

AXIS-IT&T LIMITED

ANNUAL REPORT 2007-2008

AXIS-IT&T LIMITED

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AXIS-IT&T LIMITED

BOARD OF DIRECTORS

MR. S. RAVINARAYANAN	Chairman
MR. ROHITASAVA CHAND	Director
MR. PRADEEP DADLANI	Director
MR. ASHOK SAIGAL	Director
MR. PRADEEP MAITRA	Director
MR. VINAY SHANKAR	Director
MR. KAILASH M. RUSTAGI	Director
MR. JOSEPH KOSHY	Director
MS. SHWETA AGARWAL	Company Secretary & Compliance Officer

REGISTERED OFFICE

AXIS-IT&T Limited
A-264, Second Floor,
Defence Colony,
New Delhi - 110 024

CORPORATE OFFICE

Axis-IT&T Limited
D-30, Sector- III,
NOIDA – 201 301

BANKERS

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

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the members of AXIS-IT&T Limited (formerly IT&T Limited) will be held at Lakshmipat Singhanian Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, P.O. Box – 130, New Delhi – 110016, New Delhi – 110016 on Thursday the 18th day of September, 2008 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, 2008 and the Profit and Loss Account for the year ended 31st March, 2008 and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rohitasava Chand, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pradeep Maitra, who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vinay Shankar, who retires by rotation and, being eligible offers himself for re-appointment.
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 Chandok & 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. S.Ravi Narayanan who was appointed as an additional Director & Chairman of the Company by the Board of Directors on 28th April 2008, 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 a Director of the company liable to retire by rotation and is also the appointed Chairman of the company.”
7. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:
“Resolved that, Mr. Pradeep Dadlani who was appointed as an additional Director of the Company by the Board of Directors on 28th April 2008, 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 a Director of the company liable to retire by rotation.”
8. To consider and if thought fit, to pass with or without modifications the following resolution as an Special resolution:
“RESOLVED THAT, pursuant to the provision of Section 310, 269 and 309 read with the provisions of Schedule XIII of the Companies Act, 1956 in this regard, Mr. Rohitasava Chand, be and is hereby re-designated as President & CEO of the Company for a period of 2 years with effect from April 28, 2008 to March 31, 2010 on the terms and conditions as follows:
A. Salary : Rs.1,98,750/- per month
B. Perquisites:

AXIS-IT&T LIMITED

CATEGORY – A

- a) Medical Reimbursement upto Rs.15,000/- per annum.

CATEGORY – B

The following perquisites shall not be included in the computation of the ceiling on remuneration:

- a) Company's contribution of 12% of salary to Provident Fund.
- b) Gratuity payable at a rate of half a month's salary for each completed year of service to be calculated as per the prescribed gratuity norms & without being subject to any limit, and
- c) Encashment of leave at the end of the tenure subject to a maximum of 90 days leave.

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.
- b) TELEPHONE:
A telephone will be provided at Mr. Chand's residence and in addition a mobile phone will be provided to him for which bills will be paid by the Company.

C. LEAVE: Mr. Chand will be eligible for 30 days paid leaves in addition to Casual and Sick leave as per the rules 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.

9. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section **293(1)(d)** and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), authority and consent be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall include a Committee of Directors duly authorised in this behalf) to borrow and raise such sum or sums of money or monies from time to time as may be required for the purpose of business of the Company notwithstanding that the money or monies to be borrowed by the Company (apart from temporary **loans** obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserved not set apart for any specific purpose, subject to the proviso that the aggregate of such borrowings shall not exceed Rs.25 Crores at any point of time."

10. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to Section **293(1)(a)** and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or charge all or any part of the immovable and/or movable properties/assets of the Company wherever situate, both present and future, to or in favour of **YES Bank** or any Bank(s), Financial Institution(s), Company(ies) or other Organisation(s) or Institution(s) or Trustee(s) (hereinafter referred to as the 'Lending Agencies') in order to secure the **loans** (excluding temporary **loans** obtained from the Company's Bankers in the ordinary course of business) advanced/to be advanced by such lending agencies to the Company together with interest at the respective agreed rates, compound/additional interest, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said borrowings.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things and to execute such deeds, documents

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or writings as are necessary or expedient, on behalf of the Company for creating the aforesaid mortgages and/or charges as it may in its absolute discretion deem necessary or expedient for such purpose and for giving effect to the above resolution."

By Order of the Board of Directors
For **AXIS-IT&T Limited**

Sd/-

Place : Noida
Date : 27.06.08

Shweta Agrawal
Company Secretary

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. The address of new registered office is A-264, Second Floor Defence Colony New Delhi - 110024
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.
2. The register of Members and Share transfer shall remain closed from 22nd August 2008, 2008 till September 18th, 2008 (both days inclusive).
3. 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.

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

Mr. Rohitasava Chand has over thirty years of experience in the IT Services Industry. He has a B. Tech from IIT Delhi and an MBA from the Katz Graduate School of Business, University of Pittsburgh, USA. He started his career in software development in 1970 in the U.S. and later moved to India to head the information technology division of Computronics India. In 1985, Mr. Rohitasava Chand ventured out on his own and through a series of acquisitions and mergers created I.I.S. Infotech Ltd., one of India's foremost software companies, of which he was the Executive Chairman. IIS was bought over by the FI Group Plc. (now Xansa Plc.), which is a UK-based multinational and Mr. Chand exited the company. Thereafter, Mr. Chand co-founded Infinity Venture Fund which has a corpus of US\$ 40 million and bought a significant stake in IT&T and contributed to its growth and diversification. Mr. Rohitasava Chand is a recipient of the I.I.T. Delhi Alumni award for outstanding contribution to national development.

Mr. Pradeep Maitra has a B. Tech from IIT, Delhi and an M.S. in Electrical Engineering from the University of California, Berkley, California. Mr. Maitra has over 35 years experience in the Engineering Industry (on the Design and Development side) and is currently working as Vice President of Continental Device India Ltd. He has over the period of his illustrious career won many awards and is a member of many Industry associations and societies all over the world.

Mr. Vinay Shankar has done Civil Engineering from the University of Roorkee and has a Master degree in Economics from the University of Wales, UK. He was one of the first few engineering graduates to be selected from the Madhya Pradesh Cadre of the Indian Administrative Services (IAS) which he joined in the year 1963. Mr. Shankar in his illustrious career spanning over 37 years has served various Indian

AXIS-IT&T LIMITED

State Governments in key positions before reaching the highest bureaucratic post of Secretary to the Government of India. He has vast experience in the area of Public administration, policy & program formulation, budgeting & implementation. His specialization is in Science & Technology, Rural Development, Rural Energy, Agriculture & cooperation, and Transport & Education. At Present, Mr. Shankar is involved actively in consulting in these areas.

Attendance record of the Directors seeking re-election (1.4.2007 to 31.3.2008)

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. Rohitasava Chand	7	7	Present
Mr. Pradeep Maitra	7	6	Present
Mr. Vinay Shankar	7	6	Absent

At the Audit Committee Meeting

Name of the Director	No. of Held	No. of Meetings attended in person
Mr. Rohitasava Chand	5	NA
Mr. Pradeep Maitra	5	2
Mr. Vinay Shankar	5	2

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 29th June 2008.

Item no. 6 & 7

The Board of Directors at its meeting held on June 27th, 2008 had co-opted Mr. S. Ravi Narayanan as an Additional Director & Chairman of the company and Mr. Pradeep Dadlani as Additional Director to hold 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 the two appointees, proposing themselves respectively for the candidature of directorship of the company.

Brief profile of Mr. S.Ravi Narayanan

Mr. Narayanan has a B E (Electrical & Electronics) qualification. He has served on the Board of Directors of Air India Ltd and Indian Airlines Ltd for a 3 year tenure starting from April 1997. Mr. Ravi Narayanan during his tenure was part of several board sub-committees including fleet expansion, yield, IT, etc. He served as a Director of KPTCL since July 2004 and also as the Chairman of the Audit Committee of KPTCL. He is presently serving as a Member of the Board & Vice Chairman and MD of Jupiter Aviation. In the past he has done pioneering work in private participation in defence research & has contributed a lot in the areas of avionics development and testing between 1989 and 1998 especially for LCA and Sukhoi programmes. He is an aerospace professional with 25 years of experience in the aerospace industry as a technocrat, entrepreneur and consultant. He has served on Government boards, established private companies and hence understands the public private participation issues.

Brief profile of Mr. Pradeep Dadlani

Mr. Pradeep Dadlani has a B.E. (Mechanical) & MBA (FT) qualifications. He has over 25 years of Consultancy and Corporate experience in varied sectors & functional areas such as IT, Media, Telecom, Environment, Industry, Market Research, Business Development etc. and is presently serving on the Board of Syscom Projects Consultants Pvt. Ltd.

None of the Directors are interested in the resolution except for Mr. Narayanan & Mr. Dadlani respectively.

Item no. 8

AXIS-IT&T LIMITED

Re-designation of Mr. Rohitasava Chand as President & CEO

Pursuant to the Share Purchase Agreement dated 11.01.2008 entered into between the Promoters, the company and Tayana Software Solutions Pvt. Ltd. (TSSL) TSSL has acquired 60.83% stake in the company and consequent to the change in the controlling interest of the company as aforesaid, Mr. Rohitasava Chand stepped down from the Chairmanship of the company and Mr. Ravi Narayanan was appointed as the Chairman/Director of the company. Mr. Rohitasava Chand continues as a Director of the company under the new designation of President & CEO.

A brief profile & particulars of Mr. Chand has already been given in above paragraphs.

Your company is into the business of providing IT Enabled Services mainly Engineering Design & Software Development. It was incorporated on 24.08.1990 and ventured into the domain of Engineering Design in January 2004.

Financial Performance of the company for the year 2007-08 can be analyzed based on the following indicators:

- a. Total income: Rs. 750.92 lacs
- b. Net Loss after tax & prior period items: Rs. 206.34 lacs
- c. Loss per share – Rs. 1.03
- d. Total accumulated losses: Rs. 2302.52 lacs

Export performance & net foreign exchange collaborations:

- a. The company is a registered STPI unit and net exporter. The export earnings for the year 2007-2008 stood at Rs. 546.81 lacs and deemed export earnings of Rs. 169.20 lacs.
- b. The company has no foreign collaborations

Foreign investments:

- a. The company has an investment of Rs. 1088.57 lacs in its wholly owned subsidiary Axis, Inc in The United States. The subsidiary is engaged in a similar line of business servicing US based clients.

Past Remuneration:

- b. Basic: Rs. 70000/- p.m.
- c. HRA: Rs. 42000/- p.m.
- d. Medical Reimbursement: Rs. 70000/- p.a.
- e. Leave Travel Allowance: Rs. 70000/- p.a.
- f. Company contribution to PF, Gratuity, Leave encashment subject to a maximum of 90 days
- g. Company provided car & telephone
- h. Reimbursement of all business related travel & entertainment expenses

The proposed remuneration is as mentioned in the proposed resolution itself.

The Comparative remuneration profile is not available at these levels. However, since the last remuneration was fixed in May 2000, the current revision barely accounts for inflationary increases.

Mr. Rohitasava Chand has no pecuniary relationship with the company or with any managerial personnel except the emoluments (Salary) approved by the members in there duly convened meeting.

Reason for current losses or inadequate profits, steps, future:

The company has been investing in the business for the last couple of years. The employees need to be highly trained in specific skills before they start contributing to revenues. It is expected that in the coming years the company will be able to leverage the investments made and increase revenues and profit.

The company is expecting increased business from existing clients for which an office has been setup in Chennai. The company is also expecting increased business from Software Services. There is an increased push in the marketing activities and it is expected that initiatives will translate to higher revenues. The revenues for the year 2008-2009 are expected to be more than Rs. 900 lacs and the company hopes to make a small profit before interest, taxes and depreciation on these revenues.

AXIS-IT&T LIMITED

In compliance with the requirements of the Act, the terms of re-appointment / change in the terms of appointment and remuneration specified above are now placed before the members in the General Meeting for their approval.

This explanation together with the accompanying notice, is and should be treated as an abstract under the Section 302 of the Companies Act, 1956 in respect of the remuneration of Mr. Rohitasava Chand, President & CEO.

Your Directors are of the view that the Company would be immensely benefited by the varied experience and expert guidance of Mr. Rohitasava Chand and therefore commend for approval, the Resolution contained in Item No. 8 of the Notice convening the Annual General Meeting.

None of the Directors except Mr. Rohitasava Chand are concerned or interested in Item No. 8 of the Notice.

Item no. 9 & 10

In view of the planned expansion in the business of Axis-IT&T, the company needed enhancement in its credit limits for financing of the expansion needs in terms of Hardware, Software, working capital & other corporate needs.

The Company, is planning to raise loan from its bankers (preset or future) on the mortgage of its assets (fixed and current) as may be required by the lending banks. Though there is no sale of the substantial part of the undertaking and only assets are being mortgaged, approval u/s 293 (1) (a) is not required. Even the assets being mortgaged have a market value of about Rs. 7 crores which is not a substantial part of the market value of the company which is greater than Rs. 40 crores. However as a matter of abundant precaution and to meet the bankers' requirement, the company is placing the resolution for members consideration and approval.

None of the directors are interested in the said resolution.

