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ANNUAL REPORT 2009-2010
AXIS-IT&T LIMITED



axis-IT&T
We Engineer Your Thoughts



Mr. Ravi Narayanan, Chairman & CEO of Axis-IT&T Ltd., receiving the **Emerging Company Award 2009** - Indian Design Suppliers for Aviation Market) on behalf of **Cades Digitech Pvt. Ltd.** (a subsidiary of Axis-IT&T Ltd) at London in December 2009.

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BOARD OF DIRECTORS

MR. S. RAVINARAYANAN	CHAIRMAN & CEO
MR. ROHITASAVA CHAND	DIRECTOR
MR. KEDAR NATH CHOUDHURY	DIRECTOR
MR. PRADEEP DADLANI	DIRECTOR
MR. KAILASH RUSTAGI	DIRECTOR
MR. VINAY SHANKAR	DIRECTOR
MRS. SHWETA AGRAWAL	Company Secretary & Compliance officer

REGISTERED OFFICE

Axis-IT& T Ltd.
A-264, Second Floor,
Defence Colony,
New Delhi-24

CORPORATE OFFICE

D-30, Sector-3,
Noida-201301

BANKERS

Royal Bank of Scotland N.V.
Hansalaya Building
15, Barakhamba Road
Connaught Place,
New Delhi-110001

Yes Bank Ltd.
Ground Floor,
A-356, Sector 19,
Noida-201301

AUDITORS

Walker Chandiok & Co.
L-41, Connaught Circus,
New Delhi-110001

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of AXIS-IT & T Limited (formerly IT&T Limited) will be held at LakshmiPat Singhania 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 Friday the 27th day of August, 2010 at 2.30 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2010 and the Audited Balance Sheet as at that date along with the notes and annexures thereto and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. Ravinarrayanan, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kedar Nath Choudhury, who retires by rotation and, being eligible offers himself for re-appointment.
4. **To consider, and if thought fit, to pass with or without modification (s) the following resolution as an Ordinary Resolution:**

“RESOLVED THAT, the retiring auditors M/s Walker ChandioK & Co., Chartered Accountants, New Delhi, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration and reimbursement of out of pocket expenses as may be approved by the Board of Directors of the Company.”

SPECIAL BUSINESS

5. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:**

“RESOLVED that pursuant to the provisions of Sections 198, 269, 310 and 311 read with the provisions of Schedule XIII of the Companies Act, 1956 in this regard, Mr. S Ravinarayanan , Director be and is hereby appointed as the Chief Executive Officer of the Company with effect from 1st April, 2010 for a period of 3 (three) years at a basic remuneration of Rs. 1,50,000 (Rupees One Lakh Fifty Thousand only) per month with an increase upto 25% each year, subject to the provisions of Schedule XIII of the Companies Act, 1956, on such other terms as the Board deems fit.

RESOLVED further that Mr. S. Ravinarayanan will also be entitled for the following :

- a) Companies contribution of 12% of salary to Provident Fund.
- b) Gratuity payable at the rate of half a month’s salary for each completed year of service to be calculated as per the norms prescribed by the Payment of Gratuity Act, 1972 and the Rules framed there under.

By Order of the Board of Directors

For AXIS-IT&T Limited

Sd/-

Place : Noida
Date : 17th July 2010

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 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 Nos. 5 as set out above, is annexed hereto and forms part of the notice.
5. The register of Members and Share transfer shall remain closed from 16th August, 2010 till 27th August, 2010 (both days inclusive).
6. 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.
7. Notice of the Postal Ballot along with the draft resolutions and explanatory are being sent along with the Notice of the 20th Annual General Meeting.

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

Mr. Narayanan has a B E (Electrical & Electronics) qualification. He has served on the Board of Directors of Air India Limited and Indian Airlines Limited 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. Kedar Nath Choudhury is a qualified Chartered Accountant, Cost & Works Accountant with over 15 years of experience in the areas of Banking, Financial Planning, Budgeting, forecasting, Compliance, ERP implementation, etc.

Attendance record of the Directors seeking re-election (1.4.2009 to 31.3.2010)

At the Board Meeting

Name of the Director	No. of Board Meetings Held	No. of Meetings attended in person	Attendance at the last AGM
Mr. S. Ravinaryanan	11	8	Present
Mr. Kedar Choudhury	11	11	Present

At the Audit Committee Meeting

Name of the Director	No. of Meetings Held	No. of Meetings attended in person
Mr. S. Ravinaryanan	5	3
Mr. Kedar Nath Choudhury	5	NA

EXPLANATORY STATEMENT

As required by section 173 of the Companies Act, 1956, the following explanatory statement sets out all the material facts relating to the business mentioned in the accompanying notice dated 17th July, 2010.

ITEM NO. 5

The contract of Mr. Rohitasava Chand (President & CEO) ended on 31st day of March, 2010.

Mr. Chand relinquished his roles and responsibilities as President and CEO and continues to be on the Board as a Non-executive Director and therefore as recommended by the Remuneration committee, and approved by the Board in their meeting held on 31.03.2010, the company is to appoint Mr. S Ravinarayanan, Chairman of the Company, as the Chief Executive Officer of the Company with effect from 1st April 2010, for a period of 3 (three) years.

A brief profile & particulars of Mr. S. Ravinarayanan has already been given in the preceeding paragraphs.

Your company is in 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 2009-10 can be analyzed based on the following indicators:

- a. Total income: Rs. 2015.07 lacs
- b. Net Profit after tax & prior period items: Rs. 179.25 lacs
- c. Earning per share Rs. 0.90
- d. Total accumulated losses: Rs. 2036.76 lacs

Export performance & net foreign exchange collaborations:

- a. The company is a registered STPI unit and net exporter. The export earnings for the year 2009-2010 stood at Rs. 870.44 lacs and deemed export earnings of Rs. 1138.01 lacs.
- b. The company has no foreign collaborations

Foreign investments:

- a. The company has an investment of Rs. 1310.02 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:

Mr. S. Ravinaryanan is being appointed as CEO for the first time and he was not in receipt of any remuneration from the company in the past.

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

The Comparative remuneration profile is not available at these levels. However, the remuneration proposed is based on what was given to Mr. Chand and the increase barely accounts for inflationary increases.

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

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

The company is currently profitable and has made a Net profit of Rs. 179.25 lacs during the year 2009-10 on a standalone basis. The Company does not expect any inadequacy of profits in the year 2010-11 as its Chennai and Hyderabad offices have been vastly expanded and are generating good business volumes.

In compliance with the requirements of the Act, 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. S. Ravinarayanan, CEO.

Your Directors are of the view that the Company would be immensely benefited by the varied experience and expert guidance of Mr. S. Ravinarayanan and therefore recommend for approval, the Resolution contained in Item No. 5 of the Notice convening the Annual General Meeting.

None of the Directors are interested in the resolution except for Mr. S. Ravinarayanan.

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

Place : Noida
Date : 17th July 2010

Shweta Agrawal
Company Secretary

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 2010

I. Financial Results

Rs./Lacs

Year ended March 31	Axis-IT & T Ltd.		Consolidated for the Group	
	2010	2009	2010	2009
Total income	2039.65	1224.56	7830.87	4279.46
Total expenditure (before interest & depreciation)	1727.36	992.13	7030.07	3644.55
Profit / (Loss) before interest, depreciation, amortization and extra ordinary items	312.29	232.43	800.08	634.91
Interest & other finance charges	78.74	31.81	152.4	42.42
Depreciation & amortization	91.84	87.99	183.59	104.50
Provision for diminution in the value of investments or Bad Advances & Debts/ (Written Back)	—	—	—	—
Profit/ (Loss) before Tax and Extraordinary Items	141.71	112.63	464.81	488.16
Extra Ordinary Income/ (Expenses)	—	—	—	—
Profit/ (Loss) before Tax	141.71	112.63	464.81	488.16
Provision for Tax – Current & Deferred	(37.54)	24.95	(24.51)	148.53
Profit / (Loss) after Tax	179.25	87.67	489.32	339.63
Tax Earlier Years	(30.42)	0.09	(56.65)	18.27
Prior Period Expense Adjustments/ (Income Adjustments)	—	1.17	Nil	1.16
Minority Interests	—	—	164.68	—
Profit/ (Loss) Brought Forward after adjusting amount transferred on Amalgamation	(2216.02)	(2302.52)	(1550.03)	(1888.50)
Balance Available for appropriation	(2036.76)	(2216.01)	(1385.35)	(1550.03)

Despite the downtrend in the global economic environment, your company has shown, on a consolidated basis, remarkable growth and increase of 84% in revenue and has reported a profit before taxes of Rs. 464.81 lacs.

It may be noted that the consolidated results include those of Cades Digitech Pvt. Ltd. in which the company acquired 54.28% stake on 24th Oct. 2009.

Following the change in the control & management of the company, cost control measures coupled with vigorous efforts in sales and deliveries led to a dramatic improvement in the profitability of Cades Digitech Pvt. Ltd. The net profit of Cades Digitech Pvt. Ltd. for the last quarter was Rs. 238.32 lakhs.

2. Dividend

No dividends have been declared for the current year as the Company has carried forward losses of Rs. 2036.76 lacs on a standalone basis.

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 and saw excellent growth in Revenues & profitability. This resulted in increase in manpower strength of the Axis group from 275 employees to more than 400 employees during the year.

The Engineering Services offered by the company are:

I. CAD Design Services

- Concept Design
- Product Design
- Design Validation
- 3D Modeling
- Detailing
- Tool Design

2. Simulation and F. E. Analysis

A comprehensive range of computer-aided engineering analysis services including FEA, CFD and optimization are offered as given below:

- | | |
|---|-----------------------|
| □ Linear Static Analysis | □ Non-linear Analysis |
| □ Dynamic Analysis | □ Modal Analysis |
| □ Fatigue Analysis | □ CFD |
| □ Steady State and Transient Thermal Analysis | |

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.

Caterpillar continues to be the most valuable client and the future prospects of business from the client look to be very promising. The company has vastly enhanced its facilities in Chennai to cater to the rapidly growing needs for its services in the region. The Management’s strategic decision to focus on Chennai has paid off well. In Chennai the business from Caterpillar has grown during the year to Rs. 12 Cr.s from last year’s Rs. 3.3 Crs, inspite of the recession. The head count has increased to 150 from 33. The Management will continue to focus on Chennai during the present financial year too. A new office with a capacity for 182 seats has been established in Chennai at a strategic location with state of the art infrastructure.

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

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 further strengthened its relationship with its key customer Intervoice.

C. 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.

Cades Digitech Pvt. Ltd.

During the year your company acquired a 54.28% stake in M/s Cades Digitech Pvt. Ltd. which is engaged in rendering Engineering Design Services in the domain of Aerospace. The Company is based in Bangalore.

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

5. Major events Subsequent to the Balance Sheet Date

a. Relinquishing of responsibilities as President & CEO by Mr. Rohitasava Chand.

Mr. Rohitasava Chand's term as President & CEO ended on 31.03.2010 and he relinquished charge of his executive responsibilities on that date. Mr. Chand however continues to serve on the Board of the company.

b. Appointment of Mr. S. Ravinarayanan as CEO

Mr. S. Ravinarayanan was appointed as the new CEO of the company with effect from 1st April 2010. He continues to serve as the Chairman of the company as well.

6. Postal Ballot

Special Resolution in terms of Section 372A of the Companies Act, 1956 is proposed to be passed by way of postal ballot as required by Section 192A of the Companies Act, 1956 and the Companies (Passing of Resolutions by Postal Ballot) Rules 2001.

The Board has appointed Mr. Anant Khamankar of Anant B Khamankar & Co., Company Secretaries, as the Scrutiniser for the postal ballot process.

Notice of the Postal Ballot along with the draft resolution and explanatory statement are being sent along with the Notice of the 20th Annual General Meeting.

7. Group for inter se transfer of shares

Pursuant to an intimation received from the promoters, under regulation 3(l)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 persons constituting Group (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of aforesaid SEBI Regulations, are given in the Annexure attached herewith and forms part of this report.

8. Corporate Governance

The company adheres to the SEBI prescribed corporate governance norms.

The Corporate Governance Report 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.

9. 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.

10. Directors

Mr. Kedar Nath Choudhury was appointed as an Additional Director on 31.10.08 and was appointed as a Director in the AGM dated 14.08.09. He serves as a Non-Executive Director. He is a qualified Chartered Accountant & Cost & Works Accountant with over 15 years of experience in the areas of Banking, Financial Planning, Budgeting, forecasting, Compliance, ERP implementation etc.

Mr. Joseph Koshy resigned from the Directorship w.e.f 28.04.2009 owing to his inability to attend Board meetings as he is very preoccupied with his personal business.

11. Auditors

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

12. Auditors Report

The Management has noted the observation made by the Auditors in para (vii) of their CARO report regarding the Internal Audit system and is taking steps to enhance the scope and frequency of Internal Audit.

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

The Company made good progress during the year and was profitable on both stand-alone as well as consolidated basis.

13. 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:

a. Conservation of Energy

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

b. 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.

c. 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	2010 (Rs Lacs)	2009 (Rs. Lacs)
1.	Foreign Exchange Earnings (accrual basis)	870.44	715.52
2.	Foreign Exchange Outgo (Including Capital Goods & Spares)	84.68	30.61
3.	Deemed Exports	1138.01	356.32

14. 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.

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 Board of Directors

Sd/-
Rohitasava Chand
Director

Sd/-
Kedar Nath Choudhury
Director

Place: Noida

Dated: 25.05.2010

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 Chandio & 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 Board of Directors

Sd/-
Rohitasava Chand
Director

Sd/-
Kedar Nath Choudhury
Director

Place: Noida
Dated: 25.05.2010

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

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

Name of the Subsidiary Co.	Financial Yr. ending of the subsidiary	Number of share held	Extent of holding	For financial year of the subsidiary		For previous financial year since it became a subsidiary	
				Profit/(Loss) so far as it concerns themselves of Axis-IT&T Ltd. And not dealt with in the books of accounts of AXIS-IT&T Ltd. (except dealt with in F)	Profit/(Loss) so far as it concerns the members of AXIS-IT&T Ltd. And dealt within the books of accounts of AXIS-IT&T Ltd.	Profit/(Loss) 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.	31.03.2010	17,078	100	Rs. 58.29 Lacs	Nil	Rs. 241.31 Lacs	Nil
AXISEU Ltd. (All shares held by AXIS Inc.)	31.03.2010	3,94,637	100	Rs. (118.38) Lacs	Nil	Rs. (94.31) Lacs	Nil
Cades Digitech Pvt. Ltd.	31.03.2010	81,42,000	54.28	Rs. 195.51 Lacs	Nil	Nil	Nil

For and on behalf of the Directors

Sd/-
Rohitasava Chand
Director

Sd/-
Kedar Nath Choudhury
Director

Place : Noida
Date : 25.05.2010

Annexure

Persons consisting “Group” for the purpose of interse transfer of shares of the company under regulation 3(l) (e) (i) of the Securities & Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1957

<u>Sr. No.</u>	<u>Name of the Company</u>
1.	Jupiter Capital Pvt. Ltd.
2.	Axis Aerospace & Technologies Pvt. Ltd.
3.	Tayana Software Solutions Pvt. Ltd.
4.	Tayana Digital Pvt. Ltd.
5.	Jupiter Aviation Services Pvt. Ltd.
6.	Indian Aero Ventures Pvt. Ltd.
7.	Cades Digitech Pvt. Ltd.
8.	Indian Aero Infrastructure Pvt. Ltd.
9.	Indian Aviation Training Institute Pvt. Ltd.

REPORT ON CORPORATE GOVERNANCE

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 March 31, 2010, the Board of Directors of the Company consisted of 7 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. S.Ravi Naryanana	Chairman (Non-Executive)	5	2
Mr. Rohitasava Chand	President & CEO	3	8/3
Mr. Kedar Nath Choudhury	Non-Executive	1	0/1
Mr. Pradeep Dadlani	Independent	3	1
Mr. Pradeep Maitra	Independent	2	Nil
Mr. Vinay Shankar	Independent	2	Nil
Mr. Kailash M. Rustagi	Independent	4	Nil

Mr. Rohitasava Chand's term as President & CEO ended on March 31, 2010 and Mr. S. Ravinarayanan was appointed as the new CEO of the company with effect from 1st April 2010. Mr. Rohitasava Chand continues to be on the Board as a Director. Mr. Mr. Joseph Koshy resigned from the Board w.e.f. April 28, 2009. Mr. Kedar Nath Choudhury, who was appointed as additional Director, was appointed as a Director in the AGM dated August 14, 2009.

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 were entitled to a sitting fee of Rs. 2000/- till the Board meeting dated January 12, 2009 where it was decided to increase the sitting free to Rs. 5000/- 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 well in advance. The CEO 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. Additional meetings are held if necessary.

During the financial year 2009-2010, 11 Board meetings were held at the following dates:

Sl. No.	Board Meeting Dates
1.	April 28, 2009
2.	June 30, 2009
3.	July 28, 2009
4.	September 2, 2009
5.	September 3, 2009
6.	September 22, 2009
7.	October 1, 2009
8.	October 29, 2009
9.	January 12, 2010
10.	January 30, 2010
11.	March 31, 2010

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
- 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 March 31, 2010 the Share Transfer Committee consisted of:

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

During the year under review the meetings were generally chaired by Mr. K.M. Rustagi, non-executive director. The Committee meetings were held on April 28, 2009, June 30, 2009, July 28, 2009, September 2, 2009, October 29, 2009 and January 30, 2010.

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

II. Audit Committee

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

The Primary Functions of this committee are:

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

The Committee consisted of the following members as on March 31, 2010:

- Mr. Kailash M. Rustagi (Chairman)
- Mr. Pradeep Dadlani
- Mr. Vinay Shankar
- Mr. Pradeep Maitra
- Mr. Ravi Narayanan
- Ms. Shweta Agarwal Compliance officer/Secretary

The Committee met on April 28, 2009, June 30, 2009, July 28, 2009, October 29, 2009, January 30, 2010.

III. Investor Grievance Committee

The Board has also constituted an Investor Grievance Committee to address the various grievances received from the investors. The Committee consisted of the following members as on March 31, 2010

1. Mr. K.M. Rustagi
2. Mr. Rohitasava Chand
3. Mr. Ravi Narayanan
4. Ms. Shweta Agarwal Compliance officer/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. K.M. Rustagi. During the year the committee met on June 30, 2009, July 28, 2009, September 2, 2009, October 29, 2009 and January 30, 2010. There were 5 complaints received during the year which were resolved satisfactorily in time.

IV. Remuneration Committee

As of March 31, 2010, the Remuneration Committee comprises of the following Directors:

- Mr. Pradeep Dadlani
- Mr. Vinay Shankar
- Mr. Ravi Narayanan
- Mr. Pradeep Maitra
- Mr. Kedar Nath Choudhury
- Mrs. Shweta Agrawal Company Secretary

One meeting was held on March 31, 2010 recommending the terms of appointment of Mr. S. Ravinarayanan as CEO of the company in place of Mr. Rohitasava Chand's since his tenure as President & CEO ended on March 31, 2010.

V. Finance Review Committee

As of March 31, 2010, the Finance Review Committee consisted of Mr. K.M Rustagi (Chairman), Mr. Pradeep Dadlani, Mr. Ravi Narayanan, Mr. Rohitasava Chand and Pradeep Maitra.

During the year the committee met only once on September 2, 2009 for the purpose of considering and recommending the acquisition proposal, which the company was looking for.

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	September 28, 2007; 3.30 p.m.	Lakshmiapat Singhania Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, P.O. Box – 130, New Delhi – 110016	No
Annual General Meeting	September 18, 2008; 3.30 p.m.	Lakshmiapat Singhania Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, P.O. Box – 130, New Delhi – 110016	Appointment of Mr. Rohiasava Chand as President & CEO of the Company.
Annual General Meeting	August 14, 2009; 3.30 p.m.	Lakshmiapat Singhania Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, P.O. Box – 130, New Delhi – 110016	Increase in Authorised Capital from Rs. 14 crores to Rs. 37 Crores.

No resolution has been passed through postal ballot during the financial year 2009-2010.

