

OMNIAX'S SOFTWARE LIMITED

ANNUAL REPORT

2007 - 2008

OMNI AX'S SOFTWARE LIMITED

BOARD OF DIRECTORS : 1. N.Shivaji Rao, Director
2. Chandan Singhi, Director
3. K.Ramu, Director
4. Sai Lakshmi, Director

AUDITORS : C.N.Srinivasan
Chartered Accountant
7A, Kalinga Colony,
Pt. Rajan Salai,
K.K. Nagar, Chennai - 600 078.

BANKERS : Andhra Bank
Sowcarpet Branch
Chennai – 600 079

REGISTERED OFFICE : New No.39, Shapre Towers,
North Usman Road,
T.Nagar, Chennai – 600 017.

SHARE TRANSFER AGENTS : CAMEO CORPORATE SERVICES LIMITED
1, Subramaniam Building,
Club House Road,
Mount Road,
Chennai – 600 002.
Phone: (044) 28460390 (5 Lines)
Fax: (044) 28460129

OMNI AX'S SOFTWARE LIMITED**NOTICE****SIXTEENTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held at the Registered Office of the Company at New No. 39, Shapre Towers, North Usman Road, T. Nagar, Chennai - 600 017 on Monday, 29th September, 2008 at 9.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2008, the Profit & Loss account for the period from 01.04.2007 to 31.03.2008 and to consider the reports of the Directors and Auditors thereon.
2. To appoint a director in place of Smt. S. Sailakshmi who retires by rotation and being eligible offers herself for reappointment.
3. To appoint a director in place of Shri Chandan Singhi who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. C.N. Srinivasan, Chartered Accountant, the retiring auditor, 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 to be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS**5. APPOINTMENT OF MR. CHANDAN SINGHI AS WHOLE TIME DIRECTOR OF THE COMPANY:**

To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("Act") as amended or reenacted from time to time, read with Schedule XIII to the Act and the Articles of Association of the Company and subject to such approvals as may be considered necessary the Company hereby accords its approval to the appointment and terms of remuneration of **MR. CHANDAN SINGHI** as **WHOLE TIME DIRECTOR** of the Company for a period of five years with effect from September 29, 2008 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, including remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Chandan Singhi and that Mr. Chandan Singhi shall not while holding office be subject to retirement by rotation."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as in its absolute discretion, it may consider necessary, expedient or desirable, in order to give effect to the foregoing resolution or otherwise considered by it to be in the best interests of the Company."

BY ORDER OF THE BOARD OF DIRECTORS

Place : Chennai
Date : 03/09/2008

Sd/-
N. Shivaji Rao
(Director)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

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2. A PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT LEAST 48 HOURS BEFORE THE GENERAL MEETING AT THE REGISTERED OFFICE OF THE COMPANY.
3. THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM MONDAY, 22ND SEPTEMBER, 2008 TO MONDAY, 29TH SEPTEMBER, 2008 (BOTH DAYS INCLUSIVE) IN CONNECTION WITH THE ANNUAL GENERAL MEETING.
4. THE MEMBERS ARE REQUESTED TO INTIMATE TO THE REGISTRAR AND TRANSFER AGENTS, CAMEO CORPORATE SERVICES LIMITED, #1, SUBRAMANIAM BUILDING, CLUB HOUSE ROAD, MOUNT ROAD, CHENNAI – 600 002, CHANGE OF ADDRESS, IF ANY AT THE EARLIEST QUOTING THEIR REGISTERED FOLIO NUMBER.
5. REAPPOINTMENT OF DIRECTORS

At the ensuing Annual General Meeting Smt. S. Sailakshmi and Shri Chandan Singhi retire by rotation and being eligible offer themselves for reappointment. Pursuant to Clause 49(VI)(A) of the Listing Agreement relating to the code of Corporate Governance, the particulars of the aforesaid Directors are given below:

Profile of Directors retiring by rotation:

a) Smt. S. Sailakshmi

Smt. S. Sailakshmi aged about 35 years is a commerce graduate and has a rich and varied experience in the field of accounting, finance, industry, business and corporate management.