By Order of the Board of Directors
For AXIS-IT&T Limited

Place : Noida
Date : 27.06.2008

Sd/-
Shweta Agrawal
Company Secretary

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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 2008

1. Financial Results

Year ended March 31	Axis-IT & T Ltd.		Consolidated for the Group	
	2008	2007	2008	2007
Total income	750.92	561.98	2393.72	2436.85
Total expenditure (before interest & depreciation)	814.90	644.35	2285.78	2505.40
Profit / (Loss) before interest, depreciation, amortization and extra ordinary items	(63.98)	(82.37)	107.94	(69.4)
Interest & other finance charges	20.61	7.28	33.48	27.01
Depreciation & amortization	109.95	98.76	123.29	112.39
Provision for diminution in the value of investments or Bad Advances & Debts/ (Written Back)	-----	-----	-----	-----
Profit/ (Loss) before Tax and Extraordinary Items	(194.55)	(188.41)	(48.83)	(208.8)
Extra Ordinary Income/ (Expenses)	-----	-----	-----	49.74
Profit/ (Loss) before Tax	(194.55)	(188.41)	(48.83)	(159.06)
Provision for Tax – Current & Deferred	3.99	3.17	3.99	3.17
Profit / (Loss) after Tax	(198.54)	(191.58)	(52.82)	(162.23)
Tax Earlier Years	0.19	0.04	0.19	0.04
Prior Period Expense Adjustments/ (Income Adjustments)	7.61	-----	7.61	-----
Minority Interests	-----	-----	-----	-----
Profit/ (Loss) Brought Forward after adjusting amount transferred on Amalgamation	(2096.17)	(1902.75)	(1827.88)	(1663.81)
Balance Available for appropriation	(2302.52)	(2094.37)	(1888.50)	(1826.08)

2. Dividend

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

3. Transfer to Reserves

No Reserve has been created during the year.

4. Business Activities

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

A. Engineering Design

In engineering design the company continued to focus on the Mechanical Engineering domain.. Over 160 engineers work on various projects from across the globe. The company has expanded its service offering to include the following services:

- Concept design
- Tool design
- Structural design and analysis

Apart from the above the company continues to offer the following services:

- Product Design / Machinery Design

AXIS-IT&T LIMITED

- . Modeling / Detailing
- . Reverse Engineering

Caterpillar India continues to be the most valuable Indian client and the future prospects of business from the client look to be very promising. The company has opened an office at Chennai to enable closer interaction with & prompt delivery of services to, Caterpillar India which is located at Chennai. The close proximity of our office with the client's office is expected to result in considerably increased business.

The company has strengthened business development by recruiting a Vice President- Business Development with several years of experience in the engineering services industry. Increased business development activity during the year has resulted in the acquisition of ten new clients. These clients are very large organizations and have the potential to outsource several thousand hours of design work.

Throughout the year, the engineering team successfully delivered high quality solutions on time to the clients. Our team has shown the ability to deliver engineering solutions that improve the quality, safety and value of our clients' activities.

Your Company offers diversified services in design and detailing using Pro/Engineer, Catia, Inventor, Ideas, Unigraphics and Solidworks. Ansys is used for carrying out structural and thermal analysis. We have been successful in delivering tangible benefits to the customer in the form of value engineering – weight reduction and design simplification. Our engineers have demonstrated their capability to translate ideas into products. Our team has created grapple designs and aesthetics design of a cab from sketches. Our team has delivered many analysis projects – drilling mast for oil sector, refrigeration skid for marine application, system for cooling of electric motor for the power sector etc. The team has also created the complete design for a telehandler and for a sports motorcycle.

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 there has been a steady increase in business from Intervoice.

1. Subsidiaries

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.

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

AXIS-IT&T LIMITED

5. Major events Subsequent to Balance Sheet Date

The company along with its Promoters and some other shareholders had entered into a Share Purchase Agreement with Tayana Software Solutions Pvt. Ltd. (TSSL) on 11.01.2008 wherein it was agreed that TSSL will acquire 60.59% from the promoters and other parties subject to SAST Regulations. TSSL has since acquired 60.83% stake in the company, including shares acquired through an Open offer to the Public, making your company its subsidiary. The transaction was completed on 28.04.08.

TSSL, is a Private Limited company incorporated in Bangalore. It operates in the wireless telecom domain offering both product solutions and services for GSM network operators worldwide. The Company has several international telecom operators as its clients.

TSSL is part of the Jupiter Group and the acquisition of the majority control in your company by the Jupiter Group is a part of the long-term strategy of the group to build a powerful franchise of Aerospace, Engineering & Communications related businesses closely aligned to one another to become the first choice partners to aerospace & engineering majors worldwide.

The new management has drawn comprehensive plans for the growth of the company and its subsidiaries in US & UK. This involve various measures like investment in new offices to accommodate a larger workforce, strengthening the business development team in India, US & UK and hiring experienced person to head the operations in UK.

It is envisaged that the company will show a significant growth in revenues and turn profitable on a consolidated basis in the financial year 2008-2009. The Indian operations on a standalone basis are also likely to be EBITDA positive in the financial year 2008-2009.

6. Corporate Governance

The company adheres to the SEBI prescribed corporate governance norms.

The compliance report along with 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.

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8. Directors

Pursuant to the signing of the Share Purchase Agreement, Dr. Ajay Shankar resigned from the Board of Directors of your company as well as from the position of President. Dr. Ajay Shankar has since assumed the position of Director of EDC (Engineering Service Division of Caterpillar) at Chennai. Caterpillar is one of your company's major customers.

Subsequently on 28th April 2008, after the Public Offer was concluded & the transfer of shares to TSSL was effected in terms of the SPA, Mr. Rohit Chand stepped down from the Chairmanship of the company and offered his resignation from the Board of the Company and Mr. Om Prakash Mishra along with Mr. Ashish Chand resigned from the Directorship. However Mr. Rohit Chand was asked to be a Director representing the interest of Tayana Software Solutions Pvt. Ltd. in the Board and was re-designated as President & CEO of the company. These changes were agreed to by the Board and Mr. S. Ravi Narayanan & Mr. Pradeep Dadlani, were appointed as Additional Directors and Mr. S. Ravi Narayanan was elected the new Chairman of the company He would serve as a Non-Executive Chairman.

Mr. Narayanan has a B E (Electrical & Electronics) qualification. He has served on the Board of Directors of Air India Ltd and Indian Airlines Ltd for a 3 year tenure starting from April 1997. Mr. Ravi Narayanan during his tenure was part of several board sub-committees including fleet expansion, yield, IT, etc. He served as a Director of KPTCL since July 2004 and also as the Chairman of the Audit Committee of KPTCL. He is presently serving as a Member of the Board & Vice Chairman and MD of Jupiter Aviation. In the past he has done pioneering work in private participation in defence research & has contributed a lot in the areas of avionics development and testing between 1989 and 1998 especially for LCA and Sukhoi programmes. He is an aerospace professional with 25 years of experience in the aerospace industry as a technocrat, entrepreneur and consultant. He has served on Government boards, established private companies and hence understands the public private participation issues.

Mr Pradeep Dadlani has a B.E. (Mechanical) & MBA (FT) qualifications. He has over 25 years of Consultancy and Corporate experience in varied sectors & functional areas such as IT, Media, Telecom, Environment, Industry, Market Research, Business Development etc. and is presently serving on the Board of Syscom Projects Consultants Pvt. Ltd.

9. Auditors

The auditors M/s Walker Chandiok & Co. retire from office at the ensuring 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 dilution of the net worth of the company.

The Company has been making good progress and has opened an office in Chennai to cater to the growing demand from Caterpillar. During the current year the company is EBITA positive on a stand alone basis and is PAT positive on a consolidated basis. With the change in the ownership of the company financial strength and the marketing muscle of the company has improved substantially & the current year should end profitable for the company.

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

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The operation of your Company involves low energy consumption and is 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

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.

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 acquisition of several new clients by the company and the company has a continuously growing pipeline of both new customers as well as orders.

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.

Foreign exchange earned and used:

S. No.	Particulars	2008 (Rs Lcs)	2007 (Rs. Lcs)
1.	Foreign Exchange Earnings (accrual basis)	546.81	428.60
2.	Foreign Exchange Outgo (Including Capital Goods & Spares)	NIL	14.49
3.	Deemed Exports	169.20	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

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: 27.06.08

Sd/
S.Ravinarayanan
Chairman

AXIS-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: 27.06.08

Sd/
S.Ravinarayanan
Chairman

AXIS-IT & T LIMITED

AXIS-IT&T LIMITED

ANNEXURE TO DIRECTORS' REPORT OF AXIS-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.	31.03.2008	14000	100	Rs. 94.08 Lacs	Nil	Rs. 27.14 lacs	Nil	
AXIS EU Ltd. (All shares held by AXIS Inc.)	31.03.2008	91037	100	Rs. (2.97) Lacs	Nil	Rs. (0.31) lacs	Nil	

For and on behalf of the Directors

Sd/- S. Ravinarayanan
Chairman

Sd/- Rohitasava Chand
President & CEO

Sd/- Shweta Agrawal
Company Secretary

Place: Noida
Date: 27.06.08

AXIS-IT&T LIMITED

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2007-2008

The Company is a professionally managed company. The company's primary objective is to create and adhere to a corporate culture of fairness and transparency in actions of the management which 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 2008, the Board of Directors of the Company consisted of 8 members including one 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	3	4/3
Mr. Ashish Chand	Promoter Non Executive	3	Nil
Mr. Ashok Saigal	Independent	2	Nil
Mr. O.P. Mishra	Non Executive	4	Nil
Mr. Pradeep Maitra	Independent	2	Nil
Mr. Vinay Shankar	Independent	2	Nil
Mr. Kailash M. Rustagi	Independent	2	Nil
Mr. Joseph Koshy	Independent	2	Nil

Mr. Atul Sharma retired by rotation at the last Annual General meeting and was not reappointed and Mr. Joseph Koshy was appointed as Additional Director w.e.f. 31.07.07 and his appointment was regularized in the Annual General Meeting dated 28.09.07. Dr. Ajay Shankar also resigned from the Board of the company w.e.f 1.02.08.

Changes after the close of the Financial Year

As you are aware, 60.83% of the Equity capital of your company has been acquired by Tayana Software Solutions Pvt. Ltd. in the month of April 2008 pursuant to the Share Purchase Agreement entered into with them dated 11.01.08 along with open offer given to the shareholders. Consequent to the change in the controlling interest of the company as aforesaid, Mr. Rohit Chand stepped down from the Chairmanship of the company and Mr. Om Prakash Mishra along with Mr. Ashish Chand resigned from the Directorship with effect from 28.04.08 and Mr. Ravi Narayanan was appointed as Additional Director under the designation of Chairman of the company and Mr. Pradeep Dadlani as the Additional Director.

AXIS-IT&T LIMITED

As at the date of signing this report, 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. S. Ravi Narayanan	Non-Executive Director	5	3
Mr. Rohitasava Chand	Executive Director	3	4/3
Mr. Ashok Saigal	Independent	2	Nil
Mr. Pradeep Maitra	Independent	2	Nil
Mr. Vinay Shankar	Independent	2	Nil
Mr. Kailash M. Rustagi	Independent	4	Nil
Mr. Joseph Koshy	Independent	Nil	Nil
Mr. Pradeep Dadlani	Independent	3	Nil

None of the Directors are related inter-se.

* 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.

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 7 Board meetings were held including one which was in continuation of an adjourned meeting.

Schedule

Sl. No.	Board Meeting Dates
1.	30 th May, 2007
2.	29 th June, 2007
3.	31 st July, 2007
4.	31 st October, 2007
5.	10 th January, 2008 with the adjourned meeting on 11 th January 2008
6.	31 st January 2008

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) 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

AXIS-IT&T LIMITED

- III. Investor Grievance Committee
- IV. Remuneration Committee
- V. Finance Review 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. As on the date of the Report the Share Transfer Committee consists of:

1. Mr. K.M. Rustagi
2. Mr. Rohitasava Chand
3. Mr. Ravi Narayanan
4. Ms. Shweta Agarwal Compliance officer/Secretary

As on 31st March 2008 the Share Transfer Committee consisted of:

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

During the year under review the meetings are generally chaired by Mr. Om Prakash Mishra, Non-Executive Director. The Committee meetings were held on May 24th 2007, June 29th, 2007, July 31st 2007, 31st October 2007, and 29th January 2008.

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 6 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:

- 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 consisted of the following members as on 31.03.08:

- Mr. Kailash M. Rustagi (Chairman)
- Mr. Om Prakash Mishra
- Mr. Vinay Shankar
- Mr. Pradeep Maitra
- Mr. Ashok Saigal
- Mr. Joseph Koshy

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

The Committee met on 30th May 2007, 29th June 2007, 31st July 2007, 31st October 2007, and 31st January 2008.

As on the date of the Report the Share Transfer Committee has been reconstituted & consists of:

- Mr. Kailash M. Rustagi (Chairman)

AXIS-IT&T LIMITED

- Mr. Pradeep Dadlani
- Mr. Vinay Shankar
- Mr. Pradeep Maitra
- Mr. Ashok Saigal
- Mr. Ravi Naryanan
- Ms. Shweta Agarwal Compliance officer/Secretary

III Investor Grievance Committee

The Board has also constituted the Investor Grievance Committee to address the various grievances received from the investors. The Committee consisted of the following members as on 31.03.08

- A. Mr. O. P. Mishra
- B. Mr. Rohitasava Chand
- C. Mr. Ashish Chand
- D. 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, Ashish Chand & Ms. Shweta Agrawal are members of this committee. During the year the committee met on July 31st, 2007, October 31st, 2007, 31st January 2008. There were only three complaints received during the year which were resolved satisfactorily in time.

The Investor Greivance committee has been reconstituted and the new committee consisted of Mr. K.M. Rustagi, Mr. Ravi Narayanan, Mr. Rohitasava Chand & Mrs. Shweta Agrawal.

IV. Remuneration Committee

As of 31st March 2008, the Remuneration Committee comprises of the following Directors, Mr. Ashok Saigal (Chairman), Mr. Pradeep Maitra, Mr. Ashish Chand , Mr. Vinay Shankar

The Remuneration Committee did not meet during FY 2007-08 as there was no remuneration matter to be considered during the said financial year.