E. The Details of Attendance at the General Meetings, Board Meeting and Various Committees Meeting during the period April 1, 2009 to March 31, 2010

Name of the Director	Board	Share Transfer Committee	Audit Committee	Investor Grievances Committee	Finance Review Committee	Remun. Committee	Attendance at AGM
	[11]	[6]	[5]	[5]	[1]	[1]	
Mr. S. Ravinarayanan	8	4	3	3	1	1	Present
Mr. Rohitasava Chand	9	6	N.A.	5	1	NA	Present
Mr. Pradeep Maitra	6	N.A.	5	N.A.	1	Nil	Absent
Mr. Vinay Shankar	4	N.A.	4	N.A.	N.A.	Nil	Absent
Mr. K.M. Rustagi	5	5	5	4	Nil	Nil	Present
Mr. Pradeep Dadlani	8	NA	4	NA	Nil	1	Present
Mr. Kedar Nath Choudhury	11	NA	NA	NA	NA	1	Confirmed in the AGM

Mr. Joseph Koshy resigned from the Board w.e.f. April 28, 2009.

F. Remuneration of Directors

During the year Mr. Rohitasava Chand, President & CEO was eligible for the following remuneration:

- A. Salary : Rs.1,98,750/- per month
- B. Perquisites :

CATEGORY – A

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

CATEGORY – B

The following prerequisites 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 leaves 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.

The non-executive directors are paid sitting fees of Rs. 2000/- for each board meeting attended by them. The sitting fee was increased to Rs. 5000/- by the Board in their meeting held on 12.01.2010. None of the non-executive director holds shares in the company.

H. Subsidiary Companies

The Company has acquired a 54.28% stake in CADES Digitech Private Limited, a company based at Bangalore which is engaged in rendering Engineering Design Services in the domain of Aerospace & Automotive.

I. Disclosures**Material Contracts/ Related Party Transaction**

The Company had taken an ICD of Rs. 9.5 crores from Axis Aerospace & Technologies Pvt. Ltd. out of which Rs. 0.2 Crores has been paid back and extended an ICD of Rs. 40 lakhs to CADES Digitech Pvt. Ltd. which has been squared up during the year. The Loan was taken on such terms and conditions which are not prejudicial to the interest of the company.

Transactions with related parties are disclosed in Note No. 7 of Schedule 21 to the financial statement 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 (Economic Times and Navbharat Times) as per the requirements of the listing agreement.

K. General Shareholder Information

- a) AGM
 - Date : 27th August, 2010
 - Time : 2.30 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
- b) Financial Year 2009-2010
- c) Date of Book Closure 16th August, 2010 to 27th August, 2010
- d) Dividend Payment Date N.A.
- e) 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

- f) Stock Code

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

- g) 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:

AXIS-IT&T LIMITED

Months	National Stock Exchange (NSE)		Stock Exchange, Mumbai (BSE)	
	High	Low	High	Low
April, 2009	13.75	11.30	13.75	11.01
May, 2009	17.00	11.20	17.31	11.16
June, 2009	18.90	12.90	18.30	12.60
July, 2009	26.65	14.45	26.00	14.54
August, 2009	39.70	21.05	39.05	21.10
September, 2009	83.70	38.60	83.20	38.15
October, 2009	77.70	60.70	78.50	61.35
November, 2009	75.45	57.30	75.20	57.85
December, 2009	73.40	59.00	73.95	59.20
January, 2010	99.90	64.80	99.60	64.90
February, 2010	73.50	59.75	73.85	60.50
March, 2010	70.00	57.00	70.25	58.20

h) International Securities Identification Number : INE555B01013

i) Registrar and Transfer Agent

Name & Address : M/s Kavy Computershare Private Limited,
46, Avenue 4, Street 1,
Banjara Hills,
Hyderabad 500034

Telephone : 040-23312454
040-23320251/23049

Fax : 040-23311968

j) Share Transfer System

With a view to expedite the process of share transfer, the Board of Directors of the Company had constituted a 'Share Transfer Committee' which considers and approves the shares received for transfer, transmission, rematerialisation 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 for the share capital of the Company obtained from a practicing Company Secretary has been submitted to Stock Exchange within stipulated time.

k) Distribution of shareholding

i. Distribution of shareholding as on March 31, 2010 :

No. of shares	Holding	% to Capital	No. of accounts	% to total accounts
1-5000	1029952	5.16	4850	89.98
5001-10000	331356	1.66	210	3.90
10001-20000	343128	1.72	120	2.23
20001-30000	351920	1.76	70	1.30
30001-40000	164031	0.82	23	0.43
40001-50000	311592	1.56	33	0.61
50001-100000	614309	3.08	43	0.80
100001 and above	16814193	84.24	41	0.75
Grand Total	19960481	100	5384	100

ii. Categories of Shareholders as on March 31, 2010

Category	No. of shares	Percentage
Promoters Group – Indian	1,21,42,100	60.83 %
Indian Public	45,09,138	22.59 %
Bodies Corporate	32,59,055	16.33 %
NRIs/ OCBs/ Foreign Nationals	41,865	0.21 %
Others	8,323	0.04 %
Total	1,99,60,481	100 %

l) 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 March 31, 2010, the position of Dematerialization is as follow:

	No. of Shares	% of Total Issue Capital
Held in Dematerialized form in CDSL	18,67,498	9.36 %
Held in Dematerialized form in NSDL	1,78,32,596	89.34 %
Held in Physical form	2,60,387	1.30 %
	Total	100.00 %

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

As on March 31, 2010, the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

n) 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.

o) Address for correspondence

Registered Office

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 Board of Directors

Sd/-
Rohitasava Chand
Director

Sd/-
Kedar Nath Choudhury
Director

Place: Noida

Dated: 25.05.2010

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Overview

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

A. Financial Condition

1. Share Capital

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, 2010	March 31, 2009
Land	22.64	22.64
Buildings	140.83	143.54
Computer Systems	49.14	31.76
Furniture Fixtures	10.36	13.21
Office Equipment	25.02	19.55
Vehicles	11.15	14.66
Electrical Installations	0.38	0.55
Intangible Assets	34.23	18.49
Goodwill on Amalgamation	9.36	42.25

3. Investment

Investment of Rs. 107.20 lacs is made in the shares capital of Axis Inc. and Rs. 977.97 lacs (including Rs. 47 lacs as cost of acquisition) in Cades Digitech Pvt. Ltd., a newly acquired subsidiaries.

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 normally 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 from the employee's salary. However, this is not significant.

B. Results of operations

Adequacy of Internal Controls

AXIS-IT & T Limited has a proper and adequate system of internal controls to ensure that all assets are safe guarded. The Internal control system is supplemented by an extensive program of internal audits reviewed by the management and

documented policies, guidelines and procedures. The Audit Committee of the board frequently reviews the internal control systems and from time-to-time the committee suggests changes in methods, policies and procedure on current business trends.

Human Resources Development

Axis-IT & T Limited is committed to the welfare of its people and their families and to improve the quality of their lives.

The company provides continuous learning and personal development opportunities by providing regular training to its employees.

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
- Security of Debt

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. The acquisition of a majority stake in Cades Digitech Pvt. Ltd. is a step in the direction of mitigation of Business Portfolio risk.

For and on behalf of the Board of Directors

Sd/-
Rohitasava Chand
Director

Sd/-
Kedar Nath Choudhury
Director

Place: Noida
Dated: 25.05.2010

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

To,
The Shareholders,
Axis-IT&T Ltd.
A-264, 2nd Floor,
Defence Colony,
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 2010.

Sd/-
S. Ravinarayanan
CEO
Axis-IT&T Ltd.

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, 2010, 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 agreement.

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

For Walker, Chandiok & Co
Chartered Accountants
Firm Registration No. 001076N

Place : New Delhi
Dated : 25.05.2010

Sd/-
by **B.P. Singh**
Partner
Membership No. 70116

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, 2010**, the Profit and Loss Account and also 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. Without qualifying our opinion, we draw attention to Note 13 of Schedule 21 of financial statements. The Company has accumulated losses amounting to Rs. 203,676,623 as at the balance sheet date which represent erosion of more than fifty percent of net worth of the Company. However, owing to the mitigating factors 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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 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, 2010;
 - ii) the Profit and Loss Account, of the profit 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, Chandiook & Co
Chartered Accountants
Firm Registration No. 001076N

Sd/-
by **B.P. Singh**
Partner

Membership No. 70116

Place : New Delhi
Dated : 25.05.2010

Annexure to the auditors' report of even date to the member of AXIS-IT&T Limited on the financial statements for the year ended 31 March, 2010.

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 fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (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) There is a company covered in the register maintained under section 301 of the Act to which the Company has granted unsecured loans. The maximum amount outstanding during the year was Rs. 4,000,000 and the year-end balance was Rs Nil.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.
- (c) In respect of loans granted, repayment of the principal amounts is as stipulated and payment of interest has been regular.
- (d) There is no amount overdue in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.
- (e) The Company had taken loans from two companies covered in the register maintained under section 301 of the Act. The maximum amount outstanding during the year was Rs. 95,091,877 and the year-end balance was Rs. 93,000,000.
- (f) In our opinion, the rate of interest and other terms and conditions for such loans are not, *prima facie*, prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of the principal amount is as stipulated and 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 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) The Company has an internal audit system, *the scope and coverage of which, in our opinion, requires to be further enhanced to be 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.

Annexure to the auditors' report of even date to the member of AXIS-IT&T Limited on the financial statements for the year ended 31 March, 2010.

- (ix) (a) 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, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. 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 became payable.
- (b) There are no dues in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) *In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth.* Further the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to any bank. 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.
- (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) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks are not, prima facie, prejudicial to the interest of the Company. The Company has not given any guarantees for loans taken by others from financial institutions and accordingly, the provisions of clause 4(xv) of the Order on loans taken by others from financial institution are not applicable.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (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, Chandiook & Co
Chartered Accountants
Firm Registration No. 001076N

Sd/-
by **B.P. Singh**
Partner

Membership No. 70116

Place : New Delhi
Dated : 25.05.2010

BALANCE SHEET AS AT MARCH 31, 2010

SOURCES OF FUNDS	Schedule	As at 31 March 2010 Rs.	As at 31 March 2009 Rs.
Shareholders' funds			
Share capital	1	99,955,705	99,955,705
Reserves and surplus	2	298,129,199	298,129,199
Loan funds			
Secured loans	3	52,102,308	15,970,595
Unsecured loan	4	93,000,000	91,877
Deferred tax liability, net	7	—	1,818,423
		543,187,212	415,965,799
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		85,344,456	77,455,497
Less: depreciation and amortisation		55,030,444	46,786,640
Net block		30,314,012	30,668,857
Investments	6	234,713,811	126,195,982
Deferred tax asset, net	7	1,259,922	—
Current assets, loans and advances			
Sundry debtors	8	65,024,699	23,249,470
Cash and bank balances	9	5,077,349	11,742,387
Other current assets	10	198,572	7,563,832
Loans and advances	11	34,807,397	16,668,503
		105,108,017	59,224,192
Less: Current liabilities and provisions			
Current liabilities	12	26,969,650	16,031,044
Provisions	13	7,510,523	5,693,849
		34,480,173	21,724,893
Net current assets		70,627,844	37,499,299
Accumulated deficit in profit and loss account		203,676,623	221,601,661
Miscellaneous expenditure (to the extent not written off or adjusted)	14	2,595,000	—
		543,187,212	415,965,799
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
Director

Sd/-
Kedar Nath Choudhury
Director

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

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

Sd/-
by **B.P. Singh**

Partner

Membership No. 70116

Place: Noida

Dated: 25.05.2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

INCOME	Schedule	For the year ended 31 March 2010 Rs.	For the year ended 31 March 2009 Rs.
IT enabled services - exports		38,150,528	24,882,354
IT enabled services - deemed exports		113,801,154	35,632,774
IT enabled services - domestic		661,991	437,860
Software services exports		48,894,046	53,488,818
Total		201,507,718	114,441,806
Other income	15	2,457,765	8,014,563
		203,965,483	122,456,369
EXPENDITURE			
Personnel expenses	16	112,883,358	66,324,754
Operating and administrative expenses	17	59,853,338	32,888,233
Depreciation and amortization	5	9,184,229	8,799,848
Finance charges	18	7,873,838	3,180,688
		189,794,763	111,193,523
Profit before tax and prior period items		14,170,720	11,262,846
Tax expense			
Deferred tax (benefit)/ expense - current year		(712,252)	1,818,423
— prior year		(2,366,093)	—
Fringe benefit tax-current year		—	667,971
— prior year		—	9,223
Tax (refund) earlier year		(675,973)	—
Profit after tax and before prior period items		17,925,038	8,767,229
Prior period items	19	—	116,958
Profit after tax and prior period items		17,925,038	8,650,271
Accumulated deficit in profit and loss account brought forward from previous years		(221,601,661)	(230,251,932)
Accumulated deficit in profit and loss account carried to the balance sheet		(203,676,623)	(221,601,661)
Earnings per share - basic and diluted (Refer note 9 on schedule 21)		0.90	0.43
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
Director

Sd/-
Kedar Nath Choudhury
Director

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

For Walker, Chandiook & Co
Chartered Accountants

Sd/-
by B.P. Singh
Partner

Membership No. 70116

Place: Noida
Dated: 30.05.2010

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

	31 March 2010	31 March 2009
	Rs.	Rs.
Schedule 1		
Share capital		
Authorised share capital		
72,000,000 (previous year 26,000,000) equity shares of Rs. 5 each	360,000,000	130,000,000
100,000 (previous year 100,000) preference shares of Rs. 100 each	10,000,000	10,000,000
	<u>370,000,000</u>	<u>140,000,000</u>
Issued share capital		
20,011,581 (previous year 20,011,581) equity shares of Rs. 5 each fully paid up	<u>100,057,905</u>	<u>100,057,905</u>
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
	<u>99,955,705</u>	<u>99,955,705</u>
Schedule 2		
Reserves and surplus		
Securities premium account	<u>298,129,199</u>	<u>298,129,199</u>
Schedule 3		
Secured loans		
<i>Loan from banks</i>		
Vehicle loan* (Secured against hypothecation of the specific vehicle)	542,356	970,595
Working capital loan from Yes Bank Ltd (Secured against equitable mortgage on land & building of the Company situated at D-30, Sector 3, Noida and exclusive first charge on current assets)	21,559,952	—
Medium term loan from Yes Bank Ltd* (Secured by deposit of title deeds relating to the Company's property situated at D-30, Sector - 3, Noida)	30,000,000	15,000,000
	<u>52,102,308</u>	<u>15,970,595</u>
*Amounts due within one year	10,443,279	420,474
Schedule 4		
Unsecured loan		
Loan from a body corporate	93,000,000	—
Interest accrued and due	—	91,877
	<u>93,000,000</u>	<u>91,877</u>

Schedules forming part of the financial statements for the year ended March 31, 2010

Schedule 5

Fixed Assets

Description	Gross block				Accumulated depreciation and amortisation				Net block	
	As at April 1, 2009	Additions	Disposals/ Adjustments	As at March 31, 2010	As at April 1, 2009	Depreciaton/ amortisation	Disposals/ Adjustments	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land - freehold	2,264,437	—	—	2,264,437	—	—	—	—	2,264,437	2,264,437
Office building	16,581,724	—	—	16,581,724	2,228,055	270,282	—	2,498,337	14,083,387	14,353,669
Furniture and fixtures	6,748,979	27,505	—	6,776,484	5,427,288	312,977	—	5,740,265	1,036,219	1,321,691
Office equipments	4,917,266	1,118,129	—	6,035,395	2,961,945	571,658	—	3,533,603	2,501,792	1,955,321
Computers	11,236,220	4,906,457	—	16,142,677	8,410,523	2,817,875	—	11,228,397	4,914,280	2,825,697
Vehicles	2,696,755	—	940,425	1,756,330	1,230,100	351,266	940,425	640,941	1,115,389	1,466,655
Electrical installations	2,059,794	—	—	2,059,794	2,004,306	16,916	—	2,021,223	38,571	55,488
<i>Sub-total Tangibles</i>	46,505,175	6,052,091	940,425	51,616,841	22,262,217	4,340,973	940,425	25,662,766	25,954,075	24,242,958
Goodwill on amalgamation	16,445,348	—	—	16,445,348	12,219,729	3,289,070	—	15,508,798	936,550	4,225,618
Non compete fees	1,971,000	—	—	1,971,000	1,971,000	—	—	1,971,000	—	—
Softwares	12,533,973	2,777,294	—	15,311,267	10,333,694	1,554,186	—	11,887,880	3,423,387	2,200,279
<i>Sub-total Intangibles</i>	30,950,321	2,777,294	—	33,727,615	24,524,423	4,843,256	—	29,367,678	4,359,937	6,425,897
Total - current year	77,455,497	8,829,385	940,425	85,344,456	46,786,640	9,184,229	940,425	55,030,444	30,314,012	30,668,855
Total - previous year	72,926,291	4,986,773	457,567	77,455,497	38,196,908	8,878,816	289,084	46,786,640	30,668,855	—

AXIS-IT&T LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

	31 March 2010 Rs.	31 March 2009 Rs.
Schedule 6		
Investments		
Long-term investments - Unquoted at cost		
Subsidiary companies		
Axis Inc., U.S.A. 17,078 (previous year 15,579) common stock	131,002,718	120,282,324
Cades Digitech Private Limited 8,142,000 (previous year Nil) equity shares of Rs. 10 each fully paid up	97,797,435	—
Other than subsidiaries [Trade]		
Axis Cogent Global Limited (formerly known as IT&T Global Services Limited) 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
	235,213,811	126,695,982
Less : Provision for diminution in the value of long term investments Datum Technology Limited	500,000	500,000
	234,713,811	126,195,982
Aggregate cost of unquoted investment (net of provisions)	234,713,811	126,195,982

Schedule 7

Deferred tax asset/(liability), net

Deferred tax asset		
Provision for employee benefits	2,165,351	1,770,962
Other timing difference	368,551	—
Deferred tax liability		
Differences in depreciation in block of fixed assets as per tax books and financial books (1,273,980)		(3,589,385)
	1,259,922	(1,818,423)

AXIS-IT&T LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

	31 March 2010	31 March 2009
	Rs.	Rs.
Schedule 8		
Sundry debtors		
(Unsecured)		
Debits outstanding for a period exceeding six months		
Considered good	3,522,719	8,368,956
Considered doubtful	1,089,339	—
Other debts		
Considered good	61,501,980	14,880,514
	66,114,038	23,249,470
Less: Provision for doubtful debts	1,089,339	—
	65,024,699	23,249,470

Schedule 9

Cash and bank balances

Cash in hand	79,662	55,581
Balances with banks in :		
Current accounts	4,546,086	2,298,469
Fixed deposit accounts*	451,601	9,388,337
	5,077,349	11,742,387

*Out of the total fixed deposit balance, a fixed deposit amounting to Rs. 127,299 (previous year Rs 109,348) is in the name of Axis Computers Private Limited (a Company which was merged into this Company in earlier years) and a fixed deposit amounting to Rs 295,912 (previous year Rs 266,490) is in the name of IT & T Limited (the erstwhile name of this Company).

Schedule 10

Other current assets

Unbilled revenue	125,000	6,903,249
Interest accrued but not due*	73,572	660,583
	198,572	7,563,832

*Out of the total interest accrued but not due balance, an interest amounting to Rs 15,648 (previous year Rs 4,823) is on fixed deposit which is in the name of Axis Computers Private Limited (a Company which was merged to this Company in earlier years) and an interest amounting to Nil (previous year Rs. 3,400) is on the fixed deposit which is in the name of IT & T Limited (the erstwhile name of this Company).

