

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

**Great performance.**



ANNUAL REPORT 2012-2013  
**AXIS-IT&T LIMITED**



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

## **BOARD OF DIRECTORS**



**MR. S. RAVINARAYANAN**  
CHAIRMAN & CEO



**MR. PRADEEP DADLANI**  
INDEPENDENT DIRECTOR



**MR. ROHITASAVA CHAND**  
NON-EXECUTIVE DIRECTOR



**MR. KAILASH M. RUSTAGI**  
INDEPENDENT DIRECTOR



**MR. KEDAR NATH CHOUDHURY**  
NON-EXECUTIVE DIRECTOR



**MR. P. HEMANTH POLAVARAM**  
INDEPENDENT DIRECTOR

## **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	25
RISK MANAGEMENT	26
AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE	29
AUDITOR'S REPORT	30
BALANCE SHEET	34
PROFIT & LOSS ACCOUNT	35
CASH FLOW STATEMENT	36
SCHEDULES	37
CONSOLIDATED FINANCIAL STATEMENT	55
PROXY FORM	
ATTENDANCE SLIP	

**COMPANY SECRETARY & COMPLIANCE OFFICER**

MRS. SHWETA AGRAWAL

**REGISTERED OFFICE**

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

**OFFICE FOR CORRESPONDENCE**

D-30, Sector-3,  
Noida-201301

**BANKERS**

Yes Bank Ltd.  
Plot No. 38,  
Block H1-A,  
Sector-63,  
Noida-201301, India

**AUDITORS**

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

## **NOTICE**

NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of AXIS-IT&T Limited will be held at Lakshmi Pat Singhania Auditorium, PHD Chambers of Commerce & Industry, PHD House, Ground Floor, 4/2, Sri Fort Road, New Delhi – 110016 on Monday the 29th day of July, 2013 at 11.30 a.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, 2013 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. Rohitasa Chand, who retires by rotation and, being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. Hemanth Polavaram, 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 Annual General 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 Chairman & Chief Executive Officer of the Company with effect from 1st April, 2013 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) Company's 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: New Delhi  
Date: 30 May 2013

**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. The register of Members and Share transfer shall remain closed from 1st July 2013 till 29th July 2013 (both days inclusive).
4. 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 Meeting.

**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. Hemanth Polavaram 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 and 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.

**Attendance record of the Directors seeking re-election (1.4.2012 to 31.3.2013)****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	6	Absent
Mr. P. Hemanth Polavaram	6	5	Present

**At the Audit Committee Meeting**

Name of the Director	No. of Held	No. of Meetings attended in person
Mr. Rohitasava Chand	4	NA
Mr. P. Hemanth Polavaram	4	4

**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 30th May 2013.

**Item no. 5**

The term of Mr. S. Ravinarayanan as CEO ended on 31st day of March, 2013. Taking into consideration his valuable contribution to the company & the recommendation of the Remuneration Committee and the Board's approval thereon Mr. S. Ravinarayanan was reappointed as Chairman & CEO of the Company, subject to the approval of the shareholders, with effect from 1st April 2013, for a period of 3 (three) years.

A brief profile & particulars of Mr. S. Ravinarayanan is as under:

Mr. S. Ravinarayanan 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. During his tenure, he 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 has done pioneering work in private participation in defence research & 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 over 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.

The company is currently profitable and has made a Net profit of Rs. 7.40 crores during the year 2012-13 on a standalone basis and has adequate profits.

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-

**Shweta Agrawal**  
Company Secretary

Place: New Delhi  
Date : 30 May 2013

**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 2013.

**1. Financial Results**

Rs.Crores

	Axis-IT&T Ltd.		Consolidated for the Group	
Year ended March 31	2013	2012	2013	2012
Total income	54.77	48.22	286.70	230.46
Total expenditure (before interest & depreciation)	41.36	37.51	260.08	205.96
Profit / (Loss) before interest, depreciation, amortization and extra ordinary items	13.41	10.72	26.62	24.50
Interest & other finance charges	1.30	1.84	3.91	3.25
Depreciation & amortization	2.39	1.27	7.73	5.92
Profit/ (Loss) before Tax and Extraordinary Items	9.71	7.61	14.98	15.34
Profit/ (Loss) before Tax	9.71	7.61	14.98	15.34
Provision for Tax – Current & Deferred	2.31	0.02	0.36	3.12
Profit / (Loss) after Tax	7.40	7.59	14.62	12.22
Minority Interests	-	--	2.55	0.16
Profit/ (Loss) Brought Forward after adjusting amount transferred on Amalgamation	(6.55)	(14.14)	7.72	(4.34)
Balance Available for appropriation	0.85	(6.55)	19.79	7.72

Your company has shown, on a consolidated basis, growth of **24.40%** in revenue and **19.66%** in profit after taxes during the year under review as compared to the corresponding previous year.