Smt. S. Sailakshmi who joined the company on 26th June, 2006 as a Director has contributed in various ways by bringing external and wider perspective and independence to the decision making thereby contributing towards improving the efficiency of the company. She is a member of the Audit Committee, Remuneration Committee and is the Chairperson of the Shareholders/ Investors Grievance Committee of the Board of Directors of the Company.

The other directorships/ committee memberships of Smt S. Sailakshmi are: NIL

b) Shri Chandan Singhi

Shri Chandan Singhi aged about 33 years is an MBA in Finance and has rich and varied experience in the field of industry, business and Corporate Finance Management.

Shri Chandan Singhi joined the company on 31st October, 2005 as a Director has contributed in various ways towards formulating the financial policy of the company. He is a member of the Audit Committee and is the Chairman of the Remuneration Committee of the Board of Directors of the Company

The other directorships of Shri Chandan Singhi are:

1. Mahavir Bio Power Limited, Director
2. Dynamic Securities Limited, Director
3. Sambhav Info Infra Limited, Director

The other committee memberships of Shri Chandan Singhi are: NIL

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ANNEXURE TO THE NOTICE

The following Explanatory Statement relating to Special Business at Item No. 5 of the accompanying Notice sets out all material facts as required under Section 173 of the Act.

Item No. 5:

The Board of Directors recommend the appointment of Mr. Chandan Singhi as the Whole time Director of the Company for a period of five years w.e.f. 29th September, 2008.

Shri Chandan Singhi aged about 33 years is an MBA in Finance and has rich and varied experience in the field of industry, business and Corporate Finance Management.

Shri Chandan Singhi who joined the company on 31st October, 2005 as a Director has contributed in various ways towards formulating the financial policy of the company. He is a member of the Audit Committee and is the Chairman of the Remuneration Committee of the Board of Directors of the Company.

The Board considers that the appointment of Shri Chandan Singhi as a Whole time Director of the Company will contribute in various ways towards the progress of the company since he has requisite educational qualifications and expertise in services. It is recommended to utilise his services for the betterment of the company.

The remuneration payable to Mr. Chandan Singhi as Whole time Director as approved by the Remuneration Committee in its meeting is subject to a limit of Rs. 60,000/- p.a.

Where in any financial year during the currency of tenure of the Whole time Director the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites not exceeding the limits as specified above. The Board of Directors have liberty to alter and vary the aforesaid terms and conditions relating to remuneration in line with such amendments as may be made from time to time to the Companies Act, 1956.

Mr. Chandan Singhi shall not while holding office be subject to retirement by rotation.

The appointment is terminable by notice by either party of 60 days.

Your directors recommend to pass ordinary resolution as set out in the notice.

Mr. Chandan Singhi may be deemed to be interested in this resolution as it concerns him. No other director is concerned or interested in the passing of this resolution.

This should also be considered as an abstract of the terms of appointment of Whole time Director and Memorandum as to the nature of the concern or interest of the Directors in the said appointment as required under section 302 of the Companies Act, 1956 or any amendment or modification thereof.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
N. Shivaji Rao
(Director)

Place : Chennai

Date : 03/09/2008

OMNI AX'S SOFTWARE LIMITED**DIRECTORS REPORT**

Your Directors are happy to present the Sixteenth Annual Report of your company together with the Audited Accounts of the Company for the financial year ended 31st March 2008.

FINANCIAL HIGHLIGHTS:

During the year under review, the company has incurred a loss of Rs. 36,060,403/- as against a loss of Rs. 907,933/- during the previous year. The financial results of the company compared to the previous year are summarized as under:

Particulars	31.03.2008	31.03.2007
Sales & Other Income	26,671,350.00	12,834,905.00
Profit / (Loss) before Depreciation and Tax	(35,322,828.00)	(12,641,585.00)
Less: Depreciation	1,302,579.00	1,362,087.00
Profit/ (Loss) Before Tax	(36,625,407.00)	(14,003,672.00)
Excess Provision Reversed	233,951.00	0.00
Provision for Taxation - Current	0.00	156,980.00
Provision for Deferred Tax- Asset	(361,125.00)	(436,544.00)
Provision for Fringe Benefit Tax	30,071.00	18,730.00
Profit/ (Loss) After Tax	(36,060,402.00)	(907,933.00)
Add: Provision No Longer Required Written back	0.00	31,136.00
Add: Depreciation Adjustments	0.00	222,042.00
Balance Brought Forward	(3,581,156.00)	(2,482,317.00)
Balance carried over to Balance Sheet.	(39,641,558.00)	(3,581,156.00)
EPS (Basic) (Diluted)	(1.98)	(0.05)
Weighted average number of shares	17218759	17218759

