

**Eighteenth
Annual
Report &
Accounts
2011-2012**

AXIS CAPITAL MARKETS (INDIA) LIMITED

AXIS CAPITAL MARKETS (INDIA) LIMITED

**BOARD OF
DIRECTORS**

MR. G. B. DESAI - CHAIRMAN
MR. DIPAN MEHTA
MRS. RADHIKA MEHTA
MR. ANIL MEHTA
MRS. VINA 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: 022 40430200
FAX: 022 28525207
EMAIL: info@bigshareonline.com
bss@bigshareonline.com

AXIS CAPITAL MARKETS (INDIA) LIMITED

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Shareholders of **AXIS CAPITAL MARKETS (INDIA) LIMITED** will be held on Saturday 15th September, 2012 at 10-00 a.m. at Ashok Birla Board Room, 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, 2012, 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. Anil 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 resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to Section 269 of the Companies Act, 1956 Mr. Dipan Mehta be and is hereby appointed as the Whole Time Director of the Company (with no remuneration) for a period of five years w.e.f. 1st June, 2012.

RESOLVED FURTHER THAT Mr. Dipan Mehta, be and is hereby authorized to perform such duties and responsibilities to meet the day-to-day administration and compliance requirements of the Company.

RESOLVED FURTHER THAT Mrs. Radhika Mehta, Director or any other Director of the Company be and is hereby authorized to do all such acts, deeds and things as may be required to give effect to this resolution, including filing necessary forms with the Registrar of Companies.”

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

Dated : 30th May, 2012
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 for the resolution stated at item no. 4 of the notice has been attached.
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 10th September, 2012 to 15th September, 2012 (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, 2006 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
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

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

That following explanatory statement sets out all material facts referring to Item No. 4 of the Notice convening the Annual General Meeting of the Company.

ITEM NO. 4

As per the provisions of Section 269 of the Companies Act, 1956 every public company having a paid up share capital of more than Rs. 5 crores must appoint a Managing Director or Whole Time Director or Manager. The appointment must be approved by the shareholders of the Company.

Accordingly the Board of Directors have at their Board Meeting held on 30th May, 2012, appointed Mr. Dipan Mehta as Whole Time Director of the Company w.e.f. 1st June, 2012 for a period of 5 years. He shall not draw any remuneration from the Company. Mr. Dipan Mehta shall be responsible to perform day to day activities required to meet the administrative and compliance needs of the Company.

The Board of Directors of the Company recommends this resolution in the interests of the Company.

Mr. Anil Mehta, Mrs. Vina Mehta and Mrs. Radhika Mehta (being relatives of Mr. Dipan Mehta) and Mr. Dipan Mehta shall be considered as concerned or interested in the resolution as Directors of the Company.

This explanatory statement shall be treated as an abstract of the term of appointment of Mr. Dipan Mehta pursuant to Section 302 of the Companies Act, 1956.

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

Dipan Mehta
Director

Dated : 30th May, 2012
Place : Mumbai

AXIS CAPITAL MARKETS (INDIA) LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Revenue from Operations	3,160,927	4,911,884
Other Income	6,410,940	5,409,936
Total Revenue	9,571,867	10,321,820
Less : Expenses		
Finance Costs	-	110
Depreciation and amortization expenses	143,895	115,217
Other expenses	556,574	596,013
Total Expenses	700,469	711,341
Profit/(Loss) before Exceptional Items & Taxes	8,871,398	9,610,480
Exceptional Items	-	-
Profit / (Loss) before Extraordinary items Taxes	8,871,398	9,610,480
Extraordinary items	-	-
Profit before tax	8,871,398	9,610,480
Less : Tax		
Current Tax	(1,769,348)	(2,274,102)
Deferred Tax	35,063	3,591
Adjustment in Taxation in earlier years	-	(160,946)
Total Taxes	(1,734,285)	(2,431,457)
Profit / (Loss) for the period	7,137,113	7,179,023

2. DIVIDEND

With a view to deploy the profits into the existing operations of the company, Board of Directors has not recommended any dividend for the year.

