

# AXIS EU LIMITED

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

The Directors present their report with the financial statements of the company for the year ended 31 March 11

### PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of engineering design services. There were a range of projects executed for several UK customers during the year:

### REVIEW OF FINANCIAL RESULTS

The results for the year and financial position of the company are as shown in the annexed financial statements.

### DIRECTORS

The Directors shown below held office on the date of this report.

Mr.S. Ravi Narayanan                      Chairman

Mr Rohit Chand

Anil Lall relinquished his position of Director at the end of the financial year 2011.

None of the directors have any beneficial interests in the share capital of the company.

Mr. S. Ravi Narayanan and Mr Rohit Chand are members of the Board of Directors of the parent company AXIS Inc of which Axis EU is a subsidiary.

### SHARES

In the financial year April 2010 to March 2011 the paid up share capital of Axis Eu Ltd. has increased from 250,000 to 575,476

### BUSINESS ACTIVITIES

The company has provided Engineering design services to a variety of design and manufacturing industry sectors including; on and off highway equipment, highway and urban signs, special purpose machines, power generation and automotive engines.

The company increased its service provision at key customer sites capitalising on the recovery within manufacturing and engineering industry. Demand for AXIS-EU Limited services has steadily improved through 2010 and into 2011.

An 'Internal Project' to deliver the design and prototype of a 6.5 KW electrical generator set for introduction to the India home market has prototype parts in procurements. We are currently progressing toward manufacturing initial prototypes for testing during 2011. A manufacturing partner and sales partner has been identified within the India market and commercial discussions are ongoing. A commercial agreement for the post sales and service rights are expected to complete second quarter 2011. The project will provide the company with lucrative revenue via licensing of the Intellectual Property of the design from AXIS.

An Internal Project to develop a Hybrid Drive power pack has continued. The change in UK government resulted in the re-assessment of UK industry grants for which AXIS-EU was eligible to participate. This has delayed plans to progress manufacturing partnerships in the UK until the governments' funding plans are made public. Regular contact has been maintained with the governments UK Trade & Investment department. Application for funding will be made at the earliest opportunity.

# AXIS EU LIMITED

Partners for the Hybrid Drive development have been developed outside of the UK and commercial discussions started.

It is intended that this will provide the company with lucrative revenue via a manufacturing partner who will license the Intellectual Property of the design from AXIS. Participation within consortium projects is expected to generate revenue by creating opportunity to supply engineering design services to partner businesses.

## SUBSIDIARIES

The company has two subsidiaries Axis IT Solutions Ltd. & Datagraphical Ltd.. These companies are dormant and do not have any assets.

The application is in motion with Companies House to have the dormant companies struck off the records.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## AUDITORS

ASHGATES [Leicester] Limited will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985. However, additionally an audit has been carried out in India by Sadana & Co., Chartered Accountants for the purpose of consolidation of the accounts of Axis Eu Ltd with those of Axis-IT&T Ltd. This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



Rohitasava Chand  
Director

25.05.2011





# SADANA & CO.

## CHARTERED ACCOUNTANTS

109, Vishal Chambers, Sector-18, Noida-201301

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### REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF AXIS EU Limited

To,

**The Members of AXIS EU Limited**

1. We have audited the attached Balance Sheet of **AXIS EU Limited**, (the 'Company') as at **March 31, 2011** and the Profit and Loss Account for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. We report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The financial statements dealt with by this report are in agreement with the books of account;
  - d. On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
    - i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - ii) the Profit and Loss Account, of the profit for the year ended on that date; and

Place : Noida  
Dated : May 25, 2011

For Sadana & Company  
Chartered Accountants  
FRN: 011616N

(CA Amit Bansal)  
Partner  
Membership No. 098966

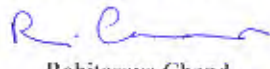


**AXIS EU LIMITED**  
**BALANCE SHEET AS AT MARCH 2011**

	Schedule	As at March 2011 Rs.	As at March 2010 Rs.
<b>Shareholders' funds</b>			
Share capital	1	41,393,356.00	35,027,611.89
Reserves and surplus	2	3,441,734.54	3,483,319.76
<b>Loan funds</b>			
Secured Loans	3	-	-
Unsecured Loans	4	-	-
		<u>44,835,090.54</u>	<u>38,510,931.65</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block		5,978,413.00	5,978,412.27
Less: Depreciation		<u>5,072,941.00</u>	<u>4,003,710.36</u>
Net block		905,472.00	1,974,701.91
Capital work in progress		<u>13,652,680.00</u>	<u>10,382,560.31</u>
<b>Investments</b>	6	303.54	303.53
<b>Current assets, loans and advances</b>			
Inventories	7	-	-
Sundry debtors	8	9,808,656.00	3,947,364.06
Cash and bank balances	9	1,938,124.00	965,189.55
Other current assets	10	358,637.00	-
Loans and advances	11	<u>1,310,904.00</u>	<u>988,028.97</u>
		13,416,321.00	5,900,582.58
<b>Less: Current liabilities and provisions</b>			
Liabilities	12	11,766,994.00	11,367,436.32
Provisions	13	-	81,417.68
		<u>11,766,994.00</u>	<u>11,448,854.00</u>
<b>Net current assets</b>		1,649,327.00	(5,548,271.43)
<b>Accumulated deficit in the P&amp;L account</b>		28,627,308.00	31,701,637.32
		<u>44,835,090.54</u>	<u>38,510,931.64</u>

The schedules referred to above form an integral part of the financial statements.