MERGER WITH ITS SUBSIDIARY COMPANIES:

The company in its Extraordinary General Meeting held on 23rd May, 2007 approved the scheme of Amalgamation with its three wholly owned subsidiary companies R3 Ventures Private Limited, Elan Integrated Systems Private Limited and Millenium Esoft Solutions Private Limited. The said Scheme was approved by the High Court of judicature at Madras on 25th day of February, 2008 whereby the said Scheme has become effective from 1st April, 2006. The transferor subsidiary companies have been ordered to be dissolved without going through the process of winding up.

MATERIAL CHANGES AND COMMITMENTS:

There have been no material changes & Commitments, which have occurred between the end of the financial year of the company to which the balance sheet relates and the date of the report affecting the financial position of the company.

RESERVES:

The company does not propose to carry any amount to reserves during the financial year in view of the loss incurred by the company.

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DIVIDEND:

Your directors do not wish to recommend any dividend in view of the loss incurred by the company.

DEPOSITS

The Company has not accepted any public deposits during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS**a) Economic Overview**

The Economy has moved decisively to a higher growth phase. The projected growth of 8.7 percent for 2007-2008 is fully in line with this trend. There was an acceleration in domestic investment and saving rates to drive growth and provide the resources for meeting the 9 percent (average) growth target of the Eleventh Five year plan. GDP at current market prices is projected at Rs. 46,93,602 crores in 2007-2008 by the Central Statistical Organisation (CSO) in its advance estimates (AE) of Gross Domestic Product. GDP at factor constant 1999-2000 prices is projected by the CSO to grow at 8.7 percent in 2007-08. This represents a deceleration from the unexpectedly high growth of 9.4 percent and 9.6 percent, respectively in the previous two years. With the modernizing, globalizing and growing rapidly of the economy, some degree of cyclical fluctuation is to be expected.

b) Industry Structure, Development and Outlook

The growth in services sector continued to be broad based. Software services were the main drivers of growth. The management is also planning diversification in areas of Infrastructures Development, Power sector etc. to improve the performance of the company and in turn enhance shareholders value.

c) Business performance and Segment Reporting

During the year under review, the company has incurred a loss of Rs. 36,060,402/- as against a loss of Rs. 907,933/- during the previous year. The performance of the company is expected to improve during the coming years with increasing efforts being made in the direction of improving the working efficiency of the company.

The company operates in one segment viz., Software Development

d) Internal Control System and its adequacy

The system of internal control has been established to provide reasonable assurance of safeguarding assets and maintenance of proper Accounting records and its accuracy. The business risks and its control procedures are reviewed frequently. Systems audit is also conducted regularly to review the systems with respect to Security and its Adequacy. Reports are prepared and circulated to Senior Management and action taken to Strengthen controls where necessary.

e) Risk Management

Risk evaluation and management is an ongoing process in the company.

f) Human resources and Industrial relations

Your company continues to have cordial relations with its employees.

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DIRECTORS

Smt. S. Sailakshmi and Shri Chandan Singhi, Directors of the company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers themselves for reappointment. The board recommends the appointment of Mr. Chandan Singhi as a Whole time Director of the company at the ensuing Annual General Meeting of the company. The remuneration payable to him has been approved by the Remuneration committee in its meeting.

AUDITORS:

M/s. C.N. Srinivasan, Chartered Accountant, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment. A written certificate pursuant to section 224(1B) has been obtained that their appointment if made will be within the limits specified therein. The Audit Committee in its meeting have recommended the reappointment of the Auditors.

AUDITORS REPORT:

The notes on accounts are self explanatory to the comments made by the Auditors in their Report and therefore do not call for any further explanations.

