

**Sixteenth
Annual
Report &
Accounts
2009-2010**

AXIS CAPITAL MARKETS (INDIA) LIMITED

BOOK-POST

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AXIS CAPITAL MARKETS (INDIA) LIMITED

Registered Office : 508, APEEJAY HOUSE,
130, BOMBAY SAMACHAR MARG,
MUMBAI - 400 023.

AXIS CAPITAL MARKETS (INDIA) LIMITED

BOARD OF
DIRECTORS

MR. G. B. DESAI - CHAIRMAN
MR. DIPAN MEHTA
MRS. RADHIKA MEHTA
MRS. VINA MEHTA
MR. ANIL MEHTA
MR. DILIP KAPADIA

BANKERS

HDFC BANK

AUDITORS

P. C. SURANA & CO.
Chartered Accountants
205/6, STANDARD HOUSE,
83, M. K. ROAD, MARINE LINES,
MUMBAI - 400 002.

REGISTERED OFFICE

508, APEEJAY HOUSE, 5TH FLOOR,
130, BOMBAY SAMACHAR MARG,
FORT, MUMBAI - 400 023.

SHARE TRANSFER AGENTS

BIG SHARE SERVICES PRIVATE LIMITED
E-2, ANSA INDUSTRIAL ESTATE,
SAKIVIHAR ROAD, SAKI NAKA,
ANDHERI (E), MUMBAI - 400072.
TEL. : 2847 0652 / 3 / 2847 3474
FAX : 2847 5207
EMAIL : info@bigshareonline.com
bss@bigshareonline.com

AXIS CAPITAL MARKETS (INDIA) LIMITED

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Shareholders of **AXIS CAPITAL MARKETS (INDIA) LIMITED** will be held on Saturday, 3rd July, 2010 at 10.00 a.m. at Indian Merchant Chambers, Churchgate, Mumbai 400020 to transact the following business :

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, Audited Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Dipan Mehta who retires by rotation and being eligible offers himself for re-appointment.
- 3) To re-appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

- 4) To consider and if thought fit, to pass with or without modification, the following as **SPECIAL RESOLUTION**.

“RESOLVED THAT pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956 consent of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) to invest in the equity share capital of Dipan Mehta Shares and Stock Brokers Private Limited, subject to an overall limit of Rs. 20 crores approximately, to be subscribed and/or invested from time to time; notwithstanding that such investments together with the existing investments, loans, guarantees, securities made or given in other Bodies Corporate exceed the limits as prescribed under the said Section 372A.

RESOLVED FURTHER THAT the Board be and is hereby authorized to determine and make the actual investment to and of a sum of upto Rs. 20 crores and to do or cause to be done and/or execute or cause to be executed all such acts, deeds and things as are expedient in the matter including obtaining approvals of concerned authorities, if any, required for making the investment for which the sanction is hereby given and to settle and decide all or any matters arising out of and incidental or ancillary to the proposed investment and the rights, powers and obligations of the Company vis-à-vis the proposed Company.”

**By order of the Board,
For AXIS CAPITAL MARKETS (INDIA) LIMITED**

Dated : 5th June, 2010
Place : Mumbai

Dipan Mehta
Director

AXIS CAPITAL MARKETS (INDIA) LIMITED

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IS ENCLOSED ALONG WITH THIS NOTICE.
2. The Proxy Form, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 with respect to Item No. 4 of the notice is annexed to this notice.
4. For the convenience of the shareholders, Attendance Slip is annexed to this notice. Shareholders/Proxy Holders are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue.
5. The Register of Members and Share Transfer Register of the Company will remain closed from 28th June, 2010 to 3rd July, 2010 (both the days inclusive).
6. Corporate Members intending to send their authorized representatives at the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Members are requested to immediately notify any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Secretarial department at the Registered Office of the company or to the Registrar and Transfer Agents in respect of their holding in physical form.
9. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report.
10. Pursuant to provisions of Section 205A and Section 205C of the Companies Act, 1956, dividend for the financial year March 31, 1999 and dividend declared thereafter, which remain unclaimed for a period of seven years, will be transferred by the Company to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956.

| Financial Year | Date of Declaration of Dividend | Last date of claiming Unpaid Dividend |
|---|--|--|
| Interim Dividend for the year 2004 - 2005 | 6th November, 2004 | 5th January, 2011 |
| Final Dividend for the year 2005 - 2006 | 17th June, 2006 | 22nd July, 2013 |
| Final Dividend for the year 2006 - 2007 | 29th September, 2007 | 3rd November, 2014 |
| Final Dividend for the year 2007 - 2008 | 27th September, 2008 | 1st November, 2015 |

AXIS CAPITAL MARKETS (INDIA) LIMITED

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT
(pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM NO. 4.