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

	31 March 2010	31 March 2009
	Rs.	Rs.
Schedule I I		
Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind		
or for value to be received	10,634,750	4,614,454
Advance recoverable from a subsidiary	4,947,156	1,073,874
Advance income taxes/ tax deducted at source	18,622,539	10,486,716
Service tax receivable		
— good	602,952	493,459
— doubtful	1,448,725	1,448,725
Deposits with bodies corporate		
— doubtful	24,945,920	24,945,920
	61,202,042	43,063,148
Less: provision for doubtful loans and advances	26,394,645	26,394,645
	34,807,397	16,668,503

Schedule I 2

Current liabilities

Sundry creditors for goods, services and other expenses		
— dues to Micro, Small and Medium Enterprises	—	—
— others	14,235,886	6,942,098
Other liabilities	9,434,915	9,088,946
Interest accrued and not due	3,298,849	—
	26,969,650	16,031,044

AXIS-IT&T LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

	31 March 2010 Rs.	31 March 2009 Rs.
Schedule 13		
Provisions		
Fringe benefit tax	—	142,971
Employee benefits	7,510,523	5,550,878
	7,510,523	5,693,849
	7,510,523	5,693,849
Schedule 14		
Miscellaneous expenditure		
(to the extent not written off or adjusted)		
Capital issue expenses	2,595,000	—
	2,595,000	—
	2,595,000	—
Schedule 15		
Other income		
Dividend on current investments (Non trade)	—	1,376,986
Interest on		
Fixed deposits *	467,945	251,102
Income-tax refund	283,459	533,611
Others	33,753	—
Profit on sale of fixed assets	24,000	31,517
Foreign exchange gain	1,237,610	5,111,299
Miscellaneous income	222,564	182,878
Liability no longer required, written back	188,434	527,170
	2,457,765	8,014,563
	2,457,765	8,014,563
* Tax deducted at source on interest	95,988	44,916
Schedule 16		
Personnel expenses		
Salaries and bonus	106,556,342	62,824,386
Contribution to provident and other funds	3,337,401	1,667,621
Staff welfare and other benefits	2,989,615	1,832,747
	112,883,358	66,324,754
	112,883,358	66,324,754

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Schedule 17		
Operating and administrative expenses		
Communication	2,621,550	2,076,915
Electricity and water	4,412,223	3,330,789
Rent and hire charges, net	18,012,303	5,619,195
Local transport and conveyance	471,116	393,066
Travel expense	10,266,377	4,397,526
Office maintenance	2,858,363	2,216,474
Repair and maintenance		
— building	204,378	125,220
— others	955,782	1,036,262
Recruitment and relocation	623,344	1,431,191
Legal and professional	6,905,243	3,329,274
Insurance	71,019	76,756
Rates and taxes	130,766	101,538
Advertisement and marketing	2,521,179	439,554
Printing and stationery	455,132	415,535
Directors' fee	110,000	52,000
Foreign exchange loss	3,511,990	1,718,549
Provision for doubtful debts	1,089,339	—
Customs duty	—	135,858
Commission and brokerage	3,823,821	5,134,209
Provision for doubtful loans and advances	—	183,697
Meeting and conference	248,270	217,234
Miscellaneous expenses	561,143	457,391
	59,853,338	32,888,233
Schedule 18		
Finance charges		
Interest on		
term loan	3,059,268	—
banks	952,320	2,631,669
others	3,298,849	—
Processing fee and other bank charges	563,401	549,019
	7,873,838	3,180,688
Schedule 19		
Prior period item		
Rent expense (net)	—	37,990
Depreciation	—	78,968
	—	116,958

Schedules forming part of the financial statements for the year ending March 31, 2010

Schedule: 20 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 (1) (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 Company unless otherwise stated.

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 amount 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 prospectively in the current and future periods.

3. Revenue Recognition

- a) Revenue from the IT enabled services is recognised based on services rendered to clients as per the terms of specific agreement.
- 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) Unbilled receivables represent costs incurred and revenue recognized on amounts to be billed in subsequent periods as per contractual terms. The related billings are made within the next operating cycle.
- d) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- e) 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.

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 on straight line method and in the manner prescribed in Schedule XIV of the Act, at rates which are either greater than or equal to the corresponding rates in Schedule XIV of the Act, based on the technical estimates of useful life, as follows:

Description	Rate
Office buildings	1.63%
Furniture and fixtures	14.29%
Office equipments	14.29%
Computers	33.33%
Software	33.33%
Vehicles	20.00%
Electrical installations	14.29%

Schedules forming part of the financial statements for the year ending March 31, 2010**Schedule: 20 Significant accounting policies (Contd.)**

Assets costing less than Rs. 5,000 each are depreciated fully in the year of purchase.

Assets under capital lease are amortised over their estimated useful life or the lease term whichever is lower. Non-competitive fee is amortised over the period of expected benefit. Goodwill on amalgamation is being amortised over a period of 5 years.

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

Wages, salaries, bonuses, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company.

The Company has two post employment benefit plans in operation viz. Gratuity and Provident Fund.

Provident fund benefit is a defined contribution plan under which the Company pays fixed contribution into funds established under Employees Provident Fund and Miscellaneous Provisions Act, 1952. The Contributions recognised in respect of defined contribution plans are

expensed as they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature.

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on separation from the Company, usually dependent on one or more factors such as age, years of service and remuneration. The liability recognised in the balance sheet for defined benefit plan is the present value of the defined benefit obligation ('DBO') at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The present value of DBO is calculated annually by an independent actuary using the projected unit credit method.

The Company also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated to be availed in future. The scheme is considered as a long term benefit. The compensated absences comprises of vesting as well as non vesting benefit and the liability is determined in accordance with the rules of the Company and is based on actuarial valuations made on projected unit method at the balance sheet date for the balance.

8. Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Differences arising out of foreign currency transactions settled during the year are recognised in the profit and loss account.

Monetary items outstanding at the balance sheet date and denominated in foreign currencies are recorded at the exchange rate prevailing at the end of the year. Differences arising there from are recognised in the profit and loss account.

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.

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

9. Taxes on income

Provision for tax includes current tax and deferred tax. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred income-taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of

Schedules forming part of the financial statements for the year ending March 31, 2010

Schedule: 20 Significant accounting policies (Contd.)

change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax arising from brought forward losses and depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized.

Deferred tax asset/ liability arising during the tax holiday period is not recognized to the extent it reverses within the tax holiday period.

Minimum Alternate Tax ("MAT") paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income-tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will be able to utilise that credit during the specified period.

10. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

11. Leases

- a) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.
- b) Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to profit and loss account on accrual basis

12. Contingent liabilities and provisions

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

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

13. Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets including goodwill. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill, the impairment loss is reversed only when it is caused by specific external events and their effects have been reversed by subsequent external events.

14. Miscellaneous expense

Public issue expenses are amortised over a period of five years on pro-rata basis. However, if the equity offering is not probable or the offering is aborted, such costs will be expensed off in the year during which the offering is aborted or considered not probable.

Schedules forming part of the financial statements for the year ending March 31, 2010

Schedule 2 I

Notes to the Financial Statements

1. M/s Tayana Software Solutions Private Limited is the majority stakeholder in the Company and holds 12,142,100 (previous year 12,142,100) equity shares which represent 60.83% of the total outstanding equity shares of the Company.
2. On October 24, 2009, the Company acquired 8,142,000 equity shares (representing 54.28% of the equity share capital) of Cades Digitech Private Limited for a total consideration of Rs. 97,797,435 (including acquisition charges amounting to Rs. 4,797,435).

3. 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
Total	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 having been received.

4. Contingent liabilities, not provided for

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
a) Order passed against the Company by a consumer forum, Lucknow, against which the Company has filed a revised petition	225,600	225,600
b) Corporate guarantee given for loan taken by Cades Digitech Private Limited, a subsidiary company	107,500,000	—
Total	107,725,600	225,600

5. Managerial remuneration*

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Salaries and bonus	2,385,000	2,306,925
Contribution to provident fund	286,200	272,295
Monetary value of perquisites	15,000	13,750
Total	2,686,200	2,592,970

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

Schedules forming part of the financial statements for the year ending March 31, 2010

Schedule 21

Notes to the Financial Statements (Contd.)

6. Auditor's remuneration

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Audit fees	225,000	225,000
Tax audit fees	50,000	50,000
Other services	1,075,000	75,000
Out of pocket expenses	36,050	34,527
Service tax	91,263	37,595
Total	1,477,313	422,122

7. Related party transactions

a. Names of related parties and description of relationship

I.	Subsidiary companies	Axis Inc., U.S.A. Axis E.U. Cades Digitech Private Limited (from October 24, 2009)
II.	Associate entity	Axis Cogent Global Limited (formerly known IT&T Global Services Limited)
III.	Key management personnel	Mr. Rohitasava Chand (till March 31, 2010 and Mr. Ravi Narayanan appointed as Chief executive officer with effect from April 2010)
IV.	Other entities*	Yukti Securities Limited
V.	Holding Company information	The Company is a subsidiary of Tayana Software Solutions Private Ltd which is a subsidiary of Axis Aerospace & Technologies Pvt. Ltd. (formerly known as Jupiter Strategic Technologies Pvt. Ltd., referred to as 'AATPL'). AATPL, is a subsidiary of Jupiter Capital Pvt Ltd .

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

Schedules forming part of the financial statements for the year ending March 31, 2010

Schedule 21: Notes to the Financial Statements (Contd.)

b. Transactions with related parties during the year:

(Amount in Rupees)

Particulars	Subsidiaries		Associates		Other entities		Key managerial remuneration		AATPL		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Rendering of services	35,687,103	16,529,140	—	—	—	—	—	—	—	—	35,687,103	16,529,140
Axis Inc., U.S.A.	32,240,710	6,867,416	—	—	—	—	—	—	—	—	32,240,710	6,867,416
Investment made	108,517,829	11,425,413	—	—	—	—	—	—	—	—	108,517,829	11,425,413
Cades Digitech Private Limited	99,797,435	—	—	—	—	—	—	—	—	—	99,797,435	—
Loan taken	—	—	—	—	—	—	—	—	95,000,000	1,500,000	95,000,000	1,500,000
Loan repaid	—	—	—	—	—	4,500,000	—	—	2,000,000	1,500,000	2,000,000	6,000,000
Interest paid	—	—	—	—	91,877	475,714	—	—	3,298,411	44,877	3,390,288	520,591
Reimbursement/adjustment from advance for expenses paid	3,677,967	35,098	—	—	—	—	—	—	—	—	3,677,967	35,098
Loan given	4,000,000	—	—	—	—	—	—	—	—	—	4,000,000	—
Cades Digitech Private Limited	4,000,000	—	—	—	—	—	—	—	—	—	4,000,000	—
Interest received	33,753	—	—	—	—	—	—	—	—	—	4,000,000	—
Cades Digitech Private Limited	33,753	—	—	—	—	—	—	—	—	—	4,000,000	—
Remuneration paid	—	—	—	—	—	—	2,796,200	2,592,970	—	—	2,796,200	2,592,970
Mr. Rohitasava Chand	—	—	—	—	—	—	2,796,200	2,592,970	—	—	2,796,200	2,592,970
Balance as at the year end												
Investment	228,800,153	120,282,325	5,913,658	—	—	—	—	—	—	—	234,713,811	126,195,983
Axis Inc. U.S.A.	131,002,718	120,282,325	—	—	—	—	—	—	—	—	131,002,718	120,282,325
Cades Digitech Private Limited	97,797,435	—	—	—	—	—	—	—	—	—	97,797,435	—
Amount recoverable for expenses	4,935,538	1,073,874	—	—	—	—	—	—	—	33,085	4,935,538	1,106,959
Axis Inc., U.S.A.	3,560,534	456,254	—	—	—	—	—	—	—	—	3,560,534	456,254
Loan outstanding	—	—	—	—	—	—	—	—	93,000,000	—	93,000,000	—
Interest payable	—	—	—	—	—	91,877	—	—	3,298,411	—	3,298,411	91,877
Sundry debtors	37,878,020	9,593,076	—	—	—	—	—	—	—	—	37,878,020	9,593,076
Axis Inc., U.S.A.	32,893,734	5,748,449	—	—	—	—	—	—	—	—	32,893,734	5,748,449

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AXIS-IT&T LIMITED

Schedules forming part of the financial statements for the year ending March 31, 2010

Schedule 21

Notes to the Financial Statements (Contd.)

8. Finance lease

Payments falling due	Amount (Rs.)
Not later than one year	503,397
Later than one year but not later than 5 years	83,899
Total	587,296
Less: Interest	(44,940)
Grand total	542,356

9. Earnings per share

	As at March 31, 2010	As at March 31, 2009
a) Number of fully paid equity shares at the beginning of the year	19,960,481	19,960,481
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	19,960,481
d) Net profit attributable to equity shareholders (Rs.)	17,925,038	8,650,273
e) Basic and diluted earnings per share (in Rs.)	0.90	0.43

10. Earning in foreign currency

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Service revenue	87,044,573	71,552,679

11. Expenditure in foreign currency

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Travel expenses	1,875,522	945,431
Commission and brokerage	5,570,248	1,024,198
Computer maintenance	1,023,019	1,092,125
	8,468,789	3,061,754

Schedules forming part of the financial statements for the year ending March 31, 2010

Schedule 21

Notes to the Financial Statements (Contd.)

12. CIF value of imports

	For the year ended March 31, 2010	For the year ended March 31, 2009
	Rs.	Rs.
Capital goods	487,095	1,326,207

- 13.** The Company has made profit after tax of Rs. 17,925,038 during the year ended March 31, 2010 and its accumulated losses are Rs. 203,676,623. 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. The directors will ensure that adequate funds are available to the Company to operate profitably. Accordingly, these financial statements have been prepared on a going concern basis.
- 14.** Under the Income Tax Act 1961, the profit attributable to undertakings situated in a Software Technology Park ('STP') qualifies for deduction. This deduction is available for a period of ten consecutive years beginning from the year in which the respective undertaking commenced commercial operations subject to the termination of this benefit in assessment year 2011-12. In the current year the Company did not earn profits from its STP unit.
- 15.** 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 and unabsorbed depreciation 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.
- 16.** The Company has appointed independent consultants for conducting a Transfer Pricing Study to determine whether the transactions with associated enterprises were undertaken at "arms length basis". The management confirms that all international transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms, and adjustments if any, arising from the transfer pricing study shall be accounted for as and when the study is completed. The Transfer Pricing Study for the financial year ended March 31, 2010 is currently in progress.

17. Dues to micro, small and medium enterprises

The Company has identified micro, small and medium enterprises who have registered themselves under the Micro Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006), based upon the information made available with the Company and the confirmations received, there are no dues outstanding to these micro, small and medium enterprises as at March 31, 2010. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

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Schedules forming part of the financial statements for the year ending March 31, 2010

Schedule 21

Notes to the Financial Statements (Contd.)

18. Employee benefits

i. Actuarial valuation has been done with the following assumptions for the given defined benefit schemes:

- a) Gratuity
- b) Compensated absences

Actuarial valuation has been done with the following assumptions.

	Particulars absences (Unfunded)		Compensated Gratuity (Unfunded)	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Discount rate	8%	8%	8%	8%
Rate of increase in compensation levels	8%	8%	8%	8%

Change in the present value of obligation :	Compensated absences (Unfunded)		Gratuity (Unfunded)	
	March 31, 2010 Rs.	March 31, 2009 Rs.	March 31, 2010 Rs.	March 31, 2009 Rs.
Opening present value of obligation	1,278,501	735,449	4,272,377	2,674,265
Interest cost	102,280	58,836	341,790	213,941
Current service cost	791,486	433,947	1,756,159	1,192,284
Benefits paid	(189,517)	(324,949)	—	(119,423)
Actuarial (gain)/loss on obligations	(168,936)	375,218	(673,617)	311,310
Closing present value of obligation	1,813,814	1,278,501	5,696,709	4,272,377

Expenses recognized in the Profit and Loss Account	Compensated absences (Unfunded)		Gratuity (Unfunded)	
	March 31, 2010 Rs.	March 31, 2009 Rs.	March 31, 2010 Rs.	March 31, 2009 Rs.
Current service cost	791,486	433,947	1,756,159	1,192,284
Interest cost	102,280	58,836	3,41,790	213,941
Net actuarial (gain)/loss recognized in the period	(168,936)	375,218	(673,617)	311,310
Total expenses recognized in the Profit & Loss account	724,830	868,001	1,424,332	1,717,535

Schedules forming part of the financial statements for the year ending March 31, 2010

Schedule 21

Notes to the Financial Statements (Contd.)

ii. Defined Contribution Plan

Amount recognized as an expense and included in the schedule 16- "Contribution to provident and other funds" of profit and loss account Rs. 3,337,401 (previous year Rs. 1,667,621).

- 19.** 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.
- 20.** As at March 31, 2010 debtors include a sum of Rs 1,811,027 (previous year Nil) receivable outstanding for more than 365 days. In this regard the Company is in the process of determining the appropriate course of action to ensure compliance with the requirements of Reserve Bank of India ('RBI') Regulation and the Foreign Exchange Management Act, 1999.
- 21.** The Company made an assessment of the indicators of impairment as of March 31, 2010 and based on such assessment, no impairment loss has been recognized to the carrying value of the assets as of March 31, 2010.

22. Foreign currency exposures

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

Particulars		March 31, 2010			March 31, 2009		
Included in	Currency	Conversion Rate	Amount in foreign currency	Amount in Rs.	Conversion Rate	Amount in foreign currency	Amount in Rs.
Sundry debtors	USD	45.14	771,319	34,817,330	50.25	201,400	10,120,192
	GBP	68.03	73,266	4,984,286	71.70	53,621	3,844,626
	EURO	60.56	15,534	940,739	66.00	15,534	1,254,244
Sundry creditors	USD	45.14	36,000	16,25,040	51.75	85,458	4,422,455
EEFC accounts	USD	45.14	99,471	4,490,136	50.25	43,575	2,189,627

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Schedules forming part of the financial statements for the year ending March 31, 2010**Schedule 21****Notes to the Financial Statements (Contd.)**

- 23.** The Company issued promissory notes vide agreement dated October 23, 2008 amounting to Rs. 20,000,000 for overdraft facility against hypothecation of books debts to YES bank. The Company has also issued promissory notes vide agreement dated October 1, 2009 amounting to Rs. 95,000,000 in favour of Axis Aerospace & Technologies Pvt. Ltd. for intercorporate loan raised during the year.
- 24.** 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/-	Sd/-	Sd/-
Shweta Agrawal	Rohitasava Chand	Kedar Nath Choudhury
Company Secretary	Director	Director

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

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

Sd/-

by **B.P. Singh**

Partner

Membership No. 70116

Place: Noida

Dated: 25.05.2010

AXIS-IT&T LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax and prior period items	14,170,720	11,262,846
Adjustments for:		
Depreciation and amortisation	9,184,229	8,799,848
Dividend received	—	(1,376,986)
Profit on sale of fixed assets	(24,000)	(31,517)
Unrealised foreign exchange gain	(1,218,587)	(418,694)
Provision for doubtful debts	1,089,339	—
Interest expense	7,310,437	2,631,669
Interest income on bank deposits	(467,945)	(251,102)
Interest income on income-tax refund	(283,459)	(533,611)
Liability no longer required written back	(188,434)	(527,170)
Provision for doubtful centvat recoverable	—	183,697
Employee benefits	2,149,162	2,585,536
Prior period expenses	—	(116,958)
Operating profit before working capital changes	31,721,462	22,207,558
(Increase) in sundry debtors and other receivables	(44,870,805)	(6,904,504)
Increase in trade and other payables	7,587,581	5,072,102
Cash (used)/generated in operations	(5,561,762)	20,375,157
Direct tax payment	(7,176,391)	(5,050,053)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(12,738,153)	15,325,104
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(8,829,384)	(4,986,773)
Sale of fixed assets	24,000	200,000
Sale (purchase)/proceeds of investments (net)	(108,517,829)	3,574,588
Interest received on bank deposits	1,054,956	(391,069)
Dividend received	—	1,376,986
NET CASH USED IN INVESTING ACTIVITIES	(116,268,257)	(226,268)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of borrowings	136,559,952	15,932,637
Public issue expenses	(2,595,000)	—
Repayment of borrowings	(7,520,115)	(18,797,770)
Interest paid	(4,103,465)	(2,569,907)
NET CASH FROM/ (USED) FINANCING ACTIVITIES	122,341,372	(5,435,040)
Net (decrease)/increase in cash and cash equivalents	(6,665,038)	9,663,796
Cash and cash equivalents at beginning of the year	11,742,387	2,078,591
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,077,349	11,742,387

For and on behalf of the Board of Directors

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
Director

Sd/-
Kedar Nath Choudhury
Director

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

For **Walker, Chandiook & Co**

Chartered Accountants

Sd/-

by **B.P. Singh**

Partner

Membership No. 70116

Place: Noida

Dated: 25.05.2009

BALANCESHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

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

I	Registration Details	
	Registration No. :	41275
	State Code	55
	Balance Sheet Date	31.03.2010
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)	543187
	Total Assets	543187
	Sources of Funds: (fig. in ,000)	
	Paid up Capital	99955
	Reserves & Surplus	298129
	Secured Loans	52102
	Unsecured Loans	93000
	Application of Funds: (fig. in ,000)	
	Net Fixed Assets	30314
	Capital WIP	NIL
	Investments	234714
	Net Current Assets	70628
	Deferred Tax-Asset	—
	Miscellaneous Expenditure (including Debit Balance if P&L account)	206271
IV.	Performance of Company (fig. in ,000)	
	Turnover (including Other Income)	201507
	Total expenditure	189794
	Profit / (Loss) before Tax	14170
	Profit / (Loss) after Tax	17925
	Earning per share in Rs.	0.90
	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
Dated : 25.05.2010

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
Director

Sd/-
Kedar Nath Choudhury
Director

AXIS-IT&T LIMITED (Consolidated)

