

**Seventeenth
Annual
Report &
Accounts
2010-2011**

AXIS CAPITAL MARKETS (INDIA) LIMITED

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 Seventeenth Annual General Meeting of the Shareholders of AXIS CAPITAL MARKETS (INDIA) LIMITED will be held on Saturday, 30th July, 2011 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, 2011, 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 Mrs. Radikha Mehta who retires by rotation and being eligible offers herself for re-appointment.
- 3) To re-appoint Auditors of the Company and to fix their remuneration.

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

Dated : 26th May, 2011
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 is not required to be annexed.
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 25th July, 2011 to 30th July, 2011 (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	11th December, 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

11. All the shareholders are requested to register their e-mail address with M/s. Big Share Services Private Limited for the purpose of service of documents under Section 53 of the Companies Act, 1956 by e-mode instead of under posting certificate (UPC) in view of Circular No. 17/95/2011 CL-V.

AXIS CAPITAL MARKETS (INDIA) LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

	Year ended on March 31, 2011	Year ended on March 31, 2010
Income	56.80	289.57
Profit (Loss) on sale of investments	46.42	(15.98)
Net Income (Loss)	103.22	273.59
Expenditure	7.11	7.26
Profit / (Loss) before Tax	96.10	266.33
Add / (Less) : Securities Transaction Tax	(0.13)	(0.17)
Provision for Current Tax	(22.61)	(48.30)
Deferred Tax	0.04	(48.07)
Profit After Tax	73.40	169.79
Adjustment in earlier years' taxation	(1.61)	(13.34)
	71.79	156.45
Balance brought forward from last year	336.82	180.38
Profit available for appropriation	408.61	336.83
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	<u>408.61</u>	<u>336.83</u>

2. DIVIDEND

With a view to deploy the profits into the existing operations of the company and its proposed acquisition of shares in Axis Equities Private Limited (Formerly known as Dipan Mehta Share & Stock Brokers Pvt. Ltd.), Board of Directors has not recommended any dividend for the year.

3. OPERATIONS

The fiscal year 2010-11 was a year of consolidation with the BSE Sensex remaining range bound between the levels of 16,000 and 20,000. For the year, the Sensex appreciated by just 10.93 %. Rising inflation and interest rates kept markets under check and volumes declined on account of lower retail participation.

In the year 2009-10, your company's net asset value had increased by 98.46 %. But, for the year 2010-11, it remained more or less unchanged at Rs. 29.39 per share as on 31st March, 2011 as against Rs. 29.65 on 31st March, 2010. Sideways movement in prices and lower volumes impacted the trading and arbitrage business of the company.

AXIS CAPITAL MARKETS (INDIA) LIMITED

4. DIRECTORS

Mrs. Radhika Mehta, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment.

5. 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

6. FIXED DEPOSITS

The Company has not accepted any deposits from the public.

7. 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.

8. 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, 2011 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, 2011 on a going concern basis.

9. LISTING OF SHARES

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

10. 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.

11. COMPLIANCE CERTIFICATE

AXIS CAPITAL MARKETS (INDIA) LIMITED

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.

12. 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.

13. 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 Axis Equities Pvt. Ltd. (formerly known as 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 Axis Equities Private Limited (formerly known as Dipan Mehta Share & Stock Brokers Pvt. Ltd.). The endeavor shall be to scale up the operations of this company so as to add value to all the stakeholders and derisk the business model.

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

AXIS CAPITAL MARKETS (INDIA) LIMITED

The prospects of the company will depend upon how it is able to scale up the operations post the proposed acquisition of a stock broking company viz. Axis Equities Private Limited (formerly known as Dipan Mehta Share & Stock Brokers Pvt. Ltd.).

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 2010-11 was a year of consolidation with the BSE Sensex remaining range bound between the levels of 16,000 and 20,000. For the year, the Sensex appreciated by just 10.93 %. Rising inflation and interest rates kept markets under check and volumes declined on account of lower retail participation.