One meeting was held on 28th April 2008 approving Mr. Rohitasava Chand's revised remuneration on the basis of his changed role in the company. The Remuneration Committee was reconstituted on 28th April 2008 and the new committee consists of :

- Mr. Ashok Saigal
- Mr. Vinay Shankar
- Mr. Ravi Narayanan
- Mr. Pradeep Dadlani
- Mr. Pradeep Maitra
- Mrs. Shweta Agrawal Company Secretary

V. Finance Review Committee

As of 31st March 2008, the Finance Review Committee consisted of Mr. Rohitasava Chand, Mr. Om Prakash Mishra Mr. K.M. Rustagi and Mr. Josheph Koshy. During the year the committee met only once on 26th November 2008 for the purpose of approving and taking on record the Limited Review report of the Auditors on the un-audited quarterly results for the quarter ended 30th September 2007. Consequent to the change in the Board composition, the committee was reconstituted and new committee consists of Mr. K.M Rustagi (Chairman), Mr. Pradeep Dadlani, Mr. Ravi Narayanan, Mr. Rohitasava Chand.

AXIS-IT&T LIMITED

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	30 th Sep., 2005; 3.30 p.m.	Lakshmipat 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	29 th Sep., 2006; 3.30 p.m.	Lakshmipat 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.
Annual General Meeting	28 th Septemeber 2007; 3.30 p.m.	Lakshmipat Singhania Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, P.O. Box – 130, New Delhi – 110016	No

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

F. The Details of Attendance at the General Meetings, Board Meeting and Various Committees Meeting during the period April 1st, 2007 to March 31st, 2008

Name of the Director	Board	Share Transfer Committee	Audit Committee	Investor Grievances Committee	Finance Review Committee	Attendance at AGM
	[7]	[5]	[5]	[3]	[1]	
Mr. Rohitasava Chand	7	5	N.A.	3	1	Present
Mr. Ashish Chand	7	2	3	2	N.A.	Present
Mr. Ashok Saigal	4	N.A.	5	N.A.	N.A.	Present
Mr. Atul Sharma	Nil	N.A.	Nil	N.A.	N.A.	Absent
Mr. O.P. Mishra	5	5	4	3	1	Present
Mr. Pradeep Maitra	6	N.A.	2	N.A.	N.A.	Present
Mr. Vinay Shankar	6	N.A.	2	N.A.	N.A.	Absent
Mr. K.M. Rustagi	4	N.A.	5	N.A.	1	Present
Dr. Ajay Shanker	5	N.A.	N.A.	N.A.	N.A.	Absent
Mr. Joseph Koshy	Nil	N.A.	1	N.A.	1	Absent

Mr. Atul Sharma retired by rotation in the Annual General Meeting dated 28.09.08 and was not reappointed and only three 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

AXIS-IT&T LIMITED

- 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 were 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.

After Mr. Chand's appointment as President and CEO w.e.f 28.4.2008, his remuneration has changed.

Dr. Ajay Shankar, Executive Director was paid a contractual remuneration of Re.1/- only per month. He resigned from the directorship w.e.f 1.02.2008.

The Non Executive Directors are paid a sitting fees of Rs. 2000/- for each Board Meeting attended by them. There has 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 was holding 302400 (1.51%) Equity shares in the company. In the month of April 2008 he transferred his entire holding to Tayana Software Solutions Pvt. Ltd. pursuant to the Share Purchase Agreement entered into between the parties mentioned thereat.

H. Subsidiary Companies

Your company has no Indian Subsidiary.

I. Disclosures

Material Contracts/ Related Party Transaction

The company utilized the services of Mr. O.P. Mishra & Co. Chartered Accountants, where Mr. O.P. Mishra is Proprietor who was also a Non-Executive director in the company during the year under consideration. He was being paid on assignment basis and a total sum of Rs. 6,46,500 was paid during the year ending 31.08.08 for the various assignments handled by him.

The company had taken Loan of Rs. 45 lacs from M/s Yukti Securities Pvt. Ltd. in which Mr. Rohitasava Chand (former Chairman) was one of the Directors. The Load was taken on such terms and conditions which are not prejudicial to the interest of the company.

AXIS-IT&T LIMITED

Transactions with related parties are disclosed in Note No. 6 of Schedule 19 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 un-audited 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 : 18.09.2008

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	2007-2008
(iii) Date of Book Closure	22.08.2008 to 18.09.2008
(iv) Dividend Payment Date	N.A.

AXIS-IT&T LIMITED

(v) Listing on Stock Exchanges

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, 2007	13.85	10	13.90	10.45
May, 2007	13.45	10.6	13.19	10.46
June, 2007	10.9	9.6	10.99	9.32
July, 2007	14.9	9.2	14.84	9.29
August, 2007	13.1	10.05	13.50	9.87
September, 2007	14	10.4	14.20	10.6
October, 2007	12.6	9.6	12.85	9.42
November, 2007	13.25	9.05	13.31	9.00
December, 2007	17.9	10.9	17.70	10.91
January, 2008	24.2	17.4	23.90	17.25
February, 2008	22.25	17.7	23.50	17.55
March, 2008	21.2	15	20.00	16.00

(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

AXIS-IT&T LIMITED

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 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 to 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, 2008 :

No. of shares	Holding	% to Capital	No. of accounts	% to total accounts
1-5000	1217905	6.10	4650	87.55
5001-10000	522443	2.62	285	5.37
10001-20000	439880	2.20	134	2.52
20001-30000	367871	1.84	81	1.53
30001-40000	192336	0.96	16	0.30
40001-50000	314168	1.57	38	0.72
50001-100000	669361	3.35	47	0.88
100001 and above	16236517	81.34	60	1.13
Grand Total		100	5311	100

b) Categories of Shareholders as on March 31st, 2008

Category	No. of shares	Percentage
Promoters Group – Indian	61,10,317	30.61 %
Promoters Group Holding – Foreign	7,65,820	3.84 %
Indian Public	51,07,484	25.59 %
Bodies Corporate	33,88,169	16.97 %
NRI/ OCB/ Foreign Nationals	4534030	22.71 %
Others	54661	0.28 %
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, 2008, the position of Dematerialization is as follow:

	No. of Shares	% of Total Issue Capital
Held in Dematerialized form in CDSL	11,98,970	6.01 %
Held in Dematerialized form in NSDL	1,52,47,697	76.39 %
Held in Physical form	35,13,814	17.60 %
	TOTAL	100.00 %

(xiii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:

AXIS-IT&T LIMITED

As on March 31, 2008, 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
(OLD)**

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

NEW (w.e.f. 27.06.08)

A-264, Second Floor
Defence Colony
New Delhi - 110024

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: 27.06.08

Sd/
S.Ravinarayanan
Chairman

AXIS-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.

Financial Condition

1. Share Capital

There has been no change in the paid up share capital during the year under consideration.

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

Particulars	March 31 st 2008	March 31 st 2007
Land	22.64	22.64
Buildings	146.24	148.94
Computer Systems	51.49	69.31
Furniture Fixtures	16.41	23.67
Office Equipment	17.85	18.32
Vehicles	2.09	5.13
Electrical Installations	0.72	2.94
Intangible Assets	14.69	-
Goodwill on Amalgamation	75.14	108.03

3. Investment

No investments were made during the year 2007-08

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.

AXIS-IT&T LIMITED

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.

AXIS-IT&T LIMITED

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: 27.06.08

Sd/
S.Ravinarayanan
Chairman

AXIS-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, Masjid 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 2008.

Noida

Rohitasava Chand
CEO
Axis-IT&T Ltd.

AXIS-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 March 31, 2008, as stipulated in clause 49 of the listing agreements of the Company with the 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 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 above mentioned listing agreements.

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 : June 27, 2008

Sd/-
I. P. Singh
Partner
Membership No. 07667

AXIS-IT&T LIMITED

AUDITOR'S 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 March 31, 2008, also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. We draw attention to Note 10 of Schedule 19 of financial statements. During the year the Company incurred a net loss of Rs 20,634,508 and had accumulated losses amount to Rs.230,251,932 as at the balance sheet date. These accumulated losses represent erosion of more than fifty percent of net worth of the Company. However, owing to the mitigating factor in the said note, the financial statements have been prepared on a going concern basis.
5. Further to our comments in the Annexure referred to above and paragraph 4, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner

AXIS-IT&T LIMITED

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 March 31, 2008;
- 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

For Walker, Chandio & Co
Chartered Accountants

Per **I.P.Singh**
Partner
Membership No. 07667

Place: New Delhi

Date: June 27, 2008

Annexure to the Auditors' Report of even date to the members of AXIS-IT&T Limited, on the financial statements for the year ended March 31, 2008.

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- (iii)(a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to (d) of the Order are not applicable.
- (b) The Company has taken a loan from one company covered in the register maintained under section 301 of the Act. The maximum amount outstanding during the year was Rs 4,806,234 and the year-end balance was Rs 4,535,730.
- (c) In our opinion, the rate of interest and other terms and conditions for such loan are not, *prima facie*, prejudicial to the interest of the Company.
- (d) In respect of loans taken, the repayment of principal amount has not fallen due during the year under review and the payment of interest has been regular.
- (iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sells any goods. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party

Annexure to the Auditors' Report of even date to the members of AXIS-IT&T Limited, on the financial statements for the year ended March 31, 2008.

- during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of the services rendered by the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix)(a) 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. Further, no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales tax, customs duty, wealth tax, service tax, excise duty and cess on account of any dispute are as follows.

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	3,467,118	Assessment Year 2002-03	Income Tax Appellate Tribunal

- (x) *The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Company has incurred cash losses in the current year, and also in the immediately preceding financial year.*
- (xi) In our opinion, the Company has not defaulted in repayment of dues to any bank during the year. The Company has no dues payable to a financial institution or debenture holders 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. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, 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.

Annexure to the Auditors' Report of even date to the members of AXIS-IT&T Limited, on the financial statements for the year ended March 31, 2008.

- (xiv) In our opinion, 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.
- (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.
- (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 not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker, Chandiok & Co
Chartered Accountants

Per I.P.Singh
Partner
Membership No. 07667

Place: New Delhi

Date: June 27, 2008

AXIS-IT&T LIMITED

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	As at 31st March 2008 Rs.	As at 31st March 2007 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Capital	1	99,955,705	99,955,705
Reserves and surplus	2	298,129,199	298,129,199
Loan funds			
Secured loans	3	14,391,875	11,806,531
Unsecured loans	4	4,535,730	-
		<u>417,012,509</u>	<u>409,891,435</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	72,926,291	67,263,271
Less: depreciation		38,196,908	27,361,058
Net block		<u>34,729,383</u>	<u>39,902,213</u>
Capital work in progress		-	50,000
Investments			
	6	129,770,570	129,770,570
Current assets, loans and advances			
Sundry debtors	7	22,236,938	25,365,158
Cash and bank balances	8	2,078,591	2,147,102
Other current assets	9	4,206,109	4,118,766
Loans and advances	10	<u>8,207,647</u>	<u>8,215,145</u>
		36,729,285	39,846,171
Less: Current liabilities and provisions			
Liabilities	11	10,438,420	6,981,222
Provisions	12	<u>4,030,240</u>	<u>2,133,647</u>
		14,468,660	9,114,869
Net current assets			
		22,260,625	30,731,302
Accumulated deficit in profit and loss account			
		230,251,932	209,437,350
		<u>417,012,510</u>	<u>409,891,435</u>
Significant accounting policies			
Notes to the financial statements			

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
CEO & President

Sd/-
S. Ravi Narayanan
Chairman

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

For Walker, Chandiook & Co
Chartered Accountants

Sd/-
Per I.P.Singh
Partner
Membership No. 07667

Place: Noida
Dated: June 27, 2008

AXIS-IT&T LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedule	For the period ended 31st March 2008 Rs.	For the period ended 31st March 2007 Rs.
Gross operating income			
I T enabled services - Exports		19,257,171	19,572,176
I T enabled services - Deemed Exports		16,920,033	12,498,681
I T enabled services - Domestic		440,490	-
Software Services Exports		35,424,162	23,287,367
Total		72,041,856	55,358,224
Other income	13	3,050,270	2,322,619
		75,092,126	57,680,843
EXPENDITURE			
Personnel expenses	14	54,528,453	40,883,967
Operating and administrative expenses	15	26,962,175	25,034,027
Depreciation and amortization	5	10,995,209	9,876,264
Finance charges	16	2,061,481	727,897
		94,547,318	76,522,155
Loss before tax and prior period items		19,455,192	18,841,312
Tax expense			
Fringe benefit tax		399,316	316,520
Tax earlier years		19,142	4,312
Loss after tax and before prior period items		19,873,650	19,162,144
Prior period item	17	760,858	-
Loss after tax and prior period items		20,634,508	19,162,144
Balance in profit and loss account of prior years		209,437,350	
Add: Leave encashment transitional loss (net)		180,784	
		209,617,424	190,275,206
Balance of profit/(loss) account carried to the balance sheet		230,251,932	209,437,350
Loss per share - basic and diluted		1.03	0.97
(Refer note 9 on schedule 19)			
Significant accounting policies	18		
Notes to the financial statements	19		

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/-
Rohitasa Chand
CEO & President