AUDITORS REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the attached consolidated balance sheet of AXIS -IT&T Limited ("the parent company") and its subsidiaries (hereinafter collectively referred to as "the Group") as at March 31, 2010, the consolidated profit and loss account and also 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 and Axis Inc., whose financial statements reflect total assets of Rs. 60,502,205 as at March 31, 2010 and the total revenue of Rs. 309,620,194 for the year then ended. 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 statements and on the other financial information of the components 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, 2010;
 - b) consolidated profit and loss account, of the profit 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
Firm Registration No. 001076N

Sd/-
Per **B P Singh**
Partner
Membership No. 70116

Place: Noida
Date: 25.05.2010

AXIS-IT&T LIMITED (Consolidated)

AUDITORS REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. We have audited the attached consolidated balance sheet of AXIS -IT&T Limited ("the parent company") and its subsidiaries (hereinafter collectively referred to as "the Group") as at March 31, 2009, the consolidated profit and loss account and also 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 and Axis Inc., whose financial statements reflect total assets of Rs. 66,059,435 as at March 31, 2009, and the total revenue of Rs. 321,481,721 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, 2009;
 - b) consolidated profit and loss account, of the profit 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

Sd/-

by **B. P. Singh**
Partner

Place : Noida
Dated : 30.06.2009

Membership No. 70116

AXIS-IT&T LIMITED (Consolidated)

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

SOURCES OF FUNDS	Schedule	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Shareholders' funds			
Share capital	1	99,955,705	99,955,705
Reserves and surplus	2	161,843,693	147,633,430
Loan funds			
Secured loans	3	67,900,180	19,881,059
Unsecured loans	4	273,048,630	91,877
Deferred tax liability, net	7	—	1,818,423
Minority Interest		7,049,756	—
		609,797,964	269,380,494
APPLICATIONS OF FUNDS			
Goodwill		246,398,661	137,419,142
Fixed assets	5		
Gross block		322,170,457	139,180,788
Less: depreciation and amortization		250,299,721	102,132,307
Net block		71,870,736	37,048,481
Capital work in progress		9,308,409	—
Investments	6	5,919,000	5,914,000
Deferred tax asset, net	7	1,259,922	—
Current assets, loans and advances			
Sundry debtors	8	310,561,114	76,849,315
Cash and bank balances	9	28,092,960	31,323,636
Other current assets	10	22,316,953	4,815,950
Loans and advances	11	93,395,678	22,090,933
		454,366,705	135,079,834
Less: Current liabilities and provisions			
Current liabilities	12	164,650,950	26,452,849
Provisions	13	17,269,520	19,628,114
		181,920,470	46,080,963
Net current assets		272,446,235	88,998,871
Miscellaneous expenditure (to the extent not written off or adjusted)	14	2,595,000	—
		609,797,964	269,380,494
Significant accounting policies	21		
Notes to the financial statements	22		

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
Director

Sd/-
Kedar Nath Choudhury
Director

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

For Walker, Chandiook & Co
Chartered Accountants

Sd/-
by B.P. Singh
Partner

Membership No. 70116

Place: Noida
Dated: 25.05.2010

AXIS-IT&T LIMITED (Consolidated)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

INCOME	Schedule	Year ended March 31, 2010 Rs.	Year ended arch 31, 2009 Rs.
Income from operations	15	772,401,560	419,394,387
Other income	16	10,652,336	8,551,682
		783,053,896	427,946,069
EXPENDITURE			
Personnel expenses	17	526,828,200	295,215,354
Operating and administrative expenses	18	176,179,081	69,239,646
Depreciation and amortisation	6	18,359,144	10,449,877
Finance charges	19	15,205,828	4,224,250
		736,572,253	379,129,127
Profit before tax and prior period items		46,481,643	48,816,942
Tax expense			
Current tax		573,716	12,357,635
Tax earlier years		(3,299,238)	—
Foreign Tax		3,352,852	—
Deferred tax (benefit)/ charge - current year		(712,252)	1,818,423
— prior year		(2,366,093)	—
Fringe benefit tax - current year		—	667,971
— prior year		—	9,223
		48,932,658	33,963,690
Profit after tax and before prior period items		48,932,658	33,963,690
Prior period items	20	—	116,958
Profit after tax and prior period items		48,932,658	33,846,732
Minority Interest		16,468,417	—
Profit after tax, prior period items and minority interest		32,464,241	33,846,732
Earnings per share - basic and diluted	1.63	1.70	
(Refer note 8 in schedule 21)			
Significant accounting policies	21		
Notes to the financial statements	22		

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
Director

Sd/-
Kedar Nath Choudhury
Director

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

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

Sd/-
by **B.P. Singh**

Partner

Membership No. 70116

Place: Noida

Dated: 25.05.2010

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the consolidated financial statements as at March 31, 2010

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule 1		
Share capital		
Authorised share capital		
72,000,000 (previous year 26,000,000) equity shares of Rs.5 each	360,000,000	130,000,000
100,000 (previous year 100,000) preference shares of Rs. 100 each	10,000,000	10,000,000
	<u>370,000,000</u>	<u>140,000,000</u>
Issued share capital		
20,011,581 (previous year 20,011,581) equity shares of Rs. 5 each fully paid up	<u>100,057,905</u>	<u>100,057,905</u>
Subscribed and paid up share capital		
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
	<u>99,955,705</u>	<u>99,955,705</u>
Schedule 2		
Reserves and surplus		
Securities premium account	298,129,199	298,129,199
Profit and loss account		
As per last balance sheet	(155,003,704)	(188,850,436)
Add: Surplus/(deficit) as per profit and loss account	32,464,241	33,846,732
	<u>(122,539,463)</u>	<u>(155,003,704)</u>
Translation reserve	(13,746,043)	4,507,935
	<u>161,843,693</u>	<u>147,633,430</u>

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the consolidated financial statements as at March 31, 2010

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule 3		
Secured Loans		
From banks		
Vehicle loan* (Secured against hypothecation of the specific vehicle)	542,356	970,595
Working capital loan from Yes Bank Ltd (Secured against equitable mortgage on land & building of the company situated at D-30, Sector 3, Noida, U.P. and exclusive first charge on current assets)	21,559,952	—
Medium term loan from Yes Bank Ltd* (Secured by deposit of title deeds relating to the Parent Company's property situated at D-30 Sector 3, Noida, U.P.)	30,000,000	15,000,000
Line of credit from Southside Trust & Savings Bank (Secured against inventories, accounts receivables, equipments and intangible assets)	15,797,872	3,910,464
	67,900,180	19,881,059
*Amounts due within one year	10,443,279	420,474
Schedule 4		
Unsecured loans		
From body corporates	273,048,630	—
Interest accrued and due	—	91,877
	273,048,630	91,877

Schedules forming part of the consolidated financial statements as at March 31, 2010

Schedule 5

Fixed Assets

Amount in Rs.

Assets	Gross Block					Depreciation and amortisation						Net Block
	As at April 1, 2009	Acquisition of Cades Digitech	Additions	Sale/ Adjustments	As at March 31, 2010	As at April 1, 2009	Acquisition of Cades Digitech	For the year	Adjustments during the years	As at March 31, 2009	As at March 31, 2010	As at April 1, 2009
Goodwill on amalgamation	16,445,348	—	—	—	16,445,348	12,219,728	—	3,289,070	—	15,508,797	936,550	4,225,620
Land - freehold	2,264,437	—	—	—	2,264,437	—	—	—	—	—	2,264,437	2,264,437
Building-												
Freehold	16,581,724	—	—	—	16,581,724	2,228,055	—	270,282	—	2,498,337	14,083,387	14,353,669
Leasehold Improvement	771,202	8,512,280	—	83,541	9,199,940	251,635	6,054,167	676,203	44,106	6,937,899	2,262,041	519,566
Furniture and fixtures	7,991,524	3,738,504	27,505	102,628	11,654,904	6,089,448	3,702,736	512,202	73,537	10,230,849	1,424,055	1,902,076
Office equipments	22,585,116	4,450,595	1,894,128	2,407,447	26,522,392	18,774,105	4,199,297	1,369,208	2,165,591	22,177,019	4,345,373	3,811,011
Computers	27,674,137	33,406,559	10,446,978	2,007,973	69,519,701	22,761,426	33,083,079	3,826,622	1,920,723	57,750,403	11,769,298	4,912,711
Vehicles	2,696,756	—	—	940,425	1,756,331	1,230,100	—	351,266	940,425	640,941	1,115,390	1,466,656
Electrical installations	2,059,794	—	—	—	2,059,794	2,004,306	—	16,916	—	2,021,223	38,571	55,488
Intangible assets												
Non compete fees	1,971,000	—	—	—	1,971,000	1,971,000	—	—	—	1,971,000	—	—
Softwares	36,183,214	113,704,611	15,802,775	3,188,464	162,502,136	33,982,934	91,202,441	7,691,754	3,188,463	129,688,666	32,813,470	2,200,280
License	1,956,536	—	—	263,786	1,692,750	619,570	—	355,621	100,603	874,588	818,163	1,336,966
Total	139,180,788	163,812,549	28,171,385	8,994,265	322,170,457	102,132,307	138,241,719	18,359,144	8,433,448	250,299,721	71,870,736	37,048,479
Previous year	116,558,568	—	10,580,351	(12,041,869)	139,180,788	79,922,295	—	10,449,877	(11,760,135)	102,132,307	37,048,479	

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the consolidated financial statements as at March 31, 2010

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule 6		
Investments		
Long-term investments - unquoted at cost		
Investment in government securities		
National Savings Scheme Certificate	5,000	—
Trade		
Axis Cogent Global Ltd (formerly known as 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
Datagraphical Limited Ordinary Shares (refer note 2 in schedule 21)	171	171
Axis IT Solutions Limited Ordinary Shares (refer note 2 in schedule 21)	171	171
Non Trade		
Datum Technology Limited 50,000 Equity shares of Rs. 10 each fully paid up	500,000	500,000
	6,419,000	6,414,000
Less : Provision for diminution in the value of long term investments		
Datum Technology Limited	500,000	500,000
	5,919,000	5,914,000
Aggregate cost of unquoted investments (net of provision)	5,919,000	5,914,000
Schedule 7		
Deferred tax asset/(liability), net		
Deferred tax liability		
Differences in depreciation in block of fixed assets as per tax books and financial books	(1,273,980)	(3,589,385)
Deferred tax asset		
Provision for employee benefits	2,165,351	1,770,962
Other timing difference	368,551	—
	1,259,922	(1,818,423)

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the consolidated financial statements as at March 31, 2010

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule 8		
Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	11,919,674	3,716,360
Considered doubtful	59,446,153	—
Other debts		
Considered good	298,641,440	73,132,955
	370,007,267	76,849,315
Less: Provision for doubtful debts	59,446,153	—
	310,561,114	76,849,315
Schedule 9		
Cash and bank balances		
Cash in hand	4,562,346	58,091
Balance with banks in		
current accounts	19,228,280	21,815,039
fixed deposit accounts	2,717,620	9,450,506
Balances with non-scheduled banks		
In current accounts		
South Side Trust & Savings Bank - USA	831,746	—
Barclays Bank- UK	94,383	—
Korea Exchange Bank - USD A/c - Korea	155,956	—
Korean Exchange Bank - KRW A/C - Korea	484,384	—
Mizohuho Bank - Japan	18,245	—
	28,092,960	31,323,636

Notes:

a) Out of the total fixed deposit balance, a fixed deposit amounting to Rs 127,299 (previous year Rs 109,348) is in the name of Axis Computers Private Limited (a Company which was merged into the Parent Company in earlier years) and a fixed deposit amounting to Rs 295,912 (previous year Rs 281,838) is in the name of IT & T Limited (the erstwhile name of the Parent Company).

b) Maximum amount outstanding with non-scheduled banks at any time during the year are as follows:

In current account

Bank One - USA	—	—
South Side Trust & Savings Bank - USA	8,337,000	—
Barclays Bank- UK	831,746	—
Wells Fargo Bank Arizona NA - USA	1,605,451	—
Korea Exchange Bank - USD A/c - Korea	1,605,451	—
Korean Exchange Bank - KRW A/C - Korea	1,758,032	—
Korean Exchange Bank - KRW A/C - Korea	770,587	—
Mizohuho Bank - Japan	5,871,384	—

c) None of the directors of the Company or their relatives are interested in any of these non-scheduled banks.

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the consolidated financial statements as at March 31, 2010

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule 10		
Other current assets		
Unbilled revenue	22,243,381	4,155,367
Interest accrued but not due*	73,572	660,583
	<u>22,316,953</u>	<u>4,815,950</u>

*Out of the total interest accrued but not due balance, an interest amounting to Rs 15,648 (previous year Rs 12,736) is on fixed deposit which is in the name of Axis Computers Private Limited (a Company which was merged to the Parent Company in earlier years) and an interest amounting to Rs Nil (previous year Rs Nil) is on the fixed deposit which is in the name of IT & T Limited (the erstwhile name of the Parent Company).

Schedule 11

Loans and advances

(Unsecured, considered good unless otherwise)

Advances recoverable in cash or in kind or for value to be received	46,628,993	11,110,759
Advance income taxes/ tax deducted at source	37,550,602	10,486,716
Service tax receivable		
— good	9,216,084	493,458
— doubtful	1,448,725	1,448,725
Deposits with bodies corporate -doubtful	24,945,920	24,945,920
	<u>119,790,323</u>	<u>48,485,578</u>
Less: provision for doubtful loans and advances	26,394,645	26,394,645
	<u>93,395,678</u>	<u>22,090,933</u>

Schedule 12

Current liabilities

Sundry creditors for goods, services and other expenses		
— dues to Micro, Small and Medium Enterprises	—	—
— others	52,146,111	6,458,255
Other liabilities	100,904,467	19,994,594
Advances from customers	3,146,182	—
Interest accrued and not due	8,454,191	—
	<u>164,650,950</u>	<u>26,452,849</u>

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the consolidated financial statements as at March 31, 2010

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule 13		
Provision		
Income-tax	927,635	13,875,085
Fringe benefit tax	129,445	142,971
Employee benefits	16,212,440	5,610,058
	<u>17,269,520</u>	<u>19,628,114</u>
Schedule 14		
Miscellaneous expenditure (to the extent not written off or adjusted)		
Public issue expenses	2,595,000	—
	<u>2,595,000</u>	<u>—</u>
Schedule 15		
Income from operations		
IT enabled services	723,507,514	365,905,569
Software development	48,894,046	53,488,818
	<u>772,401,560</u>	<u>419,394,387</u>
Schedule 16		
Other income		
Dividend on current investments (non trade)	—	1,376,986
Interest on		
Fixed deposits *	540,467	336,270
Income-tax refund	430,888	533,611
Profit on sale of fixed assets	24,000	31,517
Management charge	—	441,448
Foreign exchange gain	1,237,610	5,111,299
Liability no longer required written back	222,564	527,170
Prior Period Income	—	
Miscellaneous income	8,196,807	193,381
	<u>10,652,336</u>	<u>8,551,682</u>
* Tax deducted at source on interest	104,959	44,916
Schedule 17		
Personnel expenses		
Salaries and bonus	482,014,991	286,053,321
Contribution to provident and other funds	40,078,930	1,856,046
Staff welfare and other benefits	4,734,278	7,305,987
	<u>526,828,200</u>	<u>295,215,354</u>

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the consolidated financial statements as at March 31, 2010

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule 18		
Operating and administrative expenses		
Communication expenses	7,659,658	3,297,206
Advertisement and marketing	9,109,207	277,514
Recruitment and relocation expenses	3,262,294	2,214,828
Legal and professional	16,487,561	17,652,761
Local transport and conveyance	14,911,478	1,461,063
Travel expense	16,526,862	9,208,747
Rent	29,749,562	7,437,962
Repair and maintenance		
— Building	1,367,397	1,504,639
— Others	1,656,887	396,744
Office maintenance	4,178,627	3,227,569
Electricity and water	8,441,770	4,314,268
Insurance expenses	1,228,740	4,855,328
Hire charges of equipments and softwares	19,660,040	3,055,673
Commission and brokerage	16,897,957	5,134,209
Directors' fee	110,000	52,000
Printing and stationery	1,384,490	575,344
Provision for doubtful debts	1,382,908	—
Rates and taxes	2,067,038	467,461
Provision for doubtful cenvat recoverable	—	183,697
Foreign exchange loss	16,494,551	1,718,549
Bad debts written off	—	246,139
Miscellaneous expenses	3,602,051	1,957,945
	<u>176,179,081</u>	<u>69,239,646</u>
Schedule 19		
Finance charges		
Interest on		
term loan	9,292,306	2,815,835
banks	1,264,106	520,591
others	3,298,849	—
Processing fee and other bank charges	1,350,567	887,824
	<u>15,205,828</u>	<u>4,224,250</u>
Schedule 20		
Prior period items		
Rent expense (net)	—	37,990
Depreciation	—	78,968
	<u>—</u>	<u>116,958</u>

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2010

Schedule 2I: Significant accounting policies

1. Nature of operations

AXIS-IT&T Limited (“the Parent Company”), a public limited company, together with its subsidiaries namely Axis Inc, Axis EU and Cades Digitech Private Limited (hereinafter collectively referred to as “the Group”) operates in the business of software development and IT enabled services in CAD/CAM and engineering designing.

On October 24, 2009, the Parent Company acquired 8,142,000 equity shares (representing 54.28% of the equity share capital) of Cades Digitech Private Limited.

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 (1) (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

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 amount 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 prospectively in the current and future periods.

5. Revenue recognition

- a) Revenue from the IT enabled services is recognised based on services rendered to clients as per the terms of specific agreements.
- 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) Revenue from fixed-price contracts is recognised using the percentage of completion method, calculated as the proportion of the efforts incurred up to the reporting date to the estimated total efforts. Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current agreement estimates.
- d) Unbilled receivables represent costs incurred and revenue recognized on amounts to be billed in subsequent periods as per agreement terms. The related billings are made within the next operating cycle.
- e) Unbilled revenues included in other liabilities represent billings in excess of revenue recognised. Advances received for services are reported as liabilities until all conditions for revenue recognised are met.
- f) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- g) Dividend on investments is recognised when the right to receive dividend is established.

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2010

Schedule 21: Significant accounting policies

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 fixed assets, 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 the estimated economic useful life estimated by the management.

Leasehold improvements are depreciated over the lease term or the useful life of the improvements whichever is shorter.

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

Assets under capital lease are amortised over their estimated useful life or the lease term whichever is lower.

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.

10. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average numbers of equity shares outstanding during the year 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

11. Leases

- a) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating 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.
- b) Assets acquired on lease where the entity has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to profit and loss account on accrual basis

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2010

Schedule 21: Significant accounting policies

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 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 entity'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.

13. Taxation

Provision for tax includes current tax and deferred tax. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred income-taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax arising from brought forward losses and depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized.

Deferred tax asset/ liability arising during the tax holiday period is not recognized to the extent it reverses within the tax holiday period.

Minimum Alternate Tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income-tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the entity and the asset can be measured reliably. The entity reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that entity will be able to utilise that credit during the specified period.

14. Contingent liability and provisions

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

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

15. Impairment of assets

The Group on an annual basis makes an assessment of any indicator that may lead to impairment of assets including goodwill.

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2010

Schedule 21: Significant accounting policies

If any such indication exists, the Group estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss is reversed only when it is caused by specific external events and their effects have been reversed by subsequent external events.

16. Segment reporting

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

- a) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- b) 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".
- c) 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.

17. Miscellaneous expense

Public issue expenses are amortised over a period of five years on pro-rata basis. However, if the equity offering is not probable or the offering is aborted, such costs will be expensed off in the year during which the offering is aborted or considered not probable.

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2010

Schedule 22: Notes to the consolidated financial statements

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

Name	Country of	Ownership
		incorporation
interest (%)		
Axis EU Limited	UK	100
Axis Inc.	USA	100
Cades Digitech Private Limited	India	54.28

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 they operate under severe long-term restrictions, which significantly impair their ability to transfer funds to the Parent company i.e. Axis EU Limited.
3. M/s Tayana Software Solutions Private Limited is the majority stakeholder in the Parent Company and holds 12,142,100 equity shares which represent 60.83% of the total outstanding equity shares of the Parent Company.
4. The investment in Axis Cogent Global Limited (formerly known IT&T Global Services Limited) aggregating to 28.56 % of its issued and paid capital has been carried at the cost in the Consolidated financial statements in accordance with the Accounting Standards 13 "Accounting for Investments" issued by the Institute of Chartered Accountant of India (ICAI) . The Parent Company does not have any influence on the operation of Axis Cogent Global Limited (formerly known IT&T Global Services Limited). and therefore have not accounted for the investments using the equity method as prescribed under Accounting Standard 23 "Accounting for Investments in Associates in the Consolidated financial statements" issued by ICAI.

