

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 10 to 31st March 11 and subsequent events to date. While audit is not mandated in US for small enterprises, however Axis Inc. has got its accounts audited by Sadana & Co., Chartered Accountants, for the purpose of publishing the consolidated accounts of its parent company Axis IT&T in accordance with the statutory requirements in India.

I. Financial Results for 4/1/2010-3/31/2011 (in US\$)

	FY 2010-11	FY 2009-2010
Total Income	14,781,049	6,007,000
Expenditures before I&D	14,531,487	5,837,601
Profit before I&D	249,563	169,399
Interest Expenses	14,566	11,066
Depreciation	27,880	23,308
Net Profit before Tax	207,116	135,025
Profit after Tax	163526	122,925

II. Business Activity

a. Present

Despite the challenging economic climate prevailing in US, we registered an impressive 138% revenue growth compared to last financial year driven by focused approach resulting in increased business traction from Caterpillar (CAT) and other clients. Besides Design and Analysis services, we also launched Manufacturing Engineering Services (MES) Practice this financial year and achieved significant breakthroughs with CAT and other new clients. Axis Inc. along with Axis IT&T has achieved the distinction of becoming the largest global engineering supplier for Caterpillar with a team of 590+ Engineers across our centers in US and India.

b. Future Challenges & Opportunities

While the lagging economic indicators in US especially Capital Spend and Unemployment continue, however, we will renew and reinforce our aggressive growth strategy of engaging closely with our existing customers for increased cooperation while pursuing new ones. For Caterpillar, we would be intensifying our efforts with an objective of consolidating our presence within their ecosystem across product groups, strategic programs and locations (Brazil and China). We have also initiated market engagement programs in Heavy Engineering, Energy and Automotive & Industrial



Products verticals which would bear results in the coming quarters. In summary, we are poised for increased growth during 2011-12.

III. Directors

At the beginning of December 2010, Ronald Rainson resigned as President of Axis Inc. and also relinquished his position of Secretary/Treasurer of the Board. Suvra Basu assumed the role of President and has also been appointed 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. Suvra Basu | Director |
| 4. Kirit Manek | Director |

IV. Officers

- | | |
|----------------------|------------------------------------|
| 1. S. Ravi Narayanan | CEO |
| 2. Suvra Basu | President, Secretary and Treasurer |
| 3. Murali Krishna | VP & COO |

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.



Rohitasava Chand,
Director
25th May 2011



SADANA & CO.

CHARTERED ACCOUNTANTS

109, Vishal Chambers, Sector-18, Noida-201301

e-mail: sadanaca@gmail.com | Tel: + 91-120-2510287, Telefax: + 91-120-4235368

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, 2011** 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;
 - ii) the Profit and Loss Account, of the profit for the year ended on that date; and

For Sadana & Company
Chartered Accountants
FRN : 011616N


(CA Amit Bansal)
Partner
Membership No. 098966



Place : Noida
Dated : May 25, 2011

AXIS, INC.

BALANCE SHEET

	Schedule	As at 31 March 2011 Rs.	As at 31 March 2010 Rs.
Shareholders' funds			
Share capital	1	100,338,667	87,725,804
Reserves and surplus		6,245,924	-
Loan funds			
Secured Loans	2	12,814,550	16,594,453
Unsecured Loans		-	-
		119,399,141	104,320,256
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	50,592,598	51,382,355
Less: Depreciation		47,287,980	48,895,549
Net block		3,304,618	2,486,806
Capital work in progress		-	-
Investments	3	54,503,793	46,052,930
Current assets, loans and advances			
Sundry debtors	4	140,212,759	71,125,474
Unbilled Revenue	5	54,294,005	6,946,683
Cash and bank balances	6	15,530,243	23,233,663
Loans and advances	7	4,437,851	4,367,254
		214,474,858	105,673,073
Less: Current liabilities and provisions			
Current liabilities	8	152,884,128	54,466,665
Provisions		-	-
		152,884,128	54,466,665
Net current assets		61,590,730	51,206,408
Accumulated deficit in the P&L account		-	4,574,112
		119,399,141	104,320,256

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

For and on behalf of the Board of Directors


 Rohitasava Chand
 Director

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

For Sadana & Company
 Chartered Accountants
 FRN: 011616N



(CA Amit Bansal)
 Partner

Membership No. 098966

Place: Noida
 Dated: 25 May 2011

AXIS, INC.