Sd/-
S. Ravi Narayanan
Chairman

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

For Walker, Chandiok & Co
Chartered Accountants

Place: Noida
Dated: June 27, 2008

Sd/-
Per I.P.Singh
Partner
Membership No. 07667

AXIS-IT&T LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

	31st March 2008 Rs.	31st March 2007 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
	140,000,000	140,000,000
Issued share capital		
20,011,581 (previous year 20,011,581)Equity shares of Rs. 5 each fully paid up	100,057,905	100,057,905
	100,057,905	100,057,905
Subscribed and paid up		
19,960,481 (previous year 19,960,481) Equity shares of Rs.5 each fully paid	99,802,405	99,802,405
Add: Forfeited shares (amount originally paid Rs. 3 per share on 51,100 equity shares)	153,300	153,300
	99,955,705	99,955,705
Schedule 2		
Reserves and surplus		
Securities premium account		
Balance at the beginning of the year	298,129,199	296,491,300
Add: Amount received on preferential allotment	-	1,637,899
	298,129,199	298,129,199
Schedule 3		
Secured loans		
Loan from banks		
Vehicle loan* (Secured against hypothication of the specific vehicle)	37,958	193,665
Working capital loan from ABN AMRO (Secured by first charge on the land and building of the Company situated at D-30,Sector 3, Noida)	14,353,917	11,612,866
	14,391,875	11,806,531
*Amounts due within one year	37,958	141,795
Schedule 4		
Unsecured loan		
Loan from a body corporate		
Principal amount	4,500,000	-
Interest accrued and due	35,730	-
	4,535,730	-

AXIS-IT&T LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

Schedule 5
Fixed Assets

Assets	Gross Block				Depreciation/Amortisation				Net Block	
	2007 Rs.	Additions during the year Rs.	Sale/ Adjustments during the year Rs.	2008 Rs.	2007 Rs.	For the year	Adjustments during the year Rs.	2008 Rs.	2008 Rs.	2007 Rs.
Goodwill on amalgamation	16,445,348	-	-	16,445,348	5,641,589	3,289,070	-	8,930,659	7,514,688	10,803,758
Land - freehold	2,264,437	-	-	2,264,437	-	-	-		2,264,437	2,264,437
Office building	16,581,724	-	-	16,581,724	1,687,491	270,282	-	1,957,773	14,623,951	14,894,233
Furniture and fixtures	6,558,137	169,856	-	6,727,993	4,190,323	896,504	-	5,086,827	1,641,166	2,367,814
Office equipments	3,527,085	490,750	-	4,017,835	1,694,907	537,695	-	2,232,602	1,785,233	1,832,177
Computers	6,156,223	5,326,882	-	11,483,105	3,566,429	2,767,285	-	6,333,714	5,149,391	2,589,795
Vehicles	1,722,461	-	324,468	1,397,993	1,208,587	139,413	159,358	1,188,642	209,351	513,874
Electrical installations	2,059,794	-	-	2,059,794	1,764,934	222,456	-	1,987,390	72,404	294,860
Intangible assets										
Non compete fees	1,971,000	-	-	1,971,000	1,971,000	-	-	1,971,000	-	-
Softwares	9,977,062			9,977,062	5,635,797	2,872,504		8,508,301	1,468,762	4,341,265
Total	67,263,271	5,987,488	324,468	72,926,291	27,361,057	10,995,209	159,358	38,196,908	34,729,383	39,902,213
Previous year	62,684,020	4,579,251	-	67,263,271	17,484,794	9,876,264	-	27,361,058	39,902,213	-

AXIS-IT&T LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

31st March 2008

31st March 2007

Rs.

Rs.

Schedule 6**Investments****Long-term investments - Unquoted - 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.

247,663 (previous year 247,663) Equity Shares of Rs.10 each

fully paid up

5,913,658

5,913,658

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

130,270,570

130,270,570**Less : Provision for diminution in the value of long term investments**

Datum Technology Limited

500,000

500,000

129,770,570

129,770,570

Aggregate cost of unquoted investment (net of provision)

129,770,570

129,770,570

AXIS-IT&T LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

	31st March 2008	31st March 2007
	Rs.	Rs.
Schedule 7		
Sundry debtors		
Unsecured (considered good)		
Debts outstanding for a period exceeding six months	24,230	-
Other debts	22,212,708	25,365,158
	<u>22,236,938</u>	<u>25,365,158</u>
Schedule 8		
Cash and bank balances		
Cash in hand	53,440	160,779
Balance with scheduled banks in :		
Current accounts	1,609,171	1,591,837
Fixed deposit accounts	415,980	394,486
	<u>2,078,591</u>	<u>2,147,102</u>
Schedule 9		
Other current assets		
Unbilled revenue	4,187,698	4,100,000
Interest accrued but not due	18,411	18,766
	<u>4,206,109</u>	<u>4,118,766</u>
Schedule 10		
Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind		
or for value to be received	2,586,675	3,035,305
Pre paid income-tax	5,620,972	5,179,840
Service tax receivable (doubtful)	1,265,028	-
Deposit with body corporate (doubtful)	24,945,920	24,945,920
	<u>34,418,595</u>	<u>33,161,065</u>
Less: provision for doubtful loans and advances	26,210,948	24,945,920
	<u>8,207,647</u>	<u>8,215,145</u>
Schedule 11		
Current liabilities		
Sundry creditors for goods, services and other expenses	9,142,678	5,538,056
Other liabilities	1,295,742	1,443,166
	<u>10,438,420</u>	<u>6,981,222</u>

AXIS-IT&T LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

	31st March 2008	31st March 2007
	Rs.	Rs.
Schedule 12		
Provisions		
Employee benefits	4,030,240	2,133,647
	<u>4,030,240</u>	<u>2,133,647</u>
Schedule 13		
Other income		
Dividend on investments (non trade)	2,100,000	7,595
Interest on		
Bank deposits *	27,387	111,294
Income tax	188,581	-
Profit on sale of current investments (non trade)	-	41,882
Profit on sale of fixed assets	47,645	-
Foreign exchange gain	651,178	2,095,930
Miscellaneous income	35,479	65,918
	<u>3,050,270</u>	<u>2,322,619</u>
* Tax deducted at source on interest	3,910	20,305
Schedule 14		
Personnel expenses		
Salaries and bonus	50,725,134	37,604,578
Contribution to provident and other funds	1,382,557	1,210,919
Staff welfare and other benefits	2,420,762	2,068,470
	<u>54,528,453</u>	<u>40,883,967</u>

AXIS-IT&T LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

	31st March 2008	31st March 2007
	Rs.	Rs.
Schedule 15		
Operating and administrative expenses		
Communication expenses	1,818,228	1,929,383
Electricity and water	3,271,297	2,351,257
Rent and hire charges	6,644,671	5,774,474
Local transport and conveyance	373,013	187,478
Travel expense	2,007,118	1,754,606
Office maintenance	1,493,754	1,214,668
Repair and maintenance		
Office building	112,271	129,437
Plant and machinery	992,766	1,153,392
Others	263,897	315,500
Legal and professional	5,157,997	6,685,022
Insurance	23,417	160,907
Rates and taxes	54,471	28,131
Advertisement and marketing expenses	25,404	44,800
Business promotion	128,087	86,773
Printing and stationery	441,312	538,141
Directors' fee	56,000	78,000
Foreign exchange loss	2,023,596	1,483,223
Bad debts written off	118,350	197,265
Commission and brokerage	-	75,920
Meeting and conference	172,055	188,636
Provision for doubtful cenvat recoverable	1,265,028	-
Miscellaneous expenses	519,443	657,014
	26,962,175	25,034,027
Schedule 16		
Finance charges		
Interest expenses	1,878,022	484,499
Processing fee and other bank charges	183,459	243,398
	2,061,481	727,897
Schedule 17		
Prior period item		
Incentive expense	760,858	-
	760,858	-

AXIS-IT&T LIMITED

Schedule forming part of the financial statements for the year ended March 31, 2008

Schedule 18

Significant accounting policies

1. Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section (I) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year

2. Use of estimates

The preparation of financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Any revision to accounting estimates is recognised 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 fixed assets, which increases the future benefit from the existing asset beyond its previous assessed standard of performance, is capitalised.

AXIS-IT&T LIMITED

Schedule forming part of the financial statements for the year ended March 31, 2008

Schedule 18

Significant accounting policies (Contd.)

Intangible

Intangible asset comprises of non-compete fee, software and goodwill, 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.

Assets	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	33.33	16.21
Vehicles	20.00	9.50
Electrical installations	14.29	4.75
Softwares	33.33	16.21

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. Employee benefits

Liabilities in respect of defined benefit plans other than provident fund schemes are determined based on actuarial valuation made by an independent actuary as at the balance sheet date. The actuarial gains or losses are recognised immediately in the profit and loss account.

Contribution towards the defined contribution plans are recognised in the profit and loss account on accrual basis.

AXIS-IT&T LIMITED

Schedule forming part of the financial statements for the year ended March 31, 2008

Schedule 18

Significant accounting policies (Contd.)

Short term benefits are recognised as an expense at the undiscounted amount in the profit & loss account of the year in which the related service is rendered.

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.

9. Taxes on income

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, provisions & unabsorbed depreciation can be set off.

Fringe-benefit tax for the year has been determined in accordance with the provision of section 115WC of the Income Tax Act, 1961.

AXIS-IT&T LIMITED

Schedule forming part of the financial statements for the year ended March 31, 2008

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.

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

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 liabilities and provisions

The Company creates 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 or present obligations that may, but probably will not, require outflow of resources or where a reliable estimate of a present obligation cannot be made, 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.

AXIS-IT&T LIMITED

Schedule forming part of the financial statements for the year ended March 31, 2008

Schedule 19

Notes to the Financial Statements

1. During the year ended March 31, 2008, eleven shareholders holding cumulatively 12,112,184 (60.69%) Equity Shares of the Company entered into a share purchase agreement with M/s Tayana Software Solutions Private Limited for the sale of aforesaid shares. Subsequent to the completion of the transfer of these shares and closure of the share purchase agreement after March 31, 2008, the Company has become a subsidiary of M/s Tayana Software Solutions Private Limited.

2. Share capital

a. 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 4,202,200 (previous year 4,202,200) equity shares allotted as fully paid up under the scheme of amalgamation without payments been received.

3. Contingent liabilities not provided for:

	2008 Rs.	2007 Rs.
a) Demands raised by Income tax authorities against which the Company has filed an appeal with ITAT	3,467,118	2,412,611
c) Order passed against the Company by a consumer forum, Lucknow, against which the Company has filed a revised petition	225,600	225,600
Total	3,692,718	2,754,925

4. Payments made to the directors*

	2008 Rs.	2007 Rs.
Salaries and bonus	1,344,010	840,012
Contribution to provident and other funds	100,800	100,800
Monetary value of perquisites	70,000	70,000
Directors' sitting fee	56,000	78,000
	1,570,810	1,088,812

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

AXIS-IT&T LIMITED

Schedule forming part of the financial statements for the year ended March 31, 2008 Schedule 19

Notes to the Financial Statements

5. Auditors' remuneration

	2008 Rs.	2007 Rs.
Audit fee	225,000	225,000
Tax audit fee	50,000	50,000
Other services	75,000	75,000
Out of pocket expenses	47,788	3,265
Service tax	43,260	49,348
	441,048	402,613

6. Related party transactions

a. Names of related parties and description of relationship:

- | | |
|---|---|
| <p>I. Subsidiary companies</p> | <p>Axis Inc., U.S.A.
Axis E.U.</p> |
| <p>II. Other entities*</p> | <p>a) Yukti Securities Limited</p> |
| <p>III. Key management personnel</p> | <p>a. Mr. Rohitsava Chand
b. Dr. Ajay Shankar**</p> |

* entity in which key management personnel is having significant influence.

** Resigned from directorship with effect from February 1, 2008

b. Transactions with related parties during the year:

(amount in Rs.)

Nature of transactions	Subsidiaries		Other entities		Key management personnel		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Rendering of services	12,062,045	16,873,509	-	133,020	-	-	12,062,045	17,006,529
Investment made	-	-	-	1,636,679	-	-	-	1,636,679
Loans raised	-	-	4,500,000	-	-	-	4,500,000	-
Reimbursement/adjustment from advance of expense paid	1,143,709	601,708	-	-	-	-	1,143,709	601,708
Remuneration paid	-	-	-	-	1,568,810	1,088,812	1,568,810	1,088,812
Balance at the year end								
Investment	108,856,912	108,856,912	5,913,658	5,913,658	-	-	114,770,570	114,770,570
Amount recoverable for expense	105,505	12,053	-	-	-	-	105,505	12,053
Loan outstanding	-	-	4,535,730	-	-	-	4,535,730	-
Sundry debtors	6,087,289	8,445,137	-	-	-	-	6,087,289	8,445,137

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

	2008 Rs.	2007 Rs.
Capital goods	-	1,449,315
	-	1,449,315

AXIS-IT&T LIMITED

Schedule forming part of the financial statements for the year ended March 31, 2008

Schedule 19

Notes to the Financial Statements

8. Earnings in foreign exchange

	2008 Rs.	2007 Rs.
Export of services	<u>56,261,440</u>	<u>42,859,542</u>
	56,261,440	42,859,542

9. Earnings per share

	2008	2007
a) Number of fully paid equity shares at the beginning of the year	19,960,481	19,638,060
b) Number of fully paid equity shares at the end of the year	19,960,481	19,960,481
c) Weighted average number of equity shares (Nominal value of each share Rs.5) outstanding during the year	19,960,481	19,785,579
d) Net profit /(loss) attributable to equity shareholders (Rs.)	(20,634,508)	(19,162,144)
e) Basic and diluted earnings / (loss) per share (in Rs.)	(1.03)	(0.97)

10. The Company has incurred losses after tax of Rs. 20,634,508 during the year ended March 31, 2008 resulting in accumulated losses of Rs. 230,251,932 as at March 31, 2008. These accumulated losses represent erosion of more than fifty percent of net worth of the Company. 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. Further post balance sheet date, the Company has become a subsidiary of Tayana Software Solutions Private Limited and whereby, the new parent company has agreed in principal to provide financial support as and when necessary to run the operations of the Company. Accordingly, these financial statements have been prepared on a going concern basis and do not require any adjustment to the recorded asset amount & classification of liability.

