra | Director |
| B. | Mr. Rohitasava Chand | Executive Chairman |
| C. | Mrs. Shweta Agarwal | Company Secretary |

The Committee is responsible for ensuring that the Investor Grievance is being addressed properly and on time.

The committee meetings are generally chaired by Mr. O.P. Mishra and Mr. Rohitasava Chand & Ms. Shweta Agrawal are member of this committee. During the year the committee met on July 31st, 2006, October 31st, 2006, 31st January 2007. There were only two complaints received during the year which were resolved satisfactorily in time.

IV. Remuneration Committee

As of 31st March 2007, the Remuneration Committee comprises of the following Directors, Mr. Ashok Saigal (Chairman), Mr. Pradeep Maitra, Mr. Ashish Chand, Mr. Vinay Shankar and Mr. Atul Sharma.

The Remuneration Committee did not meet during 2006-07 as there was no remuneration matter to be considered during the said financial year.

E. Particulars of General Meeting

The particulars of the last three Annual General Meetings are:

Nature of meeting	Date and time	Venue of the meeting	Special Resolutions passed
Annual General Meeting	30th Sep., 2004; 11.00 a.m.	Ashok Country Resorts, Rajokri Road, Kapashera, New Delhi	Reorganisation of Share Capital of the Company; Change of Name of the Company; Increase in Limits of FII's and/or NRIs in the Company.
Annual General Meeting	30th Sep., 2005; 3.30 p.m.	Lakshmiapat Singhania Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, P.O. Box – 130, New Delhi – 110016	Delisting of Company's Ordinary Shares from Delhi Stock Exchange Association Limited.
Annual General Meeting	29th Sep., 2006; 3.30 p.m.	Lakshmiapat Singhania Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, P.O. Box – 130, New Delhi – 110016	Issue of Equity shares to the Promoter on Preferential basis.

No resolution has been passed through postal ballot in this financial year.

AXIS-IT&T LIMITED (formerly IT&T Limited)

F. The Details of Attendance at the General Meetings, Board Meeting and Various Committees Meeting during the period April 1st, 2006 to March 31st, 2007

Name of the Director	Board	Share Transfer Committee	Audit Committee	Investor Grievances Committee	Attendance at AGM
Mr. Rohitasava Chand	7	6	N.A.	3	Present
Mr. Ashish Chand	6	N.A.	5	N.A.	Present
Mr. Ashok Saigal	8	N.A.	5	N.A.	Present
Mr. Atul Sharma	1	N.A.	1	N.A.	Absent
Mr. O.P. Mishra	7	5	4	3	Present
Mr. Pradeep Maitra	5	N.A.	N.A.	N.A.	Present
Mr. Vinay Shankar	6	N.A.	N.A.	N.A.	Absent
Mr. K.M. Rustagi	7	N.A.	5	N.A.	Present
Dr. Ajay Shanker	4	N.A.	N.A.	N.A.	Present

Mr. Ronald Rainson resigned w.e.f 30.9.2006 from the directorship and only four Board Meeting were held during his tenure. He was not present at any of these meetings.

G. Remuneration of Directors

During the year Mr. Rohitasava Chand, Executive Chairman was eligible for the following remuneration:

- A) Salary : Rs. 70,000/-
 B) Perquisites

CATEGORY – A

- a. Rent Free Furnished Accommodation or HRA in lieu thereof 60 % of Basic Salary,
- b. Medical Reimbursement upto Rs. 70,000/-
- c. Leave Travel Allowance upto Rs. 70,000/-

CATEGORY – B

The following perquisites which are not included in the computation of the ceiling on remuneration are also payable:

- a) Company's Contribution to Provident Fund, Super Annuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- c) Encashment of leave at the end of the tenure subject to a maximum of 90 days.

CATEGORY – C

- a) USE OF CAR : The company shall provide a car with driver and incur all expenses for the same for company's business. Use of car for personal purpose, if any, shall be billed by the Company to the Director.
- b) TELEPHONE : A Telephone will be provided at residence. However, all the long distance personal calls shall be paid by appointee.
- c) LEAVE : 30 days earned leave per year of services. Other leaves and holidays as applicable to other senior executives of the company.
- d) OTHERS : Reimbursement of all expenses including entertainment and traveling incurred in the course of the business of the company.
- e) SITTING FEE : No Sitting Fees shall be paid for attending the meeting of Board of Directors or Committee thereof.

There has been no change in the remuneration since May 2000.

Mr. Rohitasava Chand, however, voluntarily did not draw the HRA and did not avail of the LTA entitlement.

Dr. Ajay Shankar, Executive Director was paid a contractual remuneration of Re. 1/- only per month.

The Non Executive Directors are paid a sitting fees of Rs. 2000/- for each Board Meeting attended by them. There has

AXIS-IT&T LIMITED (formerly IT&T Limited)

been no change in the same since the year 2000. None of the Non-Executive director hold shares in the company except Mr. Ashish Chand who holds 302400 (1.51%) Equity shares in the company.

H. Subsidiary Companies

Your company has no Indian Subsidiary.

I. Disclosures

Material Contracts/ Related Party Transaction

The Company has not entered into any material financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc. in which they are either directly or through their relatives interested as Directors and/or Partners.

Transactions with related parties are disclosed in Note No. 7 of Schedule 17 to the Accounts in the Annual Report.

Compliances

During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities, on matters related to capital markets. The Company has complied with applicable rules and regulations prescribed by Stock Exchanges, SEBI or any other statutory authority relating to the capital markets. All Returns/ Reports were filed with in stipulated time with Stock Exchanges/ other authorities.

Whistle Blower Policy

The Management framed a policy that provided a formal mechanism for all employees of the Company to approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Whistle Blower Policy is an extension of the Company Code of Conduct, which requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he is aware of, that could affect the business or reputation of the Company. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. The Company has not denied access to the Top Management to any employee of the Company. With these measures, the company would be in compliance with the proposed Corporate Governance Clause of the Listing Agreements with Stock Exchanges in India and help to make the company a better and more ethical entity to work for and to work with.

Adoption of the Mandatory & Non Mandatory Requirements

The company is continuously complying with all the mandatory requirements of clause 49 of the Listing Agreement with the Stock Exchanges. The management of the company endeavors to satisfy each of the non-mandatory requirements detailed in the aforesaid listing agreement.

J. Means of Communication

The Corporate Governance Code has been applicable to the Company since December, 2000, when the shares of the Company were listed on various Stock Exchanges. Accordingly, the Company has been publishing its Quarterly unaudited results for each quarter in the newspapers (The Financial Express and Jansatta) as per the requirements of the listing agreement. The results are also filed on the website of Securities and Exchange Board of India (EDIFAR) at www.sebi.gov.in. The said website also displays all the official releases of the Company including the shareholding pattern and the Corporate Governance Report as required by the listing agreement.

K. General Shareholder Information

- (i) AGM
Date : 28.09.2007
Time : 3.30 p.m.
Place : Lakshmipat Singhania Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, P.O. Box – 130, New Delhi – 110016
- (ii) Financial Year : 2006-2007
- (iii) Date of Book Closure : 1.09.2007 to 28.09.2007
- (iv) Dividend Payment Date : N.A.
- (v) Listing on Stock Exchanges

AXIS-IT&T LIMITED (formerly IT&T Limited)

Name and Address

The Stock Exchange, Mumbai (BSE)
 P.J. Towers, Dalal Street,
 Fort, Mumbai – 400001
 National Stock Exchange of India Ltd. (NSE)
 Exchange Plaza, Bandra – Kurla,
 Complex, Bandra (East),
 Mumbai, 400051

* The Delhi Stock Exchange (DSE) granted delisting permission effective from January 2nd, 2006.

- (vi) Stock Code
 The Stock Exchange, Mumbai (BSE) AXISITNT
532395
 National Stock Exchange of India Ltd. (NSE) AXIS-IT&T

(vii) Market Price Data

Highest and lowest price during each month in the financial year on the National Stock Exchange of India Limited and The Stock Exchange, Mumbai:

Months	National Stock Exchange (NSE)		Stock Exchange, Mumbai (BSE)	
	High	Low	High	Low
April, 2006	11.35	8.90	11.13	8.81
May, 2006	16.45	9.75	16.61	9.65
June, 2006	12.00	8.80	12.49	8.41
July, 2006	10.0	8.15	10.34	8.32
August, 2006	10.20	8.00	10.19	7.85
September, 2006	9.45	8.25	9.75	8.16
October, 2006	11.35	8.35	11.65	8.68
November, 2006	10.85	8.40	11.04	8.50
December, 2006	15.70	11.25	14.99	11.12
January, 2007	21.50	12.05	21.09	12.00
February, 2007	21.15	12.85	21.10	13.05
March, 2007	13.85	9.75	13.97	9.40

(viii) International Securities Identification Number : INE555B01013

- (ix) Registrar and Transfer Agent
 Name & Address : M/s Karvy Computershare Private Limited,
 46, Avenue 4, Street 1,
 Banjara Hills,
 Hyderabad 500034
 Telephone : 040-23312454
 040-23320251/23049
 Fax : 040-23311968

(x) Share Transfer System

With a view to expedite the process of share transfer, the Board of Directors of the Company had constituted a 'Share Transfer Committee' which considers and approves the shares received for transfer, transmission, rematerialization and dematerialization

AXIS-IT&T LIMITED (formerly IT&T Limited)

etc. The shares for transfers received in physical form are transferred expeditiously, provided the documents are complete and the share transfer is not under any dispute. The share certificates duly endorsed are returned immediately to the shareholders by RTA. Confirmation in respect to the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL, expeditiously.

Pursuant to the Clause 47 – C of the Listing Agreement with the Stock Exchange, Certificates on quarterly basis confirming due compliance of share transfer formalities by the Company, Certificate for timely dematerialization of shares as per SEBI(Depositories and Participants) Regulations, 1996 and Secretarial Audit Report for reconciliation of the share capital of the Company obtained from a practicing Company Secretary has been submitted to Stock Exchange within stipulated time.

(xi) Distribution of shareholding

a) Distribution of shareholding as on March 31st, 2007 :

No. of shares	Holding	% to Capital	No. of accounts	% to total accounts
1-5000	1217905	6.10	4182	85.56
5001-10000	522443	2.62	321	6.57
10001-20000	439880	2.20	154	3.15
20001-30000	367871	1.84	74	1.51
30001-40000	192336	0.96	27	0.55
40001-50000	314168	1.57	33	0.67
50001-100000	669361	3.35	43	0.88
100001 and above	16236517	81.34	54	1.10
Grand Total	100	4888	100	

b) Categories of Shareholders as on March 31st, 2007

Category	No. of shares	Percentage
Promoters Group – Indian	72,79,821	36.47 %
Promoters Group Holding – Foreign	38,26,620	19.17 %
Indian Public	47,24,482	23.67 %
Bodies Corporate	16,91,708	8.48 %
NRIs/ OCBs/ Foreign Nationals	24,33,125	12.18 %
Others	4,725	0.02 %
Total	1,99,60,481	100 %

(xii) Dematerialization of shares and liquidity

The shares of the company are partly in electronic form and partly in physical form. The shares in electronic form are available for trading in depository system of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2007, the position of Dematerialization is as follow:

	No. of Shares	% of Total Issue Capital
Held in Dematerialized form in CDSL	9,88,997	4.95 %
Held in Dematerialized form in NSDL	1,43,67,942	71.98 %
Held in Physical form	46,03,542	23.07 %
TOTAL	19960481	100.00 %

AXIS-IT&T LIMITED (formerly IT&T Limited)

- (xiii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:
As on March 31, 2007, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.
- (xiv) Plant Locations
In view of the nature of the Company's business viz. Information Technology (IT) services and IT Enabled Services, the Company operates from various offices in India and abroad but does not have any manufacturing plant.
- (xv) Address for correspondence

Registered Office

Axis-IT & T Limited
(Formerly IT & T Limited)
325, South Ex. Plaza – II,
209, Masjid Moth,
NDSE – II, New Delhi- 110049

Corporate Office

Axis-IT & T Limited
(Formerly IT & T Limited)
D-30, Sector – III
NOIDA
Uttar Pradesh

For and on behalf of the Directors

Place : Noida
Date : 29/06/07

Sd/-
Rohitasava Chand
Executive Chairman

AXIS-IT&T LIMITED (formerly IT&T Limited)

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India. There are no material departures for prescribed accounting standards in the adoption of the accounting standards. The management of your Company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the company's state of affairs and profits for the year.