PROFIT AND LOSS ACCOUNT

INCOME	Schedule For the period ended		For the period ended
		31 March 2011	31 March 2010
		Rs.	Rs.
Income from operations	9	673,441,672	282,093,603
Other income	10	219,433	111,691
		<u>673,661,105</u>	<u>282,205,294</u>
EXPENDITURE			
Personnel expenses	11	590,256,234	245,955,797
Operating and administrative expenses	12	71,977,538	30,840,516
Finance charges	13	663,880	524,729
Depreciation and Amortization	5	1,270,663	1,105,156
		<u>664,168,315</u>	<u>278,426,198</u>
Profit/(Loss) before tax		9,492,790	3,779,096
Tax Expense			
Income Tax		1,986,658	573,716
Tax earlier years			(2,623,265)
Profit/(Loss) for the year after tax		<u>7,506,132</u>	<u>5,828,645</u>
Accumulated deficit carried from prior years		(4,366,158)	(10,194,803)
Profit/(Loss) carried to the balance sheet		<u>3,139,974</u>	<u>(4,366,158)</u>

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

For and on behalf of the Board of Directors

R. Chand

Rohitasava Chand
Director

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

For Sadana & Company
Chartered Accountants

FRN: 011616N



(CA Amit Bansal)

Partner

Membership No. 098966

Place: Noida

Dated: 25 May 2011

AXIS, INC.

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

	31 March 2011	31 March 2010
	Rs.	Rs.
Schedule 1		
Share capital		
Authorised		
Subscribed and paid up		
19,726 (previous year 17078) Equity shares fully paid	100,338,667.24	87,725,803.67
	100,338,667.24	87,725,803.67
Schedule 2		
Secured Loans		
From banks		
Working capital loan	12,814,550.00	16,594,452.67
	12,814,550.00	16,594,452.67
<p>Amounts due with in one year</p> <p>The working capital loan is secured by way of charge on the fixed assets and land and building held by parent company or concerned subsidiaries</p>		
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	3,105,950.01	(207,953.66)
	3,105,950.01	(207,953.66)
Schedule 3		
Investments		
Long-term investments - Unquoted unless otherwise stated, at cost		
Axis EU Limited	54,503,793.23	46,052,929.80
	54,503,793.23	46,052,929.80
Schedule 4		
Sundry debtors		
Unsecured (Considered good)		
Debts outstanding for a period exceeding six month		
Other debts	140,212,759.02	71,125,473.77
	140,212,759.02	71,125,473.77



AXIS, INC.**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

	31 March 2011	31 March 2010
	Rs.	Rs.
Schedule 5		
Cash and bank balances		
Cash in hand	915.33	664.30
Balance with scheduled banks in :		
Current Accounts	15,529,327.60	6,946,018.49
fixed deposit accounts		
	<u>15,530,242.92</u>	<u>6,946,682.79</u>
Schedule 6		
Other current assets		
Unbilled Revenue	54,294,005.29	23,233,662.86
Interest accrued but not due		
	<u>54,294,005.29</u>	<u>23,233,662.86</u>
Schedule 7		
Loans and advances		
(Unsecured, considered good unless otherwise)		
Advances recoverable in cash or in kind or for value to be received	4,437,851.01	3,298,459.41
Pre paid income-tax		1,088,794.65
	<u>4,437,851.01</u>	<u>4,367,254.06</u>
Schedule 8		
Current liabilities		
Sundry creditors for goods & services	117,691,727.22	40,299,821.89
Other liabilities	35,192,400.87	14,166,843.21
	<u>152,884,128.08</u>	<u>54,466,665.10</u>



AXIS, INC.**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

	31 March 2011 Rs.	31 March 2010 Rs.
Schedule 9		
Income from operations		
IT enabled services	673,441,672.23	282,093,602.92
	<u>673,441,672.23</u>	<u>282,093,602.92</u>
Schedule 10		
Other income		
Interest on bank deposits *		
Profit on sale of fixed assets		
Management charge		
Other Income	219,432.94	111,691.49
	<u>219,432.94</u>	<u>111,691.49</u>
Schedule 11		
Personnel expenses		
Salaries and bonus	589,043,588.33	245,272,256.17
Staff welfare and other benefits	1,212,646.10	683,541.14
	<u>590,256,234.43</u>	<u>245,955,797.31</u>



AXIS, INC.**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

	31 March 2011	31 March 2010
	Rs.	Rs.
Schedule 12		
Operating and administrative expenses		
Advertisement and marketing expenses	2,927,363.80	694,642.20
Bad Debt Write Off	-	-
Business promotion	-	1,537,472.07
Communication expenses	1,968,781.57	1,537,472.07
Electricity and water	553,691.43	444,135.79
Hire charges of equipments & software	16,789,549.40	6,230,772.10
Insurance	993,766.88	1,014,559.63
Legal and Professional Expenses	10,815,543.94	4,621,735.37
Local transport and conveyance	415,168.19	399,686.03
Management Fees	10,028,622.34	-
Miscellaneous expenses	516,195.14	4,049,966.32
Office maintenance	694,251.00	376,225.01
Printing and stationery	-	109,419.31
Rates and taxes	708,172.32	650,681.78
Recruitment and relocation	3,148,387.35	4,149,559.59
Rent	5,377,192.30	-
Repair and maintenance - Building	460,029.56	301,175.74
Repair and maintenance - Others	33,359.35	-
Travel expense	16,549,473.26	6,260,484.93
	<u>71,977,537.82</u>	<u>32,377,987.94</u>
Schedule 13		
Finance charges		
Interest Expenses	372,080.64	413,463.73
Processing fee and other bank charges	291,798.97	111,265.69
	<u>663,879.61</u>	<u>524,729.42</u>

