

# **AXON INFOTECH LIMITED**

26<sup>th</sup> ANNUAL REPORT  
F.Y.2010-11

**26<sup>th</sup> ANNUAL REPORT**

**BOARD OF DIRECTORS :**

<b>SHRI GIRRAJ KISHOR AGRAWAL</b>	<b>-</b>	<b>Director</b>
<b>SMT TANU GIRRAJ AGARWAL</b>	<b>-</b>	<b>Director</b>
<b>SHRI ZUBIN PARDIWALA</b>	<b>-</b>	<b>Director</b>
<b>TUSHAR RAMCHANDRA RANE</b>	<b>-</b>	<b>Director</b>

**AUDITORS:**

**DMKH & CO.  
C-9, SANJAY APARTMENTS,  
NEAR GOKUL HOTEL,  
S.V.P. ROAD, BORIVALI (W),  
MUMBAI- 400 092.**

**REGISTERED OFFICE :**

**E/109, CRYSTAL PLAZA,  
NEW LINK ROAD, ANDHERI (WEST),  
MUMBAI : 400053.**

**REGISTAR & TRANSFER AGENT :**

**M/S SHAREX DYNAMIC (INDIA) PVT. LTD.  
UNIT NO.1, LUTHRA INDL. PREMISES,  
ANDHERI KURLA ROAD,  
SAFED POOL, ANDHERI (EAST),  
MUMBAI- 400 072.**

**WEBSITE**

**[www.axoninfotech.in](http://www.axoninfotech.in)**

### **NOTICE**

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of **AXON INFOTECH LIMITED** will be held on 18<sup>th</sup> August 2011 at 3.30 P.M at the registered office of the company at E-109 Crystal Plaza, New Link Road, Andheri (W), Mumbai – 400 053, to transact the following business.

#### **ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2011 , the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint Shri Zubin Pardiwala as Director of the company, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint auditors and 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 Mr. Tushar Rane , who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

**REGISTERED OFFICE**  
**E/109, CRYSTAL PLAZA,**  
**NEW LINK ROAD, ANDHERI (WEST),**  
**MUMBAI : 400053.**

**BY ORDER OF THE BOARD**  
**Sd/-**  
**Girraj Kishore Agarwal**  
**Chairman**

**Place: Mumbai**  
**Date : 16/07/2011**

**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/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The Register of Members and the Transfer Book of the Company will remain closed from 17/08/2011 to 18/08/2011 (both days inclusive.)
- 3) Members / Proxies should bring attendance slip duly filled in for attending the meeting. Members are also requested to bring their copies of Annual Report.
- 4) Members are requested to notify immediately any change in their address details to the Company's Registrar and share transfer agents for shares held in demat / physical form at Sharex Dynamic Private Limited, Luthra Industrial Premises, Unit No. 1, Safed Pool, Andheri (E), Mumbai – 400 072
- 5) Printed copies of the Balance Sheet, Profit and Loss Account, Director's Report, the Auditor's Report and every other documents required by the law to be annexed or attached to the Balance Sheet for the period ended 31st March, 2011 are enclosed herewith.
- 6) Members seeking any information with regard to accounts are requested to write to the company at least one week in advance so as to enable the management to keep the information ready.
- 7) Proxies in order to be effective must be deposited duly stamped and signed at the Registered Office of the Company not less than 48 hours before the meeting.
- 8) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed and forms part of the Notice.

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

**Item Nos. 4**

Mr Tushar Rane have been appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Articles of Association of the Company with effect from 16/07/2011. The terms of the directors expire at the ensuing Annual General Meeting of the Company. The Company has received notice from the member proposing to appoint Mr Tushar Rane as Director of the Company.

None of the Director of the Company are interested in passing the resolution, except Mr Tushar Rane to the extent of their appointment as Directors of the Company.

**REGISTERED OFFICE**  
**E/109, CRYSTAL PLAZA,**  
**NEW LINK ROAD, ANDHERI (WEST),**  
**MUMBAI : 400053.**

**BY ORDER OF THE BOARD**  
**Sd/-**  
**Girraj Kishore Agarwal**  
**Chairman**

**Place: Mumbai**  
**Date : 16/07/2011**

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE  
FORTHCOMING ANNUAL GENERAL MEETING  
(In pursuance of Clause 49 (vi) (A) of the Listing Agreement)**

Director seeking re-appointment

Name of the Director.	Zubin Pardiwala
Date of Birth.	24/02/1974
Date of Appointment	21/12/2009
Expertise in any specific functional Area.	Software
Qualification	B.Com, GNIT
Directorships held in other companies. (excluding foreign- Companies.)	Nil
Committee position held in other Companies.	Nil

Director seeking re-appointment

Name of the Director.	Shri Tushar Rane
Date of Birth.	01/05/1980
Date of Appointment.	16/07/2011
Expertise in any specific functional Area.	NIL
Qualification	B.A.
Directorships held in other companies. (excluding foreign- Companies.)	1) Banas Finance Ltd 2) Tilak Finance Limited 3) Rockon Fintech Limited 4) Sarah Construction Private Limited 5) Trask Infrastructure Private Limited
	1) Chairman And Member In Remuneration Committee And Member In Audit And Shareholders Committee Of Banas Finance Ltd. 2) Chairman And Member In Audit, Remuneration And Shareholders Committee of Tilak Finance Ltd. 3) Member in Audit, Remuneration And Shareholders Committee Of Rockon Fintech Ltd.

**BOARD OF DIRECTORS' REPORT**

**To  
The Members**

The Directors are pleased to present the 26<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31st March, 2011

**Financial Results****(Amount in lacs)**

<b>Particulars</b>	<b>Year ended 31/03/2011</b>	<b>Year ended 31/03/2010</b>
Income	1538.98	2021.03
Profit before Dep. & Int.	6.54	2.23
Depreciation	5.77	5.77
Interest	0.00	0.00
Profit after Depreciation & interest	0.77	( 3.53)
Provision for Taxation	1.76	0.89
Provision for Tax (deferred)	(1.55)	(0.60)
Profit after Tax	0.56	(3.82)
Add: Tax Adjustment for earlier year	0.00	0.11
Net Profit	0.56	(3.93)
Add : Profit B/d from earlier year	(8.63)	(4.70)
Amount available for Appropriation	(8.07)	(8.63)
Balance carried to Balance Sheet	(8.07)	(8.63)

**FINANCIAL HIGHLIGHTS**

During the year, Company's total income is Rs 1538.98 Lacs as compared to Rs 2021.03 lacs in the previous year and thereby registering a decrease of 23.85% as compared to the previous year.