11. 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

12. The company has identified the micro and small enterprises based upon the information available and confirmations sent to all the suppliers who have registered themselves under the Micro Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006). Based on the information available with the company and the confirmations received, there are no dues outstanding to these micro and small enterprises as at March 31, 2008. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

13. Employee Benefit Plan

With effective from April 1, 2007, the Company has adopted the revised accounting standard on employee benefits. Pursuant to the adoption, the transitional obligations of the Company amounted to Rs.180,074. This transitional loss has been recorded by adjusting with Profit & Loss account in the absence of general reserve.

1) Following are the defined benefit/long term benefit schemes:

AXIS-IT&T LIMITED

Schedule forming part of the financial statements for the year ended March 31, 2008

Schedule 19

Notes to the Financial Statements

- a) Leave encashment
- b) Gratuity

Actuarial valuation has been done with the following assumptions.

Particulars	Leave encashment (Unfunded)	Gratuity (Unfunded)
Discount rate	8%	8%
Rate of increase in Compensation levels	8%	8 %
Rate of return of plan assets	N.A.	N.A.

The following table sets out the amounts recognized in the Company's financial statements:

Change in the present value of obligation :	Leave encashment (Unfunded) Rs.	Gratuity (Unfunded) Rs.
Present value of obligation as at April 1,2007	543,839	1,300,241
Interest Cost	43,507	104,019
Current Service Cost	282,460	815,779
Benefits paid	182,487	(18,543)
Actuarial (gain)/loss on obligations	(48,130)	472,769
Present value of obligation as at March 31,2008	735,449	2,674,265

Expenses recognized in the Profit and Loss Account	Leave Encashment (Unfunded) Rs.	Gratuity (Unfunded) Rs.
Current Service Cost	282,460	815,779
Interest Cost	43,507	104,019
Expected Return on Plan Assets	-	-
Settlement Cost/Credit	-	-
Net actuarial (gain)/loss recognized in the period	(48,130)	472,769
Total Expenses recognized in the Profit & Loss Account	374,097	1,392,567

2) Other benefit plans

The Company also has defined contribution plans, which are largely governed by local statutory laws and cover the eligible employees. These schemes are funded both by the members and by monthly company contributions, primarily based on a specified percentage of the employee's salary. The total contribution to these schemes during the year ended March 31, 2008 was Rs.1,359,260 (previous year Rs. 1,199,655).

AXIS-IT&T LIMITED

Schedule forming part of the financial statements for the year ended March 31, 2008

Schedule 19

Notes to the Financial Statements

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 March 31, 2008 and based on such assessment no impairment loss has been recognized to the carrying value of the assets as of March 31, 2008.
16. The Company recorded a net foreign exchange loss of Rs. 1,372,418 [previous year Rs.612,707 (gain)] during the year.

17. Foreign currency exposures

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

Particulars	Amount in Foreign Currency	Amount in Rs.
Included in Debtors		
Current year		
	USD 317,482	12,794,541
	GBP 46,578	3,771,428
	EURO 52,063	3,355,956
Previous year		
	USD 399,083	17,080,748
	GBP 26,772	2,242,993
	EURO 15,630	900,275
	AUD 2,866	101,227
	RAND 2,000	12,360

18. 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
CEO & President

Sd/-
S. Ravi Narayanan
Chairman

Place: Noida
Dated: June 27, 2008

AXIS-IT&T LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	2008 Rs.	2007 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	19,455,192	18,841,312
Adjustment for:		
Depreciation and amortization	10,995,209	9,876,264
Dividend received	(2,100,000)	(7,595)
Profit on sale of fixed assets	(47,645)	-
Profit on sale of investments	-	(41,882)
Exchange fluctuation net - gain/(loss)	(278,308)	665,620
Bad debts written off	118,350	-
Provision for doubtful cenvat recoverable	1,265,028	-
Interest expense	1,878,022	484,499
Interest income	(215,968)	(111,294)
Prior period expenses	(760,858)	-
Operating loss before working capital changes	8,601,362	7,975,700
(Increase) / decrease in trade and other receivables	2,384,078	(4,113,763)
Increase / (decrease) in trade and other payables	5,173,718	1,228,533
Cash absorbed in operations	1,043,566	10,860,930
Taxes refund / (payment)	(859,590)	(636,122)
NET CASH USED IN OPERATING ACTIVITIES	1,903,156	11,497,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including adjustment of capital work in progress)	(5,937,488)	(4,629,252)
Sale of fixed assets	212,755	-
Sale proceeds / (purchase) of investments (net)	-	3,276,418
Interest received	216,324	311,738
Dividend received	2,100,000	7,595
NET CASH FROM / (USED IN) INVESTING ACTIVITIES	(3,408,409)	(1,033,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of borrowings	7,241,050	11,485,640
Repayment of borrowings	(155,706)	-
Interest paid	(1,842,292)	(484,499)
Receipts on issue of fresh equity Capital	-	3,250,004
Redemption of Preference Shares	-	(3,250,000)
NET CASH FROM FINANCING ACTIVITIES	5,243,052	11,001,145
Net Increase / (decrease) in cash and cash equivalents	(68,513)	(1,529,403)
Cash and cash equivalents at beginning of the year	2,147,104	3,676,506
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,078,590	2,147,104

For and on behalf of the Board of Directors

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
CEO & President

Sd/-
S. Ravi Narayanan
Chairman

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

For Walker, Chandiok & Co
Chartered Accountants

Sd/-
Per I.P.Singh
Partner

Membership No. 07667

Place: Noida

Dated: June 27, 2008

AXIS-IT&T LIMITED

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	31.03.2008
II	Capital raised during the year	NIL
	Public Issue	NIL
	Bonus Issue	NIL
	Right Issue	
	Private Placement	NIL
III.	Position of Mobilization and Deployment of Funds (fig. in ,000)	
	Total Liabilities (including Shareholders' Funds)	417012
	Total Assets	417012
	Sources of Funds: (fig. in ,000)	
	Paid up Capital	99955
	Reserves & Surplus	298129
	Secured Loans	14391
	Unsecured Loans	4535
	Application of Funds: (fig. in ,000)	
	Net Fixed Assets	34729
	Capital WIP	NIL
	Investments	129770
	Net Current Assets	22260
	Deferred Tax-Asset	----
	Miscellaneous Expenditure (including Debit Balance if P&L account)	230251
IV.	Performance of Company (fig. in ,000)	
	Turnover (including Other Income)	72041
	Total expenditure	94547
	Profit / (Loss) before Tax	(19455)
	Profit / (Loss) after Tax	(20634)
	Earning per share in Rs.	(1.03)
	Dividend Rate (96)	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 : 27/06/08	Shweta Agrawal	Rohitasava Chand	S Ravi Narayanan
	Company Secretary	President & CEO	Chairman

AXIS-IT&T LIMITED (Consolidated)

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 (hereinafter collectively referred to as “the Group”) as at March 31, 2008, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Group’s management and have been prepared by management on the basis of separate financial statements of the entities of the Group. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 presentation. 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.120, 897,167 as at March 31, 2008, and the total revenue of Rs. 172,431,954. for the year then ended as considered in the consolidated financial statements. These financial statements and other financial information 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 such other auditors.
4. 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.
5. Based on our audit and consideration of reports of other auditors on separate financial statement of the entities (subsidiaries) and to the best of the information and according to the explanations given to us, 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 March 31, 2008;
 - 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, Chandiook & Co
Chartered Accountants

Place : Noida
Dated : June 27, 2008

Per I.P.Singh
Partner
Membership No. 07667

AXIS-IT&T Limited (Consolidated)

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	As at 31st March 2008 Rs.	As at 31st March 2007 Rs.
Shareholders' funds			
Share capital	1	99,955,704	99,955,704
Reserves and surplus	2	113,385,655	113,578,114
Loan funds			
Secured Loans	3	14,391,875	27,346,973
Unsecured Loans	4	25,744,199	6,441,417
		253,477,433	247,322,208
APPLICATION OF FUNDS			
Goodwill		137,419,142	137,419,142
Fixed assets	5		
Gross block		116,558,567	106,669,208
Less: Depreciation		79,922,295	66,502,598
Net block		36,636,272	40,166,610
Capital work in progress		-	50,000
Investments	6	20,914,000	20,914,000
Current assets, loans and advances			
Inventories	7	117,576	341,020
Sundry debtors	8	51,649,175	47,573,652
Cash and bank balances	9	11,195,050	5,187,247
Other current assets	10	5,280,687	8,723,047
Loans and advances	11	12,096,962	10,941,150
		80,339,450	72,766,116
Less: Current liabilities and provisions			
Liabilities	12	17,740,360	21,860,012
Provisions	13	4,091,071	2,133,647
		21,831,431	23,993,659
Net current assets		58,508,019	48,772,457
		253,477,433	247,322,208
Significant accounting policies	20		
Notes to the financial statements	21		

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/-
Rohitasa Chand
President & CEO

Sd/-
S. Ravi Narayanan
Chairman

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

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

Place: Noida
Dated: 27/062008

Sd/-
Per I.P.Singh
Partner
Membership No. 07667

AXIS-IT&T Limited (Consolidated)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedule	As at 31st March 2008 Rs.	As at 31st March 2007 Rs.
INCOME			
Income from operations	14	232,411,765	235,945,464
Other income	15	6,960,461	7,654,607
Transfer from revaluation reserve for sale of asset		-	4,974,128
		<u>239,372,226</u>	<u>248,574,199</u>
EXPENDITURE			
Personnel expenses	16	182,039,689	200,071,672
Operating and administrative expenses	17	46,538,402	50,468,322
Finance charges	18	3,347,855	2,701,484
Depreciation and Amortization	5	12,329,436	11,238,762
		<u>244,255,382</u>	<u>264,480,240</u>
Profit/(Loss) before tax		(4,883,156)	(15,906,041)
Tax Expense			
Fringe Benefit Tax		399,316	316,520
Tax earlier years		19,142	4,310
Profit/(Loss) for the year after tax		<u>(5,301,614)</u>	<u>(16,226,871)</u>
Prior Period Expenses	19	760,858	-
Profit/(Loss) for the year after tax & prior period expense		<u>(6,062,472)</u>	<u>(16,226,871)</u>

Earnings / (loss) per share - basic and diluted (0.30) (0.82)
(Refer note 6 on schedule 21)

Significant accounting policies 20

Notes to the financial statements 21

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
President & CEO

Sd/-
S. Ravi Narayanan
Chairman

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

For Walker, Chandiok & Co
Chartered Accountants

Place: Noida
Dated: 27/06/2008

Sd/-
Per I.P.Singh
Partner
Membership No. 07667

AXIS-IT&T Limited (Consolidated)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008

	As at 31st March 2008 Rs.	As at 31st March 2007 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 20,011,581) Equity shares of Rs. 5 each fully paid up	100,057,905	100,057,905
	100,057,905	100,057,905
Subscribed and paid up		
19,960,481 (previous year 19,960,481) Equity shares of Rs.5 each fully paid	99,802,404	99,802,404
Add: Forfeited shares (amount originally paid Rs. 3 per share on 51,100 equity shares)	153,300	153,300
	99,955,704	99,955,704
Schedule 2		
Reserves and surplus		
Securities premium account		
Balance at the beginning of the year	298,129,199	296,491,300
Add: Amount received on preferential allotment	-	1,637,899
	298,129,199	298,129,199
Revaluation reserve		
Balance at the beginning of the year	-	4,974,128
Less: Transfer to P&L on disposal of revalued asset	-	4,974,128
	-	-
Profit and loss account		
As per last balance sheet	(182,607,890)	(161,406,886)
Add: Leave encashment transitional loss (net)	180,074	
	(182,787,964)	(4,974,128)
Add: Surplus/ (Deficit) as per profit and loss account	(6,062,472)	(16,226,871)
	(188,850,436)	(182,607,886)
Translation reserve	4,106,892	(1,943,199)
	113,385,655	113,578,114
Schedule 3		
Secured Loans		
From banks		
Vehicle Loan*	37,958	193,665
Working capital loan**	14,353,917	27,153,308
	14,391,875	27,346,973
Amounts due with in one year	37,958	428,237
*The vehicle loan from a bank is secured by way of hypothecation on the underlying vehicle.		
**The working capital loan is secured by way of charge on the fixed assets and land and building held by parent company		
Schedule 4		
Unsecured Loans		
Short term loans		
From body corporate	10,940,781	-
From bank	13,965,000	6,441,417
From others	802,688	-
Interest accrued and due	35,730	-
	25,744,199	6,441,417

AXIS-IT&T Limited (Consolidated)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

Schedule 5

Fixed Assets

Amount in Rs.