A. Financial Condition

1. Share Capital

During the year, the company issued 3,22,421 Equity shares to Mr. Rohitasava Chand (Executive Chairman) jt. Ms. Mina Chand, on a preferential basis. Their current holding is 2.69% of the total paid up capital of the company.

2. Fixed Assets (WDV)(Rs. Lacs)

Particulars	March 31st 2007	March 31st 2006
Land	22.64	22.64
Buildings	148.94	151.64
Computer Systems	69.31	87.24
Furniture Fixtures	23.67	19.99
Office Equipment	18.32	16.93
Vehicles	5.13	6.7
Electrical Installations	2.94	5.89
Intangible Assets	—	—
Goodwill on Amalgamation	108.03	140.92

3. Investment

During the year your company made an investment of Rs 16.36 Lacs in the Equity shares of IT&T Global Services Ltd. which is operating in the domain of financial services.

4. Cash and cash equivalents

The bank balances in India include both rupee accounts and foreign currency accounts.

5. Loans and advances

The company does not extend loans to employees. However, to meet the short term cash flow needs, the employee may be extended an advance against salary which is adjusted in the next month's salary. However, this is not significant.

B. Results of operations

Adequacy of Internal Controls

AXIS-IT & T Limited has a proper and adequate system of internal controls to ensure that all assets are safe guarded. The Internal control system is supplemented by an extensive program of internal audits reviewed by the management and documented policies, guidelines and procedures. The Audit Committee of the Board frequently reviews the internal control systems and from time-to-time the committee suggests changes in methods, policies and procedure on current business trends.

Human Resources Development

Axis-IT & T Limited is committed to the welfare of its people and their families and to improve the quality of their lives. The company provides continuous learning and personal development opportunities by providing regular training to its employees. The friendly atmosphere of Axis-IT & T Ltd. has proved that the Company cares for its employees and has respect for their intelligence.

Risk Management Report

The management cautions readers that the risks outlined below are not exhaustive and are for information purposes only. Investors are requested to exercise their own judgment in assessing various risks associated with the company and to refer to discussions of some of these risks in the company's earlier Annual Report and Securities and Exchange Board of India filings.

In a dynamic industry such as IT services, risk is an inherent aspect of business. The impact of the turbulent socio-political and economic events in the past year on businesses bears testimony to this.

A comprehensive and integrated risk management framework forms the basis of all the de-risking efforts of the company. Prudential norms aimed at limiting exposures are an integral part of this framework. Formal reporting and control mechanisms ensure timely information availability and facilitate proactive risk management. These mechanisms are designed to cascade down to the level of line managers so that risk at the transactional level are identified and steps are taken towards mitigation in a decentralized fashion. The Board of Directors is responsible for monitoring risk levels on various parameters and the senior management group ensure implementation of mitigation measures, if required. The audit committee provides the overall direction on the risk management policies.

During the year your Company was exposed to the risks mentioned below:

1. Business portfolio risks

- Service concentration
- Client concentration
- Geographical concentration
- Technology concentration

2. Financial risks

- Foreign currency rate fluctuations
- Liquidity
- Investments
- Leverage

3. Legal and statutory risks

- Contractual liabilities
- Statutory compliance

4. Organization management risks

- Leadership development
- Human resources management
- Process maturity
- Internal control system
- Disaster prevention & recovery
- Technological obsolescence

The management is constantly endeavoring to reduce the impact of risks enumerated above through the adoption of prudent measures.

For and on behalf of the Directors

Place: NOIDA
Date: 29/06/2007

Sd/-
Rohitasava Chand
Executive Chairman

AXIS-IT&T LIMITED (formerly IT&T Limited)

Declaration on the Compliance of the Company's Code of Conduct

To,

The Shareholders,

Axis-IT&T Ltd.

325, South Ex. Plaza II,
209, Mazjid Modh, NDSE II,
New Delhi

The Company has framed a specific Code of Conduct for the Members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen Corporate Governance practice in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March 2007.

Place : Noida

Dated : 29/06/2007

Sd/-

Rohitasava Chand
Executive Chairman / CEO
Axis-IT&T Ltd.

AXIS-IT&T LIMITED (formerly IT&T Limited)

Auditors' certificate on compliance with the conditions of corporate governance under clause 49 of the listing agreements

To the members of AXIS-IT&T Limited

We have examined the compliance of conditions of corporate governance by AXIS-IT&T Limited ("the Company"), for the year ended on 31 March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Walker, Chandiok & Co
Chartered Accountants

Place : Noida
Dated : 29 June 2007

Sd/-
B.P. Singh
Partner
Membership No. 070116

AXIS-IT&T LIMITED (formerly IT&T Limited)

AUDITORS' REPORT

To The Members of AXIS-IT&T Limited

1. We have audited the attached Balance Sheet of **AXIS-IT&T Limited**, (the 'Company') as at 31 March 2007 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said 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 Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion and to the best of our information and according to the explanations given to us, the financial statements, read together with the notes thereon, comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act, 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 2007;
 - ii) the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) the Cash Flow Statement, of the cash flows for the year ended on that date;
 - e. On the basis of written representations received from the directors as on 31 March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Walker, Chandiook & Co
Chartered Accountants

Sd/-
B.P. Singh
Partner

Place : Noida
Dated : 29 June 2007

Membership No. 070116

Annexure to the auditors' report of even date to the member of AXIS-IT&T Limited on the financial statements for the year ended 31 March 2007

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and in terms of the information and explanations given to us and the books and records examined by us in the normal course of audit, we report that:

- i)
 - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) Fixed assets were physically verified by the management during the year in accordance with a planned program of verification of over 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
 - (c) There is no disposal of fixed assets during the year.
- ii)
 - (a) The Company does not have any tangible inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable to the Company.
- (iii)
 - (a) The Company has not granted any loans, 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), 4(iii)(c) and 4(iii)(d) of the Order are not applicable to the Company.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the

AXIS-IT&T LIMITED (formerly IT&T Limited)

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 to the Company.

- iv) In our opinion, there are 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. The Company does not sell goods and hence does not maintain any inventories. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v) (a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
 (b) In our opinion, the transactions made in pursuance of contracts or arrangements referred to in section 301 of the Act are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- 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, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable to the Company.
- ix) (a) The Company is regular in depositing the 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 with the appropriate authorities. No undisputed amounts payable in respect of income-tax, wealth-tax, service-tax, sales-tax, customs duty and excise duty were outstanding, at the year end for a period of more than six months from the date they became payable.
 (b) The dues outstanding in respect of income- tax on account of dispute are as follows. There are no dues in respect of sales-tax, excise duty, custom duty or service-tax or any other dues:

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income tax demand	2,412,611	Assessment year 2002-03	ITAT

- x) *The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth and it has incurred cash losses in the current year and also in the immediately preceding financial year.*
- xi) The Company has not defaulted in repayment of dues to any financial institution or bank. The Company did not have any debentures outstanding during the year.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiii) The Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company
- xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4 (xv) of the Order are not applicable to the Company.
- xvi) The Company has applied the term loans for the purpose for which the loans were obtained.
- xvii) Based on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment (excludes permanent working capital).
- xviii) The Company has made preferential allotment of shares to the promoters of the Company, covered in the register maintained under section 301 of the Act. In our opinion the price at which shares have been issued is not prejudicial to the interest of the Company. The Company did not make preferential allotment of shares to any other parties, companies or persons covered in the register maintained under section 301 of the Act.
- xix) The Company did not have any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- xx) The Company has not raised any money by a public issue during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker, Chandio & Co
Chartered Accountants

Sd/-
B.P. Singh
Partner

Place : Noida
Dated : 29 June 2007

Membership No. 070116

AXIS-IT&T LIMITED (formerly IT&T Limited)

BALANCE SHEET AS AT 31 MARCH 2007

SOURCES OF FUNDS	Schedule	As at 31 March 2007 Rs.	As at 31 March 2006 Rs.
Shareholders' funds			
Capital	1	99,955,705	101,593,600
Reserves and surplus	2	298,129,199	296,491,300
Loan funds			
Secured Loans	3	11,806,531	320,891
		<u>409,891,435</u>	<u>398,405,791</u>
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		67,263,271	62,684,020
Less: Depreciation		27,361,058	17,484,795
Net block		39,902,213	45,199,225
Capital work in progress		50,000	—
Investments	5	129,770,570	133,005,107
Current assets, loans and advances			
Sundry debtors	6	25,365,158	22,741,174
Cash and bank balances	7	2,147,102	3,676,505
Other current assets	8	4,118,766	4,726,062
Loans and advances	9	8,215,145	6,668,846
		<u>39,846,171</u>	<u>37,812,588</u>
Less: Current liabilities and provisions			
Liabilities	10	6,981,222	6,112,477
Provisions	11	2,133,647	1,773,858
		9,114,869	7,886,335
Net current assets		30,731,302	29,926,253
Accumulated deficit in profit & loss account		209,437,350	190,275,206
		<u>409,891,435</u>	<u>398,405,791</u>
Significant accounting policies	16		
Notes to the financial statements	17		

The schedules referred to above form an integral part of the financial statements.

For and on behalf of the Board of Directors

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
Executive Chairman

Sd/-
Om Prakash Mishra
Director

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

For Walker, Chandiok & Co
Chartered Accountants

Sd/-
B.P. Singh
Partner

Membership No. 070116

Place: Noida

Dated: 29/06/07

AXIS-IT&T LIMITED (formerly IT&T Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

INCOME	Schedule	For the year ended 31 March 2007	For the year ended 31 March 2006
Gross operating income			
IT enabled services - Exports		19,572,176	24,830,464
IT enabled services - Deemed Exports		12,498,681	—
Software Services Exports		23,287,367	15,594,708
Others		—	88,500
Total		55,358,224	40,513,672
Other income	12	2,322,619	5,885,456
		<u>57,680,843</u>	<u>46,399,128</u>
EXPENDITURE			
Personnel expenses	13	40,883,967	27,243,340
Operating and administrative expenses	14	25,034,027	17,064,069
Depreciation and amortization	4	9,876,264	8,352,054
Finance charges	15	727,897	135,888
Miscellaneous expenditure written off		—	3,108,780
		<u>76,522,155</u>	<u>55,904,131</u>
Profit/(Loss) before tax		(18,841,312)	(9,505,003)
Tax expense		—	(353,809)
Deferred tax/(benefit)		316,520	304,037
Fringe benefit tax		4,312	—
Tax earlier years		—	—
Profit/(Loss) after tax		(19,162,144)	(9,455,231)
Accumulated deficit in profit and loss account of prior years		(190,275,206)	(183,286,657)
Amounts transferred on amalgamation of companies		—	2,466,682
Accumulated deficit in profit and loss account carried to the balance sheet		<u>(209,437,350)</u>	<u>(190,275,206)</u>
Loss per share - basic and diluted		0.97	0.51
(Refer note 10 on schedule 17)			
Significant accounting policies	16		
Notes to the financial statements	17		

The schedules referred to above form an integral part of the financial statements.