5. Investment in a new acquired subsidiary

On October 24, 2009, the Parent Company acquired 8,142,000 equity shares (representing 54.28% of the equity share capital) of Cades Digitech Private Limited for a total consideration of Rs. 97,797,435 (including acquisition charges amounting to Rs. 4,797,435).

The Group has accounted for this acquisition under the purchase method. Accordingly, the financial results for the post acquisition period have been included in the consolidated financial statements of the Group.

The purchase cost of Rs. 97,797,435 has been allocated as follows:

Goodwill	108,979,520
Property, plant and equipment, net	13,882,190
Other current assets	136,362,715
Total assets acquired	259,224,425
Less: Liabilities	161,426,990
Purchase cost	97,797,435

6. Share capital

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

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2010

Schedule 22: Notes to the consolidated financial statements

	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
Total	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.

7. Capital commitment and contingencies

- a) Estimated amounts of contracts remaining to be executed on capital account and not provided (net of advances) Rs.6,461,221 (previous year Nil).
- b) Contingent liabilities, not provided for

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Order passed against the Parent Company by a consumer forum, Lucknow, against which the Parent Company has filed a revised petition	225,600	225,600
Total	225,600	225,600

8. Earnings per share (basic and diluted)

	As at March 31, 2010	As at March 31, 2009
a) Number of fully paid equity shares at the beginning of the year	19,960,481	19,960,481
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	19,960,481
d) Net profit attributable to equity shareholders (Rs.)	32,464,241	34,846,732
e) Basic and diluted earnings per share (in Rs.)	1.63	1.70

9. Related party transactions

- a) Names of related parties and description of relationship:

I. Holding Company information	The Parent Company is a subsidiary of Tayana Software Solutions Private Ltd which is a subsidiary of Axis Aerospace & Technologies Pvt. Ltd. (formerly known as Jupiter Strategic Technologies Pvt. Ltd., referred to as 'AATPL'). AATPL, is a subsidiary of Jupiter Capital Pvt. Ltd.
II. Associate entity	Axis Cogent Global Limited (formerly known IT&T Global Services Limited)
III. Other entities*	Yukti Securities Limited
IV. Key management personnel	a) Mr. Rohitasava Chand (till March 31, 2010) b) Mr. S. Ravi Narayanan

* Entities in which the key management personnel have significant influence

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2010

Schedule 22: Notes to the consolidated financial statements

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

(Figures in Rupees)

Nature of transactions	AATPL		Associates		Other entities		Key management personnel		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Loan raised	100,000,000	1,500,000	—	—	—	—	—	—	100,000,000	1,500,000
Loan repayment	2,000,000	1,500,000	—	—	—	45,00,000	—	—	2,000,000	6,000,000
Interest	3,453,753	44,877	—	—	91,877	4,75,714	—	—	3,545,630	5,20,951
Remuneration paid	—	—	—	—	—	—	2,796,200	2,592,970	2,796,200	2,592,970
<i>Mr. Rohitasava Chand</i>	—	—	—	—	—	—	2,796,200	2,592,970	2,796,200	2,592,970
Reimbursement of expenses	—	—	—	—	—	—	1,560,786	—	1,560,786	—
<i>Mr. S. Ravi Narayanan</i>	—	—	—	—	—	—	1,560,786	—	1,560,786	—
Balance at the year end										
Investment	—	—	5,913,658	5,913,658	—	—	—	—	5,913,658	5,913,658
Loan outstanding	98,000,000	—	—	—	—	—	—	98,000,000	—	—
Interest payable	3,298,411	—	—	—	—	91,877	—	—	3,298,411	91,877
Amount recoverable for expenses	—	33,085	—	—	—	—	—	—	—	33,085

10. Segment reporting

Business Segments

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.

Geographic Segments

The Group's business is organised into four key geographical segments. Revenues are attributable to individual geographical segments based upon the location of the customers.

Other information

All segment revenue, expenses, assets and liabilities are directly attributable to the segments and disclosed accordingly.

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

The accounting policies consistently used in the preparation of the financial statements are also applied to revenues and expenditure of individual segments.

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2010

Schedule 22: Notes to the consolidated financial statements

11. Payments made to the directors of the Parent Company*

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Salaries and bonus	2,385,000	2,306,925
Contribution to provident fund	286,200	272,295
Monetary value of perquisites	15,000	13,750
Total	2,796,200	2,320,675

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

12. Payment to the auditors of the Parent Company

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
Audit fees	225,000	225,000
Tax audit fees	50,000	50,000
Other services	1,075,000	75,000
Out of pocket expenses	36,050	34,527
Service tax	91,263	37,595
Total	1,477,313	422,122

13. Employee Benefits

i. Actuarial valuation has been done with the following assumptions for the given defined benefit schemes:

- a) Gratuity
- b) Compensated absences

Actuarial valuation has been done with the following assumptions.

Particulars	Compensated absences (Unfunded)		Gratuity (Unfunded)	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Discount rate	8%	8%	8%	8%
Rate of increase in compensation levels	6%-8%	8%	6%-8%	8%

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2010

Schedule 22: Notes to the consolidated financial statements

Change in the present value of obligation : (Unfunded)	Compensated absences (Unfunded)		Gratuity	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Rs.	Rs.	Rs.	Rs.
Opening present value of obligation	3,451,457	735,449	11,073,555	2,674,265
Interest cost	102,280	43,507	503,824	104,019
Current service cost	924,987	282,460	1,999,725	815,779
Benefits paid	(189,517)	(182,487)	(316,961)	(18,543)
Actuarial (gain)/loss on obligations	(168,936)	375,218	(1,240,968)	311,310
Closing present value of obligation	4,120,271	1,278,501	12,019,175	4,272,377

Expenses recognized in the Profit and Loss Account (Unfunded)	Compensated absences (Unfunded)		Gratuity	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Rs.	Rs.	Rs.	Rs.
Current service cost	924,987	433,947	1,918,193	1,192,284
Interest cost	102,280	58,836	585,356	213,941
Net actuarial (gain)/loss recognized in the year	(168,936)	375,218	(1,240,968)	311,310
Total expenses recognized in the Profit & Loss Account	858,331	868,001	1,262,581	1,717,535

ii. Defined Contribution Plan

Amount recognized as an expense and included in the schedule 17- "Contribution to provident and other funds" of profit and loss account Rs. 8,464,822 (previous year Rs. 1,667,621).

14. Finance lease

Finance lease represents liability towards assets purchased on leases and are secured by first charges over those assets. Repayment schedule of finance lease liability is as under

Payments falling due	Amount (Rs.)
Not later than one year	503,397
Later than one year but not later than 5 years	83,899
Total	587,296
Less: Interest	(44,940)
Grand total	542,356

15. Operating leases

Cades Digitech Private Limited ('Cades') has entered into cancellable and non cancellable operating lease agreements for its Business Centers and Corporate Office premises. These leases expire over the period extending up to June, 20 2015 and are further renewable at the mutual consent of the Cades and the lessor.

AXIS-IT&T LIMITED (Consolidated)

Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2010

Schedule 22: Notes to the consolidated financial statements

The lease expenses for cancellable and non-cancellable operating leases during the year ended March 31, 2010 was Rs. 12,344,412 (previous year Nil)

The details of lease commitments in terms of minimum lease payments within the non cancellable period are as follows:

Payments falling due	Amount (Rs.)
Not later than one year	21,219,395
Later than one year but not later than 5 years	14,671,499
Total	35,890,894

16. Dues to micro, small and medium enterprises

The Parent Company has identified micro, small and medium enterprises who have registered themselves under the Micro Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006) based upon the information made available with the Parent Company and the confirmations received. There are no dues outstanding to these micro, small and medium enterprises as at March 31, 2010. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

17. In accordance with Accounting Standard 22 "Accounting of Taxes on Income" issued by the Institute of Chartered Accountants of India, deferred tax assets on carried forward losses and unabsorbed depreciation have not been accounted in the books, since there is no virtual certainty supported by convincing evidence that these losses/ unabsorbed depreciation will be utilised.
18. The Parent Company has appointed independent consultants for conducting a Transfer Pricing Study to determine whether the transactions with associated enterprises were undertaken at "arms length basis". The management confirms that all international transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms, and adjustments if any, arising from the transfer pricing study shall be accounted for as and when the study is completed. The Transfer Pricing Study for the financial year ended March 31, 2010 is currently in progress.
19. Under the Indian Income Tax Act 1962, the profit attributable to undertakings situated in a Software Technology Park ('STP') qualifies for deduction. This deduction is available for a period of ten consecutive years beginning from the year in which the respective undertaking commenced commercial operations subject to the termination of this benefit in assessment year 2011-12. In the current year the Parent Company did not earn profits from its STP unit.
20. 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.
21. As at March 31, 2010 debtors include a sum of Rs 59,185,261 (previous year Nil) receivable outstanding for more than 365 days. In this regard the Company is in the process of determining the appropriate course of action to ensure compliance with the requirements of Reserve Bank of India ('RBI') Regulation and the Foreign Exchange Management Act, 1999.
22. The group has made an assessment of the indicators of impairment as of March 31, 2010 and based on such assessment no impairment loss has been recognized to the carrying value of the assets as of March 31, 2010.
23. These consolidated financial statements have been prepared pursuant to clause 32 of the listing agreements with the stock exchanges.
24. The Parent Company issued promissory notes vide agreement dated October 23, 2008 amounting to Rs. 20,000,000 for overdraft facility against hypothecation of books debts to YES bank. The Parent Company has also issued promissory notes vide agreement dated October 1, 2009 amounting to Rs. 95,000,000 in favour of Axis Aerospace & Technologies Pvt. Ltd. for intercorporate loan raised during the year.
25. 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
Director

Sd/-
Kedar Nath Choudhury
Director

Place : Noida

Date : 25.05.2010

Schedule forming part of the Consolidated Financial Statements for the year ended March 31, 2010

SCHEDULE - 22 Notes to Consolidated Financial Statements (Continued)

10. Segment reporting

i) Primary Segment

Information regarding primary business segments

(Amount in Rs.)

	IT Enabled services		Software Developments		Segment Total	
	2010	2009	2010	2009	2010	2009
Revenue						
External revenue	723,507,514	365,905,569	48,894,046	53,488,818	772,401,560	419,394,387
Total	723,507,514	365,905,569	48,894,046	53,488,818	772,401,560	419,394,387
Results						
Segment results	60,437,491	47,865,023	15,674,866	22,066,547	76,112,357	69,931,570
Unallocable corporate expenses, net	—	—	—	—	15,362,487	17,760,257
Operating profit	60,749,870	52,171,313				
Interest expense	—	—	—	—	15,239,582	4,224,250
Interest income	—	—	—	—	971,355	869,881
Income taxes	—	—	—	—	(2,451,015)	14,853,252
Profit from ordinary activities	48,932,658	33,963,691				
Other information						
Segment assets	476,077,820	13,449,927	4,398,472	8,136,564	480,476,292	21,586,491
Unallocated corporate assets*	62,248,480	150,541,825				
Total assets	542,724,772	172,128,316				
Segment liabilities	175,111,712	36,681,972	6,349,409	8,880,636	181,461,121	45,562,607
Unallocated corporate liabilities*	459,349	518,356				
Total liabilities	181,920,470	46,080,963				
Capital expenditure	27,779,653	10,365,976	391,732	214,797	28,171,385	10,580,773
Depreciation/ amortisation	13,510,798	5,390,107	869,293	1,016,921	14,380,091	6,407,028
Unallocated corporate depreciation*	3,979,053	4,042,849				
Total depreciation	18,359,144	10,449,877				
Non cash expense other than depreciation:					—	429,836

Schedule forming part of the Consolidated Financial Statements for the year ended March 31, 2010

SCHEDULE - 22 Notes to the Consolidated Financial Statements (Continued)

ii) **Geographical segment**

Information regarding secondary geographical segments

(Amount in Rs.)

	India & Asia Pacific		United states of America		Europe		Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	198,087,835	36,070,634	348,308,139	331,057,387	226,005,586	46,991,190	5,275,176	772,401,560	419,394,387	
Carrying value of segment assets	130,889,644	51,964,965	40,373,502	66,978,480	172,908,068	7,103,869	—	—	344,171,214	126,047,315
Additions to fixed assets	27,480,031	4,986,773	529,412	1,860,956	161,942	3,732,622	—	—	28,171,385	10,580,351

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AXIS-IT&T LIMITED (Consolidated)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and prior period items	46,481,643	48,816,943
Adjustments for:		
Depreciation and amortization	18,359,144	10,449,877
Dividend received	—	1,376,986
Profits on sale of fixed assets	(24,000)	(31,517)
Bad debts written off	—	246,139
Provision for doubtful cenvat recoverable	—	183,697
Unrealised foreign exchange gain	—	(418,694)
Interest expense	15,205,828	3,336,426
Interest income on bank deposits	(540,467)	(336,270)
Interest income on income tax refund	430,888	(533,611)
Liability no longer required written back	—	(527,170)
Prior period expenses	—	(116,958)
Operating loss before working capital changes	79,913,036	62,445,848
Increase in trade and other receivables	(110,849,604)	(30,380,051)
Increase in trade and other payables	5,080,381	10,896,001
Cash generated from operations	(25,856,187)	42,961,798
Payment of direct tax (net)	(27,691,216)	(2,760,459)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	(53,547,403)	40,201,339
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(36,914,661)	(10,580,351)
Sale of fixed assets	24,000	200,000
Sale proceeds/ (purchase) of investments (net)	—	15,000,000
Purchase of subsidiaries	(97,797,435)	—
Interest received	(477,432)	227,709
Dividend received	—	(1,376,986)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(135,165,528)	3,470,372
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of borrowings	145,975,874	15,932,637
Repayment of borrowings	—	(36,151,922)
Public issue expenses	(2,595,000)	—
Interest paid	(6,843,514)	(3,274,664)
NET CASH FROM FINANCING ACTIVITIES	136,537,360	(23,493,949)
Decrease in cash and cash equivalents	(52,175,571)	20,177,761
Translation reserve	(18,253,978)	(49,175)
Cash and cash equivalents at beginning of the year	31,323,636	11,195,050
Add: Cash on acquisition of subsidiary	67,198,872	—
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	28,092,960	31,323,636

For and on behalf of the Board of Directors

Sd/-
Shweta Agrawal
Company Secretary

Sd/-
Rohitasava Chand
Director

Sd/-
Kedar Nath Choudhury
Director

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

For Walker, Chandiook & Co
Chartered Accountants

Sd/-
by **B. P. Singh**

Partner

Membership no. 70116

Place : Noida

Dated : 25.05.2010

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 09 to 31st March 10 and subsequent events to date.

I. Financial Results for 4/1/2009-3/31/2010

- a. Total Income \$5,949,319.97 Note: While last year's total income was \$5,916,781 it should be noted that Caterpillar mandated a significant across the board rate decrease. As can be seen from the numbers we enjoyed a dramatic increase in hours worked.
- b. Expenditures before I&D \$5,837,591.79
- c. Profit before I&D \$111,728.18 Note: Caterpillar mandated a significant rate decrease from all suppliers. A decrease that is yet to be restored.
- d. Interest Expenses \$8,719.90
- e. Depreciation \$23,307.60
- f. Net Profit before Tax \$79,700.68
- g. Profit after Tax \$112,484.07
- h. Note: We paid \$18,340 in estimated federal tax after our 1st Q and \$3,937 to the state. We received a refund of \$55,324. These the tax numbers are not firm; might be better.

II. Business Activity

a. Present

The company focused on Design & Analysis Onsite, Offsite, and Offshore for Caterpillar, Inc. We have become the dominant engineering supplier for Caterpillar providing more engineers than any other supplier including 170 engineers at EDCI's Chennai Center. Additionally, Axis was awarded a complete design project to develop an innovative new lubrication system, including a revolutionary new pump, for the new C-145 engine.

b. Future Challenges & Opportunities

The decline in world industrial output need not be referenced but while Caterpillar dramatically cut predictions and laid off staff, Axis was able to continue without much interruption. We are still constrained by the rate reductions Caterpillar mandated but volume continues to increase. Caterpillar is putting increased emphasis on their Engineering Design Center in India (EDCI) and in response to that we have increased our operations in Chennai to over 160 engineers. In general things have slowed down but we are poised to do more work than ever before during 2010-11.

III. Directors

At the end of the fiscal year Rohit Chand resigned as CEO and Ronald Rainson resigned as Secretary/Treasurer of the Board. Both men continue on the Board of Directors. S. Ravi Narayanan has assumed the role of the CEO and is now Chairman & CEO. Mr. Murali Krishna is the new Secretary, and Treasurer.

The Directors of the company currently are as follows:

- 1. S. Ravi Narayanan Director and Chairman
- 2. Rohit Chand Director
- 3. Ronald Rainson Director

IV. Officers

- 1. S. Ravi Rarayanan CEO
- 2. Ronald Rainson, P.E. President
- 3. Murali Krishna VP & COO, Secretary and Trasurer.

V. Subsidiary & Joint Ventures

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.

On behalf of the board

Sd/-

S. Ravinarayanan

Chariman and Director

Date : 21st May 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF AXIS, Inc.

To,
The Members of AXIS Inc.

1. We have audited the attached Balance Sheet of **AXIS Inc.**, (the 'Company') as at **March 31, 2010** and the Profit and Loss Account 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 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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 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, 2010;
 - ii) the Profit and Loss Account, of the profit for the year ended on that date; and

For Sadana & Co.
Chartered Accountants

Place : Noida
Dated : May 20, 2010

CA Amit Bansal
Partner
Membership No. 098966

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31 March 2010 Rs.	As at 31 March 2009 Rs.
Shareholders' funds			
Share capital	1	87,725,803.67	75,526,307.69
Reserves and surplus	2	—	
Loan funds			
Secured Loans	3	16,594,452.67	3,482,795.34
Unsecured Loans	4	—	—
		104,320,256.34	79,009,103.02
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	51,382,354.86	49,836,381.21
Less: Depreciation		48,895,548.76	46,835,052.24
Net block		2,486,806.10	3,001,328.97
Capital work in progress		—	—
Investments	6	46,052,929.80	29,156,536.92
Current assets, loans and advances			
Inventories	7	—	—
Sundry debtors	8	71,125,473.77	52,592,230.50
Cash and bank balances	9	6,946,682.79	14,538,044.15
Other current assets	10	23,233,662.86	2,288,448.86
Loans and advances	11	4,367,254.06	4,820,790.98
		105,673,073.49	74,239,514.48
Less: Current liabilities and provisions			
Liabilities	12	54,466,665.10	37,583,080.36
Provisions	13	—	—
		54,466,665.10	37,583,080.36
Net current assets		51,206,408.38	36,656,434.13
Accumulated deficit in the P&L account		4,574,112.05	10,194,803.01
		104,320,256.34	79,009,103.02

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: 20.05.2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

INCOME		31 March 2010 Rs.	31 March 2009 Rs.
Income from operations	14	282,093,602.92	274,490,530.81
Other income	15	111,691.49	451,951.59
Transfer from revaluation reserve for sale of asset			
		<u>282,205,294.41</u>	<u>274,942,482.40</u>
EXPENDITURE			
Personnel expenses	16	245,955,797.31	206,663,834.64
Operating and administrative expenses	17	30,840,515.87	29,948,073.84
Finance charges	18	524,729.42	968,324.91
Depreciation and Amortization	5	1,105,155.70	873,311.74
Miscellaneous expenditure written off		—	—
		<u>278,426,198.30</u>	<u>238,453,545.13</u>
Profit / (Loss) before tax		3,779,096.11	36,488,937.27
Tax Expense			
Income Tax		573,716.42	12,357,634.71
Tax earlier years		(2,623,264.92)	—
Profit / (Loss) for the year after tax		5,828,644.61	24,131,302.56
Accumulated deficit carried from prior years		(10,194,803.01)	(34,326,105.57)
Accumulated deficit carried to the balance sheet		<u>(4,366,158.40)</u>	<u>(10,194,803.01)</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
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: 20.05.2010

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

	31 March, 2010 Rs.	31 March, 2009 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		
17,078 (previous year 15579) Equity shares fully paid	87,725,803.67	75,526,307.69
	87,725,803.67	75,526,307.69
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	(207,953.66)	—
	(207,953.66)	—
Schedule 3		
Secured Loans		
From banks		
Vehicle Loan		—
Working capital loan	16,594,452.67	3,482,795.34
	16,594,452.67	3,482,795.34
Amounts due with in one year		
Schedule 4		
Unsecured Loans		
— Short term loans	—	—
	—	—

