

Axis Mechanical Engineering Design (Wuxi) Co. Limited

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

The Director present his report with the financial statements of the company for the year ended 31 March 13

PRINCIPAL ACTIVITY

The Company was incorporated in China on December 7, 2012 as a wholly owned subsidiary of Axis-IT&T Limited, an Indian company. The principal activity of the company in the year under review was that of engineering design services. :

REVIEW OF FINANCIAL RESULTS

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

DIRECTORS

As per the applicable Laws of China and its Articles of Association, the company need not have a Board of Directors instead it shall have a sole Executive Director who shall act as the legal representative of the company and open supervisor.

Mr Kirit Manek	Supervisor
Mr.Murali K Krishna	Executive Director & Legal Representative

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

BUSINESS ACTIVITIES

The company has not yet commenced its operations.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Executive Director & the Supervisor, are responsible for preparing the financial statements in accordance with applicable law and regulations and examining the Company's financial affairs.

The financial year of the company commences on 1st January and ends on 31st December of the same year.

The Company maintains complete and accurate financial and accounting books and records in accordance with the Applicable Laws of the PRC and PRC GAAP and adopts the internationally applied accrual basis and debit and credit accounting system.

AUDITORS

The company is not required to carry any Audit of its financial accounts and however, an audit has been carried out in India by GD & Associates, Chartered Accountants for the purpose of consolidation of the accounts of Axis Mechanical Engineering Design (Wuxi) Co. Ltd. with those of Axis-IT&T Ltd. for the FY ending 31st March 2013

Date: 29th May 2013



Murali K Krishna
Executive Director &
Legal Representative



Kirit Manek
Supervisor



AUDITORS REPORT

1. We have examined the attached Balance Sheet of M/s. **AXIS (WUXI) MECHANICAL ENGINEERING DESIGN CO. LTD (subsidiary of M/s. Axis IT & T Limited)** as at **March 31, 2013** and the Profit and Loss Account for the year ended on **March 31, 2013**. 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 have 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 misstatement. An audit includes examining on 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 the management as well as evaluating the overall financial Statement presentation. We believe our audit provides a reasonable basis for our opinion.
3. 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 purpose 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 Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts
 - d. In our opinion, the Balance sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e. In our opinion and to the best of my information and according to the explanations given to us, the said accounts together with the notes attached thereto give the information required by the Act, in a manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. in the case of the Balance Sheet, of the state of affairs of the Company at March 31, 2013.
 - ii. In the case of Profit and Loss account loss of the Company for the period ended on that date.



Place : Bangalore
Date : May 25, 2013

For G D & ASSOCIATES
Chartered Accountants
Firm Registration No - 011187S

DINESHA M S
Partner.
Membership No.215946

AXIS (WUXI) MECHANICAL ENGINEERING DESIGN CO. LTD.
BALANCE SHEET AS AT MARCH 31, 2013

PARTICULARS	NOTE	As at 31-Mar-13 RMB
I. EQUITY AND LIABILITIES		
1. Shareholder's funds		
(a) Share Capital	1	237,176
(b) Reserves and Surplus	2	111,152
		<u>126,024</u>
2. Current Liabilities		
(a) Trade payables	3	108,393
TOTAL		<u><u>234,417</u></u>

II ASSETS

1. Non-current assets		
(a) Fixed Assets		
- Tangible Assets		NIL
- Inangible Assets		NIL
		<u>NIL</u>
2. Current assets		
(a) Cash and Cash equivalents	4	234,417
TOTAL		<u><u>234,417</u></u>

As per our report of even date
for G D & ASSOCIATES
Chartered Accountants



DINESHA M S
Partner
Membership No - 215946

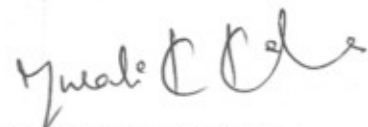


Place: Bangalore
Date: May 25, 2013

for and on behalf of the Board



KIRAN MANEEK
Supervisor



MURALI K KRISHNA
Executive Director & Legal Representative

AXIS (WUXI) MECHANICAL ENGINEERING DESIGN CO. LTD.
STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED MARCH 31, 2013

PARTICULARS	NOTE	for the year ended 31-Mar-13 RMB
I INCOME		
Revenue from operations		NIL
Other Income		19
TOTAL REVENUE		<u>19</u>
II EXPENSES		
Finance Costs	5	1,150
Other expenses	6	110,021
TOTAL EXPENSES		<u>111,171</u>
III PROFIT BEFORE TAX (I - II)		(111,152)
IV TAX EXPENSES		
(1) Current tax		NIL
(2) Deferred tax		NIL
		<u>NIL</u>
V PROFIT FOR THE YEAR (III-IV)		(111,152)
VIII EARNINGS PER EQUITY SHARES		
Basic & Diluted		(111,152)