**2. Dividend**

No dividends have been declared for the year as the Company has to redeploy all internal accruals for the expansion of the business.

**3. Transfer to Reserves**

No Reserve has been created during the year.

**4. Business Activities**

During the year the Company continued to stay focused on the Engineering Services Outsourcing (ESO) market.

**A. Engineering Services Outsourcing**

In Engineering Services, the company continued to focus on the Mechanical Engineering domain and saw excellent growth in Revenues & profitability. The manpower strength of the Company, on consolidated basis, grew from 1070 employees to 1229 employees during the year.



The Engineering Services offered by the company are:

**1. Design Services (CAD)**

- Concept Design / Industrial Design
- 2D Drafting & Detailing
- GD & T (Geometric Dimensioning & Tolerancing) 3D Modeling
- Reverse Engineering

**2. Computer Aided Analysis (CAA)**

- Finite Element Modeling
- Finite Element Analysis
- Kinematics
- Nonlinear Analysis
- Dynamic Analysis
- Fatigue Analysis
- Thermal Analysis
- Modal Analysis
- Computational Fluid Dynamics

**3. Manufacturing Engineering**

- Generation of Manufacturing Drawings
- CNC & CMM Programming
- Tooling Design

**4. Technical Publications (Tech Pub)**

**5. Value Analysis/Value Engineering (VAVE)**

Your Company continues to grow its service offerings to the global leader in off highway & Construction equipment. The Company has added many new customers during the year and the future prospects of business from these and other existing customers look to be promising, because of the growth in both breadth as well as depth of services offered to them.

During the year, your Company's subsidiary, Cades Digitech Pvt. Ltd., expanded on the business relationship with one of the world's largest aircraft manufacturers based out of Europe. This relationship had been initiated in the previous year and we expect this business to show continuous growth. Cades has opened an office in Toulouse, France to build near shore engagement with the customer. Cades has also been able to enhance its existing engagement with a Germany based global leader for aircraft structures and aircraft manufacturing systems.

Further, on 8th February, 2013, Cades Digitech Pvt. Ltd. entered into a strategic partnership agreement proposing to acquire 76% stake in Studec Technologies India Pvt. Ltd., the Indian subsidiary of French engineering company Studec France, which specialises in Documentation Engineering and Publications.

Throughout the year, the engineering team has successfully delivered high quality solutions to its clients, through quick response times/shorter lead times, improved quality and better value-optimization.

Your Company offers diversified services in finite element analysis, design and detailing using various FEA & CAD/CAM software. 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 Company has setup a subsidiary in China under the name of Axis Mechanical Engineering Design (WUXI) Co Ltd. as step to explore and pursue business opportunities in other geographies.

The Company, under clause 24(f) of the Listing Agreement had filed an application with NSE & BSE seeking their approval for the proposed Scheme of Arrangement between Axis-IT&T Limited and Axis Aerospace & Technologies Limited (and their respective shareholders) which was not approved by the respective stock exchanges and therefore, the Board of Directors ('the Board') of your Company at their meeting held on 06th of November 2012 have approved the withdrawal of Scheme of Arrangement (which was originally approved by the Board at their meeting held on 12th September, 2011)

The Board of Directors ('the Board') of the Company at their meeting held on 23rd January 2013 approved the proposed Scheme of Arrangement where Cades Digitech Private Limited (Cades) will be merged with Axis-IT&T Limited (Axis) subject to the approval of requisite majority of the shareholders' and creditors of Cades and Axis and Honb'le High Courts of Karnataka and Delhi and also necessary statutory and regulatory approvals as applicable.

## **B. 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.:

M/s Cades Digitech Pvt. Ltd. is engaged in rendering Engineering Design Services in the Aerospace & Automotive domains. The Company is based in Bangalore. They have a wholly owned subsidiary in Canada named as Cades Technology Canada Inc.

Axis Mechanical Engineering Design (Wuxi) Co Ltd.

The company has formed a Wholly Owned subsidiary in China on 7th December, 2012.

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 presented by the Company include the financial statements of its Subsidiaries. The Financial Statements of the subsidiary companies are also available for inspection during the business hours 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 B' and form part of this report.