3. OPERATIONS

During the year the company became the holding company of Axis Equities Pvt. Ltd. (AEPL), a company engaged in stock broking, arbitrage, depository services and portfolio management.

AEPL has membership of the Bombay Stock Exchange, National Stock Exchange, Central Depository Services Ltd and a

AXIS CAPITAL MARKETS (INDIA) LIMITED

SEBI registered Portfolio Manager. Its subsidiary, Dipan Mehta Commodities Pvt. Ltd. is a member of the Multi Commodity Exchange of India.

This was the first year of consolidated operations.

4. ISSUE OF SHARES

On 12th August the Company allotted 28,00,000 equity shares of Rs. 10 each at a premium of Rs. 23.30 per share through conversion of 28,00,000 equity warrants. The said shares have been listed at the Bombay Stock Exchange Limited (BSE). The Company has completed all formalities in respect of issue of shares and listing the same on BSE.

5. DIRECTORS

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

The Board of Directors have at their Board Meeting held on 30th May, 2012, appointed Mr. Dipan Mehta as Whole Time Director of the Company w.e.f. 1st June, 2012 for a period of 5 years. He shall not draw any remuneration from the Company.

6. SUBSIDIARY COMPANIES

As on 31st March, 2012, the Company has following three subsidiaries:

- i. Axis Equities Private Limited
- ii. Dipan Mehta Commodities Private Limited
- iii. Axis Wealth Management Private Limited

In terms of Section 212(a) of the Companies Act, 1956, the Central Government, Ministry of Corporate Affairs vide its General Circular 2/2011 dated 8th February, 2011 has granted a general exemption to the Company from the requirement of attaching to its annual report, the Balance Sheet, Profit and Loss Account and the report of the Directors and Auditors thereon of its subsidiaries. Accordingly the same is not attached to the Balance Sheet of the Company. Shareholders who wish to have a copy of Annual Accounts of subsidiary company may write to Mr. Dipan Mehta, Compliance Officer of the Company at the registered office of the Company.

7. CONSOLIDATION OF FINANCIAL STATEMENTS

In accordance with the said above referred circular and with the Accounting Standards AS – 21 notified by Companies (Accounting Standards) Rules, 2006, the Consolidated Financial Statements covered in this report by the Company include financial information of its above referred three subsidiary companies and forms part of this Annual Report.

8. 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

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9. FIXED DEPOSITS

The Company has not accepted any deposits from the public.

10. 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.

11. 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, 2012 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, 2012 on a going concern basis.

12. LISTING OF SHARES

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

13. 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.

14. 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.

15. MANAGEMENT DISCUSSION AND ANALYSIS

Forward Looking Statements:

AXIS CAPITAL MARKETS (INDIA) LIMITED

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.

During the year the company became the holding company of Axis Equities Pvt. Ltd. (AEPL), a company engaged in stock broking, arbitrage, depository services and portfolio management.

AEPL has membership of the Bombay Stock Exchange, National Stock Exchange, Central Depository Services Ltd and a SEBI registered Portfolio Manager. Its subsidiary, Dipan Mehta Commodities Pvt. Ltd. is a member of the Multi Commodity Exchange of India.

This was the first year of consolidated operations.

a. Industry Structure and Development

The company, through its subsidiaries, is engaged in the business of broking, arbitrage, investment and trading in shares. This is a highly fragmented industry with intense competition and low margins. Problems have been compounded by low volumes, lack of retail investors' participation and high level of taxes (Securities Transactions Tax).

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 made 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

The prospects of the company will depend upon how it is able to scale up the operations of its subsidiary company Axis Equities Pvt. Ltd. (AEPL) During the year under review, AEPL has upgraded its infrastructure by acquiring a new office premises for providing better service to its clients and attracting new talent.