For and on behalf of the Board of Directors

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
Executive Chairman

Sd/-
Om Prakash Mishra
Director

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

For Walker, Chandiook & Co
Chartered Accountants

Sd/-
B.P. Singh
Partner

Place: Noida
Dated: 29/06/07

Membership No. 070116

AXIS-IT&T LIMITED (formerly IT&T Limited)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

	31 March 2007 Rs.	31 March 2006 Rs.
Schedule 1		
Capital		
Authorised share capital		
26,000,000 (previous year 26,000,000) Equity shares of Rs.5 each	130,000,000	130,000,000
100,000 (previous year 100,000) Preference shares of Rs. 100 each	10,000,000	10,000,000
	<u>140,000,000</u>	<u>140,000,000</u>
Issued share capital		
20,011,581 (previous year 19,689,160)Equity shares of Rs. 5 each fully paid up	100,057,905	98,445,800
Nil (previous year 32,500) 16% cumulative redeemable preference shares of Rs. 100/ each	—	3,250,000
	<u>100,057,905</u>	<u>101,695,800</u>
Subscribed and paid up		
19,960,481 (previous year 19,638,060) Equity shares of Rs.5 each fully paid	99,802,405	98,190,300
Nil (previous year 32,500) 16% Cumulative redeemable preference shares of Rs. 100/- each	—	3,250,000
Add: Forfeited shares (amount originally paid Rs. 3 per share on 51,100 equity shares)	153,300	153,300
	<u>99,955,705</u>	<u>101,593,600</u>
Schedule 2		
Reserves and surplus		
Securities premium account		
Balance at the beginning of the year	296,491,300	296,491,300
Add: Amount received on preferential allotment	1,637,899	—
	<u>298,129,199</u>	<u>296,491,300</u>
Schedule 3		
Secured Loans		
Loan form banks		
Vehicle Loan (Secured against hypothication of the specific vehicle)	193,665	320,891
Working capital loan from ABN AMRO (Secured by first charge on the land & building of the Company situated at D-30,Sector 3, Noida)	11,612,866	—
	<u>11,806,531</u>	<u>320,891</u>
Amounts due with in one year	141,795	128,683

Schedules forming part of the financial statements for the year ended 31 March 2007

Schedule 4

Fixed Assets

Assets	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	Cost as at	Additions	Sale/Adjustments	Total Cost as at	As at 1 April	Adjustments	As at 31	As at 31	As at 31	
	1 April 2006	during the year	during the year	31 March 2007	2006	For the year	during the year	March 2007	March 2007	March 2006
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Goodwill on Amalgamation	16,445,348	—	—	16,445,348	2,352,519	3,289,070	—	5,641,589	10,803,758	14,092,828
Land - freehold	2,264,437	—	—	2,264,437	—	—	—	—	2,264,437	2,264,437
Office Building	16,581,724	—	—	16,581,724	1,417,208	270,283	—	1,687,491	14,894,233	15,164,516
Furniture & Fixtures	5,399,448	1,158,689	—	6,558,137	3,400,048	790,275	—	4,190,323	2,367,814	1,999,400
Office Equipments	2,948,387	578,697	—	3,527,084	1,254,594	440,313	—	1,694,907	1,832,177	1,693,793
Computer and Design software	13,291,421	2,841,865	—	16,133,286	4,566,656	4,635,571	—	9,202,227	6,931,060	8,724,765
Vehicles	1,722,461	—	—	1,722,461	1,052,180	156,407	—	1,208,587	513,874	670,281
Electrical Installations	2,059,794	—	—	2,059,794	1,470,589	294,345	—	1,764,934	294,860	589,205
Intangible assets										
Non compete fees	1,971,000	—	—	1,971,000	1,971,000	—	—	1,971,000	—	—
Total	62,684,020	4,579,251	—	67,263,271	17,484,794	9,876,264	—	27,361,058	39,902,213	45,199,225
Previous year's figure	37,313,539	26,460,770	1,090,289	62,684,020	9,353,521	8,352,054	220,780	17,484,795	45,199,225	

AXIS-IT&T LIMITED (formerly IT&T Limited)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

	31 March 2007 Rs.	31 March 2006 Rs.
Schedule 5		
Investments		
Long-term investments - Unquoted unless otherwise stated, at cost		
Subsidiary companies:		
Axis Inc., U.S.A.		
14,000 (previous year 14,000) common stock	108,856,912	108,856,912
Other than subsidiaries [Trade]:		
IT&T Global Services Ltd.		
2,47,663 (previous year 2,00,907) Equity Shares of Rs. 10 each fully paid up	5,913,658	4,276,979
Other than subsidiaries [Non trade]:		
Datum Technology Limited		
50,000 (previous year 50,000) Equity shares of Rs. 10 each fully paid up	500,000	500,000
Khandwala Securities Limited		
150,000 (previous year 150,000) 7% Cumulative redeemable preference shares of Rs. 100 each fully paid up	15,000,000	15,000,000
	<u>130,270,570</u>	<u>128,633,891</u>
Current Investments, non trade - quoted		
Nil (previous year 7,74,880.561) units of Rs. 10 each of DSP Floating rate fund		
	—	4,871,216
	<u>130,270,570</u>	<u>133,505,107</u>
Less : Provision for diminution in the value of long term investments		
Datum Technology Limited		
	500,000	500,000
	<u>129,770,570</u>	<u>133,005,107</u>
Aggregate cost of quoted Investment	—	4,871,216
Aggregate cost of unquoted Investment (net of provision)	130,770,570	129,133,891
Aggregate market value of quoted investment	—	4,906,589

Schedule 6

Sundry debtors

Unsecured (Considered good)

Debts outstanding for a period exceeding six month

Other debts

	—	1,568,559
	25,365,158	21,172,615
	<u>25,365,158</u>	<u>22,741,174</u>

AXIS-IT&T LIMITED (formerly IT&T Limited)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

	31 March 2007	31 March 2006
	Rs.	Rs.
Schedule 7		
Cash and bank balances		
Cash in hand [including cheques in hand Nil (previous year Rs. 9,90,000)]	160,779	1,016,614
Balance with scheduled banks in :		
current accounts	1,591,837	826,569
fixed deposit accounts	394,486	1,833,322
	<u>2,147,102</u>	<u>3,676,505</u>
Schedule 8		
Other current assets		
Unbilled revenue	4,100,000	4,506,853
Interest accrued but not due	18,766	219,209
	<u>4,118,766</u>	<u>4,726,062</u>
Schedule 9		
Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	3,035,305	1,804,296
Pre paid income-tax and service tax	5,179,840	4,864,550
Deposits with bodies corporate (doubtful)	24,945,920	24,945,920
	33,161,065	31,614,766
Less: provision for doubtful deposits	24,945,920	24,945,920
	<u>8,215,145</u>	<u>6,668,846</u>
Schedule 10		
Current liabilities		
Sundry creditors for goods, services and other expenses	5,948,856	5,139,067
Other liabilities	1,032,366	973,410
	<u>6,981,222</u>	<u>6,112,477</u>
Schedule 11		
Provisions		
Income tax	—	252,131
Retirement benefits	2,133,647	1,521,727
	<u>2,133,647</u>	<u>1,773,858</u>

AXIS-IT&T LIMITED (formerly IT&T Limited)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

	31 March 2007 Rs.	31 March 2006 Rs.
Schedule 12		
Other income		
Dividend on current investments (Non trade)	7,595	1,257,811
Interest on bank deposits *	111,294	292,110
Profit on sale of current investments [non trade]	41,882	2,591
Provisions no longer required, written back	—	2,616,394
Profit on sale of fixed assets	—	798,491
Foreign exchange gain	2,095,930	912,571
Miscellaneous income	65,918	5,488
	2,322,619	5,885,456
* Tax deducted at source on interest	20,305	26,957
 Schedule 13		
Personnel expenses		
Salaries and bonus	37,604,578	24,932,984
Contribution to provident and other funds	1,210,919	726,521
Staff welfare and other benefits	2,068,470	1,583,835
	40,883,967	27,243,340
 Schedule 14		
Operating and administrative expenses		
Communication expenses	1,929,383	1,931,413
Electricity and water	2,351,257	1,866,682
Rent & hire charges	5,774,474	1,503,014
Local transport and conveyance	187,478	250,991
Travel expense	1,754,606	103,144
Office maintenance	1,214,668	1,043,852
Repair and maintenance		
Building	129,437	205,224
Plant and machinery	1,153,392	1,666,407
Others	315,500	1,405,081
Legal and professional	6,685,022	4,714,703
Insurance	160,907	243,644
Rates and taxes	28,131	57,756
Advertisement and marketing expenses	44,800	104,084
Business promotion	86,773	103,015
Printing and stationery	538,141	779,079
Directors' fee	78,000	54,000
Donation	—	2,500
Bad debts written off	197,265	—
Foreign exchange loss	1,483,223	430,150
Commission & Brokerage	75,920	—
Meeting & Conference	188,636	199,167
Miscellaneous expenses	657,014	400,163
	25,034,027	17,064,069

AXIS-IT&T LIMITED (formerly IT&T Limited)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

	31 March 2007	31 March 2006
	Rs.	Rs.
Schedule 15		
Finance charges		
Interest expenses	484,499	54,674
Processing fee and other bank charges	243,398	81,214
	<u>727,897</u>	<u>135,888</u>

AXIS-IT&T LIMITED (formerly IT&T Limited)

Schedule 16

Significant accounting policies

1. Basis of preparation

The financial statements of AXIS-IT&T Limited ("the Company") have been prepared to comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention and on an accrual basis. The accounting policies applied by the Company are consistent with those used in the prior years.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements. Actual results if they differ from those estimates are recognised prospectively in the current and future periods.

3. Revenue Recognition

- a) Revenue from the IT enabled services is recognised based on services rendered to clients as per the terms of specific contracts.
- b) Revenue from the Software Development priced on time and materials basis is recognized when the services are rendered and related costs are incurred.
- c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- d) Dividend on investments is recognised when the right to receive dividend is established.

4. Fixed assets

Tangible

Fixed assets are stated at cost (gross block) less accumulated depreciation. The cost of fixed assets comprises its purchase price and any cost attributable to bringing the assets to its working condition and intended use.

Expenditure on account of modification / alteration in plant and machinery / building, which increases the future benefit from the existing asset beyond its previous assessed standard of performance, is capitalised.

Intangible

Intangible asset comprise of non-compete fee is stated at cost less accumulated amortisation.

5. Depreciation and amortization

Depreciation on fixed assets is provided at the rates specified in Schedule XIV to the Act or higher than those on a straight line method.

Asset	Rates of depreciation used (%)	Rates as per Schedule XIV to the act (%)
Office buildings	1.63	1.63
Furniture and fixtures	14.29	6.33
Office equipments	14.29	4.75
Computers and operating software	33.33	16.21
Vehicles	20.00	9.50
Electrical installations	14.29	4.75

Non-compete fee is amortised over the period of expected benefit. Goodwill on amalgamation is being amortized over the period of 5 years.

The rates used by the Company are based on estimated economic useful life of the assets.

6. Investments

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

7. Retirement benefits

The Company's contribution to provident fund is recognised in the profit and loss account in the period contribution is made.

Provision for gratuity and earned leave entitlement of employees is made on the basis of actuarial valuation by independent actuary using projected unit credit method as at the balance sheet date.

8. Foreign currency transactions

(i) 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.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. 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; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Investments in foreign companies are recorded at the exchange rate prevailing on the date of making the respective investments.

(iv) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on loans denominated in foreign currencies utilised for acquisition of fixed assets from outside India, where the exchange gains/losses are adjusted to the cost of such assets.

9. Taxes expenses

Tax expense comprises current income tax, deferred income tax and fringe benefit tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses & unabsorbed depreciation can be set off.

10. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

11. Leases

Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the of the lease term.

12. Contingent liability and provision

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. The disclosure is made

AXIS-IT&T LIMITED (formerly IT&T Limited)

for possible or present obligations that may, but probably will not, require outflow of resources as contingent liability in the financial statements.

13. Impairment of assets

The Company on an annual basis tests the carrying amount of assets for impairment so as to determine a) the provision for impairment loss, if any, or b) the reversal, if any, required on account of impairment loss recognised in previous periods.

Schedule 17

Notes to the Financial Statements

1. During the year, the Company redeemed 32,500, 7.5% cumulative preference shares of Rs.100 each at par from the proceeds of the issue of 322,421 equity shares of Rs.5 each allotted to the promoters of the Company on preferential basis at a premium of Rs.5.08 each share .

2. Share capital

The subscribed and paid up capital of the Company includes 8,428,800 (previous year – 8,428,800) equity shares allotted as fully paid up (face value Rs. 5 each) by way of bonus shares by capitalisation of the following reserves:

	Equivalent number of Equity shares	Amount Rs.
a) Securities premium account	1,096,820	5,484,100
b) General reserve	120,000	600,000
c) Profit and loss account	7,211,980	36,059,900
	8,428,800	42,144,000

b.) The subscribed and paid up equity share capital includes 4,202,000 (Previous year 4,202,000) equity shares allotted as fully paid up under the shares of amalgamation without payments having being received.