**DIVIDEND**

Your Directors are not declaring any Dividend during the year under consideration .

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri Zubin Pardiwala retire by rotation at the ensuing Annual General Meeting, and being eligible offers himself for reappointment.

During the year, Shri Pradeep Dhanuka has resigned as the director from the Board of the Company with effect from 16/07/2011. During his tenure as Director, he has greatly contributed to the performance of the Company by his vast knowledge and experience.

**DEPOSITS**

Your company has not accepted any deposits within the meaning of Section 58 A of The Companies Act, 1956.

**FOREIGN EXCHANGE EARNINGS / OUTGO**

During the year under review there has been no Foreign exchange Inflow & Outflow.

**PARTICULARS OF EMPLOYEE**

During the year under review, no employee of the Company was in receipt of remuneration exceeding the sum prescribed under section 217(2A) of the Companies Act 1956, read with the Companies (particulars of employees) Rules 1975. Thus furnishing of particulars under the Companies (particulars of employees) Rules 1975 are not applicable.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March 2011 the applicable accounting standards have been followed, along with proper explanation relating to all material departures.
- (ii) That they have, in the selection of the accounting policies, consulted the statutory auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period.
- (iii) They have taken proper and sufficient care to the best of their knowledge and ability 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.

## **AUDITORS**

M/s. DMKH & CO., Chartered Accountants statutory auditors of the Company retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a certificates from them under Section 224(1-B) & 226(3) of the Companies Act, 1956.

## **AUDITORS REPORT**

Observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

## **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The particulars under the companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, on conservation of energy and technology absorption are not applicable.

## **LISTING OF SHARES**

Equity shares of your Company are listed on Bombay Stock Exchange only and the Company has paid the necessary Listing fees for the year 2010 – 2011

## **CORPORATE GOVERNANCE COMPLIANCE**

As required under the listing agreement with the stock exchange, corporate governance and management discussion and analysis report form part of this Annual Report.

## **POSTAL BALLOT**

Postal ballot was conducted by the company for the approval of insertion of new clauses in Object Clause of Memorandum of Association.

## **GREEN INITIATIVE IN CORPORATE GOVERNANCE'**

The ministry of corporate Affairs (vide circular nos.17/2011 and 18/2011 dated April 21 and April 29,2011 respectively), has undertaken 'Green initiative in corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support their green initiative by registering/updating their email addresses, in respect of shares held in dematerialised form with their respective depository participants and in respect of shares held in physical form with TSRDL.

**ACKNOWLEDGEMENTS**

The Board of Directors wishes to express sincere thanks to Bankers, shareholders, clients, Financial Institutions, customers, suppliers and employees of Companies for extending support during the year.

**FOR & ON BEHALF OF THE BOARD**

**Sd/-**

**Girraj Kishore Agarwal**

**Director**

**Place: Mumbai**

**Date : 16/07/2011**



## CORPORATE GOVERNANCE REPORT

### A) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in transparent dealings and integrity and compliance of rules and regulations. The Company firmly believes that good corporate governance is pre-requisite to meet the stakeholders' requirements and needs. The mandatory requirements of the code of Corporate Governance as per clause 49 of the listing agreement have been implemented by your Company.

### B) BOARD OF DIRECTORS

The Board of Directors comprises of and Mr. Girraj Kishor Agrawal, Mrs. Tanu Girraj Kishor Agrawal as Non Executive Director, Mr. Zubin Pardiwala, as Independent Non Executive Director and Mr. Tushar Rane as Independent Non Executive Director.

a) The composition of the Board of Directors and their attendance at the meetings during the period and at the last Annual General Meeting as also number of other directorships, membership of committees are as follows:-

Name of Director	Status	No. of Board meetings Attended	Attendance at last AGM	No. of other Directorships	Committee Membership	
					Member	Chairman
Mr. Girraj Kishor Agarwal	N.E.D	12	Yes	9	9	-
Mrs. Tanu Girraj Agarwal	N.E.D	12	Yes	9	9	-
Mr. Zubin Pardiwalal	I.N.E.D	12	Yes	Nil	3	3
Mr. Tushar Rane	I.N.E.D	Nil	No	5	9	4

N.E.D Non Executive Director

W.T.D Whole Time Director

I.N.E.D Independent Non Executive Director

#### Notes:

During the period ended 31<sup>st</sup> March 2011, 12 Board Meetings were held on the following dates:

12/04/2010, 29/04/2010, 25/05/2010, 23/07/2010, 12/08/2010, 13/09/2010, 14/09/2010, 30/09/2010, 13/11/2010, 30/12/2010, 14/02/2011 and 21/03/2011.

### C) AUDIT COMMITTEE

The Audit Committee comprises of viz Mr. Zubin Pardiwalal, non-executive Independent Director as Chairman of Audit Committee, Mr. Tushar Rane and Mr. Girraj Kishor Agrawal are members of committee.

The Committee met four times during the period ended 31<sup>st</sup> March 2011

The terms of reference of the Committee are as per the guidelines set out in Clause 49 of the listing agreement with the Stock Exchanges and section 292A of the Companies Act, 1956 and inter alias it briefly includes review of quarterly and Annual financial statements, the statutory Auditor's Report on the financial statements, Internal audit reports, internal controls, Accounting policies and to generally interact with the Internal Auditors and Statutory Auditors.

### D) SHARE TRANSFER COMMITTEE

The Committee comprises of Mr. Girraj Kishor Agrawal, Mrs. Tanu Girraj Agrawal, Mr. Zubin Pardiwalal as committee members. The Committee normally meets twice a month to approve transfer of shares and other shares related matters. Mr. Zubin Pardiwalal is the Chairman of the Committee.

**E) REMUNERATION COMMITTEE**

Remuneration Committee comprises of Mr. Zubin Pardiwalal, as Chairman of the committee and Mr. Girraj Kishor Agrawal, Mrs. Tanu Girraj Agrawal, Directors are committee members. During the year under review, no Meeting was held.

The details of remuneration paid to Chairman and whole time Director of the Company during the period ended 31<sup>st</sup> March 2011 are given below.

Remuneration paid to Directors during the period ended 31<sup>st</sup> March 2011

NAME OF THE DIRECTOR	SALARY	PERQUISITES	CONTRIBUTION TO VARIOUS FUNDS	TOTAL
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
-	-	-	-	-
-	-	-	-	-

**F) GENERAL BODY MEETINGS**

The last three Annual General Meetings were held as under:-

Year/Period Ended	Date of Meeting	Time
31 <sup>st</sup> March 2008	26/09/2008	01:00 P.M.
31 <sup>st</sup> March 2009	30/09/2009	04:00 P.M.
31 <sup>st</sup> March 2010	24/08/2010	3:30 P.M.