For and on behalf of the Board of Directors

  
Rohitasava Chand  
Director

This is the Profit and Loss account referred to in our report of even date.

For Sadana & Company  
Chartered Accountants

ERN-01616N  
  
(CA Amit Bansal)

Partner

Membership No. 098966

Place: Noida  
Dated: 25 May 2011



**AXIS EU LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011**

	Schedule	For the period ended March 2011 Rs.	For the period ended 31 March 2010 Rs.
<b>INCOME</b>			
Income from operations	14	38,637,615.00	27,526,591.65
Other income	15	71.00	2,106.53
Transfer from revaluation reserve for sale of asset			
		<b>38,637,686.00</b>	<b>27,528,698.18</b>
<b>EXPENDITURE</b>			
Personnel expenses	16	31,970,110.00	30,108,216.62
Operating and administrative expenses	17	4,128,147.00	8,005,423.17
Finance charges	18	47,986.00	77,210.70
Depreciation and Amortization	5	1,069,230.00	1,176,286.83
Miscellaneous expenditure written off		-	-
		<b>37,215,473.00</b>	<b>39,367,137.32</b>
<b>Profit/(Loss) before tax</b>		1,422,213.00	(11,838,439.14)
Tax Expense			
Deferred		-	-
Tax earlier years		-	-
<b>Profit/(Loss) for the year after tax</b>		<b>1,422,213.00</b>	<b>(11,838,439.14)</b>
Accumulated deficit carried from prior years		(30,049,521.00)	(20,844,484.93)
<b>Accumulated deficit carried to the balance sheet</b>		<b>(28,627,308.00)</b>	<b>(32,682,924.07)</b>

The schedules referred to above form an integral part of the financial statements.

For and on behalf of the Board of Directors



Rohitasava Chand  
Director

This is the Profit and Loss account referred to in our report of even date.

For Sadana & Company  
Chartered Accountants



Membership No. 098966

Place: Noida  
Dated: 25 May 2011

# AXIS EU LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	March 2011 Rs.	31 March 2010 Rs.
<b>Schedule 1</b>		
<b>Share capital</b>		
<b>Authorised</b>		
1,000,000 ( previous year 1,000,000) Equity shares of GBP 1 each	100,000.00	18,539,475.00
	<u>100,000.00</u>	<u>18,539,475.00</u>
<b>Issued</b>		
575,476 ( previous year 461,597) Equity shares of GBP 1 each fully paid up	41,393,356.00	18,539,475.00
	<u>41,393,356.00</u>	<u>18,539,475.00</u>
<b>Subscribed and paid up</b>		
575,476 ( previous year 461,597) Equity shares of GBP 1 each	41,393,356.00	18,539,475.00
	<u>41,393,356.00</u>	<u>18,539,475.00</u>
<b>Schedule 2</b>		
<b>Reserves and surplus</b>		
<b>Securities premium account</b>		
Balance at the beginning of the year	3,301,824.00	882,479.01
Add: Amount received on preferential allotment	-	2,521,665.23
	<u>3,301,824.00</u>	<u>3,404,144.24</u>
<b>Revaluation reserve</b>		
Balance at the beginning of the year	-	-
Less: Transfer to P&L on disposal of revalued asset	-	-
	<u>-</u>	<u>-</u>
<b>Translation reserve</b>		
	139,910.54	-
	<u>139,910.54</u>	<u>-</u>
	<u>3,441,734.54</u>	<u>3,404,144.24</u>
<b>Schedule 3</b>		
<b>Secured Loans</b>		
From banks		
Vehicle Loan	-	-
Working capital loan	-	-
	<u>-</u>	<u>-</u>
Amounts due with in one year	<u>-</u>	<u>-</u>
<b>Schedule 4</b>		
<b>Unsecured Loans</b>		
Short term loans	-	-
Long Term liabilities - Axis Inc	-	-
	<u>-</u>	<u>-</u>
<b>Schedule 6</b>		
<b>Investments</b>		
<b>Long-term investments - Unquoted unless otherwise stated, at cost</b>		
<b>Trade</b>		
Detagraphics Limited	151.77	151.77
Axis IT Solutions Limited	151.77	151.77
	<u>303.54</u>	<u>303.54</u>
Less : Provision for diminution in the value of long term investments	<u>-</u>	<u>-</u>
	<u>303.54</u>	<u>303.54</u>