3. Contingent liabilities not provided for:

	2007 Rs.	2006 Rs.
a) Demands raised by UP trade tax authorities against which the Company has filed for reassessment	—	1,310,000
b) Demands raised by Income tax authorities against which the Company has filed an appeal	2,412,611	2,450,216
c) Order passed against the company by a consumer forum , Lucknow, against which the Company has filed a revised petition	225,600	—
Total	2,638,211	3,760,216

4. Current Investments purchased and sold during the year:

Particulars	No. of units	Cost Rs.
Investment Sold during the year		
DSP Merryl Lynch Floating Rate-Weekly Dividend	490,221	4,878,811
Total		4,878,811

AXIS-IT&T LIMITED (formerly IT&T Limited)

5. Payments made to the directors*

	2007	2006
	Rs.	Rs.
Salaries and bonus	840,012	1,218,008
Contribution to provident and other funds	100,800	100,800
Monetary value of perquisites	70,000	16,999
Directors' sitting fee	78,000	54,000
	1,088,812	1,389,807

* Exclusive of provision for future liabilities in respect of retirement benefits (which are based on actuarial valuation done on an overall basis for all employees)

6. Auditors' remuneration

	2007	2006
	Rs.	Rs.
Audit fee	225,000	150,000
Tax audit fee	50,000	40,000
Other services	75,000	66,250
Out of pocket expenses	3,265	2,400
Service tax	49,348	30,117
	402,613	288,767

7. Related party transactions

a Names of related parties and description of relationship:

I.	Subsidiary companies	Axis Inc., U.S.A. Axis E.U.
II.	Other entities	IT&T Global services Limited Cogent BPO
III.	Key management personnel	a. Mr. Rohitsava Chand b. Dr. Ajay Shankar

AXIS-IT&T LIMITED (formerly IT&T Limited)

Schedule 17

Notes to the Financial Statements (Continued)

b. Transactions with related parties during the year:

(All amounts in Rupees)

Nature of transactions	Subsidiaries		other entities		Key management personnel		total	
	2007	2006	2007	2006	2007	2006	2007	2006
Rendering of services	16,873,509	22,239,252	133,020	1,171,669			17,006,529	23,410,921
Investment made	—	2,140,500	1,636,679	4,276,979			1,636,679	6,417,479
Reimbursement/ adjustment from advance of expense paid	601,708	657,185					601,708	657,185
Remuneration paid					1,088,812	1,389,807	1,088,812	1,389,807
Balance at the year end								
Investment	108,856,912	108,856,912	5,913,658	4,276,979			114,770,569	13,133,891
Amount recoverable for expense	12,053						12,053	
Sundry debtors	8,445,137	12,070,892	—	985,570			8,445,137	13,056,462

8. Value of imports calculated on C.I.F. basis

	2007 Rs.	2006 Rs.
Capital goods	1,449,315	—
	<u>1,449,315</u>	<u>—</u>

9. Earnings in foreign exchange

	2007 Rs.	2006 Rs.
Export of services	42,859,542	40,425,171
	<u>42,859,542</u>	<u>40,425,171</u>

10. Earnings per share

	2007	2006
a) Number of fully paid equity shares at the beginning of the year	19,638,060	15,436,060
b) Number of fully paid equity shares at the end of the year	19,960,481	19,638,060
c) Weighted average number of equity shares (Nominal value of each share Rs.5) outstanding during the year	19,785,579	18,452,290
d) Net profit/(loss) attributable to equity shareholders (Rs.)	(19,162,144)	(9,455,231)
e) Basic and diluted earnings / (loss) per share (in Rs.)	(0.97)	(0.51)

AXIS-IT&T LIMITED (formerly IT&T Limited)

11. The Company has incurred loss after tax of Rs. 19,162,145 during the year ended March 31, 2007 resulting in accumulated losses of Rs. 209,437,351 as at March 31, 2007 which represents erosion of more than fifty percent of its net worth. The Company is projecting better performance in forthcoming years on the basis of increase in number of contracts with existing and new customers and cost control measures. Accordingly, these financial statements have been prepared on a going concern basis.
12. In accordance with Accounting Standard 22 "Accounting of Taxes on Income" issued by the Institute of Chartered Accountants of India, in view of the continuing losses incurred by the Company, deferred tax assets on carried forward losses, unabsorbed depreciation and timing differences have not been accounted in the books, since it is not virtually certain whether the Company will be able to utilize such carried forward losses/ unabsorbed depreciation
13. i) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The Micro, Small and Medium Enterprises have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
- ii) As at 31 March 2007, the Company has no outstanding dues of more than 30 days to Small Scale Industrial undertaking.
14. In the opinion of the board of directors, current assets, loans and advances have a value on realisation in the ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities has been made.
15. The Company made an assessment of the indicators of impairment as of 31 March 2007 and based on such assessment no impairment loss has been recognized to the carrying value of the assets as of 31 March 2007.
16. The Company recorded a net foreign exchange gain of Rs. 612,707 [previous year Rs. 482,421] during the year.
17. Previous year figures have been regrouped or reclassified wherever considered necessary to conform to current year classification.

For and on behalf of the Board of Directors

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
Executive Chairman

Sd/-
Om Prakash Mishra
Director

For Walker, Chandiok & Co
Chartered Accountants

Sd/-
B.P. Singh
Partner

Membership No. 070116

Place: Noida
Dated: 29/06/07

AXIS-IT&T LIMITED (formerly IT&T Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	31st March, 2007	31st March, 2006
	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(18,841,312)	(9,505,003)
Depreciation and amortization	9,876,264	8,352,054
Miscellaneous expenditure written off	—	3,108,780
Dividend received	(7,595)	(1,257,811)
Provision written back	—	(2,616,394)
Loss/(Profit) on sale of fixed assets	—	(798,491)
Profit on sale of investments	(41,882)	(2,591)
Exchange fluctuation loss (net)	—	51,380
Interest expense	484,499	54,674
Interest income	(111,294)	(292,110)
Operating loss before working capital changes	(8,641,320)	(2,905,513)
(Increase) / decrease in trade and other receivables	(3,448,140)	(5,430,025)
Increase / (decrease) in trade and other payables	641,373	669,591
Cash absorbed in operations	(11,448,086)	(7,665,947)
Direct tax refund / (payment)	(48,962)	(2,592,549)
NET CASH USED IN OPERATING ACTIVITIES	(11,497,048)	(10,258,496)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including adjustment of capital work in progress)	(4,629,252)	(3,001,976)
Sale of fixed assets	—	1,668,000
Sale proceeds / (purchase) of investments (net)	3,276,419	727,628
Refund of deposits from bodies corporate	—	4,674,938
Interest received	311,738	200,888
Dividend received	7,595	1,257,811
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	(1,033,500)	5,527,289
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / (repayment) of borrowings (net)	11,485,640	320,891
Interest paid	(484,499)	(54,674)
Receipts on issue of fresh Equity Capital	3,250,004	—
Redemption of Preference Shares	(3,250,000)	—
NET CASH FROM FINANCING ACTIVITIES	11,001,145	266,217
Net Increase / (decrease) in cash and cash equivalents	(1,529,403)	(4,464,990)
Increase in cash on amalgamation	—	3,462,123
Cash and cash equivalents at beginning of the year	3,676,506	4,679,372
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,147,104	3,676,506

For and on behalf of the Board of Directors

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
Executive Chairman

Sd/-
Om Prakash Mishra
Director

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

For Walker, Chandiook & Co
Chartered Accountants

Sd/-

B.P. Singh
Partner

Membership No. 070116

Place: Noida

Dated: 29/06/07

AXIS-IT&T LIMITED (formerly IT&T Limited)

BALANCESHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956

I Registration Details

Registration No. :	41275
State Code	55
Balance Sheet Date	31.03.2007

II Capital raised during the year

Public Issue	NIL
Bonus Issue	NIL
Right Issue	NIL
Private Placement (Preferential allotment 3,22,421 @5)	1612105

III. Position of Mobilization and Deployment of Funds (fig. in ,000)

Total Liabilities (including Shareholders' Funds)	409891
Total Assets	409891

Sources of Funds: (fig. in ,000)

Paid up Capital	99955
Reserves & Surplus	298129
Secured Loans	11807
Unsecured Loans	NIL

Application of Funds: (fig. in ,000)

Net Fixed Assets	39902
Capital WIP	50
Investments	129770
Net Current Assets	30731
Deferred Tax-Asset	—
Miscellaneous Expenditure (including Debit Balance of P&L account)	209437

IV. Performance of Company (fig. in ,000)

Turnover (including Other Income)	57681
Total expenditure	76522
Profit / (Loss) before Tax	(18841)
Profit / (Loss) after Tax	(19162)
Earning per share in Rs.	(0.97)
Dividend Rate	NIL

V . Generic name of the principal products / services of the Company:

Item cod No. (ITC Code)	N.A.
Product Description	N.A.

For and on behalf of Board of Directors

Place : NOIDA	Sd/-	Sd/-	Sd/-
Dated : 29/06/07	Shweta Agrawal	Rohitasava Chand	O.P. Mishra
	Company Secretary	Executive Chairman	Director

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

AUDITORS REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Auditors' report to the board of directors of AXIS- IT&T Limited on the consolidated financial statements of AXIS- IT&T Limited and its subsidiaries.

1. We have audited the attached consolidated balance sheet of AXIS -IT&T Limited ("the parent company") and its subsidiaries (collectively "the Group") as at 31 March 2007, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the group'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 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, Axis EU Limited & Axis Inc, whose financial statements reflect total assets of Rs.68,646,1312 as at 31 March 2007, the total revenue of Rs.197,460,739 and cash flows of Rs.271,779 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in respect thereof is based solely on the report of other auditors.
4. *As stated in Note 3 on Schedule 20 to the consolidated financial statements, the Group has not accounted for the investments in IT&T Global Services Limited, an associated company using equity method as required by Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements". The consolidated results for the year do not include the Group's share of profits in the associate and its share of investments but have been recorded at its acquisition cost as an investment in schedule 7 to the consolidated financial statements. In the absence of information, we are unable to comment upon the impact on the consolidated loss of the Group for the year ended 31 March 2007.*
5. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
6. Based on our audit and on consideration of separate audit report of aforesaid subsidiaries and to the best of the information and according to the explanations given to us, *subject to the matters stated in para 4 above*, we are of the opinion that the attached consolidated financial statements read together with the significant accounting policies and the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India, in case of the:
 - a) consolidated balance sheet, the consolidated state of affairs of the Group as at 31 March 2007;
 - b) consolidated profit and loss account, of the loss of the Group for the year ended on that date; and
 - c) consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

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

Sd/-

Place : Noida

B. P. Singh

Dated : 29/06/07

Partner

Membership No. 070116

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007

	Schedule	As at 31st March, 2007 Rs.	As at 31st March, 2006 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Capital	1	99,955,704	101,593,600
Reserves and surplus	2	296,186,000	300,990,821
		396,141,704	402,584,421
Loan funds			
Secured loans	3	27,346,973	4,057,285
Unsecured loans	4	6,441,417	22,808,316
		429,930,094	429,450,022
APPLICATION OF FUNDS			
Goodwill		137,419,142	137,419,142
Fixed assets			
Gross block	5	106,669,208	114,738,919
Less: Depreciation		66,502,598	55,335,587
Net block		40,166,610	59,403,332
Capital work in progress		50,000	—
Investments	6	20,914,000	24,148,506
Current assets, loans and advances			
Inventories	7	341,020	112,937
Sundry debtors	8	47,573,652	48,972,063
Cash and bank balances	9	5,187,247	6,444,873
Other current assets	10	8,723,047	3,479,471
Loans and advances	11	10,941,149	7,544,725
		72,766,115	66,554,069
Less: Current liabilities and provisions			
Liabilities	12	21,860,012	22,682,184
Provisions	13	2,133,647	1,773,858
		23,993,659	24,456,042
Net current assets		48,772,456	42,098,027
Accumulated deficit in the profit and loss account		182,607,886	166,381,015
		429,930,094	429,450,022
Significant accounting policies	19		
Notes to the Consolidated Financial Statements	20		

The schedules referred to above form an integral part of the Consolidated Financial Statements.