Postal ballot was conducted by the company for the approval of insertion of other object of new business of power project.

**G) DISCLOSURES**

1. During the period, there were no transactions materially significant with Company's promoters, directors or management or subsidiaries or their relatives that may have potential conflict with the interests of the Company at large.
2. There were no instances of non-compliance on any matter related to the Capital Markets during the last three years.

**H) MEANS OF COMMUNICATION.**

Quarterly, Half Yearly and Yearly financial results are sent to the Stock Exchanges immediately after they are approved by the Board.

**I) GENERAL INFORMATION FOR MEMBERS**

(i) **Annual General Meeting** - The 26th Annual General Meeting of the Company will be held on 18/08/2011 at 3-.30 p.m. at Registered Office in Mumbai

(ii) **Financial Calendar** :

Last AGM held on	24/08/2010
First Quarter Results Declared	Second Week of August, 2010
Second Quarter Results Declared	Second Week of November, 2010
Third Quarter Results Declared	Second Week of February, 2011
Fourth Quarter Results Declared	Last Week of May, 2011

(iii) **Book Closure date:** 17/08/2011 to 18/08/2011

(iv) **Dividend payment date:** Not applicable

(v) **Listing of Equity Shares on Stock Exchanges and market information.**

The Company's Equity Shares are listed on Bombay Stock Exchange the Company has paid listing fees to Bombay Stock Exchange.

## (vi) REGISTRAR & TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

All documents, transfer deeds, demat requests and other communication in relation thereto should be addressed to the R & T Agents at its following address:

**Sharex Dynamic (India) Private Limited,**  
**Luthra Industrial Premises,**  
**Unit No. 1, Safed Pool,**  
**Andheri (E), Mumbai – 400 072**  
**Tel : 022 28515606**

Share transfers in physical form are processed within about 2 weeks from the date of receipt of the valid and completed documents.

- J) (i) Stock Code – BSE Code - 505506**  
**(ii) Demat ISIN Numbers in NSDL & CDSL INE 663D01011 for equity shares.**

## K) Stock Market Data at BSE

Month	High	Low	Close	No. of Shares
April 2010	26.20	19.15	23.00	62168
May 2010	24.30	17.05	18.10	28419
June 2010	21.85	16.35	20.05	31032
July 2010	22.50	18.80	20.65	62951
August 2010	23.75	18.45	19.30	79800
September 2010	22.75	16.60	19.10	47020
October 2010	20.95	15.40	17.00	52660
November 2010	21.65	13.85	14.80	88897
December 2010	17.75	12.50	14.98	45482
January 2011	15.85	12.01	13.78	34590
February 2011	13.95	10.10	12.41	29890
March 2011	14.15	11.10	11.80	61700

**L) Registered Office :** E-109 Crystal Plaza, New Link Road, Andheri (West), Mumbai 400053.

**M) Registrar & Transfer Agents (Share transfer and communication regarding share certificate, dividends and change of address.)**

**SHAREX DYNAMIC PRIVATE LIMITED,**  
 Luthra Industrial Premises,  
 Unit No. 1, Safed Pool, Andheri (E), Mumbai – 400 072  
 Tel : 022 28515606

## (vii) DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>st</sup> March 2011

No. of Shares	Shareholders		Shareholding	
	Nos.	%	Holding in Rs.	%
1-5000	2681	84.90	4201280	5.50
5001-10000	224	7.09	1795800	2.35
10001-20000	104	3.29	1547740	2.03
20001-30000	39	1.23	981250	1.28
30001-40000	21	0.66	769980	1.01
40001-50000	21	0.66	1009740	1.32
50001-100000	26	0.82	1891300	2.48
100001-and above	42	1.33	64202910	84.04
<b>Total</b>	<b>3158</b>	<b>100.00</b>	<b>76400000</b>	<b>100.00</b>

	Category	No. of Shares held	Percentage of Shareholding
<b>A</b>	Promoter's Holding		
1	Promoters		
	- Indian Promoters	1070179	14.01
	- Foreign Promoters	-	-
2	Persons acting in concert	-	-
	Sub – Total	1070179	14.01
<b>B</b>	Non-Promoter's Holding	-	-
3	Institutional Investors	-	-
a)	Mutual Funds and UTI	-	-
b)	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non Government Institutions)	-	-
<b>C</b>	FII's	-	-
	Sub – Total	-	-
4	Others	-	-
a)	Private Corporate Bodies	5023252	65.76
b)	Indian Public	1525761	19.97
c)	NRI's/OCB's	19628	0.25
d)	Any Other (Please specify) - <b>Clearing Members</b>	1180	0.01
	Sub-Total	6569821	86
	<b>Grand Total</b>	<b>7640000</b>	<b>100%</b>

**(viii) DEMATERIALISATION OF SHARES.**

As on 31<sup>st</sup> March 2011, 99.999% of the Company's Shares representing **7639996** Share were held in dematerialized form and the balance **4** Shares were held in physical form.

**(ix) Investor Correspondence :** For Transfer / dematerialisation of shares, payment of dividend on shares, interest and redemption of debentures, and any other query relating to the shares and debenture of the company.

**SHAREX DYNAMIC (INDIA) PRIVATE LIMITED.**

Unit No. 1, Luthra Industrial Premises,  
Safed Pool, Andheri (E), Mumbai – 400 072

**ADDRESS FOR CORRESPONDENCE**

The Company's Registered Office is situated at  
E-109 Crystal plaza, New Link Road, Andheri (West), mumbai 400 053.

Shareholder's correspondence should be addressed to Transfer Agent **Sharex Dynamic (India) Private Limited.**

Shareholders holding shares in electronic mode should address their correspondence to their respective Depository participants.

### MANAGEMENT DISCUSSIONS AND ANALYSIS REPORTS

Your Directors are pleased to present the Management Discussion and Analysis Report for the year ended 31<sup>st</sup> March, 2011.

**The management discussion and analysis have been included in consonance with the code of corporate governance as approved by The Securities and Exchange Board of India (SEBI). Investors are cautioned that these discussions contain certain forward looking statements that involve risk and uncertainties including those risks which are inherent in the Company's growth and strategy. The company undertakes no obligation to publicly update or revise any of the opinions or forward looking statements expressed in this report consequent to new information or developments, events or otherwise.**

The management of the company is presenting herein the overview, opportunities and threats, initiatives by the company and overall strategy of the company and its outlook for the future. This outlook is based on management's own assessment and it may vary due to future economic and other future developments in the country.