AXIS EU LIMITED  
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Schedule 5  
Fixed Assets

Assets	GROSS BLOCK		Total Cost as at 31 March 2011 Rs.	DEPRECIATION/AMORTIZATION		NET BLOCK	
	As at 1 April 2010 Rs.	Additions during the year Rs.		For the year Rs.	As at 31 March 2011 Rs.	As at 31 March 2010 Rs.	
Long Lease hold	400,361	-	400,361	53,491	243,628	156,733	250,224
Furniture & Fixtures	1,271,458	-	1,271,458	159,551	1,019,279	252,179	411,730
Computer and Design software	4,306,594	-	4,306,594	816,188	3,810,034	496,560	1,312,748
<b>Total</b>	<b>5,978,413</b>	<b>-</b>	<b>5,978,413</b>	<b>1,069,230</b>	<b>5,072,941</b>	<b>905,472</b>	<b>1,974,702</b>
Previous year's figure	5,503,518	74,895	5,978,413	1,179,975	4,093,711	1,974,702	



# AXIS EU LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	March 2011 Rs.	31 March 2010 Rs.
<b>Schedule 7</b>		
Inventories (As certified by the management)		
Work in Progress	-	37,301.42
	-	37,301.42
<b>Schedule 8</b>		
<b>Sundry debtors</b>		
Unsecured ( Considered good)		
Debts outstanding for a period exceeding six month		
Sundry debtors	9,808,656.00	5,620,056.45
	9,808,656.00	5,620,056.45
<b>Schedule 9</b>		
<b>Cash and bank balances</b>		
Cash in hand	1,798.00	1,779.05
Balance with scheduled banks in :		
Current Accounts	1,575,387.00	3,194,063.81
Fixed deposits	360,939.00	62,168.79
	1,938,124.00	3,258,011.65
<b>Schedule 10</b>		
<b>Other current assets</b>		
Unbilled Revenue	358,637.00	
Interest accrued but not due		
	358,637.00	
<b>Schedule 11</b>		
<b>Loans and advances</b>		
(Unsecured, considered good unless otherwise)		
Advances recoverable in cash or in kind or for value to be received	1,310,904.00	
Pre paid income-tax		
Deposits with bodies corporate (Doubtful)		
	1,310,904.00	-
Less: provision for doubtful deposits		
	1,310,904.00	-
<b>Schedule 12</b>		
<b>Current liabilities</b>		
Sundry creditors	9,762,983.00	6,013,315.80
Other liabilities	2,004,011.00	3,376,483.34
	11,766,994.00	9,389,799.14





# AXIS EU LIMITED

## SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	March 2011 Rs.	31 March 2010 Rs.
<b>Schedule 13</b>		
<b>Provisions</b>		
Income tax, service tax	-	-
Retirement benefits	-	-
	-	-
<b>Schedule 14</b>		
<b>Income from operations</b>		
Income from operations	38,637,615.00	44,036,963.28
	38,637,615.00	44,036,963.28
<b>Schedule 15</b>		
<b>Other income</b>		
Dividend on current investments	-	-
Interest on bank deposits	71.00	79,793.90
Profit on sale of fixed assets	-	-
	71.00	79,793.90
<b>Schedule 16</b>		
<b>Personnel expenses</b>		
Salaries and bonus	26,127,084.00	46,767,383.00
Contribution to provident and other funds	1,823,044.00	-
Staff welfare and other benefits	4,019,982.00	65,631.97
	31,970,110.00	46,833,014.97
<b>Schedule 17</b>		
<b>Operating and administrative expenses</b>		
Commission	135,523.00	-
Business promotion	4,395.00	-
Communication expenses	253,327.00	337,195.97
Electricity and water	189,109.00	481,284.77
Hire charges of equipments & software	112,204.00	-
Insurance	10,490.00	62,960.06
Legal and professional Expenses	519,767.00	2,224,069.58
Local transport and conveyance	430,103.00	573,314.72
Miscellaneous expenses	177,768.00	426,850.65
Office maintenance	234,472.00	722,668.74
Printing and stationery	56,420.00	149,798.96
Rates and taxes	396,647.00	-
Rent	1,488,488.00	599,344.15
Repair and maintenance - Others	119,434.00	-
Repair & Maintenance - Plant and machinery	-	116,502.06
	4,128,147.00	5,693,989.66
<b>Schedule 18</b>		
<b>Finance charges</b>		
Interest Expenses	-	-
Interest on Unsecured Loan	-	-
Processing fee and other bank charges	47,986.00	-
	47,986.00	-