For and on behalf of the Board of Directors

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
Executive Chairman

Sd/-
Om Prakash Mishra
Director

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

For Walker, Chandiook & Co
Chartered Accountants

Sd/-
B. P. Singh
Partner

Membership No. 070116

Place: Noida

Dated: 29 June 2007

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Schedule	Year ended 31st March, 2007 Rs.	Year ended 31st March, 2006 Rs.
INCOME			
Income from operations	14	235,945,464	228,600,760
Other Income	15	7,654,607	12,912,442
Transfer from revaluation reserve for sale of asset		4,974,128	—
		248,574,199	241,513,202
EXPENDITURE			
Personnel expenses	16	200,071,672	202,387,961
Operating and administrative expenses	17	50,468,322	39,220,848
Finance charges	18	2,701,484	2,227,368
Depreciation/ amortisation	5	11,238,762	9,978,060
Miscellaneous expenditure written off		—	3,123,364
		264,480,240	256,937,601
Profit / (Loss) before tax		(15,906,041)	(15,424,398)
Tax expense			
Fringe benefit tax		316,520	307,018
Deferred		—	(38,976)
Tax - earlier years		4,310	—
		320,830	268,042
Profit / (Loss) after tax		(16,226,871)	(15,692,440)
Accumulated deficit carried from prior years		(166,381,015)	(150,688,575)
Accumulated deficit carried to the balance sheet		(182,607,886)	(166,381,015)
Earnings/ (Loss) per share - basic and diluted (Refer note 8 on schedule 20)		(0.82)	(0.85)
Significant accounting policies	19		
Notes to the Consolidated Financial Statements	20		

The schedules referred to above form an integral part of the Consolidated Financial Statements.

	For and on behalf of the Board of Directors	
Sd/-	Sd/-	Sd/-
Shweta Agrawal	Rohitasava Chand	Om Prakash Mishra
Company Secretary	Executive Chairman	Director

This is the Consolidated Profit & Loss Account Balance Sheet referred to in our report of even date.

For Walker, Chandiok & Co
Chartered Accountants

-Sd/-
B. P. Singh
Partner

Place: Noida

Dated: 29 June 2007

Membership No. 070116

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended 31 March 2007

	2007 Rs.	2006 Rs.
Schedule 1		
Share Capital		
Authorised		
26,000,000 (previous year 26,000,000) Equity shares of Rs.5 each	130,000,000	130,000,000
100,000 (previous year 100,000) Preference shares of Rs. 100 each	10,000,000	10,000,000
	140,000,000	140,000,000
Issued		
20,011,581 (previous year 19,689,160)Equity shares of Rs. 5 each	100,057,905	98,445,800
Nil (previous year 325,00) 16% cumulative redeemable preference shares of Rs. 100 each	—	3,250,000
	100,057,905	101,695,800
Subscribed and paid up		
19,960,481 (previous year 19,638,060)Equity shares of Rs. 5 each fully paid	99,802,404	98,190,300
Nil (previous year 32,500) 16% cumulative redeemable preference shares of Rs. 100 each	—	3,250,000
Add: Forfeited shares (amount originally paid Rs.3 per share on 51,100 equity shares)	153,300	153,300
	99,955,704	101,593,600
Schedule 2		
Reserves and surplus		
Securities premium account		
Balance at the beginning of the year	296,491,300	296,491,300
Add: Amount received on preferential allotment	1,637,899	—
	298,129,199	296,491,300
Revaluation reserve		
Balance at the beginning of the year	4,974,128	—
Add: revaluation of the assets of a subsidiary	—	4,974,128
Less: Transfer to profit and loss account on disposal of revalued assets	(4,974,128)	—
	—	4,974,128
Translation reserve	(1,943,199)	(474,607)
	296,186,000	300,990,821

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended 31 March 2007

	2007 Rs.	2006 Rs.
Schedule 3		
Secured loans		
From banks:		
Vehicle Loan*	193,665	320,891
Working capital loans	27,153,308	3,736,394
	<u>27,346,973</u>	<u>4,057,285</u>
*Amount due within one year	428,237	751,506

The working capital loan is secured by way of charge on the fixed assets and land and building held by Parent Company or concerned subsidiaries

The vehicle loan from a bank is secured by way of hypothecation on the underlying vehicle.

Schedule 4

Unsecured loans

Short term loans from banks	6,441,417	22,808,316
	<u>6,441,417</u>	<u>22,808,316</u>

Schedules forming part of the consolidated financial statements for the year ended 31 March 2007

SCHEDULE - 5

(Amount in Rupees)

Fixed assets

Description	Gross block				Depreciation / amortization				Net block	
	As at 01 April 2006	Additions during the year total	Adjustments* during the year total	As at 31 March 2007	As at 01 April 2006	Charge for the year	Additions / (adjustments)* during the year	As at 31 March 2007	As at 31 March 2007	As at 31 March 2006
Goodwill on amalgamation	16,445,348	—	—	16,445,348	2,352,519	3,289,070	—	5,641,589	10,803,759	14,092,828
Tangible assets										
Land -freehold	2,264,437	—	—	2,264,437	—	—	—	—	2,264,437	2,264,437
Land -leasehold	12,456,209	—	(12,456,209)	—	—	—	—	—	—	12,456,209
Building										
Freehold	16,581,724	—	—	16,581,724	1,417,208	270,283	—	1,687,491	14,894,233	15,164,515
Leasehold improvements	174,706	—	(4,295)	170,411	149,630	19,527	(3,638)	165,519	4,891	25,076
Furniture and fixtures	3,627,647	1,186,395	58,530	4,872,572	1,337,948	955,489	29,994	2,323,431	2,549,141	2,289,699
Office equipments	15,925,812	981,765	(337,046)	16,570,531	13,093,924	1,092,675	(337,005)	13,849,594	2,720,936	2,831,888
Computer and operating software	30,498,345	3,055,587	(278,558)	33,275,374	21,479,152	5,160,967	514,778	27,154,897	6,120,477	9,019,194
Vehicles	1,722,461	—	—	1,722,461	1,052,180	156,407	—	1,208,587	513,874	670,281
Production equipment	11,011,436	—	(275,880)	10,735,556	11,011,436	—	(275,880)	10,735,556	—	—
Electrical installations	2,059,794	—	—	2,059,794	1,470,589	294,345	—	1,764,934	294,860	589,205
Intangible Assets										
Non compete	1,971,000	—	—	1,971,000	1,971,000	—	—	1,971,000	—	—
Total	114,738,919	5,223,747	(13,293,459)	106,669,208	55,335,587	11,238,762	(71,751)	66,502,598	40,166,610	59,403,332
Previous year	95,856,576	29,423,658	10,541,315	114,738,919	54,450,444	9,978,060	9,092,916	55,335,587	59,403,332	

* Adjustments for the year include amounts relating to exchange differences arising from translation of assets pertaining to the non-integral subsidiaries.

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended 31 March 2007

	2007 Rs.	2006 Rs.
Schedule 6		
Investments		
Long-term investments - Unquoted unless otherwise stated, at cost		
Trade		
IT&T Global Services Limited 2,47,663 (previous year 2,00,907) Equity Shares of Rs. 10 each fully paid up	5,913,658	4,276,979
Datagraphical Limited		
Ordinary shares (refer note 2 on schedule 20) Axis IT Solutions Limited	171	155
Ordinary shares (refer note 2 on schedule 20)	171	155
Non -Trade		
Datum Technology Limited - Unquoted		
50,000 (previous year 50,000) Equity shares of Rs 10 each fully paid up	500,000	500,000
Khandwala Securities Limited		
150,000 (previous year 150,000) 7% Cumulative Redeemable Preference shares of Rs 100 each fully paid up	15,000,000	15,000,000
	21,414,000	19,777,289
Current investments-non trade, quoted		
Nil (previous year 774,880) units of Rs. 10 each of DSP Floating rate fund	—	4,871,216
	—	4,871,216
	21,414,000	24,648,506
Less : Provision for diminution in the value, other than temporary	500,000	500,000
	20,914,000	24,148,506
Aggregate market value of quoted investments	—	4,906,589
Aggregate cost of quoted investments	—	4,871,216
Aggregate book value of unquoted investments(net of provision for dimunition)	20,914,000	19,277,289
Schedule 7		
Inventories		
(As certified by the management)		
Work in progress	341,020	112,937
	341,020	112,937
Schedule 8		
Sundry debtors		
Unsecured (Considered good)	—	523,654
Debts outstanding for a period exceeding six months	—	—
Other debts	47,573,652	48,448,409
	47,573,652	48,972,063

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended 31 March 2007

	2007 Rs.	2006 Rs.
Schedule 9		
Cash and bank balances		
Cash in hand	160,959	1,016,614
Balances with banks in:		
Current accounts	4,631,802	3,594,937
Fixed deposits accounts	394,486	1,833,322
	5,187,247	6,444,873
	5,187,247	6,444,873
Schedule 10		
Other current assets		
Unbilled revenue	8,704,282	2,085,638
Interest accrued but not due	18,765	1,393,833
	8,723,047	3,479,471
	8,723,047	3,479,471
Schedule 11		
Loans and advances		
(Unsecured, considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received	5,761,309	2,680,175
Advance income tax	5,179,840	4,864,550
Deposits with bodies corporate (doubtful)	24,945,920	24,945,920
	35,887,069	32,490,645
Less: provision for doubtful deposits	24,945,920	24,945,920
	10,941,149	7,544,725
	10,941,149	7,544,725
Schedule 12		
Current liabilities		
Sundry creditors		
for goods & services	5,948,856	5,139,067
for others	11,743,029	8,989,965
Other liabilities	4,168,127	8,553,152
	21,860,012	22,682,184
	21,860,012	22,682,184
Schedule 13		
Provisions		
Income-tax	—	252,131
Retirement benefits	2,133,647	1,521,727
	2,133,647	1,773,858
	2,133,647	1,773,858
Schedule 14		
Income from operations		
IT Enabled Services	212,658,096	213,006,052
Software Development	23,287,368	15,594,708
	235,945,464	228,600,760
	235,945,464	228,600,760

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended 31 March 2007

	2007 Rs.	2006 Rs.
Schedule 15		
Other income		
Dividend received	7,595	1,398,521
Interest on bank deposits received*	259,600	690,228
Profit on sale of investments	41,882	2,591
Profit on sale of fixed assets	—	955,703
Management charge	5,108,376	5,060,814
Provisions no longer required, written back	—	2,658,760
Exchange fluctuation gain	2,095,930	—
Others	141,224	2,145,825
	<u>7,654,607</u>	<u>12,912,442</u>
* Taxes deducted at source	20,305	90,561

Schedule 16

Personnel expenses		
Salaries, wages and bonus	192,965,380	198,377,640
Contribution to provident and other funds	2,284,510	1,718,499
Staff welfare and other benefits	4,821,782	2,291,822
	<u>200,071,672</u>	<u>202,387,961</u>

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended 31 March 2007

	2007 Rs.	2006 Rs.
Schedule 17		
Operating and administrative expenses		
Communication expenses (including international private lease circuit and local network expenses)	2,938,196	3,168,145
Postage , Telegram & courier	92,135	339,851
Advertisement and marketing expenses	272,930	1,406,990
Legal and professional expenses	12,585,757	8,947,378
Local transport and conveyance	388,111	698,800
Travel expenses	9,140,408	5,894,451
Rent	7,675,010	3,275,666
Repair and maintenance		
Building	129,437	205,224
Plant and machinery	1,223,978	1,666,407
Others	344,014	1,632,576
Office maintenance	1,721,741	1,396,832
Electricity and water	2,460,175	1,851,901
Insurance	2,053,907	1,560,974
Hire charges of equipments	7,107	72,975
Directors' fee	78,000	54,000
Donations	36,003	10,247
Membership and subscription	—	718,416
Business promotion	86,773	203,982
Printing and stationery	864,427	779,079
Rates and taxes	128,721	104,955
Training expense	64,734	3,589,970
Loss on sale of fixed asset	89,536	—
Exchange fluctuation loss	1,483,223	—
Miscellaneous expenses	6,603,999	1,642,029
	50,468,322	39,220,848

Schedule 18

Finance charges

Interest expense on term loans and working capital loans	2,022,067	1,991,032
Processing fee and other bank charges	679,417	236,336
	2,701,484	2,227,368

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

Schedule 19

Significant accounting policies

1. Nature of operations

AXIS-IT&T Limited (“the Parent Company”), a public limited company, together with its subsidiaries operate in the business of software development and IT enabled services in CAD/CAM and engineering designing.

The Parent Company’s shares are listed for trading on the two leading stock exchanges in India.

2. Principles of consolidation

The consolidated financial statements include the financial statements of the Parent Company and subsidiaries (collectively referred to as “Group”).

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities.

The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill/capital reserve. The Parent Company’s portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

3. Basis of preparation

The financial statements have been prepared to comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (‘ICAI’) and the relevant provisions of the Companies Act, 1956 (the ‘Act’). The financial statements have been prepared under the historical cost convention. The financial statements have been prepared on accrual basis. The accounting policies have been consistently applied by the Group unless otherwise stated.