#### OVERVIEW

The operations of the company are centered in Software Business and also Finance and Share Trading. The company deals in trading of major software products like software for shopping Card, Gateway Interface, Software for SMS & MMS, Personal computers etc. The company also deals in share trading.

#### INDUSTRY STRUCTURE AND DEVELOPMENT:

The Indian economy has witnessed all round growth in year 2010-11 and more growth and prosperity in coming future with increased investment in information Technology Market.

Of late, especially in the past few decades, there has been tremendous of software Industries in India and the development thereof has been remarket. The company has been dealing in trading of software products since inception but there has been stiff competition from other Software Companies.

Coming to the finance industry where the company is also involved, major developments have taken place for the past few decades in view of the fact that plethora of finance companies have come into existence with various finance products and there has been tremendous finance growth due to foreign collaboration, foreign equity participation etc, under Finance Division, dealing in equity shares and stock is the main activity of the company.

#### OPPORTUNITIES AND THREATS :

Some of the key trends of the industry that are favourable to the company to exploit these emerging opportunities are:

1. Clients are more comfortable with uniform high quality and quick services and security process across the enterprise.
2. The company since involved in the Information Technology enabled services for a very long time there are good prospects for expanding further activities in this direction.
3. The company is also facing server competition from other Information Technology companies and software companies.

Some of the key changes in the industry unfavourable to the company are:

1. Heightened competition
2. Increasing cost of the product
3. Increasing customer demand

**INITIATIVES BY THE COMPANY**

The company has taken following initiatives

1. Every effort is being made to locate new client base to boost Software Sales.
2. The company is endeavoring to penetrate into newer Financial Activities.

**OUTLOOK**

The company is mainly engaged in finance and related business.

The company is planning to expand and diversify the activities in this time to tap higher revenues.

**RISK AND CONCERNS:**

Due to stiff competitions in the finance fields where the company's activities are centred in, the overall margins are under pressure but maintainable with constant effort and good services.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

1. Compliance of the company with applicable statutes, policies procedures, listing requirements and management guidelines.
2. All transaction are being accurately recorded and verified.
3. Adherence to applicable accounting standards and polices.

**HUMAN RESOURCES/INDUSTRY RELATIONS:**

- The company provided excellent working environment so that the individual staff can reach his/her full potential.
- The company is poised to take on the challenges and march towards accomplishing its mission with success.
- The company maintained good Industrial/Business relation in market which enhanced the Creditworthiness of the Company.

**CAUTIONARY STATEMENT**

Statement in the Management Discussion and analysis describing the company's objectives exceptions or predications may be forwards looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Several factors could make significant difference to the company's operation. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities etc. over which the company dose not have any control.

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
Axon infotech limited.

1. We have examined the compliance of Corporate Governance by M/s. Axon Infotech Limited for the period ended on 31<sup>st</sup> March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai  
Date: 28/05/2011

For **DMKH & Co.**  
Chartered Accountants  
Firm Reg.No. 116886W  
Sd/-  
**OMPRAKASH SOMANI**  
PARTNER  
Membership No. 123830

**AUDITORS REPORT**

**To,  
The Members,  
Axon Infotech Limited**

1. We have audited the attached Balance Sheet of **M/S AXON INFOTECH LIMITED** as at 31<sup>st</sup> March 2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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 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 misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosure in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004, issued by Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we state that

We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

- i. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- ii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- iii. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
- iv. On the basis of written representation 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 Companies Act, 1956.
- v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India.
  - (i) In the case of Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011,
  - (ii) In the case of the Profit & Loss Account, of the profit for the year ended on that date, and
  - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **DMKH & Co.**  
Chartered Accountants  
FRN. No. 116886W  
Sd/-  
**CA. Omprakash Somani**  
Partner  
M.No. 123830  
Place: Mumbai  
Date:28/05/2011



**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 1 of Auditors' Report of even date on the financial statements as at and for the year ended 31<sup>st</sup> March, 2011)

On the basis of such checks as were considered appropriate and according to the information and explanation given to us during the course of audit, we state that:-

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The assets have been physically verified by the management in accordance with the phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of fixed assets, no material discrepancies have been noticed in respect of assets physically verified during the year.
- c. No substantial part of the fixed assets has been disposed off during the year.
- ii. a. The inventory has been physically verified by the management at reasonable intervals during the year.
- b. In our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- iii. a. The Company had given unsecured loans to five companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum principal amount involved during the year was Rs. 399.15 lakh.
- b. In Our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which the loans have been granted to companies covered in the register maintained under section 301 of the companies act, 1956 are not prima facie prejudicial to the interest of the company, at the time when loans were granted.
- c. As explained to us, principal amount and interest are also regular.
- d. According to the information and explanation given to us, there is no overdue amount for more than rupees one lakh.
- e. The Company has taken unsecured loan from one company covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved was Rs.131 lakh and the closing balance is Rs.131 lakh.
- f. In our opinion the rate of interest and other term and conditions of loan taken by the company are not prima facie prejudicial to the interest of the Company.
- g. The Payments of principal amounts and interest in respect of such loans during the year has been regular/as per stipulation.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. According to the information and explanations given to us, we are of the opinion that the company has not entered into any contracts or arrangements referred to in section 301 of the Companies Act, 1956.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii. The Company does not have a formal system of Internal Audit, but there are adequate checks & controls at all level established by the management.
- viii. According to the information and explanation given to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub- section (1) of section 209 of the Companies Act, 1956 for any of the activities of the company.

- ix. a. The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to the company with the appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- b. According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty, cess which have not been deposited on account of any dispute.
- x. The Company does not have any accumulated losses as at 31<sup>st</sup> March, 2011. The company has not incurred cash losses during the financial year covered by our audit and immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders as at the Balance sheet date.
- xii. Based on our examination of documents and records and according to the information and explanation given to us, we are of the opinion that the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- xiv. The Company has maintained proper records of the transactions and contracts for dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investment have been held by the company, in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956, and save for certain shares which are either lodged for transfer or held with transfer forms.
- xv. In our Opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
- xvi. In our Opinion, and according to the information and explanations given to us, the Company did not have any term loans outstanding during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the cash flow statements and balance sheet of the company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long-term investment.
- xviii. During the year the Company has not made any preferential allotment of shares to the parties covered and recorded in the register maintained under section 301 of the Companies Act 1956.
- xix. According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For DMKH & Co.**  
**Chartered Accountants,**  
FRN. No. 116886W  
**Sd/-**  
**CA. Omprakash Somani**  
**Partner**  
**M.No. 123830**

Place: Mumbai  
Date: 28/05/2011

**CEO / CFO CERTIFICATION**

The Board of Directors,  
**Axon Infotech Limited**  
E/109, Crystal Plaza,  
New link road, Andheri (west),  
Mumbai : 400053.