CORPORATE GOVERNANCE:

Your Company has always striven to incorporate appropriate standards for good corporate governance. The company's philosophy of Corporate Governance is aimed at exhibiting maximum transparency to the investors by providing them with more information. This is done not only with the information that are to be revealed under mandatory provisions but also with those information which according to the Management and the Board are relevant to the investors and other Statutory Authorities to whom these Reports are addressed to.

A separate report on Corporate Governance is produced as a part of the Annual Report of the Company.

The Auditors of the Company have certified that conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are complied by the Company and their Certificate is annexed to the Report on Corporate Governance.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information regarding conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to your company.

PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE ACT:

None of the employees have received remuneration in excess of the sum prescribed u/s 217(2A) of the Companies Act, 1956.

OMNI AX'S SOFTWARE LIMITED**GOING CONCERN:**

The Directors consider on the basis of current financial results, future projections and infrastructure available that the company has adequate resources to continue the operational existence in the foreseeable accounts and therefore, the accounts have been prepared on a going concern basis.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors hereby declare :-

- (i) that in preparation of accounts , applicable accounting standards have been followed or where departure has been made , explanation relating to material departures;
- (ii) that directors have selected such accounting policies and applied them and made judgements and estimates that are reasonable and prudent to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period.
- (iii) that Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors had prepared Annual Accounts on a Going Concern basis.

COMPANY SECRETARY:

The appointment of Whole time Company Secretary is under consideration of the Company. The company has been availing services of practicing company secretary from time to time to ensure compliance of the provisions of the applicable acts and statutes. Also the Annual Return of the Company is being certified by practicing company secretary from year to year and the company is also taking certifications from them for Stock Exchange Compliances.

CAUTIONARY STATEMENT:

Statements in the Management discussion and analysis describing the company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and prices conditions in the domestic and overseas markets in which the company operates/ going to operate, changes in government regulations, tax laws and other statutes and other incidental factors.

ACKNOWLEDGEMENT

Your directors wish to place on record their deep appreciation of the dedication and commitment of employees to the growth of your company during the year. Your directors also express their sincere gratitude to the bankers, consultants, Auditors and the shareholders for their continued patronage and cooperation.

FOR AND ON BEHALF OF THE BOARD

Sd/-

Sd/-

Date : 03/09/2008
Place : Chennai

(N. Shivaji Rao)
Director

(Chandan Singhi)
Director

OMNI AX'S SOFTWARE LIMITED**STATEMENT AND REPORTS ON CORPORATE GOVERNANCE****A. MANDATORY REPORTS ON CORPORATE GOVERNANCE****I. Company's Philosophy on Corporate Governance:**

Your Company has always striven to incorporate appropriate standards for good corporate governance. The company's philosophy of Corporate Governance is aimed at exhibiting maximum transparency to the investors by providing them with more information. This is done not only with the information that are to be revealed under mandatory provisions but also with those information which according to the Management and the Board are relevant to the investors and other Statutory Authorities to whom these Reports are addressed to.

II. Board of Directors :**Composition and Category**

The Board has 4 Directors, comprising of two Executive Directors and two Non-Executive Independent Directors. The Executive Directors are involved in the day to day management of the Company and non-executive including the independent directors bring external and wider perspective and independence to the decision making. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors meets with the requirements of Clause 49(I)(A) of the Listing Agreement.

None of the directors is a member in more than 10 committees or acting as a Chairman of more than five committees across all companies in which they are directors.

The composition of the Board of Directors, the number of other Directorship and Committee positions held by the Director, of which the Director is a member/ Chairman as on March 31, 2008 are as under :

Name	Designation	Category	No of Board Meetings attended during 2007-08	Whether attended the last AGM	No. of Director ships in public Companies	No. of other Board committees in which (other than Omni Axis Software Ltd.,) he/she is Member or Chairperson
1.Shivaji Rao	Director	Executive	Eleven	Yes	Nil	NIL
2..Mr.Chandan Singhi	Director	Executive	Eleven	Yes	3	NIL
3. Mrs.Sailakhshmi	Director	Non Executive & Independent	Eleven	Yes	Nil	NIL
4.Mr.K.Ramu	Director	Non Executive & Independent	Eleven	Yes	Nil	NIL