After increasing by 98.46 % in the year 2009-10, your company's net asset value remained more or less unchanged at Rs. 29.39 per share as on 31st March, 2011 as against 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, the company took steps to acquire controlling interest in Axis Equities Private Limited (formerly known as Dipan Mehta Share & Stock Brokers Pvt. Ltd.). The present equity of Axis Equities Private Limited (AEPL) is 5,80,000 shares of Rs. 10 each. On 31st May, 2010, the company acquired 80,000 shares from the promoters of AEPL at a price of Rs. 130. The company is in the process of acquiring additional shares of AEPL at the same price by way of fresh issue of shares by AEPL. A sum of Rs. 4,25,00,000 has been paid to AEPL for this fresh issue of shares. This amount has been shown under the head Application for Shares under Current Assets, Loans and Advances.

During the year, the Company also made a preferential allotment of 28,00,000 Warrants at a price of Rs. 33.30 per Warrant on 27th May, 2010 in terms of special resolution passed at the Extra Ordinary General Meeting held on 13th May, 2010 and received a sum of Rs. 2,33,24,000 being 25% of total price of such Warrants. The warrant holders are entitled to convert the warrants into Equity shares in the Company at their option on or before the expiry of 18 months from the date of allotment. No such option has been exercised till the date.

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 : 26th May, 2011

Registered Office:

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

Dipan Mehta
Director

Radhika Mehta
Director

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR

AXIS CAPITAL MARKETS (INDIA) LIMITED

31st MARCH, 2011 (under Clause 49 (VI) (i) of Listing Agreement)

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is to strive for attaining the optimum level of transparency and accountability in all facets of its operations and all dealings with shareholders, employees, lenders, creditors, customers and the government. The Board of Directors by considering itself the trustee of its Shareholders aims at maximizing shareholders value and protecting interests of other stakeholders

II. BOARD OF DIRECTORS

i) Composition and Category of Directors :

The Board consists of 6 Directors, out of which 2 are Independent Directors. Composition of the Board and category of Directors are as follows:

Name	Executive/Non Executive	Promoter/Independent	Relationship with Directors
Mr. Anil D Mehta	Non Executive Director	Promoter	Husband of Ms. Vina Mehta
Mr. Dipan Mehta	Non Executive Director	Promoter	Son of Mr. Anil Mehta
Mr. G.B. Desai	Non Executive Chairman	Independent	Not Related to any Director
Ms. Radhika Mehta	Non Executive Director	Promoter	Wife of Mr. Dipan Mehta
Ms. Vina Mehta	Non Executive Director	Promoter	Wife of Mr. Anil Mehta
Mr. Dilip Kapadia	Non Executive Director	Independent	Not Related to any Director

ii) Attendance of each Director at the Board Meeting and Last Annual General Meeting:

Date of Board Meetings	Anil Mehta	Dipan Mehta	G. B. Desai	Radhika Mehta	Vina Mehta	Dilip Kapadia
13.04.2010	Present	Present	Present	Present	Present	Present
28.05.2010	Present	Present	Present	Present	Present	Present
31.05.2010	Present	Present	Present	Present	Present	Present
05.06.2010	Present	Present	Present	Present	Present	Present
30.07.2010	Present	Present	Present	Present	Present	Present
15.11.2010	Present	Present	Present	Present	Present	Present
15.02.2011	Present	Present	Present	Present	Present	Present
Total Attendance (out of 7 Meetings.)	7	7	7	7	7	7
Attendance at Last AGM	Present	Present	Present	Present	Present	Absent

iii) a. Number of other Companies where the Directors (of ACML) hold memberships on the Board of Directors:

b. Number and Names of Committees in which the Directors (of ACML) hold Memberships or Chairmanships:

Name of Director	No. of other Companies	Number of Companies and Names of Committees where Directors hold Memberships/Chairmanships
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