Schedule 5
Fixed Assets

Assets	GROSS BLOCK				DEPRECIATION/AMORTIZATION			NET BLOCK		
	Cost as at 1 April 2009	Additions during the year	Sale/Adj- ustments during the year	Total Cost as 31 March 2010	As at 1st April 2009	For the year	Adjustment during the year	As at 31st March 2010	As at 31st March 2010	As at 31st March 2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Computer & Production Equipment	11,180,488.96	—	—	11,180,488.96	11,180,488.96	—	—	11,180,488.96	—	—
	—	—	—	—	—	—	—	—	—	—
Office Equipments	16,056,577.61	529,411.76	—	16,585,989.37	14,370,122.71	699,975.56	—	15,070,098.27	1,515,891.10	1,686,454.91
	—	—	—	—	—	—	—	—	—	—
Software Equipment	21,492,476.97	—	—	21,492,476.97	21,492,476.97	—	—	21,492,476.97	—	—
	—	—	—	—	—	—	—	—	—	—
Leasehold improvements	345,295.48	—	—	345,295.48	184,238.14	49,559.32	—	233,797.45	111,498.03	161,057.35
	—	—	—	—	—	—	—	—	—	—
Dealerships	1,778,104.08	—	—	1,778,104.08	563,066.29	355,620.82	—	918,687.11	859,416.97	1,215,037.79
	—	—	—	—	—	—	—	—	—	—
Total	50,852,943.10	529,411.76	—	51,382,354.86	47,790,393.06	1,105,155.70	—	48,895,548.76	2,486,806.10	3,062,550.04
Previous year's figure	48,954,027.04	1,898,916.06	—	50,852,943.10	46,899,267.51	891,125.55	—	47,790,393.06	3,062,550.04	—

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

	31 March 2010 Rs.	31 March 2009 Rs.
Schedule 6		
Investments		
Long-term investments - Unquoted unless otherwise stated, at cost		
Trade		
Axis EU Limited	46,052,929.80	29,156,536.92
	<u>46,052,929.80</u>	<u>29,156,536.92</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	71,125,473.77	52,592,230.50
	<u>71,125,473.77</u>	<u>52,592,230.50</u>
Schedule 9		
Cash and bank balances		
Cash in hand	664.30	651.02
Balance with scheduled banks in :		
current accounts	6,946,018.49	14,537,393.13
fixed deposit accounts	—	—
	<u>6,946,682.79</u>	<u>14,538,044.15</u>
Schedule 10		
Other current assets		
Unbilled Revenue	23,233,662.86	2,288,448.86
Interest accrued but not due	—	—
	<u>23,233,662.86</u>	<u>2,288,448.86</u>
Schedule 11		
Loans and advances		
(Unsecured, considered good unless otherwise)		
Advances recoverable in cash or in kind		
or for value to be received	3,298,459.41	4,820,790.98
Pre paid income-tax	1,068,794.65	—
Deposits with bodies corporate (Doubtful)	—	—
	<u>4,367,254.06</u>	<u>4,820,790.98</u>
Less: provision for doubtful deposits	—	—
	<u>4,367,254.06</u>	<u>4,820,790.98</u>

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

	31 March 2010	31 March 2009
	Rs.	Rs.
Schedule 12		
Current liabilities		
Sundry creditors for goods & services	40,299,821.89	12,626,343.13
Other liabilities	14,166,843.21	24,956,737.23
	<u>54,466,665.10</u>	<u>37,583,080.36</u>
Schedule 13		
Provisions		
Income tax, service tax	—	—
Retirement benefits	—	—
	<u>—</u>	<u>—</u>
Schedule 14		
Income from operations		
IT Enabled services	282,093,602.92	274,490,530.81
Software Development	—	—
	<u>282,093,602.92</u>	<u>274,490,530.81</u>
Schedule 15		
Other income		
Others	111,691.49	451,951.59
	<u>111,691.49</u>	<u>451,951.59</u>
Schedule 16		
Personnel expenses		
Salaries and bonus	245,272,256.17	195,847,523.25
Contribution to provident and other funds	—	—
Staff welfare and other benefits	683,541.14	10,816,311.39
	<u>245,955,797.31</u>	<u>206,663,834.64</u>

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

	31 March 2010 Rs.	31 March 2009 Rs.
Schedule 17		
Operating and administrative expenses		
Advertisement and marketing expenses	694,642.20	104,563.32
Business promotion	—	69,412.88
Communication expenses	1,537,472.07	924,812.97
Directors' fee	—	—
Donation	—	76,904.95
Electricity and water	444,135.79	469,943.64
Hire charges of equipments	6,230,772.10	72,583.41
Insurance	1,014,559.63	4,711,377.30
Legal and professional Expenses	4,621,735.37	12,926,773.84
Local transport and conveyance	399,686.03	211,336.21
Loss on sale of fixed asset	—	—
Miscellaneous expenses	4,049,966.32	475,391.11
Office maintenance	376,225.01	482,919.89
Rates and taxes	109,419.31	12,174.68
Recruitment and relocation	650,681.78	—
Rents	4,149,559.59	3,655,974.61
Repair and maintenance	—	—
Others	—	—
Plant and machinery	—	174,944.60
Building	301,175.74	735,281.06
Travel expense	6,260,484.93	4,843,679.38
	30,840,515.87	29,948,073.84
Schedule 18		
Finance charges		
Interest Expenses	413,463.73	704,756.53
Interest on Unsecured Loan	—	—
Processing fee and other bank charges	111,265.69	263,568.38
	524,729.42	968,324.91

Schedule 20: 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 (1) (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 Company unless otherwise stated.

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 amount 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 prospectively in the current and future periods.

3. Revenue Recognition

- a) Revenue is recognised based on services rendered to clients as per the terms of specific agreement.
- b) Unbilled receivables represent costs incurred and revenue recognized on amounts to be billed in subsequent periods as per contractual terms. The related billings are made within the next operating cycle.
- c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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.

Intangible

Intangible asset comprises of software which is stated at cost less accumulated amortisation.

5. Depreciation and amortization

Depreciation on fixed assets is provided on straight line method and in the manner prescribed in Schedule XIV of the Act, at rates which are either greater than or equal to the corresponding rates in Schedule XIV of the Act, based on the technical estimates of useful life, as follows:

Description	Rate
Furniture and fixtures	14.29%
Office equipments	14.29%
Computers	33.33%
Software	33.33%

Assets under capital lease are amortised over their estimated useful life or the lease term whichever is lower. Non-competee fee is amortised over the period of expected benefit.

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

Wages, salaries, bonuses and paid annual leave are accrued in the year in which the associated services are rendered by

Schedule 20: Significant accounting policies (Contd.)

employees of the Company.

The Company does not have any post-employment benefit plans in operation.

The Company also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated to be availed in future. The scheme is considered as a long term benefit.

8. Foreign currency transactions

There are no foreign currency transactions in the company.

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

9. Taxes on income

Provision for tax includes current tax. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant financial year.

10. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

11. Leases

- a) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.
- b) Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to profit and loss account on accrual basis. The Company has no finance leases.

12. Contingent liabilities and provisions

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

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

13. Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets including goodwill. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010

The Directors present their report with the financial statements of the company for the year ended 31 March 2010

PRINCIPAL ACTIVITY

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

REVIEW OF FINANCIAL RESULTS

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

DIRECTORS

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

Mr.S. Ravi Narayanan Chairman

Mr. Anil Lall

Mr. R. Chand

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

Mr. S. Ravi Narayanan is a member of the Board of Directors of the ultimate parent company AXIS Aerospace and Technologies Pvt. Ltd.

Mr. R. Chand relinquished his position as the CEO of the Company on 31st March 2010

BUSINESS ACTIVITIES

The company has provided Engineering design services to a variety of design and manufacturing industry sectors including; on and off highway equipment, highway and urban signs, special purpose machines, power generation and automotive engines.

The company consolidated its service provision at key customer sites despite a continued deterioration of the economic climate affecting the manufacturing industry through 2009. An increase in demand for services at the beginning of 2010 indicates optimism for an improved economic outlook and a revival of business opportunity for AXIS-EU Limited.

An 'Internal Project' to deliver the design and prototype of a 5.5KW electrical generator set for introduction to the India home market in 2010 has completed its design phase and plans for prototype unit build and test are progressing. It is intended this will provide the company with lucrative revenue via a manufacturing, sales and service partner, who will license the Intellectual Property of the design from AXIS.

The design features of the engine developed for electrical generator set have been extended for application to an alternative Hybrid drive power for vehicles.

The company has also engaged with UK government departments and has been invited to submit proposals to apply for UK and European funding assistance and is actively pursuing industry partners for the Hybrid Drive vehicle application. It is intended that this will provide the company with lucrative revenue via a manufacturing partner who will license the Intellectual Property of the design from AXIS. Participation within consortium projects is expected to generate revenue by creating opportunity to supply engineering design services to partner businesses.

SUBSIDIARIES

The company has two subsidiaries Axis IT Solutions Ltd. & Datagraphical Ltd.. These companies are dormant and do not have any assets.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

— select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

ASHGATES [Leicester] Limited will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985. However, additionally an audit has been carried out in India by Sadana & Co., Chartered Accountants for the purpose of consolidation of the accounts of Axis Eu Ltd with those of Axis-IT & T Ltd.

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/-
S. Ravi Narayanan
CHAIRMAN

Dated: 20.05.2010

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

To,

The Members of AXIS EU Limited

1. We have audited the attached Balance Sheet of **AXIS EU Limited**, (the 'Company') as at **March 31, 2010** and the Profit and Loss Account 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 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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 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, 2010;
 - ii) The Profit and Loss Account, of the profit for the year ended on that date; and

For Sadana & Co.
Chartered Accountants

Sd/-

CA Amit Bansal
Partner
Membership No. 098966

Place : Noida
Dated : 20.05.2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 2010 Rs.	As at 31 March 2009 Rs.
Shareholders' funds			
Share capital	1	35,027,611.89	18,539,475.00
Reserves and surplus	2	3,483,319.76	3,404,144.24
Loan funds			
Secured Loans	3	—	—
Unsecured Loans	4	—	—
		38,510,931.64	21,943,619.24
APPLICATION OF FUNDS			
Fixed assets			
Gross block		5,978,412.27	5,769,262.15
Less: Depreciation		4,003,710.36	2,763,123.35
Net block		1,974,701.90	3,006,138.79
Capital work in progress		10,382,560.31	
Investments	6	303.53	296.63
Current assets, loans and advances			
Inventories	7	—	—
Sundry debtors	8	3,947,364.06	5,620,056.45
Cash and bank balances	9	965,189.55	3,257,979.02
Other current assets	10	—	37,301.42
Loans and advances	11	988,028.97	—
		5,900,582.58	8,915,336.90
Less: Current liabilities and provisions			
Liabilities	12	11,367,436.32	9,389,799.14
Provisions	13	81,417.68	—
		11,448,854.01	9,389,799.14
Net current assets		(5,548,271.43)	(474,462.24)
Accumulated deficit in the P&L account		31,701,637.32	19,411,646.06
		38,510,931.64	21,943,619.24

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: 20.05.2010

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2010

INCOME	Schedule	For the period ended March 2010 Rs.	For the period ended 31 March 2009 Rs.
Income from operations	14	27,526,591.65	44,036,963.28
Other income	15	2,106.53	79,793.90
Transfer from revaluation reserve for sale of asset			
		27,528,698.18	44,116,757.18
EXPENDITURE			
Personnel expenses	16	30,108,216.62	46,833,014.97
Operating and administrative expenses	17	8,005,423.17	5,693,989.65
Finance charges	18	77,210.70	—
Depreciation and Amortization	5	1,176,286.83	657,483.94
Miscellaneous expenditure written off		—	—
		39,367,137.32	53,184,488.56
Profit/(Loss) before tax		(11,838,439.14)	(9,067,731.38)
Tax Expense			
Deferred		—	—
Tax earlier years		—	—
Profit/(Loss) for the year after tax		(11,838,439.14)	(9,067,731.38)
Accumulated deficit carried from prior years		(19,863,198.18)	(10,343,914.68)
Accumulated deficit carried to the balance sheet		(31,701,637.32)	(19,411,646.06)

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 & Loss account referred to in our report of even date.

For Sadana & Co.
Chartered Accountants

Place: Noida
Dated: 20.05.2010

Sd/-
CA Amit Bansal
Partner
Membership No. 098966

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	31 March 2010 Rs.	31 March 2008 Rs.
Schedule 1		
Share capital		
Authorised		
1,000,000 (previous year 250,000) Equity shares of GBP 1 each	250,000.00	18,539,475.00
	250,000.00	18,539,475.00
Issued		
394,637 (previous year 1,83,040) Equity shares of GBP 1 each fully paid up	14,643,200.00	18,539,475.00
	14,643,200.00	18,539,475.00
Subscribed and paid up		
394,637 (previous year 1,83,040) Equity shares of GBP 1 each	35,027,611.89	18,539,475.00
	35,027,611.89	18,539,475.00
Schedule 2		
Reserves and surplus		
Securities premium account		
Balance at the beginning of the year	3,483,319.76	882,479.01
Add: Amount received on preferential allotment	—	2,521,665.23
	3,483,319.76	3,404,144.24
Revaluation reserve		
Balance at the beginning of the year	—	—
Less: Transfer to P&L on disposal of revalued asset	—	—
	—	—
Translation reserve		
	—	—
	3,483,319.76	3,404,144.24
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	—	—
Long Term liabilities - Axis Inc	—	—
	—	—

Schedules forming part of the financial statements for the period ended 31st March 2010

SCHEDULE 5

Fixed Assets

Assets	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	Cost as at 1 April 2009 Rs.	Addition during the year Rs.	Sale/ Adjust- ments during theyear Rs.	Total Cost as at 31 March 2010 Rs.	As at 1 April 2009 Rs.	For the year	Adjust- ments during the year Rs.	As at 31 March 2010 Rs.	As at 31 March 2010 Rs.	As at 31 March 2009 Rs.
Long Lease hold	400,361	—	—	400,361	50,047	100,090	—	150,137	250,224	350,315
Furniture & Fixtures	1,271,458	—	—	1,271,458	677,568	182,160	—	859,727	411,730	593,890
Computer and Design software	4,231,699	74,895	4,306,593	2,096,121	897,725	—	2,993,846	1,312,747	2,135,578	
Total	5,903,518	74,895	—	5,978,412	2,823,735	1,179,975	—	4,003,710	1,974,702	3,079,783
Previous year's figure	30,628	47,169	—	77,797	28,394	8,817	37,211	3,079,783		

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	31 March 2010 Rs.	31 March 2009 Rs.
Schedule 6		
Investments		
Long-term investments - Unquoted unless otherwise stated, at cost		
Trade		
Datagraphical Limited	151.77	148.32
Axis IT Solutions Limited	151.77	148.32
	303.53	296.63
Less : Provision for diminution in the value of long term investments		
	303.53	296.63
Schedule 7		
Inventories (As certified by the management)		
Work in progress	—	37,301.42
	—	37,301.42
Schedule 8		
Sundry debtors		
Unsecured (Considered good)		
Debts outstanding for a period exceeding six month	—	—
Other debts	3,947,364.06	5,620,056.45
	3,947,364.06	5,620,056.45
Schedule 9		
Cash and bank balances		
Cash in hand	2,177.86	1,779.05
Balance with scheduled banks in :		
current accounts	961,620.75	3,194,063.81
fixed deposit accounts	1,390.94	62,168.79
	965,189.55	3,258,011.65
Schedule 10		
Other current assets		
Income Accrued but not due	—	—
Interest accrued but not due/unbilled revenue	—	—
	—	—

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	31 March 2010 Rs.	31 March 2009 Rs.
Schedule 11		
Loans and advances		
(Unsecured, considered good unless otherwise)		
Advances recoverable in cash or in kind or for value to be received	988,028.97	
Pre paid income-tax	—	
Deposits with bodies corporate (Doubtful)	988,028.97	—
Less: provision for doubtful deposits	—	—
	988,028.97	—
Schedule 12		
Current liabilities		
Sundry creditors for goods & services	7,622,052.90	6,013,315.80
Other liabilities	3,745,383.43	3,376,483.34
	11,367,436.32	9,389,799.14
Schedule 13		
Provisions		
Income tax, service tax	—	—
Retirement benefits	81,417.68	—
	81,417.68	—
Schedule 14		
Income from operations		
IT Enabled services	27,526,591.65	44,036,963.28
Software Development	—	—
	27,526,591.65	44,036,963.28
Schedule 15		
Other income		
Dividend on current investments	—	—
Interest on bank deposits	2,106.53	79,793.90
Profit on sale of fixed assets	—	—
	2,106.53	79,793.90

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	31 March 2010 Rs.	31 March 2009 Rs.
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Schedule 16

Personnel expenses

Salaries and bonus	30,097,164.19	46,767,383.00
Staff welfare and other benefits	11,052.43	65,631.97
	30,108,216.62	46,833,014.97

Schedule 17

Operating and administrative expenses

Communication expenses	248,564.75	337,195.97
Advertisement And Marketing Expenses	3,300,342.64	
Brokerage & Commission	34,147.58	
Rates & Taxes	493,811.88	
Legal and professional Expenses	534,523.37	2,224,069.58
Local transport and conveyance	438,177.89	573,314.72
Rents	1,593,553.50	599,344.15
Repair & Maintenance		
Plant and machinery	124,461.08	116,502.06
Others	22,321.13	—
Hire charges of equipments & software	319,050.66	
Office maintenance	409,270.07	722,668.74
Electricity and water	172,280.59	481,284.77
Insurance	63,409.77	62,960.06
Hire charges of equipments	—	—
Business promotion	20,877.83	—
Printing and stationery	89,758.04	149,798.96
Miscellaneous expenses	140,872.41	426,850.65
	8,005,423.17	5,693,989.65

Schedule 18

Finance charges

Interest Expenses	—	—
Interest on Unsecured Loan	—	—
Processing fee and other bank charges	77,210.70	—
	77,210.70	—

Schedule 20: 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 (1) (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 Company unless otherwise stated.

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 amount 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 prospectively in the current and future periods.

3. Revenue Recognition

- a) Revenue is recognised based on services rendered to clients as per the terms of specific agreement.
- b) Unbilled receivables represent costs incurred and revenue recognized on amounts to be billed in subsequent periods as per contractual terms. The related billings are made within the next operating cycle.
- c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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.

Intangible

Intangible asset comprises of software which is stated at cost less accumulated amortisation.

5. Depreciation and amortization

Depreciation on fixed assets is provided on straight line method and in the manner prescribed in Schedule XIV of the Act, at rates which are either greater than or equal to the corresponding rates in Schedule XIV of the Act, based on the technical estimates of useful life, as follows:

Description	Rate
Furniture and fixtures	25%
Office equipments	25%
Computers	33.33%
Software	33.33%

Assets under capital lease are amortised over their estimated useful life or the lease term whichever is lower. Non-compete fee is amortised over the period of expected benefit.

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.

Schedule 20: Significant accounting policies

7. Employee benefits

Wages, salaries, bonuses and paid annual leave are accrued in the year in which the associated services are rendered by employees of the Company.

The Company does not have any post-employment benefit plans in operation.

The Company also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated to be availed in future. The scheme is considered as a long term benefit.

8. Foreign currency transactions

There are no foreign currency transactions in the company.

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

9. Taxes on income

Provision for tax includes current tax. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant financial year.

10. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

11. Leases

- a) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.
- b) Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to profit and loss account on accrual basis. The Company has no finance leases.

12. Contingent liabilities and provisions

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

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

13. Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets including goodwill. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 9th Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March, 2010

FINANCIAL RESULTS:

The Profit and Loss Account presented to you gives the results for the Period ended 31st March, 2010.

(Amount in Rupees)

PARTICULARS	CURRENT YEAR 2009-10	PREVIOUS YEAR 2008-09
Total Income	62,89,46,872	53,15,27,492
Total Expenditure (before interest and depreciation)	57,12,82,106	56,86,53,425
Profit / (Loss) before Depreciation, Interest, and extra ordinary items	5,76,64,766	(3,71,25,933)
Depreciation	1,57,10,556	3,04,53,905
Interest & finance charges	72,89,091	10,31,829
Profit / (Loss) before Taxation & Prior Period Items	3,46,65,119	(6,86,11,667)
Prior Period Items (Net)	1,68,25,787	—
Provision for Tax		
Foreign taxes	33,52,852	—
Short provision of foreign tax of earlier year	22,16,972	—
Short provision of domestic tax of earlier year tax	—	3,51,072
Fringe Benefit	—	16,50,000
Profit / (Loss) after Tax	1,22,69,508	(7,06,12,739)
Loss Brought Forward	(51,93,92,448)	(44,87,79,709)
Loss carried to Balance Sheet	(50,71,22,940)	(51,93,92,448)

It may be noted that following the change in control and management of the company effective 24th October, 2009, the profitability of the company improved dramatically owing to cost control measures coupled with vigorous efforts in sales & delivery adopted by the new Management. As a consequence the net profit for the last quarter was Rs. 238.32 lakhs.