4. Revenue recognition

- a) Revenue from the IT enabled services is recognised based on services rendered to clients as per the terms of specific contracts.
- b) Revenue from the Software Development priced on time and materials basis is recognized when the services are rendered and related costs are incurred.
- c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- d) Dividend on investments is recognised when the right to receive dividend is established.

5. Fixed assets

Tangible

Fixed assets are stated at cost (gross block) less accumulated depreciation, except for assets re-valued, which are carried at such re-valued amounts. The cost of fixed assets comprises its purchase price and any cost attributable to bringing the assets to its working condition and intended use.

Expenditure on account of modification / alteration in plant and machinery / building, which increases the future benefit from the existing asset beyond its previous assessed standard of performance, is capitalised.

Intangible

Intangible asset comprise of non-compete fee and is stated at cost less accumulated amortisation.

6. Depreciation and Amortization

Depreciation on fixed assets is provided on straight line basis over useful life estimated by the management.

Non-compete fee is amortised over the period of expected benefit.

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

The rates used by the management are based on estimated economic useful life of the assets.

Individual assets acquired for less than Rs.5,000 each are fully depreciated in the month of purchase.

7. Investments

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

8. Retirement benefits

The employer contribution to provident fund is recognised in the consolidated profit and loss account.

Provision for gratuity and earned leave entitlement of employees is made on the basis of actuarial valuation as at the balance sheet date.

9. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

10. Leases

Operating lease payments are recognised as an expense in the Consolidated Profit and Loss account on a straight-line basis over the lease term.

11. Foreign exchange translations

Indian Rupee is the reporting currency for the Group. However, the local currencies of overseas subsidiaries are different from the reporting currency of the Group. The translation of local currencies into Indian Rupee is performed for assets and liabilities (excluding share capital, opening reserves and surplus), using the exchange rate as at the balance sheet date, for revenues, costs and expenses using weighted average exchange rate during the reporting period. Share capital and opening reserves and surplus are carried at historical cost. Resultant currency translation exchange gain/loss is carried as foreign currency translation reserve under reserves and surplus. Investments in foreign entities are recorded at the exchange rates prevailing on the date of making the investments.

Transactions in foreign currencies are recorded by the reporting entities in their local currency at the rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the rate prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on loans denominated in foreign currencies utilised for acquisition of fixed assets from outside India, where the exchange gains/losses are adjusted to the cost of such assets.

12. Taxation

Tax expense comprises current income tax, deferred income tax and fringe benefit tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses and unabsorbed depreciation can be set off.

13. Contingent liability and provisions

The Group makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. The disclosure is made for possible

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

or present obligations that may, but probably will not, require outflow of resources as contingent liability in the financial statements.

14. Impairment of assets

The Group on an annual basis tests the carrying amount of assets for impairment so as to determine a) the provision for impairment loss, if any, or b) the reversal, if any, required on account of impairment loss recognised in previous periods.

15. Segment reporting policies

The accounting policies adopted for segment reporting are in line with those of the Group with the following additional policies for segment reporting:

- a) Inter segment revenues have been accounted for based on the transaction price agreed to between segments at estimated cost of the transferor segment.
- b) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- c) Revenues and expenses, which relate to the group as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses".
- d) Assets and liabilities, which relate to the group as a whole and are not allocable to segments on a reasonable basis, are shown as unallocated corporate assets and liabilities respectively.

Notes to the Consolidated Financial Statements for the year ended 31 March 2007

Schedule 20

1. The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries listed below:

Name	Country of incorporation	Ownership interest (%)
Axis EU Limited	UK	100
Axis Inc.	USA	100

2. The two wholly owned subsidiaries of Axis EU Limited namely, Datagraphics Limited and Axis IT Solutions Limited are dormant and do not carry any business activities, accordingly operate under severe long-term restrictions, which significantly impair their ability to transfer funds to the parent company i.e. Axis EU Limited.
3. The investment in IT&T Global Services Limited aggregating to 28.56 % of its issued and paid capital has been carried at cost in the Consolidated financial statements in accordance with the Accounting Standards 13 "Accounting for Investments" issued by the ICAI. The Parent Company does not have any influence on the operation of IT&T Global Services Ltd., therefore have not accounted for the investments using the equity method as prescribed under Accounting Standard 23 "Accounting for Investments in Associates in the Consolidated financial statements" issued by ICAI.
4. During the year, the Company redeemed 32,500, 7.5% cumulative preference shares of Rs.100 each at par from the proceeds of the issue of 322,421 equity shares of Rs.5 each allotted to the promoters on preferential basis of the Parent Company at a premium of Rs.5.08 each share.
5. **Share capital**
 - a) The subscribed and paid up capital of the Group includes 8,428,800 (previous year – 8,428,800) equity shares allotted as fully paid up (face value Rs.5 each) by way of bonus shares by capitalisation of the following reserves:

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

	Number of Equity shares	Amount Rs.
a) Securities premium account	1,096,820	5,484,100
b) General reserve	120,000	600,000
c) Profit and loss account	7,211,980	36,059,900
	8,428,800	42,144,000

b) The subscribed and paid up equity share capital includes 4,202,000 (Previous year 4,202,000) equity shares allotted as fully paid up under the scheme of amalgamation without payments having being received.

6. Contingent liabilities not provided for exists in respect of:

	2007 Rs.	2006 Rs.
a) Demands raised by UP trade tax authorities against which the parent company has filed for reassessment	—	1,310,000
b) Demands raised by Income tax authorities against which the parent company has filed an appeal	2,412,611	2,450,216
c) Order passed against the company by as consumer forum Lucknow against which the parent company has filed a revised petition	2,25,600	—
Total	2,638,211	3,760,216

7. Current Investments purchased and sold during the year:

Particulars	No. of units	Cost Rs.
Investment sold during the year		
DSP Floating fund :- Weekly Dividend	490,221	4,878,811
		4,878,811

8. Earnings per share (basic and diluted)

Basic and diluted earnings/ (loss) per equity share of Rs. 5 each:

	2007	2006
Number of fully paid equity shares at the beginning of the year	19,638,060	15,436,060
Number of fully paid equity shares at the end of the year	19,960,481	19,638,060
Weighted average number of shares outstanding	19,785,579	18,452,290
Profit/(Loss) attributable to equity share holders (Rupees)	(16,226,871)	(15,692,440)
Basic and diluted earnings/ (loss) per share (Rupees)	(0.82)	(0.85)

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

9. Related party transactions

a) Names of related parties and description of relationship:

I. Other entities

IT&T Global services Limited
Cogent BPO

II. Key management personnel

a. Mr. Rohitasava Chand
b. Dr. Ajay Shankar

b) Transactions with related Parties during the year :

Nature of transactions	Other entities		Key management personnel		Total	
	2007	2006	2007	2006	2007	2006
Rendering of services	133,020	1,171,669	—	—	133,020	1,171,669
Investment made	1,636,679	4,276,979	—	—	1,636,679	4,276,979
Reimbursement/adjustment from advance of expense paid	—	—	—	—	—	—
Remuneration paid	—	—	1,088,812	1,389,807	1,088,812	1,389,807
Balance at the year end						
Investment	5,913,658	4,276,979	—	—	5,913,658	4,276,979
Amount recoverable for expense	—	—	—	—	—	—
Sundry debtors	—	985,570	—	—	—	985,570

10. Segment reporting

The management team uses the following business segments for the purpose of internal financial reporting to analyse the risk and return on investments, planning and distribution of available resources and evaluation of financial performance of segments.

a) IT enabled services

The focus of this segment is to provide software solution and support services in domestic as well as overseas market of CAD//CAM and engineering designing.

b) Software Development

This segment comprises activities relating to onsite and offsite development of software. The Group has a dedicated facility in Gurgaon.

All un-allocable expenses like corporate overheads, interest, etc., which are not allocable to any specific segment are separately disclosed as un-allocable.

(Amount in Rs. Lacs)

Information regarding primary business segments

	IT Enabled services		Software Developments		Segment Total	
	2007	2006	2007	2006	2007	2006
External revenue	2,126.58	2,130.05	232.87	155.95	2,359.45	2,286.00
Total Revenue	<u>2,126.58</u>	<u>2,130.00</u>	<u>232.87</u>	<u>155.95</u>	<u>2,359.45</u>	<u>2,286.00</u>
Segment results	(53.60)	(29.23)	61.76	30.5	8.16	1.27
Unallocable corporate expenses (net of other income)	(167.22)	(124.28)				
Miscellaneous expenditure written off					—	(31.23)
Profit/(Loss) before tax					(159.06)	(154.24)
Tax					3.21	2.68
Profit/(Loss) after tax					(162.27)	(156.92)
Segment assets	614.19	951.61	171.15	182.01	785.34	1,133.62
Unallocated corporate assets*					553.62	367.44
Total assets					<u>1,338.96</u>	<u>1,501.06</u>
Segment liabilities	224.45	466.94	15.49	19.56	239.94	486.5
Unallocated corporate liabilities*					337.88	26.73
Total liabilities					<u>577.82</u>	<u>513.23</u>
Capital expenditure	6.95	243.37	45.79	50.87	52.74	294.24
Depreciation/ Amortisation	48.18	82.68	16.00	17.10	64.18	99.78
Unallocated corporate Depreciation*					48.21	
Total Depreciation					<u>112.39</u>	<u>99.78</u>

*Unidentified assets and liabilities are disclosed as unallocated corporate assets and liabilities.

Information regarding secondary geographical segments

	Domestic		United states of America		United Kingdom		Others		(Amount in Lacs) Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue from external customers	125.00	0.89	1,673.00	1,651.66	533.00	633.45	28.45	—	2,359.45	2,286.00
Carrying value of segment assets	463.06	616.68	183.68	277.70	138.60	239.24	—	—	785.34	1,133.62
Additions to fixed assets	46.29	241.61	4.03	2.93	2.41	49.70	—	—	52.74	294.24

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

I 1. Payments made to the directors of the Parent Company

	2007 Rs	2006 Rs
Salaries and bonus	840,012	1,218,008
Contribution to provident and other funds	100,800	100,800
Monetary value of perquisites	70,000	16,999
Directors' sitting fee	78,000	54,000
	1,088,812	1,389,807

* Exclusive of provision for future liabilities in respect of retirement benefits (which are based on actuarial valuation done on an overall basis for all employees)

I 2. Payment to the Auditors of the Parent Company

	2007 Rs.	2006 Rs.
Audit fee	225,000	150,000
Tax audit fee	50,000	40,000
Other services	75,000	66,250
Out of pocket expenses	3,265	2,400
Service tax	49,348	30,117
	402,613	288,767

I 3. In the opinion of the board of directors, current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amounts at which they are stated and provision for all known liabilities have been made.

I 4. i) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The Micro, Small and Medium Enterprises have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

ii) As at 31 March 2007, the Company has no outstanding dues of more than 30 days to Small Scale Industrial undertaking.

I 5. These consolidated financial statements have been prepared pursuant to clause 32 of the listing agreements with the stock exchanges.

I 6. Previous year figures have been regrouped wherever considered necessary to conform to current years classification.