We hereby certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2011 and that to the best of our knowledge and belief;
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. No transaction is entered into by the company during the year which is fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
  - a. Significant changes in internal control over financial reporting during the year.
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **AXON INFOTECH LIMITED**

Sd/-

**Girraj Kishor Agrawal**

Director/CEO

Place: Mumbai,  
Date: 16/07/2011

**COMPLIANCE CERTIFICATE**

To  
The Members of  
**Axon Infotech Limited**

It is hereby certified and examined that as provided in Clause 49 I (D) of the listing agreement with the stock exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31<sup>st</sup> March 2011.

**For Axon Infotech Limited**  
**Sd/-**  
**Girraj Agrawal**  
Director / CEO

Place: Mumbai  
Date: 16/07/2011

## Annual Report 2010-2011

### BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31.03.2011 AMOUNT (RS.)	AS AT 31.03.2010 AMOUNT (RS.)
<b>I. SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	I	76,400,000	76,400,000
Reserve & Surplus	II	55,392,493	55,336,296
		<u>131,792,493</u>	<u>131,736,296</u>
<b>LOAN FUNDS</b>			
Secured Loans		-	-
Unsecured Loans	III	13,100,000	-
Deffered Tax Liability		95,806	251,442
	<b>TOTAL</b>	<u><b>144,988,299</b></u>	<u><b>131,987,738</b></u>
<b>II. APPLICATION OF FUNDS</b>			
<b>A. FIXED ASSETS</b>			
Gross Block	IV	3,960,357	3,960,357
Less: Depreciation		<u>3,296,760</u>	<u>2,719,420</u>
<b>Net Block</b>		<u>663,597</u>	<u>1,240,937</u>
<b>B. INVESTMENTS</b>			
	V	6,570	19,221,070
<b>C. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
I. Inventory	VI	50,520,751	62,654,626
II. Sundry Debtors	VII	123,362	3,214,529
III. Cash & Bank Balances	VIII	2,768,426	4,623,001
IV. Loans & Advances	IX	<u>89,856,399</u>	<u>41,266,870</u>
		<u>143,268,937</u>	<u>111,759,026</u>
D. Less :- Current Liabilities & Provision	X	<u>1,239,223</u>	<u>233,295</u>
	<b>NET CURRENT ASSETS</b>	<u>142,029,714</u>	<u>111,525,731</u>
	<b>TOTAL</b>	<u><b>142,699,881</b></u>	<u><b>131,987,738</b></u>
<b>NOTES FORMING PART OF ACCOUNTS</b>	<b>XIII</b>		

Schedules referred to above & notes attached thereto form an integral part of the Balance Sheet.

This is the balance sheet referred to in our report of even date.

For DMKH & Co.  
Chartered Accountants  
Firm Reg. No. - 116886W  
Sd/-  
CA. Om Prakash Somani  
Partner (M. No. 123830)

FOR AND ON BEHALF OF THE BOARD  
Sd/- Sd/-  
GIRRAJ KISHOR AGRAWAL TANU AGRAWAL  
DIRECTOR DIRECTOR

Place : Mumbai  
Date : 28/05/2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

PARTICULARS	SCHEDULE	AS AT 31.03.2011 AMOUNT (RS.)	AS AT 31.03.2010 AMOUNT (RS.)
<b>INCOME :-</b>			
IT Division		-	198,519,398
Finance Division		147,877,116	2,450,000
Other Income		6,021,663	1,134,001
		<u>153,898,779</u>	<u>202,103,399</u>
<b>EXPENDITURE :-</b>			
Cost of Goods sold	XI	150,742,651	199,628,434
Office & Administrative Expenses	XII	2,501,621	2,250,735
Depreciation		577,340	577,340
		<u>153,821,612</u>	<u>202,456,509</u>
<b>Net Profit / (Loss) before Tax</b>		77,167	(353,111)
<b>Less : Provision For Tax</b>			
Current Tax		176,606	88,887
Deferred Tax		(155,636)	(60,151)
Earlier Year Tax		-	11,220
		<u>56,197</u>	<u>(393,066)</u>
<b>Net Profit / (Loss) After Tax</b>		56,197	(393,066)
Add / (Less) : Profit / (Loss) brought forward from earlier year		(863,704)	(470,638)
<b>Amount Available for Appropriation</b>		<u>(807,507)</u>	<u>(863,704)</u>
<b>Less :- Appropriation</b>			
Dividend		-	-
Transfer to General Reserve		-	-
		<u>(807,507)</u>	<u>(863,704)</u>
<b>Balance Carried to Balance Sheet</b>		<u>(807,507)</u>	<u>(863,704)</u>
Basic and Diluted Earning Per Share		0.01	(0.05)
<b>NOTES FORMING PART OF ACCOUNTS</b>	<b>XIII</b>		

Schedules referred to above & notes attached thereto form an integral part of the Profit & Loss A/c

This is the Profit & Loss Account referred to in our report of even date.

For DMKH & Co.  
Chartered Accountants  
Firm Reg. No. - 116886W  
Sd/-  
CA. Om Prakash Somani  
Partner (M. No. 123830)