Assets	Gross Block				Depreciation/Amortisation				Net Block	
	2007	Additions during the year	Sale/ Adjustments during the year*	2008	2007	For the year	Adjustments during the year*	2008	2008	2007
Goodwill on amalgamation	16,445,348	-	-	16,445,348	5,641,589	3,289,070	-	8,930,658	7,514,689	10,803,759
Land - freehold	2,264,437	-	-	2,264,437	-	-	-	-	2,264,437	2,264,437
Building-										
Freehold	16,581,724	-	-	16,581,724	1,687,491	270,282	-	1,957,773	14,623,951	14,894,233
Leasehold Improvement	170,411	-	(23,928)	146,482	165,519	4,536	(23,573)	146,482	-	4,891
Furniture and fixtures	4,872,572	169,856	2,322,086	7,364,514	2,323,432	1,024,437	2,332,095	5,679,963	1,684,551	2,549,141
Office equipments	16,570,531	685,825	(1,180,965)	16,075,391	13,849,594	1,272,161	(1,238,961)	13,882,793	2,192,598	2,720,936
Computers	3,608,100	5,385,107	2,964,187	11,957,394	1,828,888	3,058,329	1,786,334	6,673,551	5,283,843	1,779,212
Production Equipment	10,735,556	-	-	10,735,556	10,735,556	-	-	10,735,556	-	-
Vehicles	1,722,461	-	(324,468)	1,397,993	1,208,587	139,413	(159,358)	1,188,642	209,351	513,874
Electrical installations	2,059,794	-	-	2,059,794	1,764,934	222,456	-	1,987,390	72,404	294,860
Intangible assets										
Non compete fees	1,971,000	-	-	1,971,000	1,971,000	-	-	1,971,000	-	-
Softwares	29,667,274	-	(1,604,589)	28,062,685	25,326,009	2,872,504	(1,604,589)	26,593,924	1,468,761	4,341,265
License	-	1,510,710	(14,460)	1,496,250	-	176,249	(1,687)	174,563	1,321,688	-
Total	106,669,208	7,751,497	2,137,863	116,558,567	66,502,598	12,329,436	1,090,261	79,922,295	36,636,272	40,166,610

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

AXIS-IT&T Limited (Consolidated)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008

	As at 31st March 2008 Rs.	As at 31st March 2007 Rs.
Schedule 6		
Investments		
Long-term investments - Unquoted unless otherwise stated, at cost		
Trade		
IT&T Global Services Ltd. 2,47,663 (previous year 2,47,663) Equity Shares of Rs.10/- each fully paid up	5,913,658	5,913,658
Datagraphical Limited (Ordinary Shares) (refer note 2 on schedule 21)	171	171
Axis IT Solutions Limited Ordinary Shares (refer note 2 on schedule 21)	171	171
Non Trade		
Datum Technology Limited 50,000 Equity shares of Rs. 10 each fully paid up	500,000	500,000
Khandwala Securities Limited 150,000 7% Cumulative redeemable preference shares of Rs. 100 each fully paid up	15,000,000	15,000,000
	<u>21,414,000</u>	<u>21,414,000</u>
Less : Provision for diminution in the value of long term investments		
Datum Technology Limited	500,000	500,000
	<u>20,914,000</u>	<u>20,914,000</u>
Aggregate cost of unquoted Investment (net of provision)	20,914,000	20,914,000

AXIS-IT&T Limited (Consolidated)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008

	As at 31st March 2008 Rs.	As at 31st March 2007 Rs.
Schedule 7		
Inventories (As certified by the management)		
Work in progress	117,576	341,020
	<u>117,576</u>	<u>341,020</u>
Schedule 8		
Sundry debtors		
Unsecured (considered good)		
Debts outstanding for a period less than six month	51,649,175	47,573,652
	<u>51,649,175</u>	<u>47,573,652</u>
Schedule 9		
Cash and bank balances		
Cash in hand	57,357	160,959
Balance with scheduled banks in :		
current accounts	7,868,807	4,631,802
fixed deposit accounts	3,268,886	394,486
	<u>11,195,050</u>	<u>5,187,247</u>
Schedule 10		
Other current assets		
Unbilled revenue	5,262,276	8,704,282
Interest accrued but not due	18,411	18,765
	<u>5,280,687</u>	<u>8,723,047</u>
Schedule 11		
Loans and advances		
(Unsecured, considered good unless otherwise)		
Advances recoverable in cash or in kind or for value to be received	5,210,962	5,761,310
Service tax receivable (doubtful)	1,265,028	-
Pre paid income-tax	6,886,000	5,179,840
Deposits with bodies corporate (doubtful)	24,945,920	24,945,920
	<u>38,307,910</u>	<u>35,887,070</u>
Less: provision for doubtful advances	26,210,948	24,945,920
	<u>12,096,962</u>	<u>10,941,150</u>
Schedule 12		
Current liabilities		
Sundry creditors		
for goods & services	11,238,025	17,691,885
Other liabilities	6,502,335	4,168,127
	<u>17,740,360</u>	<u>21,860,012</u>

AXIS-IT&T Limited (Consolidated)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008

	As at 31st March 2008 Rs.	As at 31st March 2007 Rs.
Schedule 13		
Provisions		
Employee benefits	4,091,071	2,133,647
	<u>4,091,071</u>	<u>2,133,647</u>
Schedule 14		
Income from operations		
IT enabled services	196,987,603	212,658,096
Software development	35,424,162	23,287,368
	<u>232,411,765</u>	<u>235,945,464</u>
Schedule 15		
Other income		
Dividend on current investments	2,100,000	7,595
Interest on		
Bank deposits *	165,370	259,600
Income tax	188,581	-
Profit on sale of current investments (non trade)	-	41,882
Profit on sale of fixed assets	40,920	-
Management charge	3,703,308	5,108,376
Exchange fluctuation gain	651,178	2,095,930
Others	111,104	141,224
	<u>6,960,461</u>	<u>7,654,607</u>
* Tax deducted at source on interest	3,910	20,305

AXIS-IT&T Limited (Consolidated)

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008

	As at 31st March 2008 Rs.	As at 31st March 2007 Rs.
Schedule 16		
Personnel expenses		
Salaries and bonus	171,774,009	192,965,380
Contribution to provident and other funds	1,665,294	2,284,510
Staff welfare and other benefits	8,600,386	4,821,782
	182,039,689	200,071,672
Schedule 17		
Operating and administrative expenses		
Communication expenses	2,728,511	2,938,196
Postage ,telegram & courier	-	92,135
Advertisement and marketing expenses	95,799	272,930
Legal and Professional expenses	11,186,519	12,585,757
Local transport and conveyance	1,127,837	388,111
Travel expense	5,686,577	9,140,408
Rents	5,508,929	7,675,010
Repair and maintenance		
Building	238,361	129,437
Plant and machinery	1,038,978	1,223,978
Others	264,706	344,014
Office maintenance	2,297,796	1,721,741
Electricity and water	3,755,986	2,460,175
Insurance	3,073,080	2,053,907
Hire charges of equipments	4,060,474	7,107
Directors' fee	56,000	78,000
Donation	14,301	36,003
Business promotion	170,964	86,773
Printing and stationery	521,285	864,427
Rates and taxes	160,131	128,721
Provision for doubtful cenvat recoverable	1,265,028	-
Training expenses	-	64,734
Loss on sale of fixed asset	-	89,536
Exchange fluctuation loss	2,023,596	1,483,223
Bad Debts written off	185,672	-
Miscellaneous expenses	1,077,872	6,603,999
	46,538,402	50,468,322
Schedule 18		
Finance charges		
Interest expenses	2,532,903	2,022,067
Interest on unsecured loan	475,685	-
Processing fee and other bank charges	339,267	679,417
	3,347,855	2,701,484
Schedule 19		
Prior period item		
Incentive expense	760,858	-
	760,858	-

AXIS-IT&T LIMITED (Consolidated)

Schedule forming part of the Consolidated financial statements for the year ended March 31, 2008

Schedule 20

Significant accounting policies

1. Nature of operations

AXIS-IT&T Limited (“the Parent Company”), a public limited company, together with its subsidiaries (hereinafter collectively referred to as “the Group”) operates 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 National Stock Exchange and Bombay Stock Exchange in India.

2. Principles of consolidation

The consolidated financial statements include the financial statements of the Parent Company, and its subsidiaries.

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.

3. Basis of presentation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section (I) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the ‘Act’). The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Group unless otherwise stated.

4. Use of estimates

In preparing Group’s financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the

AXIS-IT&T LIMITED (Consolidated)

Schedule forming part of the Consolidated financial statements for the year ended March 31, 2008

Schedule 20

reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the period the same is determined.

5. 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) Revenue from management charges is recognised as per the terms of relevant contracts.
- e) Dividend on investments is recognised when the right to receive dividend is established.

6. 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 goodwill and is stated at cost less accumulated amortisation.

7. 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. Goodwill on amalgamation is being amortized over the period of 5 years.

AXIS-IT&T LIMITED (Consolidated)

Schedule forming part of the Consolidated financial statements for the year ended March 31, 2008

Schedule 20

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.

8. 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.

9. Employee benefits

Liabilities in respect of defined benefit plans are determined based on actuarial valuation made by an independent actuary as at the balance sheet date. The actuarial gains or losses are recognised immediately in the profit and loss account.

Contribution towards the defined contribution plans are recognised in the profit and loss account on accrual basis.

Short term benefits are recognised as an expense at the undiscounted amount in the profit & loss account of the year in which the related service is rendered.

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. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

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

11. Leases

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

12. 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

AXIS-IT&T LIMITED (Consolidated)

Schedule forming part of the Consolidated financial statements for the year ended March 31, 2008

Schedule 20

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. Revenues, costs and expenses are translated using weighted average exchange rate during the reporting period. Share capital, opening reserves and surplus are carried at historical cost. Resultant currency translation exchange gain/loss is carried as translation reserve under reserves and surplus. Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment.

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 rates 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.

13. 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.

Fringe-benefit tax for the year has been determined in accordance with the provision of section 115WC of the Income Tax Act, 1961

14. Contingent liability and provisions

The Group creates 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 or present obligations that may, but probably will not, require outflow of resources or where a reliable estimate of a present obligation cannot be made, as contingent liability in the financial statements.

AXIS-IT&T LIMITED (Consolidated)

Schedule forming part of the Consolidated financial statements for the year ended March 31, 2008

Schedule 20

15. 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.

16. 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.

AXIS-IT&T LIMITED (Consolidated)

Notes to the Consolidated financial statements for the year ended March 31, 2008

Schedule 21

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, Data graphics 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. AXIS IT & T Limited has an investment aggregating to 28.56 % of the issued and paid capital of IT&T Global Services Limited. However, since AXIS IT & T Limited by virtue of an addendum to the shareholders agreement, has relinquished its right to participate in the operations of the Company, the same is not being treated as an associate as per Accounting Standard 23 "Accounting for Investments in Associates in the Consolidated financial statements" issued by ICAI. The investment in IT & T Global Services Limited has been carried at the cost in the Consolidated financial statements in accordance with the Accounting Standards 13 "Accounting for Investments" issued by the ICAI.

4. 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:

	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 4,202,200 (previous year 4,202,200) equity shares allotted as fully paid up under the scheme of amalgamation without payments been received

AXIS-IT&T LIMITED (Consolidated)

Notes to the Consolidated financial statements for the year ended March 31, 2008

Schedule 21

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

	2008 Rs.	2007 Rs.
a) Demands raised by Income tax authorities against which the parent company has filed an appeal	3,467,118	2,412,611
b) Order passed against the Company by Consumer Forum, Lucknow, against which the Company has filed a revised petition	225,600	2,25,600
Total	3,692,718	2,754,925

6. Earnings per share (basic and diluted)

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

	2008	2007
Number of fully paid equity shares at the beginning of the year	19,960,481	19,638,060
Number of fully paid equity shares at the end of the year	19,960,481	19,960,481
Weighted average number of shares outstanding	19,960,481	19,785,579
Profit/(Loss) attributable to equity share holders (Rupees)	(6,062,472)	(16,226,875)
Basic and diluted earnings/ (loss) per share (Rupees)	(0.30)	(0.82)

7. Related party transactions

a) Names of related parties and description of relationship:

(i) Key management personnel

1. Mr Rohitasava Chand 2. Dr. Ajay Shankar*

* Resigned from directorship with effect from February 1, 2008

b) Other entities under the control of the directors and/ or their relatives:

Yukti Securities Private Limited.

c) Transactions with related parties during the year are as under:

(Figures in Rupees)

Nature of transactions	Other entities		Key management personnel		Total	
	2008	2007	2008	2007	2008	2007
Rendering of services	-	133,020	-	-	-	133,020
Investment made	-	1,636,679	-	-	-	1,636,679
Remuneration paid	-	-	1,568,810	1,088,812	1,568,810	1,088,812
Loans raised	4,500,000	-	-	-	4,500,000	-
Balance at the year end						
Investment	5,913,658	5,913,658	-	-	5,913,658	5,913,658
Loan outstanding	4,535,730	-	-	-	4,535,730	-

AXIS-IT&T LIMITED (Consolidated)

Notes to the Consolidated financial statements for the year ended March 31, 2008

Schedule 21

8. 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.

9. Payments made to the directors of the Parent Company

	2008	2007
	Rs.	Rs.
Salaries and bonus	1,344,010	840,012
Contribution to provident and other funds	100,800	100,800
Monetary value of perquisites	70,000	70,000
Directors' sitting fee	54,000	78,000
	1,568,810	1,088,812

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

10. Payment to the Auditors of the Parent Company

	2008	2007
	Rs.	Rs.
Audit fee	225,000	225,000
Tax audit fee	50,000	50,000
Other services	75,000	75,000
Out of pocket expenses	47,788	3,265
Service tax	43,260	49,348
	441,048	402,613

11. Employee Benefit Plan

With effective from April 1, 2007, the Company has adopted the revised accounting standard on employee benefits. Pursuant to the adoption, the transitional obligations of the Company amounted to Rs.180,074. This transitional loss has been recorded by debiting the Profit & Loss account in the absence of general reserve.

AXIS-IT&T LIMITED (Consolidated)

Notes to the Consolidated financial statements for the year ended March 31, 2008

Schedule 21

1) Following are the defined benefit schemes:

- a) Leave encashment
- b) Gratuity

Actuarial valuation has been done with the following assumptions.

Particulars	Leave encashment (Unfunded)	Gratuity (Unfunded)
Discount rate	8%	8%
Rate of increase in Compensation levels	8%	8%

The following table sets out the amounts recognized in the Company's financial statements:

Change in the present value of obligation :	Leave encashment (Unfunded) Rs.	Gratuity (Unfunded) Rs.
Present value of obligation as at April 1,2007	543,839	1,300,241
Interest Cost	43,507	104,019
Current Service Cost	282,460	815,779
Benefits paid	182,487	(18,543)
Actuarial (gain)/loss on obligations	(48,130)	472,769
Present value of obligation as at March 31,2008	735,449	2,674,265

Expenses recognized in the Profit and Loss Account	Leave Encashment (Unfunded) Rs.	Gratuity (Unfunded) Rs.
Current Service Cost	282,460	815,779
Interest Cost	43,507	104,019
Expected Return on Plan Assets	-	-
Settlement Cost/Credit	-	-
Net actuarial (gain)/loss recognized in the period	(48,130)	472,769
Total Expenses recognized in the Profit & Loss Account	374,097	1,392,567

2) Other benefit plans

The Company also has defined contribution plans, which are largely governed by local statutory laws and cover the eligible employees. These schemes are funded both by the members and by monthly company contributions, primarily based on a specified percentage

AXIS-IT&T LIMITED (Consolidated)

Notes to the Consolidated financial statements for the year ended March 31, 2008

Schedule 21

of the employee's salary. The total contribution to these schemes during the year ended March 31, 2008 was Rs.1, 359,260 (previous year Rs. 1,199,655).

