

From Engineering Design to Engineering Solutions,  
our hallmark remains the same.

**Great performance.**



ANNUAL REPORT 2010-2011  
**AXIS-IT&T LIMITED**



**axis-IT&T**  
We Engineer Your Thoughts



The Board of Directors and honourable guests at the employee get together in Chennai

## **CONTENTS**

|   |    |
|---|----|
| NOTICE  | 3  |
| DIRECTOR'S REPORT                                 | 6  |
| DIRECTOR'S RESPONSIBILITY STATEMENT               | 11 |
| STATEMENT OF INTEREST IN SUBSIDIARIES             | 12 |
| REPORT ON CORPORATE COVERNANCE                    | 14 |
| MANAGEMENT, DISCUSSION AND ANALYSIS OF FINANCIALS | 24 |
| RISK MANAGEMENT                                   | 25 |
| AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE     | 28 |
| AUDITOR'S REPORT                                  | 29 |
| BALANCE SHEET                                     | 32 |
| PROFIT & LOSS ACCOUNT                             | 33 |
| CASH FLOW STATEMENT                               | 34 |
| SCHEDULES   | 35 |
| BALANCE SHEET ABSTRACT                            | 53 |
| CONSOLIDATED FINANCIAL STATEMENT                  | 54 |
| PROXY FORM  |    |
| ATTENDANCE SLIP                                   |    |

**BOARD OF DIRECTORS**

MR. S. RAVINARAYANAN  
MR. ROHITASAVA CHAND  
MR. KEDAR NATH CHOUDHURY  
MR. PRADEEP DADLANI  
MR. KAILASH RUSTAGI  
MR. P. HEMANTH POLAVARAM  
MRS. SHWETA AGRAWAL

CHAIRMAN & CEO  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR

Company Secretary & Compliance Officer

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

D-30, Sector-3,  
Noida-201301

**BANKERS**

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

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

**AUDITORS**

Walker Chandiok & Co.  
16/1, Cambridge Road  
Ulsoor  
Bengaluru-560008

**NOTICE**

NOTICE is hereby given that the Twenty First 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, on Monday the 1st day of August, 2011 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, 2011 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. Rohitasava Chand, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. K.M. Rustagi, who retires by rotation and, being eligible offers himself for re-appointment.
4. **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 (Firm registration No. 001076N), 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 ordinary Resolution:**

“Resolved that, Mr. P. Hemanth Polavaram who was appointed as an additional Director of the Company by the Board of Directors on 29th January 2011, and who ceases to hold office under section 260 of the Companies Act, 1956 and who has offered his candidature for the office of Director pursuant to section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the company liable to retire by rotation.”

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

-Sd-

Place : Noida  
Date : 25.05.2011

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 the 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.

4. The register of Members and Share transfer shall remain closed from 21st July 2011 till 1st August 2011 (both days inclusive).
5. For the convenience of the members, an attendance slip is annexed to the proxy form. Members are requested to affix their signatures at the space provided and fill the particulars and hand over the attendance slip at the place of the Meetings.

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

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

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

#### ***Attendance record of the Directors seeking re-election (1.4.2010 to 31.3.2011)***

##### ***At the Board Meeting***

| Name of the Director | No. of Board Meeting Held | No. of Meetings attended in person | Attendance at the last AGM |
|----------------------|---------------------------|------------------------------------|----------------------------|
| Mr. Rohitasava Chand | 6                         | 5                                  | Present                    |
| Mr. K.M. Rustagi     | 6                         | 2                                  | Absent                     |

##### ***At the Audit Committee Meeting***

| Name of the Director | No. of Held | No. of Meetings attended in person |
|----------------------|-------------|------------------------------------|
| Mr. Rohitasava Chand | 4           | NA                                 |
| Mr. K.M. Rustagi     | 4           | 2                                  |

### **Explanatory Statement**

As required by section 173 of the Companies Act, 1956, the following explanatory statement sets out all the materials facts relating to the business mentioned in the accompanying notice dated 25.05.11.

#### **Item no. 5**

The Board of Directors at its meeting held on 29th January 2011 had co-opted Mr. P. Hemanth Polavaram as an Additional Director to hold office upto the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. Due notice under Section 257 of the Companies Act, 1956 has been received from him, proposing himself for the candidature of directorship of the company.

***Brief profile of Mr. P. Hemanth Polavaram***

Mr. Hemanth is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and qualified Company Secretary from the Institute of Company Secretaries of India. He was awarded the prestigious V. Kumar Memorial Award for scoring the highest marks in the Institute of Company Secretaries' tax law examinations. He is also a national rank holder in the company secretary examinations. He holds a Graduate in Law Degree and Honors Degree in Commerce, both from Osmania University in Hyderabad, India.

He has over sixteen years of experience structuring business models for public companies, cross-border mergers and acquisitions, setting up joint ventures between US and Indian companies and providing audit and management consultancy services. He was instrumental in fund raising activities through IPOs (Initial Public Offerings of equity shares), preferential and rights issues in India and through issue of GDRs (Global Depositary Receipts) listed on Luxemburg Stock Exchange. He possesses the experience of working for and is associated with companies listed on stock exchanges in India and outside India and been instrumental in maximizing shareholders wealth.

None of the Directors are interested in the resolution except for Mr. P. Hemanth Polavaram.