FOR AND ON BEHALF OF THE BOARD  
  
Sd/- Sd/-  
GIRRAJ KISHOR AGRAWAL TANU AGRAWAL  
DIRECTOR DIRECTOR

Place : Mumbai  
Date : 28/05/2011

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2011**

PARTICULARS	AS AT 31.03.2011 AMOUNT (RS.)	AS AT 31.03.2010 AMOUNT (RS.)
<b>SCHEDULE- I :</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
80,00,000 Equity Shares of Rs. 10/- each (Previous Year 80,00,000 Equity Shares of Rs. 10/- each)	<u>80,000,000</u>	<u>80,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP :-</b>		
76,40,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year 76,40,000 Equity Shares of Rs. 10/- each)	76,400,000	76,400,000
	<u>76,400,000</u>	<u>76,400,000</u>
<b>SCHEDULE- II :</b>		
<b>RESERVE &amp; SURPLUS</b>		
(a) General Reserve		
As per last Balance Sheet	6,200,000	6,200,000
Add:- Transfer from Profit & Loss Account		
<b>TOTAL</b>	<b>(A)</b> <u>6,200,000</u>	<u>6,200,000</u>
(b) Profit & Loss Account		
As per last Balance Sheet	(863,704)	(470,638)
Add/(less): Profit(Loss) for the year	56,197	(393,066)
<b>TOTAL</b>	<b>(B)</b> <u>(807,507)</u>	<u>(863,704)</u>
(c) Securities Premium		
As per Last Balance Sheet	50,000,000	-
Add/(less): During the year	-	50,000,000
<b>TOTAL</b>	<b>(C)</b> <u>50,000,000</u>	<u>50,000,000</u>
<b>TOTAL</b>	<b>(A+B+C)</b> <u>55,392,493</u>	<u>55,336,296</u>
<b>SCHEDULE - III</b>		
<b>LOAN FUNDS</b>		
a) SECURED LOANS	-	-
b) UNSECURED LOAN		
From Directors	-	-
From Corporates	13,100,000	-
<b>TOTAL</b>	<u>13,100,000</u>	<u>-</u>

**SCHEDULE - IV : SCHEDULE OF FIXED ASSET**

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	AS ON 01/04/2010	ADD/(DED.) DURING THE PERIOD	AS ON 31/03/2010	UPTO 31/03/2010	ADD/(DED.) DURING THE PERIOD	UPTO 31/03/2011	AS ON 31/03/2011	AS ON 31/03/2010	
Office Equipment	146,471	-	146,471	41,278	6,957.37	-	48,235	98,236	105,193
Furniture & Fixture	125,700	-	125,700	48,897	7,956.81	-	56,854	68,846	76,803
Motor Car	528,000	-	528,000	190,196	50,160.00	-	240,356	287,644	337,804
Computer	3,160,186	-	3,160,186	2,439,049	512,266.15	-	2,951,315	208,871	721,137
<b>TOTAL RS.</b>	<b>3,960,357</b>	<b>-</b>	<b>3,960,357</b>	<b>2,719,420</b>	<b>577,340</b>	<b>-</b>	<b>3,296,760</b>	<b>663,597</b>	<b>1,240,937</b>
<b>PREVIOUS YEAR</b>	<b>3,960,357</b>	<b>-</b>	<b>3,960,357</b>	<b>2,142,080</b>	<b>577,340</b>	<b>-</b>	<b>2,719,420</b>	<b>1,240,937</b>	<b>1,818,277</b>

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2011**

PARTICULARS	AS AT 31.03.2011 AMOUNT (RS.)	AS AT 31.03.2010 AMOUNT (RS.)
<b>SCHEDULE VI :</b>		
<b>STOCK IN TRADE</b>		
<b>(As taken, valued &amp; certified by management)</b>		
IT Division - Software	299,514	299,514
Finance Division - Shares	50,221,237	62,355,112
<b>TOTAL</b>	<b>50,520,751</b>	<b>62,654,626</b>
<b>SCHEDULE VII :</b>		
<b>SUNDRY DEBTORS</b>		
<b>(Unsecured, Considered Good)</b>		
Due for more than six months	-	2,773,000
Others	123,362	441,529
<b>TOTAL</b>	<b>123,362</b>	<b>3,214,529</b>
<b>SCHEDULE VIII :</b>		
<b>CASH AND BANK BALANCES :-</b>		
Balance with scheduled Banks in Current A/cs	286,202	1,966,227
Balance with scheduled Banks in Fixed Deposit A/cs	12,699	12,699
Cash in Hand	2,469,525	2,644,076
<b>TOTAL</b>	<b>2,768,426</b>	<b>4,623,001</b>
<b>SCHEDULE IX :</b>		
<b>LOANS &amp; ADVANCES ( Unsecured, considered good)</b>		
Loans & Advances recoverable in cash or in kind or for value to be received	87,729,384	40,143,989
Office Deposit	1,689,375	1,000,000
Advance Taxes & TDS	437,640	122,881
<b>TOTAL</b>	<b>89,856,399</b>	<b>41,266,870</b>
<b>SCHEDULE X :</b>		
<b>Current Liabilities</b>		
Sundry Creditors		
- Total outstanding dues to Micro & Small Enterprises	-	-
- Total outstanding dues to other than Micro & Small Enterprises	973,463	99,936
Provisions	265,760	133,359
<b>TOTAL</b>	<b>1,239,223</b>	<b>233,295</b>



**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT**

PARTICULARS		AS AT 31.03.2011 AMOUNT (RS.)	AS AT 31.03.2010 AMOUNT (RS.)
<b>SCHEDULE XI :</b>			
<b>COST OF GOODS SOLD :</b>			
IT Division - (Software)			
Opening Stock		299,514	299,514
Add :- Purchase of Shares		-	198,471,768
Less :- Closing Stock		(299,514)	(299,514)
<b>TOTAL</b>	<b>(A)</b>	<u>-</u>	<u>198,471,768</u>
Finance Division (Shares)			
Opening Stock		62,355,112	5,557,539
Add :- Purchase of Shares		138,608,775	57,954,240
Less :- Closing Stock		(50,221,237)	(62,355,112)
<b>TOTAL</b>	<b>(B)</b>	<u>150,742,651</u>	<u>1,156,666</u>
<b>TOTAL</b>	<b>(A+B)</b>	<u><u>150,742,651</u></u>	<u><u>199,628,435</u></u>
<b>SCHEDULE XII :</b>			
<b>ADMINISTRATIVE &amp; OFFICE EXPENSES :-</b>			
Advertisement Expenses		18,574	12,810
Audit Fees		33,090	33,090
Bank Charges		15,867	-
Computer Hiring & Other Charges		56,655	39,961
Conveyance Expenses		20,159	13,110
Customs Expenses		-	5,000
Electricity Expense		-	9,230
Employee's Cost		1,709,872	1,330,938
Legal & Professional Charges		311,000	43,000
Listing Fees		16,545	72,464
Office & Misc Expenses		26,790	21,214
Postage & Xerox		23,012	21,403
Printing & Stationery		36,742	20,230
Rent, Rates & Taxes		120,000	133,288
Repair & Maintenance		-	35,415
Share Transfer & Transaction Charges & Service Tax		93,441	85,584
Stamp Duty & ROC Expenses		1,000	355,500
Telephone & Internet Expenses		18,874	18,498
<b>TOTAL</b>		<u><u>2,501,621</u></u>	<u><u>2,250,735</u></u>

**ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS****SCHEDULE XIII:****1. SIGNIFICANT ACCOUNTING POLICES :****(a) Basis of Preparation of Financial Statements**

The financial statements have been prepared on a going concern basis and on accrual basis, under the historical cost convention and in accordance with the Generally Accepted Accounting Principles, the Accounting Standards issued by the Institute of Chartered Accountants of India and provisions of the Companies Act, 1956, which have been adopted consistently by the Company.