As per our report of even date
for G D & ASSOCIATES
Chartered Accountants



DINESHA M S

Partner

Membership No - 215946



Place: Bangalore

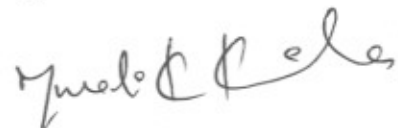
Date: May 25, 2013

for and on behalf of the Board



KIRIT MANEK

Supervisor



MURALI K KRISHNA

Executive Director & Legal Representative

1 SHARE CAPITAL

Authorised Share Capital

1 Equity shares of USD 252,000/-	1,577,520
	<u>1,577,520</u>

Issued, Subscribed and Paid up

Equity shares with no par value fully paid up	237,176
	<u>237,176</u>

1.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period is set out below :-

	No of Shares
1.2 Outstanding at the beginning of the reporting period	NIL
Add: Equity shares allotted during the year	<u>1</u>
TOTAL	<u><u>1</u></u>

1.3 Shares held by holding and intermediate holding companies

Holding Company - Axis - IT & T Limited	1
1 Equity shares of USD 252,000/-	

1.4 The details of shareholders holding more than 5% shares

Name of the share holder	No of shares	%
M/s. Axis - IT & T Limited	1	100%

2 RESERVES & SURPLUS

Surplus in Statement of Profit & Loss

Opening Balance	NIL
Add: Current period	<u>(111,152)</u>
	<u><u>(111,152)</u></u>

3 TRADE PAYABLE

Secured	NIL
Unsecured	
- Due to SSI Units	NIL
- Due to Other Units	NIL
- Accrued expenses	<u>108,393</u>
	<u><u>108,393</u></u>

4 CASH & BANK BALANCES

(a) Cash & Cash Equivalents

Balances with Banks

In current Account	234,417
Cash in Hand	<u>NIL</u>
	<u><u>234,417</u></u>



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AXIS (WUXI) MECHANICAL ENGINEERING DESIGN CO. LTD.
NOTE FORMING PART OF STATEMENT PROFIT & LOSS

for the
period ended
31-Mar-13
RMB

5 FINANCIAL COST

Bank Charges & Processing Fees

1,150

1,150

6 OTHER EXPENSES

Rent

25,200

Miscellaneous expenses

2,688

Legal & Professional Charges

82,070

Traveling & Conveyance

63

110,021

7 VALUE OF IMPORTS ON CIF IN RESPECT OF :

NIL

8 EARNINGS PER SHARE (EPS)

i. Net Profit after tax as per Statement of Profit and Loss Account to Equity Shareholders

(111,152)

ii. Weighted Average number of equity shares used as denominator for calculating EPS

1

iii. Basic and Diluted Earnings per share (in RMB.)

(111,152)

iv. Face Value per equity Share (in RMB.)

1.00



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NOTE - 7 : SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Company overview

Axis (Wuxi) Mechanical Engineering Design Co Ltd was incorporated in China on December 7, 2012 as fully owned subsidiary of M/s. Axis – AT & T Limited an Indian Company registered under the Indian Companies Act, 1956.

Axis (Wuxi) Mechanical Engineering Design Co Ltd. ("The Company") is a subsidiary of M/s. Axis – AT & T Limited is a subsidiary of M/s. Axis IT & T Limited.

I. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of financial Statements

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India (GAAP), under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in The Companies (Accounting Standard) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956, to the extent applicable. These financial statements have been prepared for the purpose of compliance by the Company's holding company under Section 212 of the Indian Companies Act, 1956.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of income and expenditure during the year. Actual results could differ from those estimates. Any revision in accounting estimate is recognized prospectively in current and future periods.

3. Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. Depreciation on furniture and fixture and plant and equipments has been provided on a straight line method over an estimated useful of the assets.

4. Income tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statements of the Company.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment/substantive enactment date. Deferred tax assets on timing differences are recognized only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Accordingly, in view of carried forward business losses the Company has not recognized deferred tax assets as at balance sheet date.

Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.



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5. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

6. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

7. Earnings per share

The number of equity shares used in computing basic earnings / (loss) per share is the weighted average number of shares outstanding during the period. Dilute earning / (loss) per share is computed by dividing net profit / (loss) by the diluted weighted average number of shares outstanding during the period. Diluted earnings / (loss) per share reflects the potential dilution from shares issuable through conversion of preference shares.

The Company treats potential equity shares as dilutive when and only when the conversion to equity shares would decrease net profit per share from continuing ordinary operations.

II Notes to Accounts

1. Related party transaction:

Related parties with whom control exists and no transactions have taken place during the year :-
Axis IT & T Limited - the holding Company

2. Earnings/(Loss) per share

Profit or (Loss) for the year	RMB ,(111,152)
Weighted average number of equity shares	1 shares
[Equity shares with no par value fully paid up)	(111,152)

3. Segment reporting

The Company has one business segment and geographic segment; hence segment information is not required to be disclosed.

As per our report of even date

for G D & ASSOCIATES
Chartered Accountants



DINESHA M S
Partner
Membership No. 215946

Place: Bangalore
Date: May 25, 2013



for and on behalf of the Board



KIRIY MANEK
Supervisor



MURALI K KRISHNA
Executive Director & Legal