REVIEW OF OPERATIONS:

1. The Company during the year has invested in high-end software, hardware and other infrastructure with a view to achieve and establish its credibility as a company having the power and expertise in the delivery of high end engineering solutions using CAD/CAM/CAE tools.
2. Further, the Company has enhanced its billings to prestigious clients in the field of Aerospace and Automotive Industries. This has been achieved by the company repeatedly demonstrating its ability to execute projects of high quality within the time committed by it.
3. During the year, the Company has added new Clients in multiple geographies/countries in which it is doing business, that is, Europe, Americas and Asia-Pacific.
4. Your Company has also recruited personnel at various levels to meet the ever growing challenges of the industry. The Company has added manpower with domain expertise to fulfill its enhanced business needs. As a result, at the end of the year, the Company had more than 330 employees on its roll.

5. The Directors wish to inform you that during the year, the Company has taken the strategic direction to build up and expand its business development.

DIVIDEND:

The Company has not declared any dividend, on account of accumulated losses.

RESERVES:

During the year, Rs.29,75,42,351/- (Twenty-Nine Crores seventy-Five Lakhs, Forty-Two Thousand Three Hundred and Fifty-one) has been received from the share premium account.

SHARE PURCHASE AGREEMENT:

The company, AXIS-IT & T Limited and Nadathur Holdings & Investments Private Limited had entered into a Share Purchase Agreement on 01st October, 2009. Pursuant to this, AXIS-IT & T Limited (listed public limited company) acquired a majority stake viz. 54.28% in the company and hence, the Company has now become a subsidiary of AXIS –IT & T Limited.

CONSTITUTION OF AUDIT COMMITTEE:

The Board of Directors in their meeting held on 23rd March, 2010 constituted an Audit Committee. The Audit Committee as on 31.03.2010 comprised:

Mr. Pradeep Dadlani	—	Chairman
Mr. Rohitasava Chand	—	Member
Mr. S. Ravinarayanan	—	Member

The Chairman and the members of the committee are all non-executive Directors.

CONSTITUTION OF REMUNERATION COMMITTEE:

The Board of Directors in their meeting held on 23rd March, 2010 also constituted a Remuneration Committee. The Remuneration Committee as on 31.03.2010 comprised:

Mr. S. Ravinarayanan	—	Chairman
Mr. Pradeep Dadlani	—	Member
Mr. Rohitasava Chand	—	Member

The Chairman and the members of the committee are all non-executive Directors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

Information on Conservation of Energy, Research and Development, Technology Absorption, required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1998, are not applicable to the company.

FOREIGN EXCHANGE EARNINGS & OUTGO:

Foreign Exchange earnings for the year 2009-2010 stood at Rs.5013.99 lakhs and Foreign Exchange Outgo for the year 2009-2010 (including imports and expenditure in foreign currency) stood at Rs.2337.34 lakhs.

FIXED DEPOSITS:

The Company has not accepted deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of the Deposits Rule), 1975 during the year under review.

PARTICULARS OF EMPLOYEES:

Information of Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended are set out in the Annexure to this report.

Also, the Department of Company Affairs has amended the Companies (Particulars of Employees) (Amendment) Rules, 1975, to the effect that particulars of employees of companies engaged in Information Technology sector posted and working outside India not being Directors or their relatives, drawing more than rupees twenty four lakhs per year or rupees two lakhs per month, as the case may be, need not be included in the statement but, such particulars shall be furnished to the Registrar of Companies. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.

DIRECTORS:

- Mr. V. Sarangarajan, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
- During the year Mr. Rohitasava Chand, Mr. S. Ravinarayanan, Mr. Pradeep Dadlani and Mr. Gururaja Sridhara were appointed as Additional Directors. The Company has received notices proposing the candidatures of all the Directors. The members are requested to appoint all the Directors.

CADES Digitech Private Limited

- Mr. R Sainath, Mrs. Chitralekha Sainath, Mr. Dataram Mishra and Mr. K.G. Nair resigned during the year. The Board takes on its sincere appreciation for the support, co-operation and dedicated work from all the outgoing Directors of the Company during their tenure.

AUDITORS:

M/s Walker Chandiook & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- 1) That in the preparation of the Accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit or Loss of the Company for the year under review;
- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) That the Directors have prepared the Accounts for the financial year ended 31st March, 2010 on 'going concern' basis.

EXPLANATION TO AUDITORS' OBSERVATIONS:

The Auditors' in their report and under the point (ix)(a) have made an observation on undisputed dues that-, there has been a significant delay in the deposit of provident fund and tax deducted at source.

The Board hereby states that on the date of change in management control, there were significant unpaid liabilities on account of statutory dues; however, subsequent to change in management and control the company has paid the outstanding dues by the end of financial year.

Also, the Auditors under the point (x) have made an observation about accumulated losses being more than fifty percent of the Company's net worth.

The Board hereby states that the company has earned a profit for the year under review as compared to losses in the preceding financial year. After the takeover, there has been a progress in the financial performance of the company owing to cost control measures, optimum utilization of resources and vigorous efforts in sale and delivery. The company is expected to perform better in the next financial year.

APPRECIATION:

Your Director wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry, despite increased competition from several existing and new players.

ACKNOWLEDGEMENTS:

The Board desires to place on record its sincere appreciation for the support and co-operation that the Company received from the suppliers, customers, strategic partners, Bankers, Auditors and all others associated with the Company. The Company has always looked upon them as partners in its progress and has happily shared with them rewards of growth. It will be the Company's endeavor to build and nurture strong links with trade based on mutuality, respect and co-operation with each other.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

Place: Bangalore
Date: 25th June, 2010

MR. S RAVINARAYNAN
CHAIRMAN & DIRECTOR

Annexure-I**Particulars of the Employees as per Section 217(2A) of the Companies Act read with Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2010**

Name of Employee	Designation of the Employee	Gross Remuneration	Qualificaitons of the Employee	Experience	Date of Commencement of employment	Age	The percentage of equity shares held by the employee in the company withing the meaning of sub-clause (iii) of clause (a) of sub-section (2A) of section 217 of the Act.	Name of Previous Employer	Last Designation
Mr. R. Sainath	Director-Technical	3,780,000.00	Mtech in Mechanical Engineering	34	04.12.2001	56	0.19%	Infinity Infotech Pvt. Ltd.	General Manager Operations
Mr. VSrinivasan	COO	4,469,230.00	B. Tech in Mechanical Engineering	24	07.06.2004	45	Nil	Infosys Technologies Limited	Vice President
*Mr. Dataram	Managing Director	4,031,348.00	Masters in Aero Engineering	27	31.05.2004	48	Nil	CSM Software Private Limited	Director-Operations

For and on behalf of Board of Directors

**Sd/-
Director**

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Notes :

1. The Gross remuneration shown above comprises salary, allowances, incentives & monetary value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund.
2. The above does not include provision for gratuity and provision for leave encashment.
3. All appointment are contractual and other terms and conditions are as per the Company rules.
4. None of the employees are related to any director of the Company.
5. *Indicates employed for part of the year.

Auditors' Report

To,

The Members of CADES Digitech Private Limited

1. We have audited the attached Balance Sheet of CADES Digitech Private Limited (the 'Company') as at 31 March 2010 and also the Profit and Loss Account and 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. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The 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 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 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 the Subsection (3C) of Section 211 of the Act and the rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2010;
 - ii) the Profit and Loss Account, of the profit 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, Chandiook & Co
Chartered Accountants
Firm Registration No: 001076N

Sd/-
per **Aashish Arjun Singh**
Partner
Membership No. 210122

Place : Noida
Date : 25 May, 2010

Annexure to the Auditor's Report of even date to the members of CADES Digitech Private Limited on the financial statements for the year ended 31 March, 2010.

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 fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (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 tangible 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.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sell 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. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system. However, the Company needs to further strengthen its internal control systems for the sale of services to be commensurate with the size of the Company and nature of its business.
- (v) (a) The Company has not entered into any contracts or arrangements referred to in Section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.
- (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 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) 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, have generally been regularly deposited with the appropriate authorities, though there has been *significant delays in the deposit of provident fund and tax deducted at source*. 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 became payable.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) *In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash losses during the year. In the preceding financial year, the Company has incurred cash losses.*
- (xi) The Company has no dues payable to a financial institution or a bank or debenture holders during the year. Accordingly, the provisions of clause 4(xi) of the Order are not applicable.

CADES Digitech Private Limited

- (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.
- (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) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (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, Chandiook & Co
Chartered Accountants
Firm Registration No: 001076N

Sd/-
per **Aashish Arjun Singh**
Partner
Membership No. 210122

Place : Noida
Date : 25 May, 2010

CADES Digitech Private Limited

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31 March 2010 Rupees	As at 31 March 2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	150,000,000	78,703,340
Reserves and surplus	2	372,542,351	75,000,000
		522,542,351	153,703,340
LOAN FUNDS			
Unsecured loans	3	180,000,000	533,689,440
		702,542,351	687,392,780
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	4	182,550,244	154,432,436
Less: Depreciation/amortisation		145,131,503	129,420,946
Net block		37,418,741	25,011,490
INVESTMENTS		5,000	5,000
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	5	212,583,888	168,900,022
Cash and bank balances	6	15,537,055	9,907,057
Loans and advances	7	58,060,718	43,946,173
		286,181,661	222,753,252
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	8	118,499,988	78,926,832
Provisions	9	9,686,003	842,578
		128,185,991	79,769,410
NET CURRENT ASSETS		157,995,670	142,983,842
PROFIT AND LOSS ACCOUNT		507,122,940	519,392,448
		702,542,351	687,392,780

NOTES TO THE FINANCIAL STATEMENTS 16

The schedules referred to above form an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For Walker, Chandiook & Co
Chartered Accountants

Sd/-
per **Aashish Arjun Singh**
Partner

Sd/-
Poonam Joshi
Company Secretary

Sd/-
Kirit Manek
Manager(VP-Finance)

Sd/-
Rohitasava Chand
Director

Sd/-
Pradeep Dadlani
Director

Place : Noida
Date : 25 May 2010

CADES Digitech Private Limited

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2010

	Schedule	Year ended 31 March 2010 Rupees	Year ended 31 March 2009 Rupees
INCOME			
Income from services		618,910,607	516,902,268
Other income	10	10,036,265	14,625,224
		628,946,872	531,527,492
EXPENDITURE			
Personnel expenses	11	412,425,591	403,828,984
Operating and administrative expenses	12	109,893,438	141,674,699
Selling expenses	13	48,963,077	23,149,742
Finance charges	14	7,289,091	1,031,829
Depreciation/Amortisation	4	15,710,556	30,453,905
		594,281,753	600,139,159
PROFIT / (LOSS) BEFORE TAX AND PRIOR PERIOD ITEMS		34,665,119	(68,611,667)
PROVISION FOR TAXES			
— Foreign taxes		3,352,852	—
— Short provision of foreign tax of earlier year		2,216,972	—
— Short provision of domestic tax of earlier year		—	351,072
— Fringe benefit tax		—	1,650,000
PROFIT/(LOSS) AFTER TAXATION AND BEFORE PRIOR PERIOD ITEMS		29,095,295	(70,612,739)
PRIOR PERIOD EXPENSES,NET	15	16,825,787	—
PROFIT / (LOSS) AFTER TAXATION AND PRIOR PERIOD ITEMS		12,269,508	(70,612,739)
Balance brought forward from the previous year		(519,392,448)	(448,779,709)
DEFICIT CARRIED TO BALANCE SHEET		(507,122,940)	(519,392,448)
EARNINGS/(LOSS) FOR THE YEAR			
(Refer note 4 in Schedule 16)			
— Basic and diluted		1.02	(8.97)
NOTES TO THE FINANCIAL STATEMENTS	16		

The schedules referred to above form an integral part of the financial statements.
This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

For Walker, Chandiook & Co
Chartered Accountants

Sd/-
per **Aashish Arjun Singh**
Partner

Sd/-
Poonam Joshi
Company Secretary

Sd/-
Kirit Manek
Manager(VP-Finance)

Sd/-
Rohitasava Chand
Director

Sd/-
Pradeep Dadlani
Director

Place : Noida
Date : 25 May 2010

CADES Digitech Private Limited

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2010

	Year ended 31 March 2010 Rupees	Year ended 31 March 2009 Rupees
A Cash flow from operating activities		
Net Profit/ (Loss) before taxation after prior period items	17,839,332	(70,612,739)
Adjustment for :		
Depreciation/amortization	15,710,556	30,453,905
Prior period expenses, net	1,682,820	—
Unrealised foreign exchange loss	2,991,509	—
Interest income	(154,045)	(126,792)
Operational profit before working capital changes	38,070,172	(40,285,626)
Movements in working capital		
Increase/(Decrease) in Sundry debtors	(46,675,375)	(40,808,077)
Increase/(Decrease) in loans and advances	(6,823,231)	(9,710,364)
Increase/(Decrease) in current liabilities	39,573,156	20,692,402
Increase/(Decrease) in provisions	(345,211)	—
Cash generated from operations	23,799,511	(70,111,665)
Direct taxes paid	(4,642,189)	—
Fringe benefit tax paid	(713,133)	—
Net cash from operating activities (A)	18,444,189	(70,111,665)
B Cash flow from investing activities		
Purchase of fixed assets	(28,117,808)	(28,235,765)
Interest received	154,045	126,792
Increase in fixed deposits	(615,286)	(342,340)
Net cash from/(used in) investment activities (B)	(28,579,049)	(28,451,313)
C Cash flow from financing activities		
Proceeds/ (repayment) from/ of unsecured loan including accrued interest	190,149,572	97,500,000
Proceeds/ (repayment) from/ of short term term borrowings	(175,000,000)	—
Net cash from financing activities (C)	15,149,572	97,500,000
Net increase/(decrease) in cash and cash equivalents (A+B+C)	5,014,712	(1,062,978)
Cash and cash equivalents as at beginning of the year	8,257,571	9,320,549
Cash and cash equivalents as at end of the year (Refer note below)	13,272,283	8,257,571
Note:		
The Company considers all highly liquid investments with a remaining maturity, at the date of purchase/investment, of three months or less to be cash equivalents.		
Components of cash and cash equivalents as at year end	31 March 2010	31 March 2009
Cash and bank balances as at 31 March	15,537,055	9,907,057
Less: Deposits considered separately (Refer note above)	2,264,772	1,649,486
	13,272,283	8,257,571

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

For and on behalf of the Board of Directors

For Walker, Chandiook & Co
Chartered Accountants

Sd/-
per **Aashish Arjun Singh**
Partner

Sd/-
Poonam Joshi
Company Secretary

Sd/-
Kirit Manek
Manager(VP-Finance)

Sd/-
Rohitasava Chand
Director

Sd/-
Pradeep Dadlani
Director

Place : Noida

Date : 25 May 2010

CADES Digitech Private Limited

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	As at 31 March 2010 Rupees	As at 31 March 2009 Rupees
SCHEDULE 1		
CAPITAL		
Authorised		
15,000,000 (31 March 2009: 15,000,000) Equity Shares of Rs. 10 each	150,000,000	150,000,000
Issued, subscribed and paid up		
15,000,000 (31 March 2009 : 7,870,334) Equity shares of Rs. 10 each fully paid up	150,000,000	78,703,340
	150,000,000	78,703,340
	150,000,000	78,703,340
Note:		
Of the above shares during the year 7,129,666 shares are allotted as fully paid-up pursuant to a contract, by converting part of unsecured loan from a shareholder.		
SCHEDULE 2		
RESERVES AND SURPLUS		
Securities premium account:		
Opening balance	75,000,000	75,000,000
Add: Received during the year	297,542,351	—
	372,542,351	75,000,000
	372,542,351	75,000,000
SCHEDULE 3		
UNSECURED LOANS		
From shareholder	—	533,689,440
Subordinated Debt	175,000,000	—
From others	5,000,000	—
	180,000,000	533,689,440
	180,000,000	533,689,440

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Schedules forming part of the financial statements for the period ended 31st March 2010

SCHEDULE 5

Fixed Assets

(Amount in Rupees)

Assets Category	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	As at 1 April 2009	Addition during the year	Deletions during the year	Total Cost as at 31 March 2010	As at 1 April 2009	Charge for the year	Deletions during the year	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009
<i>Tangible assets</i>										
Computers	33,359,863	5,512,323	—	38,872,186	32,157,272	1,036,830	—	33,194,102	5,678,084	1,202,591
Furniture and fixtures	3,738,504	—	—	3,738,504	3,691,255	28,546	—	3,719,801	18,703	47,249
Office equipment	4,371,225	325,957	—	4,697,182	4,117,211	179,660	—	4,296,871	400,311	254,014
Leasehold improvements	8,512,280	—	—	8,512,280	5,364,315	1,216,405	—	6,580,720	1,931,560	3,147,965
<i>Intangible assets</i>										
Software	104,450,563	22,279,529	—	126,730,092	84,090,894	13,249,115	—	97,340,009	29,390,083	20,359,669
Total	154,432,435	28,117,809	—	82,550,244	129,420,947	15,710,556	—	145,131,503	37,418,741	25,011,488
Previous year	126,196,996	28,235,735	—	154,432,435	98,967,041	30,453,905	—	129,420,946	25,011,488	

CADES Digitech Private Limited

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	As at 31 March 2010 Rupees	As at 31 March 2009 Rupees
SCHEDULE 5		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months		
— Considered good	11,919,674	8,262,147
— Considered doubtful	58,356,814	59,296,123
	70,276,488	67,558,270
Debts outstanding for a period not exceeding six months		
— Considered good	200,664,213	160,637,874
— Considered doubtful	—	—
	200,664,213	160,637,874
Less : Provision for doubtful debts	58,356,814	59,296,123
	212,583,888	168,900,022

Note:

Also refer note 10 of Schedule 16 to the financial statements.

SCHEDULE 6

CASH AND BANK BALANCES

Cash on hand	13,676	21,319
Balances with scheduled banks:		
— In current accounts	11,249,790	1,568,691
— In exchange earners foreign currency account	424,103	12,239
— In deposits accounts	2,264,772	1,649,486
Balances with non-scheduled banks		
— In current accounts		
Bank One - USA	—	148,688
South Side Trust & Savings Bank - USA	831,746	—
Barclays Bank- UK	94,383	595,972
Wells Fargo Bank Arizona NA - USA	—	28,227
Korea Exchange Bank - USD A/c - Korea	155,956	2,615
Korean Exchange Bank - KRW A/C - Korea	484,384	3,332
Mizohuho Bank - Japan	18,245	5,876,488
	15,537,055	9,907,057

Note:

Maximum amount outstanding with non-scheduled banks at any time during the year are as follows:

In current account		
Bank One - USA	8,337,000	371,225
South Side Trust & Savings Bank - USA	831,746	—
Barclays Bank- UK	1,605,451	641,058
Wells Fargo Bank Arizona NA - USA	—	595,972
Korea Exchange Bank - USD A/c - Korea	1,758,032	1,310,657
Korean Exchange Bank - KRW A/C - Korea	770,587	—
Mizohuho Bank - Japan	5,871,384	3,876,488

CADES Digitech Private Limited

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	As at 31 March 2010 Rupees	As at 31 March 2009 Rupees
SCHEDULE 7		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or value to be received:		
— Prepaid expenses	6,458,766	2,346,008
— Receivables from employee	1,840,868	1,851,365
— Advance to suppliers	—	4,912,106
Duties and taxes recoverable	26,472,205	10,648,092
Security deposits	23,193,982	23,162,761
Others	94,897	1,025,841
	58,060,718	43,946,173
SCHEDULE 8		
LIABILITIES		
<i>Current Liabilities</i>		
Sundry creditors		
— Total outstanding dues of micro enterprises and small enterprises	—	—
— Total outstanding dues of creditors other than micro enterprises and small enterprises	34,187,875	13,752,647
Dues to employees	1,961,386	895,524
Duties and taxes payable	29,877,740	34,195,916
Advances from customers	3,146,182	360,139
	69,173,183	49,204,226
<i>Other Liabilities</i>		
Accrued expenses	8,123,339	9,927,947
Salary payable	26,094,534	19,794,659
Unearned revenue	9,904,960	—
Interest accrued but not due	5,203,972	—
	49,326,805	29,722,606
	118,499,988	78,926,832

Note:

Based on information available with the Company, there are no amounts due to micro enterprises and small enterprises.