**(b) Use of Estimates**

The preparation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

**(c) Revenue recognition**

Revenue from sale of goods is recognized when significant risk and rewards of ownership are transferred to the customers. Sales are net of sales return and trade discount. Revenue from services is recognized as and when services are rendered and related costs are incurred, in accordance with the terms of the specific contracts.

Being the company engaged fully in financial transaction, we did not found any transaction of either sale & purchase of goods.

**(d) Fixed Assets**

Fixed Assets have been carried at historical cost, inclusive of incidental expenses, after reducing accumulated depreciation.

**(e) Depreciation**

Depreciation has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on pro-rata basis from the date assets have been put to use.

**(f) Investments**

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is of a permanent nature.

**(g) Inventories**

Inventories are valued at cost or net realizable value whichever is lower.

**(h) Taxation**

Provision for current tax are made as per the provisions of the Income-tax Act, 1961.

Deferred tax for the year is recognized on timing difference, being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future, however when there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

## (i) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### NOTES TO ACCOUNTS :

- Balances of Debtors, Loans and Advances, Secured Loans, Sundry Creditors & Others are subject to confirmation and reconciliation and consequential adjustments, if any.
- In the opinion of the Board & to the best of their knowledge & belief the value of realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet & the provisions for all the loans & determined liabilities is adequate and not in excess of the amount.
- Provision for retirement benefits to employees was not provided on accrual basis, which is not in conformity with Accounting Standard-15 issued by ICAI and the amount has not been quantified because actuarial valuation report is not available. However, in the opinion of the management the amount involved is negligible and has no material impact on the Profit & Loss Account.
- The Company has not received the required information from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid/payable as required under the said Act have not been made.

### 5. Additional information pursuant to part II of Schedule VI of the Companies Act,1956 :

	2010-2011 (Rs.)	2009-2010 (Rs.)
<b>i) Payment to Directors :</b>		
Directors Remuneration	NIL	NIL
<b>ii) Payment to Auditors :</b>		
Statutory Audit Fees	25000	25000
Tax Audit Fees	5000	5,000
Service Tax	3090	3,090
<b>Total</b>	<b>33090</b>	<b>33,090</b>

### 6. The computation of Earnings Per Share :

	2010-2011 (Rs.)	2009-2010 (Rs.)
Profit Attributable to Equity Share Holders (After Tax)	56197	(3,93,066)
Weighted Average Number of Equity Share (Nos.)	76,40,000	34,73,333
Basic/ Diluted Earnings Per Share	0.01	(0.05)
Face Value per Equity Share	10.00	10.00

### 7. Major Components of Deferred Tax Assets and Liabilities :

	2010-2011 (Rs.)	2009-2010 (Rs.)
1) Opening Deferred Tax Liability	251442	311593
2) Adjusted during year the year	155636	60151
<b>Deferred Tax Liability</b>	<b>95806</b>	<b>251442</b>

8. According to a technical assessment carried out by the Company, there is no impairment in the carrying cost of cash generating units of the Company in terms of accounting standards-28 issued by the Institute of Chartered Accountants of India.
9. Accounts payable to Small Scale Industrial Undertaking under the head of Sundry Creditors – NIL (Previous Year – NIL)

**10. Related Party Transaction :**

Related Parties and Nature of Relationship:

Related Party	Nature of Relation ship
Girraj Kishor Agrawal	Director
Tanu Girraj Kishore Agrawal	Director
Pradeep Natvarlal Dhanuka	Director
Zubin Jasi Pardiwala	Director
Handful Investrade Pvt. Ltd.	Substantial Interest of Director
Kayaguru Health Solutions Pvt. Ltd.	Substantial Interest of Director
Kayaguru Insurance Broker Pvt. Ltd.	Substantial Interest of Director
Kayaguru Wellness Pvt. Ltd.	Substantial Interest of Director
Keystone Stockfin Pvt. Ltd	Substantial Interest of Director
Shreenath Commercial & Finance Ltd.	Substantial Interest of Director
Tilak Finance Ltd.	Substantial Interest of Director
VRP Financial Services Pvt Ltd.	Substantial Interest of Director
Rupak Developers Pvt. Ltd.	Substantial Interest of Director

Note : Related Parties as disclosed by the management and relied upon by auditors.

Related Party Transaction

Particulars	Companies in which Directors are substantially interested	Key Management Personnel	Relative of Key Management Personnel
Purchases on behalf of them towards			
Share Investments and Trading Business	22,60,000	—	—
<b>Loan Transactions</b>			
Gross Loans Taken	1,31,00,000	—	—
Gross Loans Repaid	—	—	—
Debit Balance o/s as on 31.03.2011	1,31,00,000		

11. The Company does not have a full time Company Secretary though the same is required as per the provisions of Section 383A of the Companies Act, 1956.
12. Balance Sheet Abstract & Company's general business profiles as required by part IV of Schedule VI to the Companies Act, 1956 is enclosed in ANNEXURE "B".
13. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary to conform to the current's classification/ presentation.