For and on behalf of the Board of Directors

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
Executive Chairman

Sd/-
Om Prakash Mishra
Director

For Walker, Chandiok & Co
Chartered Accountants

Sd/-
B. P. Singh
Partner

Place : Noida

Dated : 29/06/07

Membership No. 070116

AXIS-IT&T LIMITED (formerly IT&T Limited) (Consolidated)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

	2007 Rs.	2006 Rs.
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax and exceptional items	(15,914,665)	(15,424,397)
Adjustments for:		
Depreciation	11,238,762	9,978,060
Miscellaneous expenditure written off	—	3,123,363
Dividend received	(7,595)	(1,398,521)
Profits on sale of fixed assets	—	(955,703)
Profit on sale of investments	(41,882)	(2,591)
Loss on sale of assets	89,536	—
Provision no longer required written back	—	(2,658,760)
Interest expense	2,701,484	2,227,368
Interest income	(259,600)	(690,228)
Transfer from revaluation reserve	(4,974,128)	—
Operating loss before working capital changes	(7,168,089)	(5,801,411)
(Increase) / Decrease in trade and other receivables	(8,301,366)	10,900,249
(Increase) / Decrease in inventories	(228,083)	—
Increase in trade and other payables	(210,252)	(20,658,211)
Cash generated from operations	(15,907,790)	(15,559,373)
Refund / (payment) of direct tax (net)	(883,941)	(2,644,627)
NET CASH USED IN OPERATING ACTIVITIES	(16,791,730)	(18,204,000)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including adjustment of capital work in progress)	(5,273,747)	(8,245,920)
Sale of fixed assets	11,667,860	1,668,000
Sale proceeds/ (Purchase) of investments (net)	3,276,419	9,720,262
Refund of deposits to bodies corporate	—	4,674,938
Interest received	1,634,668	690,228
Dividend received	7,595	1,398,521
NET CASH FROM INVESTING ACTIVITIES	11,312,796	9,906,030
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Preferential issue of Equity share Capital (including Securities Premium)	3,250,004	—
Redemption of 7.5% Cumulative Preference Share Capital	(3,250,000)	—
Proceeds from borrowings (net)	6,922,789	560,766
Interest paid	(2,701,484)	(2,227,368)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	4,221,309	(1,666,602)
Net decrease in cash and cash equivalents	(1,257,626)	(9,964,573)
Increase in cash on amalgamation	—	3,222,290
Cash and cash equivalents at beginning of the year	6,444,873	13,187,155
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,187,247	6,444,873

For and on behalf of the Board of Directors

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
Executive Chairman

Sd/-
Om Prakash Mishra
Director

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

For Walker, Chandiook & Co
Chartered Accountants

Sd/-

B. P. Singh

Partner

Place : Noida

Dated : 29 June, 2007

Membership no. 070116

Director’s Report

To The Members,

Your Directors are pleased to present their report on the business operations of the company for the period from 1st April, 06 to 31st March, 07, and subsequent events to date.

I. Financial Results

During the financial year 2006-07 the Company maintained the performance achieved in the previous year and generated a profit of USD 59,971.

The results for the period are given below :-

	1st April, 06 to 31st March, 07 US\$ in ,000	1st April, 05 to 31st March 06 US\$ in ,000
Total Income	3324.25	3304.14
Expenditure before interest & depreciation	3217.50	3187.38
Profit before interest & Dep.	106.75	116.76
Interest Expense	31.98	28.07
Depreciation	14.78	18.09
Net Profit Before Tax	59.99	70.61
Provision for Tax - Deferred	0.02	-
Profit after Tax	59.97	70.61

I. Business Activities

The Company is in the business of rendering services in the two major segments that are mentioned below :

(A) Design & Analysis Onsite, Offsite, and Offshore

A major shift has taken place in the provision of this high value added service by the Company. The critical path to the success of Axis Inc. is no longer sales as the Company has been able to build a reputation for high quality delivery of services to its key customer – Caterpillar. There is an enormous amount of work at Caterpillar and, largely through the efforts of its new VP of Engineering, additional areas of Caterpillar are opening up for Axis Inc. The Company is now doing work for Caterpillar Machines, Environmental Aftertreatment, Fuel Systems, Cooling, Marine Engineering, Air Systems, and the Cab Division. Caterpillar Inc. sent 700,000 hours of engineering work to Caterpillar India at Chennai, last year and by 2010 Caterpillar will be doing 4.9 million hours of engineering works in India. Caterpillar has, as its global strategy, decided to freeze their staff strength at current levels and to manage the growth in engineering services requirements for India through service providers. Axis is a major engineering services supplier to Caterpillar India and it is clear that the operations of Axis-IT&T Ltd. will grow very rapidly as result of this new policy formulation at Caterpillar. However it is anticipated that a great deal of work will still need to be done in the US especially in design and analysis. Caterpillar is very concerned with the decline in the quality of their own capabilities in providing these services and needs help in catching manufacturing problems earlier in the process. Axis Inc. has convinced Caterpillar’s new management that it is one of the firms they can count on. The main task, both in the US and India, is of finding, securing, and retaining good quality professionals. The major thrust for Axis Inc. is going to be to secure new customers and to ensure increased work from existing customers.

(B) Contract Engineering and Technical Support

Axis Inc. also does contract engineering work for clients including Caterpillar. Caterpillar insists on having such work executed by engineers with Caterpillar experience. Such human resources do not exist in the numbers required to fill Caterpillar’s needs. Axis Inc. is attacking this problem in several ways – it is running ads, on Monster.com, at three universities known for providing engineers to the automotive industry and they are also advertising in local newspapers the offer of a cash reward for anyone who gives it information leading to the hiring of qualified engineers. These approaches are beginning to yield some results for the Company

3. Future Prospects

The reputation of Axis Inc. continues to grow. It now has a management staff which is able to deliver high quality services to its customers. The Caterpillar relationship, always dramatically changing as Caterpillar brings in new managers, is being consolidated and strengthened but the key to the future of Axis Inc. will be in its ability to acquire and retain good professionals. Axis Inc. is at a moment in its history when it can transform into a very large company if it continues to provide timely delivery of high quality services to its customers.

4. Directors

The Directors of the company are as follows:

- | | |
|-------------------------|-----------------------|
| 1. Ronald Rainson, P.E. | Director and Chairman |
| 2. Ajay Shankar | Director |

During the year, Rohitasava Chand resigned from the Board as he was unable to attend any meetings of the Board.

5. Officers

The Officers of the company are as follows:

- | | |
|-------------------------|----------------|
| 1. Ronald Rainson, P.E. | CEO |
| 2. Ajay Shankar | President |
| 3. Murali Krishna | Vice President |

6. Subsidiary

1. Axis EU Ltd. is a wholly owned subsidiary of the Company which operates in the UK. The annual accounts & Directors' Report of Axis EU Ltd. are annexed herewith.

For & on behalf of the Board of Directors.

Date : 20th June 2007

Ronald Rainson, P.E.

Sd/-

**Chairman & CEO
Axis, Inc.**

O.P. Mishra & Co.
(Chartered Accountants)

325, South Ex. Plaza-II
209, Masjid Moth, NDSE-II
New Delhi- 110049
Tel.: 26255271, 51645364
E-mail: opmishra@indiatimes.com

Auditor's report to the members of Axis Inc.

We have audited the attached balance sheet of Axis Inc., Peoria, USA ("the Company") as at 31st March 2007 and the profit and loss account for the year ended on that date annexed thereto. 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.

we report that:

- i) 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;
- ii) 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 the books;
- iii) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- iv) in our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted, in the case of:
 - a) the balance sheet, of the state of affairs of the Company as at 31st March 2007; and
 - b) the profit and loss account, of the loss for the year ended on that date.

For O.P.Mishra & Co
Chartered Accountants

Place : NOIDA
Dated : 20/06/07

Sd/-
Om Prakash Mishra
Proprietor
Membership No. 90839

Balance Sheet as at 31 March 2007

	Schedule	As at 31 March 2007 INR	As at 31 March 2007 US\$
SOURCE OF FUNDS			
Shareholders' funds			
Share capital	1	57,712,573.19	1,289,666.44
Loan funds			
Secured Loans	2	15,540,441.93	357,744.98
Unsecured Loans	3	6,441,417.43	148,283.09
		79,694,432.55	1,795,694.51
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	43,009,606.04	990,092.22
Less: Depreciation		42,115,956.18	969,520.17
Net block		893,649.85	20,572.05
Investments			
	5	16,018,157.26	368,742.11
Current assets, loans and advances			
Sundry debtors	6	29,768,585.35	685,280.51
Cash and bank balances	7	553,598.93	12,743.99
Other current assets	8	4,250,984.10	97,858.75
Loans and advances	9	2,726,004.22	62,753.32
		37,299,172.60	858,636.57
Less: Current liabilities and provisions			
Liabilities	10	10,340,903.76	326,046.25
Provisions		—	—
		10,340,903.76	326,046.25
Net current assets		26,958,268.84	532,590.32
Deficit in Profit & Loss Account		35,824,356.60	873,790.03
		79,694,432.55	1,795,694.51

The schedules referred to above form an integral part of the financial statements.

For and on behalf of the Board of Directors

Ajay Shankar

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

**For O. P. Mishra & Co
Chartered Accountants**

Sd/-
**Om Prakash Mishra
Proprietor**

Membership No. 090839

Place: Noida

Dated: 20/06/2007

Profit and loss account for the year ended 31 March 2007

	Schedule	For the period ended 31 March 2007 INR	For the year ended 31 March 2007 US\$
INCOME			
Income from operations			
IT enabled services		144,132,157.97	3,185,241.06
Other income	11	6,290,236.89	139,010.76
		<u>150,422,394.86</u>	<u>3,324,251.82</u>
EXPENDITURE			
Personnel expenses	12	129,238,805.55	2,856,106.20
Operating and administrative expenses	13	16,086,377.72	355,500.06
Depreciation and Amortization	4	668,834.82	14,780.88
Finance charges	14	1,713,752.35	37,872.98
		<u>147,707,770.43</u>	<u>3,264,260.12</u>
Profit / (Loss) before tax		2,714,624.43	59,991.70
Provision for tax			
Deferred		—	—
Tax earlier years - current		905.00	20.00
Profit/(Loss) for the year after tax		<u>2,713,719.43</u>	<u>59,971.70</u>
Balance b/f from previous year		(40,766,031.23)	(933,761.73)
Translation Reserve		2,227,955.20	—
Balance carried to the balance sheet		<u>(35,824,356.60)</u>	<u>(873,790.03)</u>

For and on behalf of the Board of Directors

Ajay Shankar

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

**For O. P. Mishra & Co
Chartered Accountants**

**Sd/-
Om Prakash Mishra
Proprietor
Membership No. 090839**

Place: Noida
Dated: 20/06/07

Schedules forming part of the financial statements for the year ended 31 March 2007

	31 March, 2007	31 March, 2006
	INR	US\$
Schedule 1		
Share capital		
Authorised		
Comon Stock, no par value - 1,00,000 Shares	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Issued		
21,000 Shares	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Subscribed and paid up		
14,000 (previous year 14000) Shares fully paid	62,130,069.44	1,388,381.44
	<u>—</u>	<u>—</u>
Treasury Stock - 7,000 Shares	(4,417,496.25)	(98,715.00)
	<u>57,712,573.19</u>	<u>1,289,666.44</u>
	<u>—</u>	<u>—</u>
Schedule 2		
Secured Loans		
Loan form banks		
Notes Payable	336,441.93	7,744.98
South Side Bank	15,204,000.00	350,000.00
	<u>15,540,441.93</u>	<u>357,744.98</u>
	<u>—</u>	<u>—</u>
Schedule 3		
Unsecured Loans		
-Axis Software Inc.	6,441,417.43	148,283.09
	<u>6,441,417.43</u>	<u>148,283.09</u>
	<u>—</u>	<u>—</u>

Schedule 4
Fixed Assets

Assets	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	Cost as at 1 April 2006	during the year	Sale/ Adjustments during the year	Total Cost as 31 March 2007	As at 1st April 2006	For the year	Adjustment during the year	As at 31st March 2007	As at 31st March 2007	As at 31st March 2006
	US\$	US\$	US\$	US\$	US\$		US\$	US\$	US\$	US\$
Computers & production Equipment	235,795.16		—	235,795.16	235,795.16		—	235,795.16	—	—
Office Equipments	288,073.38	9,278.70	—	297,352.08	262,561.27	14,331.36	—	276,892.63	20,459.45	25,512.11
Software Equipment	453,273.74		—	453,273.74	453,273.74		—	453,273.74	—	—
Leasehold Improvements	3,671.24		—	3,671.24	3,109.12	449.52	—	3,558.64	112.60	562.12
Total	980,813.52	9,278.70	—	990,092.22	954,739.29	14,780.88	—	969,520.17	20,572.05	26,074.23
Previous year's figure	980,813.52	—	—	980,813.52	936,651.10	18,088.19	—	954,739.29	26,074.23	

Schedules forming part of the financial statements for the year ended 31 March 2007