- 13.** The Company has identified micro, small & medium Enterprises on the basis of information made available. As at March 31, 2008, there are no dues to micro, small & medium enterprises that are reportable under The Micro, Small & Medium Enterprises Development Act, 2006
- 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 March 31, 2008 and based on such assessment no impairment loss has been recognized to the carrying value of the assets as of March 31, 2008.
- 16.** These consolidated financial statements have been prepared pursuant to clause 32 of the listing agreements with the stock exchanges.
- 17.** 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
President & CEO

Sd/-
S. Ravi Narayanan
Chairman

AXIS-IT&T Limited (Consolidated)

SCHEDULE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

SCHEDULE - 20

Notes to Consolidated Financial Statements (Continued)

8. Segment reporting

Information regarding primary business segments

(Amount in Rs. Lacs)

	IT Enabled services		Software Developments		Segment Total	
	2008	2007	2008	2007	2008	2007
External revenue	1,969.88	2,126.58	354.24	232.87	2,324.12	2,359.45
Total Revenue	1,969.88	2,126.58	354.24	232.87	2,324.12	2,359.45
Segment results	42.74	(29.23)	68.03	61.76	110.77	32.53
Unallocable corporate expenses (net of other income)					(159.60)	(167.22)
Prior Period Expense					(7.61)	
Miscellaneous expenditure written off					-	-
Profit/(Loss) before tax	42.74	(29.23)	68.03	61.76	(56.44)	(134.69)
Tax					4.18	3.21
Profit/(Loss) after tax					(60.62)	(137.90)
Segment assets	687.85	614.19	154.18	171.15	842.03	785.34
Unallocated corporate assets*					327.73	367.44
Total assets					1,169.76	1,152.78
Segment liabilities	148.70	224.45	39.67	15.49	188.37	239.94
Unallocated corporate liabilities*					29.94	337.88
Total liabilities					218.31	577.82
Capital expenditure	64.74	6.95	12.77	45.79	77.51	52.74
Depreciation/ Amortisation	61.30	48.18	13.55	16.00	74.85	64.18
Unallocated corporate Depreciation*					48.44	48.21
Total Depreciation	61.30	48.18	13.55	16.00	123.29	112.39

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

AXIS-IT&T Limited (Consolidated)

Schedule forming part of the Consolidated Financial Statements for the year ended 31 March 2008

SCHEDULE - 20

Notes to Consolidated Financial Statements (Continued)

8. Segment reporting

Information regarding secondary geographical segments

(Amount in Lacs)

	India		United states of America		United Kingdom		Others		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from external customers	173.60	125.00	1,610.68	1,673.00	505.67	533.00	34.17	28.45	2,324.12	2,359.45
Carrying value of segment assets	326.46	463.06	357.47	183.68	158.10	138.60	-	-	842.03	785.34
Additions to fixed assets	59.88	46.29	17.05	4.03	0.58	2.41	-	-	77.51	52.74

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AXIS-IT&T Limited (Consolidated)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	2008 Rs.	2007 Rs.
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax and exceptional items	(4,883,156)	(15,914,665)
Adjustments for:		
Depreciation	12,329,436	11,238,762
Dividend received	(2,100,000)	(7,595)
Profits on sale of fixed assets	(40,920)	-
Profit on sale of investments	-	(41,882)
Loss on sale of assets	-	89,536
Bad debts written off	185,672	-
Provision for doubtful cenvat recoverable	1,265,028	-
Foreign exchange fluctuation loss/(gain) (net)	(278,308)	-
Interest expense	3,008,588	2,701,484
Interest income	(353,951)	(259,600)
Transfer from revaluation reserve	-	(4,974,128)
Prior period expenses	(760,858)	-
Operating loss before working capital changes	8,371,532	(7,168,089)
Increase in trade and other receivables	(1,715,246)	(8,301,366)
Increase in inventories	223,444	(228,083)
Increase in trade and other payables	(2,342,302)	(210,252)
Cash generated from operations	4,537,428	(15,907,790)
Refund / (payment) of direct tax (net)	(1,664,932)	(883,941)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	2,872,495	(16,791,730)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including adjustment of capital work in progress)	(7,751,497)	(5,273,747)
Sale of fixed assets	254,793	11,667,860
Sale proceeds/ (purchase) of investments (net)	-	3,276,419
Interest received	354,305	1,634,668
Dividend received	2,100,000	7,595
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(5,042,399)	11,312,796
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)	6,311,954	6,922,789
Interest paid	(2,972,858)	(2,701,484)
NET CASH FROM FINANCING ACTIVITIES	3,339,097	4,221,309
Decrease in cash and cash equivalents	1,169,193	(1,257,626)
Translation reserve	4,838,610	-
Cash and cash equivalents at beginning of the year	5,187,247	6,444,873
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11,195,050	5,187,247

	For and on behalf of the Board of Directors	
Sd/-	Sd/-	Sd/-
Shweta Agrawal	Rohitasava Chand	S. Ravi Narayanan
Company Secretary	President & CEO	Chairman

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

For Walker, Chandiook & Co
Chartered Accountants

Place : Noida
Dated : 27/06/2008

Sd/-
Per I.P.Singh
Partner
Membership No. 07667

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, 07 to 31st March, 08 and subsequent events to date.

I. Financial Results

During the financial year 2007-08 the Company exceeded the performance of the previous year and generated a profit of USD 233,805.

The results for the period are given below:

	USD
Total Income	3,138,904
Expenditure before Interest & Depreciation	2,855,256
Profit before Interest and Depreciation	283,648
Interest Expense	30,264
Depreciation	19,579
Net Profit before Tax	233,805
Provision for Tax – Deferred	--
Profit after Tax	233,805

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

Caterpillar continues to be our major client. We have plans for diversification that we will activate in the 2nd Q of 2008 but Caterpillar's expanding needs and our good relationship keeps us focused on Caterpillar. While we have not been able to expand significantly beyond the divisions we served last year, we have increased the amount and sophistication of the work we do and our reputation has grown. Our profit improvement this year was from slow but steady carefully managed projects; next year will show more rapid growth accomplished through much more aggressive hiring and the renegotiation of our rates – which significant increases should be in place before July, 2008.

(B) Contract Engineering and Technical Support

Axis, Inc. will continue to do contract engineering which will grow because of Caterpillar's needs and our new rates but our plans for 2008-09 are to accelerate the offsite and offshore project engineering that our new expanded in house staff will accommodate.

(C) Future Prospects Caterpillar

As during the last year, our reputation continued to grow. Caterpillar's needs are so extraordinary that we are expanding to meet the demand rather than waiting to meet their specific requests one at a time. We are well funded and supported. Backed with our new rates, we expect outstanding revenue growth in 2008-09.

(D) Directors

During the year Dr. Ajay Shankar resigned from the Board and Mr Rohit Chand was inducted in his place.

AXIS INC.

The Directors of the company currently are as follows:

1. Ronald Rainson, P.E. Director and Chairman
2. Rohit Chand Director

(E) Officers

The Officers of the company are as follows:

1. Ronald Rainson, P.E. CEO
2. Murali Krishna Vice President & COO

(F) Subsidiary & Joint Ventures

1. Axis EU Ltd. is a wholly owned subsidiary of the Company which operates in the UK. The annual accounts and Director's Report of Axis EU Ltd. are attached.

2. Industrial World Sourcing is a Joint Venture between Axis, Inc. and Industrial Molds Group in Rockford, IL. Please see www.iwsourcing.com. Axis designs; IMG manufactures.

For & On behalf of the Board of Director

Ronald Rainson, P.E.

Sd/-
Chairman & CEO
AXIS, INC

Date: 26th June, 2008

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	As at 31 March 2008 USD	As at 31 March 2008 Rs.
Shareholders' funds			
Share capital	1	1,388,381.44	55,868,469.15
Reserves and surplus	2	-	-
Loan funds			
Secured Loans	3	350,000.00	14,084,000.00
Unsecured Loans	4	161,423.09	6,495,665.14
		1,899,804.53	76,448,134.29
APPLICATION OF FUNDS			
Goodwill			
		-	-
Fixed assets			
	5		
Gross block		1,032,434.51	41,545,164.68
Less: Depreciation		989,099.88	39,801,379.17
Net block		43,334.63	1,743,785.51
Capital work in progress			-
Investments			
	6	475,450.72	19,132,136.97
Current assets, loans and advances			
	7	-	-
Inventories	7	-	-
Sundry debtors	8	669,382.76	26,935,962.26
Cash and bank balances	9	87,404.09	3,517,140.58
Other current assets	10	26,931.79	1,083,735.23
Loans and advances	11	88,703.67	3,569,435.68
		872,422.31	35,106,273.75
Less: Current liabilities and provisions			
	12	230,103.33	9,259,358.00
Liabilities	12	230,103.33	9,259,358.00
Provisions	13	-	-
		230,103.33	9,259,358.00
Net current assets		642,318.98	25,846,915.76
Accumulated deficit in the P&L account		738,700.20	29,725,296.05
		1,899,804.53	76,448,134.29

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

For and on behalf of the Board of Directors

Sd/-

Rohitasava Chand

Director

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

For Sadana & Co.

Chartered Accountants

Sd/-

CA Amit Bansal

Partner

Membership No. 098966

Place: Noida

Dated: 25th June 2008

AXIS, INC.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008**

INCOME	Schedule	For the period ended 31 March 2008 USD	For the period ended 31 March 2008 Rs.
Income from operations	14	3,025,026.67	121,727,073.20
Other income	15	113,877.21	4,582,418.93
Transfer from revaluation reserve for sale of asset			
		3,138,903.88	126,309,492.13
EXPENDITURE			
Personnel expenses	16	2,474,500.28	99,573,891.27
Operating and administrative expenses	17	380,755.31	15,321,593.67
Finance charges	18	30,263.75	1,217,813.30
Depreciation and Amortization	5	19,579.71	787,887.53
Miscellaneous expenditure written off		-	-
		2,905,099.05	116,901,185.77
Profit/(Loss) before tax		233,804.83	9,408,306.36
Tax Expense			
Fringe Benefit Tax		-	-
Deferred		-	-
Tax earlier years		-	-
Profit/(Loss) for the year after tax		233,804.83	9,408,306.36
Accumulated deficit carried from prior years		(972,505.03)	(39,133,602.41)
Accumulated deficit carried to the balance sheet		(738,700.20)	(29,725,296.05)

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

For and on behalf of the Board of Directors

Sd/-
Rohitasava Chand
Director

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

For Sadana & Co.
Chartered Accountants

Sd/-
CA Amit Bansal
Partner
Membership No. 098966

Place: Noida
Dated: 25th June 2008

AXIS, INC.**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008**

	31 March 2008 USD	31 March 2008 Rs.
Schedule 1		
Share capital		
Authorised		
1,00,000 common stock, no par value		-
		-
Issued		
21000 (previous year 21,000) No par value		-
		-
Subscribed and paid up		
14,000 (previous year 14000) Equity shares fully paid	1,388,381.44	55,868,469.15
		-
	1,388,381.44	55,868,469.15

Schedule 2**Reserves and surplus****Securities premium account**

Balance at the beginning of the year

-

Add: Amount received on preferential allotment

-

-

Revaluation reserve

Balance at the beginning of the year

-

Less: Transfer to P&L on disposal of revalued asset

-

-

Translation reserve

-

-

Schedule 3**Secured Loans**

From banks

Vehicle Loan

-

Working capital loan

350,000.00

14,084,000.00

350,000.00**14,084,000.00**

Amounts due with in one year

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 hypothication on the underlying vehicle.