SCHEDULE 9

PROVISIONS

Gratuity	6,322,466	—
Vacation pay	2,306,457	—
Provision for fringe benefit tax, net of advance taxes	129,445	842,578
Provision for foreign tax, net of advance tax	927,635	—
	9,686,003	842,578

CADES Digitech Private Limited

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	As at 31 March 2010 Rupees	As at 31 March 2009 Rupees
SCHEDULE 10		
OTHER INCOME		
Interest on income tax refund	147,429	54,504
Provision for doubtful debts no longer required	8,158,903	—
Miscellaneous income	1,575,888	9,922,387
Interest income [Tax deducted at source - Rs.21,171 (31 March 2009 - Rs.26,722)]	154,045	126,792
Foreign exchange gain, net	—	4,521,541
	10,036,265	14,625,224
SCHEDULE 11		
PERSONNEL EXPENSES		
Salaries, wages and bonus	347,726,571	346,385,557
Contribution to provident fund	10,067,869	10,904,302
Overseas employee benefits	22,512,554	31,270,390
Staff welfare	4,034,354	4,393,702
Gratuity	1,515,441	96,000
Vacation pay	133,501	—
Recruitment and training expenses	2,523,796	2,176,042
Consultants' fees	23,911,505	8,602,991
	412,425,591	403,828,984
SCHEDULE 12		
OPERATING AND ADMINISTRATIVE EXPENSES		
Rent	31,704,580	35,385,801
Electricity charges	4,595,560	4,539,499
Travelling and conveyance	14,253,157	36,783,517
Repairs and maintenance		
— Building	2,136,385	1,714,407
— Others	520,176	812,660
Communication expenses	6,885,523	6,056,257
Equipment hire charges	1,571,452	481,337
Legal and professional charges	8,218,169	9,378,193
Audit fees	504,954	155,000
Printing and stationery	940,825	1,154,975
Security charges	761,718	765,037
Rates and taxes	2,913,412	4,238,008
Project related expenses	3,987,339	1,187,338
Administrative expenses	1,255,979	1,838,702
Software subscription	9,137,957	1,876,986
Insurance expenses	230,112	90,753
Postage and courier charges	376,699	632,533
Provision for doubtful debts	1,382,908	33,068,697
Foreign exchange gain, net	17,833,975	—
Miscellaneous expenses	682,558	1,514,998
	109,893,438	141,674,699

CADES Digitech Private Limited

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	As at 31 March 2010 Rupees	As at 31 March 2009 Rupees
SCHEDULE 13		
SELLING EXPENSES		
Sales commission	28,992,459	5,558,637
Advertisement and sales promotion	3,750,237	5,062,812
Travelling and conveyance	16,220,381	12,528,293
	48,963,077	23,149,742

Note: Sales commission includes Rs. 1,105,5038.20 paid to employees

SCHEDULE 14

FINANCE CHARGES

Bank charges	1,123,977	1,031,829
Interest on loans	6,165,114	—
	7,289,091	1,031,829

SCHEDULE 15

PRIOR PERIOD (EXPENSES)/INCOME , NET

Revenue	(15,482,711)	—
Other income	7,631,058	—
Gratuity charge	(6,801,178)	—
Vacation pay	(2,172,956)	—
	16,825,787	—

Note: Also refer note 10 (c) of Schedule 16 of notes to accounts

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Schedules forming part of the financial statement

Schedule - I 6 : Notes to the financial statements

1) Background and Operational outlook

CADES Digitech Private Limited ('the Company') is a leading product design and engineering services company incorporated on 4th December 2001. CADES provides services to aerospace, defense and automotive industries with its core competency and domain expertise. The Company is a software export oriented unit under Software Technologies Park Scheme of Government of India. The profits of the Company are exempt up to assessment year 2010-2011.

The Company has accumulated losses of Rs.505,962,328 as at 31 March 2010 which has significantly eroded its net worth. Consequently this creates a substantial doubt about the Company's ability to continue as a going concern. However, during the year, the Company has recorded a net profit from the operations and further the Company was acquired by Axis IT & T Limited with effect from 24 October 2009. Further to augment its resources the Company has infused Rs. 175,000,000 as subordinate debt from Asianet TV Holding Private Limited, consequently management believes that the carrying/recoverable value of the assets and liabilities will not be impacted and so no adjustments have been recorded for these assets and liabilities thereon in the financial statements.

2) (a) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') and comply with the mandatory Accounting Standards ('AS') prescribed by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles, which requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and employee benefits.

3) Significant accounting policies

i. Revenue recognition

The Company derives its revenues primarily from engineering design services. Service income comprises of income from time-and-material and fixed-price contracts. Revenue from time-and-material contracts is recognised in accordance with the terms of the contracts with clients. Revenue from fixed-price contracts is recognised using the percentage of completion method, calculated as the proportion of the efforts incurred up to the reporting date to the estimated total efforts. Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' represent revenues recognised on services rendered as per contractual terms, for which amounts are to be billed in subsequent periods. The related billings are expected to be performed as per milestones provided in the contracts.

'Unearned revenues' included in other liabilities represent billings in excess of revenues recognised. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

ii. Fixed assets and depreciation

Fixed assets are carried at the cost less accumulated depreciation and impairment losses. The cost of fixed assets comprises its purchase price and other costs attributable to bringing such assets to its working condition for its intended use.

Schedules forming part of the financial statement

Schedule - 16 : Notes to the financial statements

Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed as capital work-in-progress.

Depreciation is provided under the straight-line method based on the estimated useful life of the assets. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Management's estimate of the useful lives for the various categories of fixed assets is as follows:

Asset category	Depreciation Rate
Computers	33.33%
Furniture and fixtures	14.29%
Office equipment	14.29%
Leasehold improvements	14.29%
Software	33.33%

Depreciation/amortisation is charged on a proportionate basis for all the assets purchased and sold during the year. Fixed assets individually costing less than Rs 5,000 are fully depreciated in the year of purchase.

Leasehold improvements have been depreciated over lease period including renewable period and subject to maximum useful economic life of 7 years

iii. Impairment of assets

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

iv. Investments

Long term investments are valued at, cost less provision for diminution, other than temporary, in the value of such investments.

Current investment are carried at lower of cost and fair value.

v. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of assets. Other borrowings cost are recognized as an expense in the period in which they are incurred.

vi. Foreign currency transactions

Initial recognition

Revenue from overseas clients and collections deposited in foreign currency bank accounts are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Disbursements made out of foreign currency bank accounts are reported at the daily rates. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure is incurred, is converted into Indian Rupees. The exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

Schedules forming part of the financial statement

Schedule - 16 : Notes to the financial statements

Fixed assets purchased at overseas offices are recorded at cost, based on the exchange rate as of the date of purchase. The charge for depreciation is determined as per the Company's accounting policy.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resulting difference is also recorded in the Profit and Loss Account.

vii. Employee benefits

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

Provident fund

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

Overseas Social Security

The Company contributes to social security charges of countries to which the Company deutes its employees . The plan is a defined contribution plan and contributions paid or payable is recognised as an expenses in these periods in which the employee renders services in those respective countries.

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognised in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of plan assets (if any), together with adjustment for unrecognised actuarial gains or losses and past service cost. Independent actuaries using the Projected Unit Credit Method calculate the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Profit and Loss Account in the year in which such gains or losses arises.

Vacation Pay

Company has a vacation policy by which employee can carry forward the eligible leaves and avail on a future date and however the same is not encashable. Vacation pay liability recognised in the Balance Sheet represents the present value of the obligation at the Balance Sheet date.

viii. Income taxes

Current tax

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

Deferred tax

Deferred tax assets or deferred tax liabilities are recognized for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent period and are measured using tax rates enacted or substantially enacted as at the Balance Sheet date. Deferred tax assets are not recognized unless in the management judgement, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax asset is revised at each Balance Sheet date.

Schedules forming part of the financial statement

Schedule - 16 : Notes to the financial statements

ix. Provisions and contingent liabilities

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

4) Earnings /(loss) per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares will be treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

The weighted average numbers of equity shares outstanding during the period will be adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

The computation of earnings/(loss) per share is as follows:

	Year ended 31 March 2010	Year ended 31 March 2009
Weighted average number of shares outstanding	11,972,334	7,870,334
	Rupees	Rupees
Profit/(loss) after tax attributable to equity shareholders (Amount in Rs.)	12,269,508	(70,612,741)
Earnings/(loss) per share		
— Basic & diluted	1.02	(8.97)
Nominal value per equity share	10.00	10.00

5) Change in accounting estimate

In the current year, the Company has changed the rates of providing depreciation on fixed assets based on the revised estimate of useful life of the fixed assets. Management considers that the change in estimate would result in a more appropriate preparation and presentation of the financial statements of the Company in line with the Parent Company.

Had the Company continued to use the earlier rates of providing depreciation, the charge to the Profit and Loss Account for the current year would have been higher by Rs. 816,958 and the net block of fixed assets would have correspondingly been lower by that amount.

6) Export obligations

The Company is registered with the Software Technology Parks of India (STPI), Government of India as a 100% Export Oriented Unit with under the STPI Scheme. As per the terms of registration the Company is required to export as per Export - Import policy in force and is entitled to duty free import of capital goods up to Rs. 133,100,000 (31 March 2009 - Rs. 133,100,000). The Company's duty free import on CIF basis against this entitlement was Rs. 27,041,000 (31 March 2009 - Rs. 27,041,000) cumulative till 31 March 2010.

Schedules forming part of the financial statement

Schedule - 16 : Notes to the financial statements

In accordance with the terms of approval of the STPI, the Company is required to be a positive net foreign exchange earner as per Foreign Trade policy 2005 - 2010. As at 31 March 2010, the Company has complied with these requirements.

7) Operating leases

The Company has entered into cancellable and non-cancellable operating lease agreements for its business centers and corporate office premises. These leases expire over the period extending up to 20 June 2015 and are further renewable at the mutual consent of the Company and the lessor.

The lease expenses for cancellable and non-cancellable operating leases during the year ended 31 March 2010 was Rs. 31,704,580 (31 March 2009 - Rs.35,385,801)

The details of lease commitments in terms of minimum lease payments within the non-cancellable period are as follows:

Payments falling due:	As at 31 March, 2010
Not later than one year	123,542,471
Later than one year but not later than 5 years	91,413,806
Later than 5 years	—
	214,956,277

8) Commitment & Contingencies

i. Capital Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided (Net of advances) Rs.6,461,221 (31 March 2009 - NIL)

ii. Bank Guarantees

Performance bank guarantees issued in favor of Customers and regulatory authorities amounts to Rs.22,80,950. (31 March 2009 - Rs.13,84,500)

iii. Contingencies

The Company has received a claim of GBP 18,123 for the year 2007-2008 towards tax liability on account of India salary to be offered for tax in UK and presently the Company is contesting the same and is of the opinion that there may be no liability on this account.

9) Employee benefits

a) Defined benefit plan

Gratuity

The Company has provided gratuity liability (defined benefit plan) as per actuarial valuation carried out by an independent actuary on the Balance Sheet date.

Schedules forming part of the financial statement

Schedule - 16 : Notes to the financial statements

	Year ended 31 March 2010
Amount recognised in the Balance Sheet are as follows	
Present value of unfunded obligations as at the end of the year -	
— For the prior years	4,807,025
— For the current financial year	1,515,441
Net liability recognised in the Balance sheet	6,322,466
Amount recognised in the Profit & Loss account are as follows	
Current service cost	1,515,441
Prior year service cost	4,807,025
Interest on defined benefit obligation	—
Net actuarial losses / (gains) recognised in Year	—
Expenses recognised in the profit and loss account for the year	6,322,466
Changes in the present value of defined benefit obligation	
Opening defined benefit obligation as at 1 April 2009	—
Current service cost :	
— For the prior years	4,807,025
— For the current financial year	1,515,441
Interest cost	—
Actuarial losses / (gain)	—
Defined benefit obligation as at 31 March 2010	6,322,466
The assumptions used in the above valuation are as under:	
Discount rate	8%
Salary escalation rate	6%
Retirement age	60 Years

b) Defined contribution plan

- i) The Company makes contribution of statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952. This is a defined contribution plan as per AS 15. Contribution made during the year ended 31 March 2010 is Rs. 10,967,869 (31 March 2009 - Rs. 10,904,302)
- ii) The Company also contributes towards overseas social security charges. The plan is a defined contribution plan and contributions paid or payable is recognised as an expenses in these periods in which the employee renders services in Germany. Contribution made during the year ended 31 March 2010 is Rs. 19,689,693 (31 March 2009 - Rs. 26,946,253)

Schedules forming part of the financial statement

Schedule - 16 : Notes to the financial statements

- 10)** a) As at 31 March 2010 debtors include a sum of Rs 57,374,234 (31 March 2009 - Nil) outstanding for more than 365 days. In this regard the Company has filed for extension for collection with its Authorised Dealer as per the required provisions of Foreign Exchange Management Act, 1999.
- b) Debtors include unbilled revenue of Rs. 23,015,752 (31 March 2009 - Nil)
- c) The Company was acquired on 24 October 2009 subsequent to that prior period income and expenses pertaining to the periods prior to 31 March 2009, were identified and recorded.

11) Related party disclosures

i. Parties where control exists :

Name of party

Nature of relationship

Axis IT & T Limited

Holding Company

The Company is a subsidiary of Axis IT&T Limited which is a subsidiary of Tayana Software Solutions Private Limited which is a subsidiary of Axis Aerospace & Technologies Private Limited, which in turn is a subsidiary of Jupiter Capital Private Limited.

ii. Key Management Personnel :

Name of party

Nature of relationship

Mr. S Ravi Narayanan

Chairman and Director

Mr. Dataram Mishra *

Managing Director

Note: * Ceased to be a Director with effect from 24 October 2009

(This space has been intentionally left blank)

Schedules forming part of the financial statement

v. Transactions with related parties

(Amount in Rupees)

	Nature of Transaction	Holding Company / Intermediate Holding Company		Associates		Key Management Personnel		Total	
		31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009
A	Unsecured Loan								
	Axis Aerospace & Technologies Private Limited	5,000,000	—	—	—	—	—	5,000,000	—
	Axis IT & T Limited	4,000,000	—	—	—	—	—	4,000,000	—
B	Interest on Unsecured Loans								
	Axis Aerospace & Technologies Private Limited	155,342	—	—	—	—	—	155,342	—
	Axis IT & T Limited	27,002	—	—	—	—	—	27,002	—
C	Salary & Allowances								
	Mr. Dattaram Mishra	—	—	—	—	4,250,289	8,343,711	4,250,289	8,343,711
D	Reimbursement of Expenses								
	Mr. S Ravi Narayana	—	—	—	—	1,560,786	—	1,560,786	—
	Mr. Dattaram Mishra	—	—	—	—	410,350	720,444	410,350	720,444

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vi. Balances as at the year end

(Amount in Rupees)

	Nature of Transaction	Holding Company / Intermediate Holding Company		Associates		Key Management Personnel		Total	
		31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009
A	Interest on Unsecured Loans								
	Axis Aerospace & Technologies Private Limited	5,203,972	—	—	—	—	—	5,203,972	—
B	Reimbursement of Expenses								
	Mr. Dattaram Mishra	—	—	—	—	(71,236)	—	(71,236)	—

Schedules forming part of the financial statement

12) Segment reporting

The Company has only one business segment viz. engineering design services to aerospace, defence and automotive industries. Hence no further disclosures are required other than those already made in financial statements.

Secondary segment reporting based on the location of the Company's customers is as detailed below.

Description	Region	Year ended 31 March 2010 (Amount in Rs.)
Segment revenue from external customers	Europe	439,525,623
	Asia Pacific	143,194,244
	USA	36,190,740
		618,910,607
Segment assets	Europe	204,557,572
	Asia Pacific	93,943,893
	USA	(42,944,138)
Unallocated corporate assets		30,624,334
		286,181,661
Capital expenditure during the year	Europe	87,048
	Asia Pacific	325,957
	USA	—
Unallocated corporate capital expenditure during the year		27,704,804
		28,117,809
Segment - fixed assets - gross block	Europe	430,124
	Asia Pacific	16,947,966
	USA	230,072
Unallocated gross block		164,942,082
		182,550,244
Segment - accumulated depreciation	Europe	298,606
	Asia Pacific	14,597,393
	USA	220,046
Unallocated accumulated depreciation		130,015,458
		145,131,503
Segment - fixed assets - net block	Europe	131,518
	Asia Pacific	2,350,573
	USA	10,026
Unallocated net block		34,926,624
		37,418,741
Segment Liabilities	Europe	44,244,861
	Asia Pacific	61,359,054
	USA	1,054,030
Unallocated corporate liability		11,793,413
		118,451,358
Segment provisions	Europe	636,069
	Asia Pacific	9,049,934
	USA	—
Unallocated corporate provision		—
		9,686,003

Schedules forming part of the financial statement

13) Supplementary statutory information

	Year ended 31 March 2010 Rupees	Year ended 31 March 2009 Rupees
a) Particulars relating to foreign exchange		
i) Earnings in foreign exchange (accrual basis)		
Income from operations	501,399,148	437,640,283
ii) Expenditure in foreign currency		
Branch salary and related expenses	231,687,128	213,009,264
Other general expenses	2,046,962	—
Professional fees	—	670,601
	233,734,090	213,679,865
iii) Value of Imports on CIF Basis		
Capital goods	3,385,660	8,412,303
	3,385,660	8,412,303
b) Auditors' remuneration		
Statutory audit fee *	300,000	125,000
Tax audit	50,000	30,000
Others	150,000	—
Out of pocket expenses	4,954	—
TOTAL	504,954	155,000
Note: * Excluding Service Tax		
c) Director remuneration *		
Salary and allowances	7,848,849	12,123,711
Technical consultancy charges	300,000	600,000
	8,148,849	12,723,711

Note: * Director remuneration is paid only for the period from April 2009 to October 2009

14) Additional disclosures under Schedule VI

The Company is engaged in the business of rendering engineering design services. The production and sale of such services is not capable of being expressed in any generic unit. Consequently, the quantitative details of sales and the particulars required under paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 have not been disclosed.

15) Prior year comparatives

Prior period comparatives have been regrouped/reclassified wherever necessary, to confirm to the presentation in the current year. The previous year financial statements were audited by another firm of Chartered Accountants. The disclosure requirements of companies (Accounting Standard) Rules, 2006 pertaining to AS-15 'Employee Benefits', AS-17 'Segment Reporting' and AS -19 'Leases' had not been disclosed in the prior year, hence no corresponding figures have been provided.

For and on behalf of the Board of Directors

For Walker, Chandiook & Co
Chartered Accountants

Sd/- per Aashish Arjun Singh Partner	Sd/- Poonam Joshi Company Secretary	Sd/- Kirit Manek Manager(VP-Finance)	Sd/- Rohitasava Chand Director	Sd/- Pradeep Dadlani Director
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Place : Noida
Date : 25th May, 2010

AXIS-IT&T LIMITED

Registered Office : A-264, Second Floor, Defence Colony, New Delhi - 110024
Corporate Office : D-30, Sector III, NOIDA-201 301

DP id*	
Client Id*	

PROXY FORM

Proxy No.

Regd. Folio No No. of shares held

I/We of.....

in the district ofbeing a

Member/Members of the above named Company hereby appoint

.....of.....

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

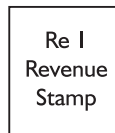
.....of.....

in the district of.....

as my/our proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held on Friday, the 27th Augst, 2010 at 2.30 p.m. in Lakshmpat Singhania Auditorium at the PHD Chambers of Commerce and Industry, PHD House, Ground Floor, 4/2, Sirifort Road, New Delhi 110016 and at any adjournment thereof

Signed thisday of.....2010

Signature.....



*Applicable for investors holding shares in electronic form

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

AXIS-IT&T LIMITED

Registered Office : A-264, Second Floor, Defence Colony, New Delhi - 110024
Corporate Office : D-30, Sector III, NOIDA-201 301

DP id*	
Client Id*	

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

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

I hereby record my presence at the 20th Annual General Meeting of the Company being held in Lakshmpat Singhania Auditorium at the PHD Chambers of Commerce and Industry, PHD House, Ground Floor, 4/2, Sirifort Road, New Delhi 110016 Friday, the 27th August, 2010 at 2.30 p.m.

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

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

* Applicable for investors holding shares in electronic form



axis-IT&T
We Engineer Your Thoughts

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