The Company has already invested 80,000 equity shares of Rs 10/- each in Dipan Mehta Share and Stock Brokers Private Limited (DMSSB). The said investment is 13.79 % of the paid up capital and free reserves of the Company as on 31st March, 2010. The Company intends to invest upto 75% of the paid up capital of DMSSB.

This arrangement would result in DMSSB becoming a subsidiary of the company. At present, DMSSB is a SEBI registered Stock Broker, Portfolio Manager and Depository Participant (DP). It has membership of the Bombay Stock Exchange, National Stock Exchange and through its subsidiary, membership of the Multi Commodity Exchange. It is a registered DP with Central Depository Services Ltd.

Through this acquisition, your company will be able to enter into the fast growing financial services industry. DMSSB is engaged in stock broking, arbitrage, share trading and portfolio management and depository operations. The investment by your company into DMSSB will enable it to scale up its operations and provide your company with an operational stock broking and financial services business.

Making of the proposed investment together with the existing investments, loans, guarantees, securities made or given by the Company in other bodies corporate would be in excess of the limits laid down under Section 372A of the Companies Act, 1956 requiring approval of the members by means of a Special Resolution.

The Directors are of the view that the proposed investments would yield good returns and would add value to the shareholders.

Your Directors recommend the passing of the above Special Resolution.

None of the Directors except Mr. Dipan Mehta, Mrs. Radhika Mehta, Mr. Anil Mehta and Mrs. Vina Mehta be interested or concerned in adoption of the proposed resolution.

By order of the Board,
For **AXIS CAPITAL MARKETS (INDIA) LIMITED**

Dipan Mehta
Director

Dated: 5th June, 2010
Place: Mumbai

AXIS CAPITAL MARKETS (INDIA) LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2010.

1. FINANCIAL RESULTS

| | Year ended on March 31, 2010 | Year ended on March 31, 2009 |
|---|---------------------------------|---------------------------------|
| Income | 289.57 | 10.89 |
| Profit (Loss) on sale of investments | (15.98) | (96.59) |
| Net Income (Loss) | 273.59 | (85.70) |
| Expenditure | 7.26 | 144.45 |
| Profit / (Loss) before Tax | 266.33 | (230.15) |
| Add / (Less) : Securities Transaction Tax | (0.17) | (0.21) |
| Provision for Current Tax | (48.30) | - |
| Deferred Tax | (48.07) | 48.09 |
| Profit After Tax | 169.79 | (182.27) |
| Adjustment in earlier years' taxation | (13.34) | 0.04 |
| | 156.45 | (182.23) |
| Balance brought forward from last year | 180.38 | 362.61 |
| Profit available for appropriation | 336.83 | 180.38 |
| Less: Appropriations | - | - |
| Proposed Dividend | - | - |
| Tax on Dividend | - | - |
| Transfer to General Reserve | - | - |
| Balance carried to Balance Sheet | <u>336.83</u> | <u>180.38</u> |

2. DIVIDEND

With a view to deploy the profits into the existing operations of the company and its proposed acquisition of Dipan Mehta Share & Stock Brokers (DMSSB) Pvt. Ltd., Board of Directors have not recommended any dividend for the year.

3. OPERATIONS

The fiscal year 2009-10 was a year of recovery. After the crash of October 2008, markets across the world including our stock markets, staged a come back. For the year, the Sensex appreciated by 80.53 %. Your company's portfolio also registered smart gains with the Net Asset Value increasing by a phenomenal 98.46 % from Rs. 14.94 on 31st March, 2009 to Rs. 29.65 on 31st March, 2010.

AXIS CAPITAL MARKETS (INDIA) LIMITED

4. ISSUE OF PREFERENTIAL CONVERTIBLE WARRANTS:

The Company has issued and allotted 28,00,000 Convertible Warrants at a price of Rs. 33.30 per warrant in terms of special resolution at the Extra Ordinary General Meeting held on 13th May, 2010. The Company has obtained in-principal approval under Clause 24(a) of Listing Agreement from The Bombay Stock Exchange Limited.