**AS PER OUR REPORT OF EVEN DATE**

**For DMKH & Co.**

**Chartered Accountants**

Firm Reg. No. - 116886W

**Sd/-**

**CA. Om Prakash Somani**

**Partner (M. No. 123830)**

Place : Mumbai

Date : 28/05/2011

**FOR AND ON BEHALF OF THE BOARD**

**Sd/-**

**GIRRAJ KISHOR AGRAWAL**

**DIRECTOR**

**Sd/-**

**TANU AGRAWAL**

**DIRECTOR**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	AS AT 31.03.2011 AMOUNT (RS.)	AS AT 31.03.2010 AMOUNT (RS.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit Before Tax & extraordinary items	77,167	(353,111)
<b>Add / (Less) Non cash items and items considered separately:-</b>		
Depreciation on fixed assets	577,340	577,340
Interest Income	(5,810,389)	(234,001)
<b>Operating Profit before Working Capital Changes</b>	(5,155,881)	(9,771)
<b>Adjustment For working capital changes:-</b>		
(Increase) / Decrease in Trade & Other Receivable	3,091,167	(40,332,978)
(Increase) / Decrease in Inventories	12,133,876	(56,797,573)
Increase / (Decrease) in Trade & Other Payable	1,005,928	135,262
(Increase)/Decrease in Loans & Advances	(48,589,529)	
<b>Cash generated from operations</b>	(37,514,440)	(97,005,061)
Income tax refund/(Direct tax paid)	(176,606)	(88,887)
<b>Net Cash Flow From Operating Activities</b>	<b>(A) (37,691,046)</b>	<b>(97,093,948)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Loans given (Five X Finance & Investment Co. Ltd.)	13,100,000	-
Sales of the shares	19,214,500	-
Interest Income	5,810,389	234,001
<b>Net Cash (Used In)/ From Investment Activities</b>	<b>(B) 38,124,889</b>	<b>234,001</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity Shares with premium	-	100,000,000
<b>Net Cash (Used In)/ From Financing Activities</b>	<b>(C) -</b>	<b>100,000,000</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(A+B+C) 433,842</b>	<b>3,140,053</b>
<b>Cash and Cash Equivalents at the Beginning of the year</b>	4,623,001	1,482,948
<b>Cash and Cash Equivalents at the End of the year</b>	2,768,426	4,623,001

**Notes:-**

- (1) The Above cash flow statement has been prepared by using the indirect methods as per Accounting Standard-3, issued by Institute of Chartered Accountants of India.
- (2) The previous figure have been regrouped/ rearranged wherever necessary to confirm the current year' s classification.

**AS PER OUR REPORT OF EVEN DATE**

**For DMKH & Co.**

**Chartered Accountants**

Firm Reg. No. - 116886W

**Sd/-**

**CA. Om Prakash Somani**

**Partner (M. No. 123830)**

Place : Mumbai

Date : 28/05/2011

**FOR AND ON BEHALF OF THE BOARD**

**Sd/-**

**GIRRAJ KISHOR AGRAWAL**

**DIRECTOR**

**Sd/-**

**TANU AGRAWAL**

**DIRECTOR**

**Balance Sheet Abstract And Company's General Business Profile****I. Registration Details**

i) Registration No.	:	27945
ii) State Code	:	11
iii) Balance Sheet Date	:	31.03.11

**II Capital Raised During the Year (Rs.)**

i) Public Issue	:	Nil
ii) Right Issue	:	Nil
iii) Bonus Issue	:	Nil
iv) Private Placement	:	Nil

**III. Position of Mobilisation and Development of Fund (Rs.)**

i) Total Liabilities	:	144,988
ii) Total Assets	:	144,988

**Sources of Funds**

i) Paid up Capitals	:	76,400
ii) Reserve & Surplus	:	55,392
iii) Secured Loans	:	Nil
iv) Unsecured Loans	:	13,100
v) Deferred Tax Liability	:	96

**Applications of Funds**

i) Net Fixed Assets	:	664
ii) Investments	:	7
iii) Net Current Assets	:	144,318
iv) Misc. Expenditure	:	Nil
v) Accumulated Losses	:	Nil

**IV. Performance of Company (Rs.)**

i) Turnover	:	153,899
ii) Total Expenditure	:	153,822
iii) Profit before tax	:	77
iv) Profit after tax	:	56
v) Basic/Diluted Earning Per Share	:	0.01
vi) Dividend Rate	:	Nil

**V. Generic Names of Three principle Products / Services of Company**

(as per monetary terms)

Item Code No.	:	N.A.
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**Product Description**

i) Sale and Development of Software &amp; Consultancy

**FOR AND ON BEHALF OF THE BOARD**Place : Mumbai  
Date : 28/05/2011

Sd/-	Sd/-
GIRRAJ KISHOR AGRAWAL	TANU AGRAWAL
DIRECTOR	DIRECTOR

**ANNEXURE "A"**  
**QUANTITATIVE INFORMATION OF TRADING GOODS FOR YEAR ENDED 31.03.11**

Particulars	Opening Balance		Purchase		Sales		Closing Balance	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Quoted Shares	6000 NOS	481039.68	3674680 NOS	97407791.47	764220 NOS	57418068.27	2916460 NOS	40423743.00
Unquoted Share	731132	61874072.67	618837	41044767.00	1281782	90478500.00	68187	9797494.12
<b>SOFTWARES</b>								
Software Products	4	299514.00	0	0.00	0	0.00	4	299514.00
<b>Grand Total</b>	<b>737136 NOS</b>	<b>62654626.35</b>	<b>4293517 NOS</b>	<b>138452558.47</b>	<b>764220 NOS</b>	<b>147896568.27</b>	<b>2984651 NOS</b>	<b>50520751.12</b>

**AXON INFOTECH LIMITED**

Regd. Off: E/109, Crystal Plaza, Andheri (West), Mumbai : 400053.

**PROXY FORM**

Reg. Folio NO \_\_\_\_\_ No. of Shares: \_\_\_\_\_

D.P. I. D\* \_\_\_\_\_ Client ID\* \_\_\_\_\_

I / we \_\_\_\_\_ of \_\_\_\_\_  
Being a shareholder / shareholders of Axon Infotech Limited Hereby appoint \_\_\_\_\_  
or failing him/her \_\_\_\_\_

as my/ our proxy to attend and vote for me / us and on my/ our behalf at the 26<sup>th</sup> Annual General meeting of the Company to be held on 18/08/2011 at 3:30 P.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature of the shareholder \_\_\_\_\_

Affix Re. 1/- Revenue Stamp
--------------------------------------

Note: The Proxy form duly completed and signed must be deposited at the Registered office of the company not less than 48 hours before the time for holding the Meeting

\*Applicable for shares held in electronic form.

**AXON INFOTECH LIMITED**

Regd. Off: E/109, Crystal Plaza, Andheri (West), Mumbai : 400053.

**ATTENDANCE SLIP  
26<sup>th</sup> Annual General Meeting**

Reg. Folio No. \_\_\_\_\_

No. of shares held \_\_\_\_\_

Name of the Attending Member \_\_\_\_\_

D.P.I.D\* \_\_\_\_\_ Client I.D.\* \_\_\_\_\_

I/We hereby record my/our presence at the 26<sup>th</sup> Annual General Meeting of the company at Regd. Off: E/109, Crystal Plaza, Andheri (West), Mumbai : 400 053.

Signature of the shareholder(s), / Proxy/ Representative \_\_\_\_\_

Note:

- 1) Member / proxy holder wishing to attend the meeting must bring the attendance slip to the meeting and hand over the same duly signed at the entrance.
- 2) Member/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.



## **BOOK POST**

If undelivered please return to:

***AXON INFOTECH LIMITED***

Regd. Off: E/109, Crystal Plaza,  
Andheri (West), Mumbai : 400053.