	31 March, 2007	31 March, 2006
	INR	US\$
Schedule 5		
Investments		
Long-term investments - Unquoted unless otherwise stated, at cost		
Trade		
Subsidiary companies:		
Axis EU, U.K.	16,018,157.26	412,547.56
	<u>16,018,157.26</u>	<u>412,547.56</u>
Schedule 6		
Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six month		
Considered good		
- From Subsidiary	1,845,306.00	42,479.42
- Others	—	—
Other debts - Considered good		
- From Subsidiary	2,790,116.01	64,229.19
- Others	25,133,163.34	578,571.90
	<u>29,768,585.35</u>	<u>685,280.51</u>
Less : Provision for doubtful debts	—	—
	<u>29,768,585.35</u>	<u>685,280.51</u>
Schedule 7		
Cash and bank balances		
Cash in hand	179.84	4.14
Balance with scheduled banks in :		
current accounts	553,419.08	12,739.85
fixed deposit accounts	—	—
	<u>553,598.93</u>	<u>12,743.99</u>
Schedule 8		
Other current assets		
Income Accrued but not due	4,250,984.10	97,858.75
Interest accrued but not due/unbilled revenue	—	—
	<u>4,250,984.10</u>	<u>97,858.75</u>
Schedule 9		
Loans and advances		
(Unsecured, considered good unless otherwise)		
Advances recoverable in cash or in kind or for value to be received	2,726,004.22	62,753.32
	<u>2,726,004.22</u>	<u>62,753.32</u>

Schedules forming part of the financial statements for the year ended 31 March 2007

	31 March, 2007	31 March, 2006
	INR	US\$
Schedule 10		
Current liabilities		
Sundry creditors for expenses	9,772,766.77	312,967.59
Other liabilities	568,136.99	13,078.66
	<u>10,340,903.76</u>	<u>326,046.25</u>
Schedule 11		
Other income		
Management charge	977,400.00	21,600.00
Services Income	5,158,500.00	114,000.00
Others	154,336.89	3,410.76
	<u>6,290,236.89</u>	<u>139,010.76</u>
Schedule 12		
Personnel expenses		
Salaries and bonus	126,598,264.43	2,797,751.70
Staff welfare and other benefits	2,640,541.13	58,354.50
	<u>129,238,805.55</u>	<u>2,856,106.20</u>
Schedule 13		
Operating and administrative expenses		
Communication expenses	776,554.71	17,161.43
Postage ,telegram & courier		
Service support charges		
Electricity and water	—	—
Rents & Hire Charges	1,453,819.60	32,128.61
Local transport and conveyance	200,633.07	4,433.88
Travel expense	5,712,564.98	126,244.53
Office maintenance	507,072.86	11,206.03
Repair and maintenance	70,585.48	1,559.90
Legal and professional	4,080,476.67	90,176.28
Insurance	1,849,929.96	40,882.43
Rates and taxes	100,590.30	2,222.99
Advertisement and marketing expenses	228,129.69	5,041.54
Business promotion	—	—
Printing and stationery	326,285.53	7,210.73
Donation	36,003.16	795.65
Membership & subscription		
Training Expenses		
Bad Debts W/Off	249,237.00	5,508.00
Miscellaneous expenses	494,494.72	10,928.06
	<u>16,086,377.72</u>	<u>355,500.06</u>
Schedule 14		
Finance charges		
Interest Expenses	1,447,120.79	31,980.57
Processing fee and other bank charges	266,631.55	5,892.41
	<u>1,713,752.35</u>	<u>37,872.98</u>

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2007

The directors present their report with the financial statements of the company for the year ended 31 March 2007.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of computer aided design services.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

FIXED ASSETS

Included in fixed assets is a leasehold property which has been revalued during the year and is now stated in the financial statements at open market value.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2006 to the date of this report.

A Shankar

C Hutton-Penman

R Chand

None of the directors have any beneficial interests in the share capital of the company.

The interests of R Chand and A Skankar in the capital of Axis IT&T Limited are as disclosed in the financial statements of that company.

Mr Rohitasava Chand and Dr Ajay Shanker are both members of the board of directors of the ultimate parent company, acting as Executive Chairman and Group President respectively.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Spirit, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

Mrs J E Cooper - Secretary

14 May 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF AXIS EU LIMITED

We have audited the financial statements of Axis EU Limited for the year ended 31 March 2007 on pages five to twelve. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

Spirit
13 - 15 Regent Street
Nottingham
NG1 5BS

17 May 2007

Balance Sheet as at 31 March 2007

	Schedule	2007 GBP	2007 INR
SOURCES OF FUNDS			
Shareholders' funds			
Capital	1	91,037.00	7,476,780.00
Reserves and surplus	2	(123,911.00)	(10,279,452.87)
Loan funds			
Secured loans		—	—
Unsecured loans		—	—
		(32,874.00)	(2,802,672.87)
APPLICATION OF FUNDS			
Fixed assets			
Gross block		30,813.00	2,626,962.32
Less: Depreciation		23,515.00	2,004,771.33
Net block	3	7,298.00	622,190.99
Investments	4	4.00	341.02
Current assets, loans and advances			
Inventories	5	4,000.00	341,020.00
Sundry debtors	6	121,966.00	10,398,211.33
Cash and bank balances	7	29,166.00	2,486,547.33
Other current assets	8	4,144.00	353,296.72
Loans and advances		—	—
		159,276.00	13,579,075.38
Less: Current liabilities and provisions			
Liabilities	9	199,452.00	17,004,280.26
Provisions		—	—
		199,452.00	17,004,280.26
Net current assets		(40,176.00)	(3,425,204.88)
		(32,874.00)	(2,802,672.87)

Consolidated Profit and loss account for the year ended 31 March 2007

	Schedule	2007 GBP	2007 INR
INCOME			
Income from operations		622,801.00	53,328,581.23
Other Income	10	58,777.00	5,032,898.18
		<u>681,578.00</u>	<u>58,361,479.41</u>
EXPENDITURE			
Personnel expenses	11	349,760.00	29,948,899.52
Operating and administrative expenses	12	319,281.00	27,339,074.19
Finance charges	13	4,801.00	411,095.23
Depreciation/ amortisation	3	8,101.00	693,664.33
		<u>681,943.00</u>	<u>58,392,733.26</u>
Profit/(Loss)Loss before tax		(365.00)	(31,253.86)
Balance carried over to the balance sheet		<u>(365.00)</u>	<u>(31,253.86)</u>

Schedules forming part of the consolidated financial statements for the year ended 31 March 2007

	2007 GBP	2007 INR
Schedule 1		
Capital		
Authorised		
2,50,000 Equity shares of GBP 1 each	<u>250,000.00</u>	
Issued, Subscribed and paid up		—
91,037 Equity Shares of GBP 1 each fully paid up	<u>91,037.00</u>	<u>7,476,780.00</u>
	<u>91,037.00</u>	<u>7,476,780.00</u>
Schedule 2		
Reserves and surplus		
Share premium account		
As per last balance sheet	11,900.00	976,752.00
Revaluation Reserve		
As per last balance sheet	62,892.00	4,974,128.28
Less: Property Disposal	(62,892.00)	(4,974,128.28)
	<u>11,900.00</u>	<u>976,752.00</u>
Profit and loss account		
As per last balance sheet	(135,446.00)	(10,840,267.69)
Add: Surplus/ (Deficit) as per profit and loss account	(365.00)	(31,253.86)
	<u>(135,811.00)</u>	<u>(10,871,521.55)</u>
Translation reserve	—	(384,683.33)
	<u>(123,911.00)</u>	<u>(10,279,452.87)</u>

SCHEDULE - 3

(Figures in GBP)

Fixed assets

Description	Gross block				Depreciation / amortisation				Net block	
	2006	Additions during the year	Adjustments during the year	2007	2006	Depreciation* (adjustments) for the year	Additions / (adjustment) during the year	2007	2007	2006
Tangible assets										
Building —				—			—			
Leasehold	154,950.00		(154,950.00)	—	—			—	—	154,950.00
Furniture and fixtures	7,671.00	325.00	—	7,996.00	3,931.00	1,938.00	—	5,869.00	2,127.00	3,740.00
Computer and operating software	21,295.00	2,507.00	(985.00)	22,817.00	11,975.00	6,163.00	(492.00)	17,646.00	5,171.00	9,320.00
	—			—	—			—	—	—
Total	183,916.00	2,832.00	(155,935.00)	30,813.00	15,906.00	8,101.00	(492.00)	23,515.00	7,298.00	168,010.00

Schedules forming part of the consolidated financial statements for the year ended 31 March 2007

2007
GBP

2007
INR

Schedule 9

Current liabilities

Sundry creditors		
for material and capital goods	—	—
for others	77,331.00	6,592,854.41
Other liabilities	122,121.00	10,411,425.86
	199,452.00	17,004,280.26

Schedule 10

Other income

Interest received	1,732.00	148,305.96
Profit on sale of fixed assets	57,045.00	4,884,592.22
	58,777.00	5,032,898.18

Schedule 11

Personnel expenses

Salaries, wages and bonus	335,905.00	28,762,537.44
Contribution to provident and other funds	12,538.00	1,073,591.33
Staff welfare and other benefits	1,317.00	112,770.76
	349,760.00	29,948,899.52

Schedule 12

Operating and administrative expenses

Communication expenses (including international private lease circuit and local network expenses)	4,710.00	403,303.17
Postage , Telegram & courier	1,076.00	92,134.65
Service support charges	197,718.00	16,929,999.19
Library fee	3,186.00	272,807.62
Legal and professional expenses	21,258.00	1,820,258.77
Travel expenses	19,541.00	1,673,237.21
Rent	5,217.00	446,716.06
Others	333.00	28,513.79
Electricity and water	1,272.00	108,917.54
Insurance	503.00	43,070.38
Hire charges of equipments	83.00	7,107.04
Training expense	756.00	64,734.01
Miscellaneous expenses	63,628.00	5,448,274.76
	319,281.00	27,339,074.19

Schedule 13

Finance charges

Interest on fixed period loans	3,872.00	331,547.74
Processing fee and other bank charges	929.00	79,547.48
	4,801.00	411,095.23

AXIS-IT&T LIMITED (formerly IT&T Limited)

Registered Office : 325, South Ex Plaza-II, 209 Masjid Moth NDSE-II, New Delhi- 110 049.
Corporate Office : D-30, Sector III, NOIDA-201 301

DP id*	
Client Id*	

PROXY FORM

Proxy No.

Regd. Folio No No. of shares held

I/We of.....

in the district ofbeing a

Member/Members of the above named Company hereby appoint

.....of.....

.....in the direct of.....of failing him/her

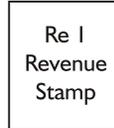
.....of.....

in the district of.....

as my/our proxy to vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on Friday, the 28th September, 2007 at 3.30 p.m. in Lakshmipat Singhania Auditorium at the PHD Chambers of Commerce and Industry, PHD House, Ground Floor, 4/2, Sirifort Road, New Delhi 110016 and at any adjournment thereof

Signed thisday of.....2007

Signature.....



*Applicable for investors holding shares in electronic form

NOTE: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before scheduled time of the meeting. The Proxy need not be a member of the Company.

AXIS-IT&T LIMITED (formerly IT&T Limited)

Registered Office : 325, South Ex Plaza-II, 209 Masjid Moth NDSE-II, New Delhi- 110 049.
Corporate Office : D-30, Sector III, NOIDA-201 301

DP id*	
Client Id*	

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Name of the attending Member (In Block Letters)	Regd. Folio No.
Name of Proxy (In Block Letters) (To be filled in if the Proxy attends instead of the Member)	Number of Shares held

I hereby record my presence at the 17th Annual General Meeting of the Company being held in Lakshmipat Singhania Auditorium at the PHD Chambers of Commerce and Industry, PHD House, Ground Floor, 4/2, Sirifort Road, New Delhi 110016 Friday, the 28th September, 2007 at 3.30 p.m.

.....
Member's/Proxy's Signature
(To be signed at the time of handing over this slip)

- NOTE: i) Members/Proxy holders are requested to bring the Attendance Slip with them duly filled in when they come to the meeting and hand over at the entrance. No attendance slip will be issued at the times of the meeting.
- ii) Member/Proxy holders desiring to attend the meeting should bring their copy of the Annual Report for reference at the meeting.
- iii) Members please be informed that the company shall adhere to its policy of no gift at the Annual General Meeting.
- iv) Please note that only members and proxy holder shall be allowed to attend the Annual General Meeting. Children and Guest shall not be allowed.

* Applicable for investors holding shares in electronic form

BOOK-POST

If undelivered please return to:

AXIS-IT&T Limited (formerly IT&T Limited)

325, South Ex Plaza-II,
209 Masjid Moth NDSE-II,
New Delhi- 110 049.