5. DIRECTORS

Mr. Dipan Mehta, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

6. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, your Directors wish to state that the same is not applicable to the Company.

| | | |
|---------------------------------|---|-----|
| Foreign Exchange Earnings/Outgo | : | Rs. |
| Foreign Exchange Earned | : | Nil |
| Foreign Exchange Outgo | : | Nil |

7. FIXED DEPOSITS

The Company has not accepted any deposits from the public.

8. PARTICULARS OF EMPLOYEES

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended is not given as there was no employee drawing the salary as per the limits mentioned in that Section.

9. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement Under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibilities Statement, it is hereby confirmed;

- i) That in the preparation of the Annual Accounts for the financial year 31st March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a 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.
- iii) 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.
- iv) That the Directors have prepared the Accounts for the financial year ended 31st March, 2010 on a going concern basis.

10. LISTING OF SHARES

The Company's shares are listed on Bombay Stock Exchange Limited. The company has paid the listing Fees for the same.

AXIS CAPITAL MARKETS (INDIA) LIMITED

11. CORPORATE GOVERNANCE

A separate section on Corporate Governance is annexed to this report. The Certificate from the Auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.

12. COMPLIANCE CERTIFICATE

Compliance Certificate to be obtained under Section 383A of the Companies Act, 1956 read with Companies (Issue of Compliance Certificate) Rules, 2001 has been obtained from M/s. P P Shah & Co., Practicing Company secretaries and the same has been attached to this Report.

13. AUDITORS

M/s. P. C. Surana & Co., Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made would be within the prescribed limits specified under Section 224(1B) of the Companies Act, 1956.

14. MANAGEMENT DISCUSSION AND ANALYSIS

Forward Looking Statements:

This section contains forward-looking statements, which may be identified by their use of words, like 'plans', 'expects', 'wills', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expenditures and financial results are forward-looking statements. Forward-Looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

The company is engaged in the business of investment and trading in shares.

The performance of the company is therefore, directly dependent on the movement in the stock prices. The years in which the returns from stock markets are positive, the company earns profits and vice versa.

The management had been actively evaluating and pursuing several business ventures and opportunities to reduce the dependence on investment and trading activities. These efforts have fructified into the acquisition of Dipan Mehta Share & Stock Brokers Pvt. Ltd., a reputed stock broking company.

a. Industry Structure and Development

The company is engaged in the business of investment and trading in shares. This is a highly fragmented industry with share trading business being concentrated with stock broking companies. A reduction in the Securities Transaction Tax could give a boost to the trading activity.

b. Business Prospects and Future Plans

The prospects of the company are directly linked to the performance of the stock market. With a view to diversify and expand into the financial services industry, your company has proposed a strategic investment in DMSSB. The endeavor shall be to scale up the operations of this company so as to add value to all the stakeholders.

AXIS CAPITAL MARKETS (INDIA) LIMITED

c. Opportunities and Threats

A prolonged bear phase in the stock markets is the main threat for the company. A bull market provides opportunities to earn profits from investment and trading activity.

d. Segment-Wise or Product-Wise Performance

Not Applicable.

e. Outlook

The recent rebound in stock prices across the globe has improved the prospects of the company. With the proposed acquisition of a stock broking company viz. Dipan Mehta Share & Stock Brokers Pvt. Ltd., the prospects of your company have considerably brightened .

f. Risk and Concerns

A prolonged bear market and poor choice of investment and trading positions are the major risk factors.

g. Internal Control Systems and their Adequacy

The company has adequate internal control systems and is well capitalized for its scale of operations.

h. Discussions on Financial Performance with respect to Operational Performance

The fiscal year 2009-10 was the year of recovery. After the crash of October 2008, markets across the world including our stock markets, staged a come back. For the year, the Sensex appreciated by 80.53 %. Your company's portfolio also registered smart gains with the Net Asset Value increasing by a phenomenal 98.46 % from Rs. 14.94 on 31st March, 2009 to Rs. 29.65 on 31st March, 2010.

i. Material Development in Human Resources / Industrial Relations Front, including Number of People Employed

During the year there were no material developments in Human Resources and Industrial Relations.

j. Material Financial and Commercial Transactions

During the year, there are no major material financial and commercial transactions.

14. ACKNOWLEDGMENT

The Board wishes to place on records its appreciation to all its bankers, associates and stakeholders.

**By order of the Board,
For AXIS CAPITAL MARKETS (INDIA) LIMITED**

Dated : 5th June, 2010

Registered Office:
508, Apeejay House,
130, Bombay Samachar Marg,
Mumbai 400 023.

Dipan Mehta
Director