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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 Singhanian Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, P.O. Box – 130, New Delhi – 110016, New Delhi – 110016 on 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 31<sup>st</sup> 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 Chandio & 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 1<sup>st</sup> 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 : 17<sup>th</sup> 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 20<sup>th</sup> 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 materials facts relating to the business mentioned in the accompanying notice dated 17<sup>th</sup> July, 2010.

### **ITEM NO. 5**

The contract of Mr. Rohitasava Chand (President & CEO) ended on 31<sup>st</sup> 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 1<sup>st</sup> 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 : 17<sup>th</sup> 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 31<sup>st</sup> March 2010

**I. Financial Results**

**Rs./Lacs**

	Axis-IT & T Ltd.		Consolidated for the Group	
Year ended March 31	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 1<sup>st</sup> 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 20<sup>th</sup> 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.