Schedule 4**Unsecured Loans**

-Short term loans

161,423.09

6,495,665.14

161,423.09**6,495,665.14**

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008

Schedule 5
Fixed Assets

Assets	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	Cost as at 1 April 2007 \$	Additions during the year \$	Sale/ Adjustments during the year \$	Total Cost as at 31 March 2008 \$	As at 1 April 2007 \$	For the year \$	Adjustments during the year \$	As at 31 March 2008 \$	As at 31 March 2008 \$	As at 31 March 2007 \$
Computer & Production Equipment	235,795.16	-	-	235,795.16	235,795.16	-	-	235,795.16	-	-
Office Equipments	297,352.08	4,842.29	-	302,194.37	276,892.63	15,092.11	-	291,984.74	10,209.63	20,459.45
Software Equipment	453,273.74	-	-	453,273.74	453,273.74	-	-	453,273.74	-	-
Leasehold improvements	3,671.24	-	-	3,671.24	3,558.64	112.60	-	3,671.24	-	112.60
Dealerships		37,500.00		37,500.00		4,375.00		4,375.00	33,125.00	-
Total	990,092.22	42,342.29	-	1,032,434.51	969,520.17	19,579.71	-	989,099.88	43,334.63	20,572.05
Previous year's figure	980,813.52	9,278.70		990,092.22	936,651.10	18,088.19		954,739.29	20,572.05	

AXIS, INC.**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008**

	31 March 2008 USD	31 March 2008 Rs.
Schedule 6		
Investments		
Long-term investments - Unquoted unless otherwise stated, at cost		
Trade		
Axis EU Limited	475,450.72	19,132,136.97
	<u>475,450.72</u>	<u>19,132,136.97</u>
Schedule 7		
Inventories		
(As certified by the management)		
Work in progress	-	-
	<u>-</u>	<u>-</u>
Schedule 8		
Sundry debtors		
Unsecured (Considered good)		
Debts outstanding for a period exceeding six month	-	-
Other debts	669,382.76	26,935,962.26
	<u>669,382.76</u>	<u>26,935,962.26</u>
Schedule 9		
Cash and bank balances		
Cash in hand	4.14	166.59
Balance with scheduled banks in :		
current accounts	87,399.95	3,516,973.99
fixed deposit accounts	-	-
	<u>87,404.09</u>	<u>3,517,140.58</u>
Schedule 10		
Other current assets		
Income Accrued but not due	26,931.79	1,083,735.23
Interest accrued but not due/unbilled revenue	-	-
	<u>26,931.79</u>	<u>1,083,735.23</u>
Schedule 11		
Loans and advances		
(Unsecured, considered good unless otherwise)		
Advances recoverable in cash or in kind		
or for value to be received	88,703.67	3,569,435.68
Pre paid income-tax	-	-
Deposits with bodies corporate (Doubtful)	88,703.67	3,569,435.68
	<u>88,703.67</u>	<u>3,569,435.68</u>
Less: provision for doubtful deposits	-	-
	<u>88,703.67</u>	<u>3,569,435.68</u>
Schedule 12		
Current liabilities		
Sundry creditors		
for goods & services	131,159.41	5,277,854.66
Other liabilities	98,943.92	3,981,503.34
	<u>230,103.33</u>	<u>9,259,358.00</u>

AXIS, INC.**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2008**

	31 March 2008 USD	31 March 2008 Rs.
Schedule 13		
Provisions		
Income tax, service tax		-
Retirement benefits		-
		-
Schedule 14		
Income from operations		
IT Enabled services	3,025,026.67	121,727,073.20
Software Development		-
	3,025,026.67	121,727,073.20
Schedule 15		
Other income		
Dividend on current investments		-
Interest on bank deposits *		-
Profit on sale of current investments (net)		-
Unclaimed balances/Liabilities, written back		-
Provisions no longer required, written back		-
Profit on sale of fixed assets		-
Management charge	112,000.00	4,506,880.00
Exchange fluctuation gain		-
Others	1,877.21	75,538.93
	113,877.21	4,582,418.93

AXIS, INC.**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008**

	31 March 2008 USD	31 March 2008 Rs.
Schedule 16		
Personnel expenses		
Salaries and bonus	2,336,069.82	94,003,449.56
Contribution to provident and other funds	138,430.46	5,570,441.71
Staff welfare and other benefits	-	-
	<u>2,474,500.28</u>	<u>99,573,891.27</u>
Schedule 17		
Operating and administrative expenses		
Communication expenses	15,134.50	609,012.28
Postage ,telegram & courier	-	-
Advertisement and marketing expenses	1,747.40	70,315.38
Legal and professional Expenses	127,040.08	5,112,092.82
Local transport and conveyance	3,797.63	152,816.63
Travel expense	91,334.36	3,675,294.65
Rents	38,629.00	1,554,430.96
Repair and maintenance	-	-
Building	3,129.90	125,947.18
Plant and machinery	78.19	3,146.37
Others	-	-
Office maintenance	8,207.00	330,249.68
Electricity and water	7,614.04	306,388.97
Insurance	74,649.80	3,003,907.95
Hire charges of equipments	768.71	30,932.89
Directors' fee	-	-
Donation	355.00	14,285.20
Membership & subscription	-	-
Business promotion	395.09	15,898.42
Printing and stationery	-	-
Rates and taxes	390.48	15,712.92
Trainhg Expenses	-	-
Loss on sale of fixed asset	-	-
Exchange fluctuation loss	-	-
Bad Debt Write Off	-	-
Miscellaneous expenses	7,484.13	301,161.39
	<u>380,755.31</u>	<u>15,321,593.67</u>
Schedule 18		
Finance charges		
Interest Expenses	28,063.77	1,129,286.10
Interest on Unsecured Loan	-	-
Processing fee and other bank charges	2,199.98	88,527.20
	<u>30,263.75</u>	<u>1,217,813.30</u>

AXIS EU LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2008

The Directors present their report with the financial statements of the company for the year ended 31 March 2008.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of computer-aided design services. There were a range of projects executed for several UK customers during the year:

REVIEW OF BUSINESS

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

DIRECTORS

The following Directors resigned during the year:

A. Shankar
C Hutton-Penman

The Directors shown below held office on the date of this report.

R. Chand
Ronald Rainson

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

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

Mr R. Chand is a member of the Board of Directors of the ultimate parent company, acting currently as President and CEO.

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.

AXIS EU LIMITED

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', resigned during the year and SADANA & CO., Chartered Accountants were appointed in their place.

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:

Sd/-
R. CHAND
DIRECTOR
Date: 25/06/2008

AXIS EU LIMITED

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	As at 31 March 2008 GBP	As at 31 March 2008 Rs.
Shareholders' funds			
Share capital	1	183,040.00	14,789,632.00
Reserves and surplus	2	11,900.00	961,520.00
Loan funds			
Secured Loans	3	-	-
Unsecured Loans	4	11,131.39	899,416.31
		206,071.39	16,650,568.31
APPLICATION OF FUNDS			
Fixed assets			
Gross block		143,920.50	11,628,776.40
Less: Depreciation		141,687.09	11,448,316.87
Net block		2,233.41	180,459.53
Capital work in progress		-	-
Investments	6	4.00	323.20
Current assets, loans and advances			
Inventories	7	1,477.00	119,341.60
Sundry debtors	8	120,507.88	9,737,036.70
Cash and bank balances	9	70,712.18	5,713,544.14
Other current assets	10	-	-
Loans and advances	11	3,674.39	296,890.71
		196,371.45	15,866,813.16
Less: Current liabilities and provisions			
Liabilities	12	131,257.81	10,605,631.05
Provisions	13	764.16	61,744.13
		132,021.97	10,667,375.18
Net current assets		64,349.48	5,199,437.98
Accumulated deficit in the P&L account		139,484.50	11,270,347.60
		206,071.39	16,650,568.31

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

For and on behalf of the Board of Directors

Sd/-
Rohitasava Chand
Chairman

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

For **Sadana & Co.**
Chartered Accountants

Sd/-
CA Amit Bansal
Partner
Membership No. 098966

Place: Noida
Dated: 25th June 2008

AXIS EU LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2008

INCOME	Schedule	For the period ended 31 March 2008 GBP	For the period ended 31 March 2008 Rs.
Income from operations	14	625,303.75	50,524,543.00
Other income	15	1,623.11	131,147.29
Transfer from revaluation reserve for sale of asset			
		<u>626,926.86</u>	<u>50,655,690.29</u>
EXPENDITURE			
Personnel expenses	16	562,192.90	45,425,186.32
Operating and administrative expenses	17	62,397.53	5,041,720.42
Finance charges	18	830.75	67,124.60
Depreciation and Amortization	5	5,181.87	418,695.10
Miscellaneous expenditure written off			-
		<u>630,603.05</u>	<u>50,952,726.44</u>
Profit/(Loss) before tax		(3,676.19)	(297,036.15)
Tax Expense			
Deferred			-
Tax earlier years			-
Profit/(Loss) for the year after tax		<u>(3,676.19)</u>	<u>(297,036.15)</u>
Accumulated deficit carried from prior years		(135,808.31)	(10,973,311.45)
Accumulated deficit carried to the balance sheet		<u>(139,484.50)</u>	<u>(11,270,347.60)</u>

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

For and on behalf of the Board of Directors

Sd/-
Rohitasava Chand
Chairman

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

For Sadana & Co.
Chartered Accountants

Sd/-
CA Amit Bansal
Partner
Membership No. 098966

Place: Noida
Dated: 25th June 2008

AXIS EU LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008

	31 March 2008 GBP	31 March 2008 Rs.
Schedule 1		
Share capital		
Authorised		
250,000 (previous year 250,000) Equity shares of GBP 1 each	250,000.00	250,000.00
	250,000.00	250,000.00
Issued		
1,83,040 (previous year 91,037) Equity shares of GBP 1 each fully paid up	183,040.00	14,643,200.00
	183,040.00	14,643,200.00
Subscribed and paid up		
1,83,040 (previous year 91,037) Equity shares of GBP 1 each	183,040.00	14,789,632.00
	183,040.00	14,789,632.00
Schedule 2		
Reserves and surplus		
Securities premium account		
Balance at the beginning of the year	11,900.00	961,520.00
Add: Amount received on preferential allotment		-
	11,900.00	961,520.00
Revaluation reserve		
Balance at the beginning of the year		-
Less: Transfer to P&L on disposal of revalued asset		-
	-	-
Translation reserve		
		-
	11,900.00	961,520.00
Schedule 3		
Secured Loans		
From banks		
Vehicle Loan		-
Working capital loan		-
		-
Amounts due with in one year		-
Schedule 4		
Unsecured Loans		
-Short term loans		-
Long Term liabilities - Dr. Ajay Shankar	10,083.40	814,738.72
Long Term liabilities - Axis Inc	1,047.99	84,677.59
	11,131.39	899,416.31
Schedule 6		
Investments		
Long-term investments - Unquoted unless otherwise stated, at cost		
Trade		
Datagraphical Limited	2.00	161.60
Axis IT Solutions Limited	2.00	161.60
	4.00	323.20
Less : Provision for diminution in the value of long term investments		-
	4.00	323.20

AXIS EU LIMITED
Schedules forming part of the financial statements for the period ended 31st March 2008

Schedule 5
Fixed Assets

Assets	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	Cost as at 1 April 2007 Rs.	Additions during the year Rs.	Sale/ Adjustments during the year Rs.	Total Cost as at 31 March 2008 Rs.	As at 1 April 2007 Rs.	For the year	Adjustments during the year Rs.	As at 31 Mar 2008 Rs.	As at 31 Mar 2008 Rs.	As at 31 March 2007 Rs.
Long Lease hold	154,950	-	-	154,950	154,950	-	-	154,950	-	-
Furniture & Fixtures	7,996	-	-	7,996	5,869	1,582	-	7,451	545	2,127
Computer and Design software	22,817	720	905	22,632	17,646	3,599	302	20,943	1,689	5,171
Total	185,763	720	905	185,578	178,465	5,181	302	183,344	2,234	7,298
Previous year's figure	183,916	2,832	155,935	30,813	15,906	8,101	492	23,515	7,298	

AXIS EU LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008

	31 March 2008 GBP	31 March 2008 Rs.
Schedule 7		
Inventories (As certified by the management)		
Work in progress	1,491.77	119,341.60
	<u>1,491.77</u>	<u>119,341.60</u>
Schedule 8		
Sundry debtors		
Unsecured (Considered good)		
Debts outstanding for a period exceeding six month		-
Other debts	121,712.96	9,737,036.70
	<u>121,712.96</u>	<u>9,737,036.70</u>
Schedule 9		
Cash and bank balances		
Cash in hand	47.59	3,807.30
Balance with scheduled banks in :		
current accounts	35,175.00	2,813,999.78
fixed deposit accounts	36,196.71	2,895,737.06
	<u>71,419.30</u>	<u>5,713,544.14</u>
Schedule 10		
Other current assets		
Income Accrued but not due		-
Interest accrued but not due/unbilled revenue		-
	<u>-</u>	<u>-</u>
Schedule 11		
Loans and advances		
(Unsecured, considered good unless otherwise)		
Advances recoverable in cash or in kind or for value to be received	3,711.13	296,890.71
Pre paid income-tax		-
Deposits with bodies corporate (Doubtful)		-
	<u>3,711.13</u>	<u>296,890.71</u>
Less: provision for doubtful deposits		-
	<u>3,711.13</u>	<u>296,890.71</u>
Schedule 12		
Current liabilities		
Sundry creditors for goods & services		-
Other liabilities	132,570.39	10,605,631.05
	<u>132,570.39</u>	<u>10,605,631.05</u>

AXIS EU LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008

	31 March 2008 GBP	31 March 2008 Rs.
Schedule 13		
Provisions		
Income tax, service tax		-
Retirement benefits	764.16	61,744.13
	764.16	61,744.13
Schedule 14		
Income from operations		
IT Enabled services	625,303.75	50,524,543.00
Software Development		-
	625,303.75	50,524,543.00
Schedule 15		
Other income		
Dividend on current investments		-
Interest on bank deposits	1,706.27	137,866.62
Profit on sale of fixed assets	(83.16)	(6,719.33)
	1,623.11	131,147.29
Schedule 16		
Personnel expenses		
Salaries and bonus	562,120.81	45,419,361.45
Staff welfare and other benefits	72.09	5,824.87
	562,192.90	45,425,186.32
Schedule 17		
Operating and administrative expenses		
Communication expenses	3,716.94	300,328.75
Legal and professional Expenses	12,372.86	999,727.09
Local transport and conveyance	7,442.20	601,329.76
Rents	14,777.03	1,193,984.02
Plant and machinery	532.50	43,026.00
Others	10.00	808.00
Office maintenance	15,854.22	1,281,020.98
Electricity and water	2,200.54	177,803.63
Insurance	523.72	42,316.58
Hire charges of equipments	1,763.19	142,465.75
Business promotion	333.39	26,937.91
Printing and stationery	988.93	79,905.54
Bad Debt Write Off	832.50	67,266.00
Miscellaneous expenses	1,049.51	84,800.41
	62,397.53	5,041,720.42
Schedule 18		
Finance charges		
Interest Expenses		-
Interest on Unsecured Loan		-
Processing fee and other bank charges	830.75	67,124.60
	830.75	67,124.60

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AXIS-IT&T Limited
A-264, Second Floor,
Defence Colony,
New Delhi- 110 024.