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

-Sd-

Place : Noida  
Date : 25.05.2011

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 2011

**I. Financial Results**

Rs.Lacs

|  | <b>Axis-IT&amp;T Ltd.</b> |           | <b>Consolidated for the Group</b> |           |
|--|---------------------------|-----------|-----------------------------------|-----------|
| Year ended March 31  | 2011                      | 2010      | 2011                              | 2010      |
| Total income   | 3750.19                   | 2027.27   | 16500.00                          | 7818.16   |
| Total expenditure (before interest & depreciation)   | 2855.36                   | 1715.00   | 14802.79                          | 7017.69   |
| Profit / (Loss) before interest, depreciation, amortization and extra ordinary items         | 894.83                    | 312.27    | 1697.21                           | 800.47    |
| Interest & other finance charges   | 166.41                    | 78.74     | 337.46                            | 152.06    |
| Depreciation & amortization  | 105.76                    | 91.84     | 374.50                            | 183.59    |
| Provision for diminution in the value of investments or Bad Advances & Debts/ (Written Back) | —                         | —         | —                                 | —         |
| Profit/ (Loss) before Tax and Extraordinary Items  | 622.66                    | 141.71    | 985.25                            | 464.81    |
| Extra Ordinary Income/ (Expenses)  | —                         | —         | —                                 | —         |
| Profit/ (Loss) before Tax  | 622.66                    | 141.71    | 985.25                            | 464.81    |
| Provision for Tax – Current & Deferred   | ( 0.01)                   | (37.54)   | 86.75                             | (24.51)   |
| Profit / (Loss) after Tax  | 622.67                    | 179.25    | 898.51                            | 489.32    |
| Tax Earlier Years  | —                         | (30.42)   | —                                 | (56.65)   |
| Prior Period Expense Adjustments/ (Income Adjustments)                                       | —                         | —         | —                                 | —         |
| Minority Interests   | —                         | —         | 107.23                            | 164.68    |
| Profit/ (Loss) Brought Forward   | (2036.76)                 | (2216.02) | (1225.39)                         | (1550.03) |
| Balance Available for appropriation  | (1414.09)                 | (2036.76) | (434.11)                          | (1225.39) |

Your company has shown, on a consolidated basis, growth of 111% in revenue and 112% in profit before taxes during the year under review as compared to the corresponding previous year.

**2. Dividend**

No dividends have been declared for the current year as the Company has a carried forward loss of Rs. 1414.10 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 & till December 2010 on 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-IT&T Ltd. & its subsidiaries from 700 employees to 1070 employees during the year.

The Engineering Services offered by the company are:

#### **1. CAD Design Services**

- Concept Design
- Product Design
- 3D Modeling
- Detailing
- Tool Design
- Reverse Engineering

#### **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 |                       |

Caterpillar continues to be the most valuable client and the future prospects of business from the client look to be promising.

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.

Your Company offers diversified services in design and detailing using Pro/Engineer, Inventor, Unigraphics and Solidworks. Ansys and other such tools are 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.

The head Count at Axis Hyderabad Development Center (HDC) has increased by nearly 60% during the year. This resulted in the need for Facility expansion and therefore the center was moved to a new Facility in February 2011.

#### **B. Software Development**

Your company had a contract for Software Development Services with Intervoice Inc. Since the Company has continued to focus and grow its core activities Engineering Design Services, it has exited its Software development activities in December 2010.

**C. Subsidiaries**

*AXIS Inc. :*

AXIS- IT & T Limited has wholly owned subsidiary incorporated in the US, namely AXIS Inc. AXIS Inc. has a wholly owned subsidiary AXIS EU Ltd. in the UK.

*Cades Digitech Pvt. Ltd. :*

During the year your company made further investment in Cades Digitech Pvt. Ltd. of Rs. 2,00,50,000. Due to a Preferential Issue made by Cades Digitech Pvt. Ltd. during the year, the total stake of your company stood at 51.10% in M/s Cades Digitech Pvt. Ltd. engaged in rendering Engineering Design Services in the Aerospace & Automotive domains. The Company is based in Bangalore. During the year a wholly owned subsidiary of the Cades Digitech Pvt. Ltd. was incorporated in Canada named as Cades Technology Canada Inc.

In terms of general approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents and related detailed information upon request by any shareholder of the Company or subsidiary interested in obtaining the same.

However, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial statements of its Subsidiaries. The Financial Statements of the subsidiary companies are also available for inspection by the shareholders at the Registered Office of the Company and also that of its respective subsidiaries. The Financial Statements of each subsidiary shall also be available on Company's website [www.axisitt.com](http://www.axisitt.com).

The following information in aggregate for each subsidiary has been disclosed in the consolidated balance sheet (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend.

A statement of the holding company's interest in the subsidiary companies is attached as 'Annexure A' and form part of this report.

**5. Major events Subsequent to the Balance Sheet Date**

There were no other major events subsequent to the balance sheet date.

**6. Group**

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising group as defined under the Monopolies and Restrictive Trade Practices (MRTP) Act, 1969 are furnished in the Annual Report as Annexure B for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

**7. 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:

- I. National Stock Exchange of India Ltd.  
Exchange Plaza  
Bandra Kurla Complex, Bandra (E), Mumbai.