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**ANNUAL REPORT
2005 - 2006**

Axel Polymers Limited



Axel Polymers Limited

BOARD OF DIRECTORS

Mr. B.K.Bodhanwala	Chairman (Whole time - Executive)
Mr. A.B.Bodhanwala	Managing Director
Dr. M.A.Bodhanwala	Director (Non - Executive)
Mr. A.G.Thakore	Director (Independent – Non-Executive)
Mr. S.F.Ilavia	Director (Independent – Non-Executive)
Mr. B.B.Patel	Director (Independent – Non-Executive)

AUDITORS

MANISH SHAH & ASSOCIATES

Chartered Accountants

COMPANY SECRETARY

D.PATHAK & ASSOCIATES

Company Secretary

REGISTRARS

Intime Spectrum Registry Pvt. Ltd.

308, Jaldhara Complex, Opp. Manisha Society,

Off Old Padra Road, Vadodara 390 015

BANKERS

BANK OF BARODA

REGISTERED OFFICE & WORKS

S. No.309, VILL. MOKSHI

SANKARDA - SAVLI ROAD

TALUKA SAVLI

DIST. VADODARA 391 780

GUJARAT INDIA



Axel Polymers Limited

DIRECTORS REPORT

Dear Shareholder,

Your directors are pleased to present herewith the Fourteenth Annual Accounts of your Company for the financial year ended March 31, 2006.

PART I

FINANCIALS

PARTICULARS	2005 – 2006	2004 – 2005
Sales and Other Income	250724932	183260268
Profit before Interest, Depreciation & Tax	10003024	7633154
Interest & Finance charges	3624097	3650728
Depreciation	3164102	2882558
Profit before Tax	3214825	1099868
Cash Profit	6514459	4117957

PERFORMANCE

Your Directors are pleased to state that during the year ended March 31, 2006 your Company has empathetically turned the corner after an unprecedented and long recessionary period. Your directors have to further state that in spite of the pressure on margins in domestic plastic compounding industry due to severe competition from global players, your Company managed to capture higher volumes from the market. The Global Polymer Industry took a turn in the right direction and saw a bright future.

As a result, the business Toll Compounding of Engineering Polymers in India has seen an upward growth. Demand for products have increased due to the over all economic & industrial growth. Considering the same, during the current year, the installed Production Capacity has been increased to 5000 MT per annum by installing New Compounding Line.

In spite of the Rising crude prices that had indirectly affected the volatility of the import prices of Base Polymers, your Directors have put in their best efforts to sustain the adverse effects of the same.

Your Directors are extremely pleased to inform you that the Company has maintained the status of **THE LARGEST TOLL COMPOUNDER IN INDIA**.

Our production and revenues have substantially increased during the current year. There has been an all round growth in the performance of the company. This along



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with various positive measures undertaken by the management has resulted in substantial improvement in the health of the company.

During the current year, Bank of Baroda has sanctioned a new Term Loan to meet the cost of expansion by installing new Compounding Line. This reflects the confidence reposed by the Bank in the Company.

FUTURE GROWTH OPPORTUNITIES

India is moving forward to meet with destiny, to become an economic super power. Sustained domestic growth will bring improvement in all facets of life.

World markets continue to recognise the competitiveness of Indian products and services. As a result, outsourcing of services from high cost economies to Indian Companies are increasing at a rapid pace. This will in turn accelerate the pace of the domestic markets too.

The existing expanded scale of our operations, future developments, low overheads, and qualities of products matching with International Standards are our inherent strengths. This in turn gives us unparalleled platform to be more competitive. We are focused to deliver superior values to customers, ensuring International qualities for all the products and services.

PART II

CORPORATE GOVERNANCE

Your Company has maintained highest standards of Corporate Governance since its inception, even before any guidelines were mandated. Your Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the goal of achieving excellence aimed at maximising value for all shareholders and understands the right to information of its shareholders with respect to the performance of the Company. Company will continue to focus its resources, strengths and strategies to achieve its vision of widening its customer base, while upholding the core values of transparencies, integrity, honesty and accountability, which are fundamentals.

Your Board has implemented the necessary actions as per the Report annexed herewith (Annexure I). The Auditors have examined the Compliance and have certified the same as required by SEBI guidelines. The Certificate is also annexed herewith (Annexure II)

Management Discussion and Analysis Report covering a wide range of issues relating to outlook, performance & prospects is annexed herewith (Annexure III).



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SECRETARIAL AUDIT

As directed by SEBI, Secretarial Audit is being carried out at the specified periodicity by the Statutory Auditors. The findings of the Audit were entirely satisfactory.

ISO CERTIFICATION

Company is poised for higher growth during the current year. In view of the same, your Company has decided to obtain ISO 9001-2000 Certification. This will add another feather in our cap.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 217(2AA) of the Companies act, 1956, it is hereby confirmed:

In the preparation of the annual accounts for the financial year ended March 31, 2006, the applicable accounting standards have been followed along with proper explanations relating to material departures.

The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss / profit for the year under review.

The Directors have taken sufficient and proper care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The Directors had prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s Manish Shah & Associates, Chartered Accountants, Baroda, the present Auditors retire at the conclusion of the ensuing Annual General Meeting but being eligible, offer themselves for reappointment. The Company has received their conformation

The Audit Committee of the Board has recommended their reappointment. The necessary Resolution is being placed before the Shareholders for approval.

AUDITORS' REPORT

With reference to the Auditors' Report, the Notes to the Account are self explanatory and therefore do not call for any further comments under section 217 (3) of the Companies Act, 1956.



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DIRECTORS

Appointment

In compliance of amended Clause 49 of the Listing Agreement with the Stock Exchanges, your Directors have appointed Shri A.G.Thakore, Shri S.F.Illavia and Shri B.B.Patel as Independent Directors. Your Directors recommend their appointment for the consideration of the Shareholders.

Reappointment

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. M.A.Bodhanwala and Shri B.K.Bodhanwala retire by rotation at the ensuing Annual general Meeting of the Company and being eligible, offer themselves for reappointment. Your Directors recommend their reappointment.

FIXED DEPOSITS

The company did not invite / accept / renew any fixed deposits during the year under review.

DIVIDEND

Your Directors do not recommend any Dividend in the current year.

INSURANCE

All the Assets of the Company are adequately insured against Fire, Floods, Riots and natural calamities.

INVESTOR RELATIONS

All Investor complaints received during the year have been suitably disposed off. There were no Investor grievances pending as at date.

PARTICULARS OF EMPLOYEES

The Industrial relations in the Plant and Office continues to be cordial, harmonious and peaceful.

Your directors like to place on record their appreciation of contribution made by the employees at all levels, their steadfastness, solidarity, co-operation and support have made it possible for the company to grow. Employees continue to remain our major asset, in our continuing endeavour in the pursuit for excellence.

Information required under Section 217 (2A) of the Companies Act 1956 read with



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the Companies (Particulars of employees) Rules 1975, has not been given as the same is not applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & OUTGO

During the year under review, your Directors have focused a concerted approach on the efficiency in Consumption of Power. This was possible with rationalizing the Rated Electrical Power of the Machineries and Utilities required. As a result, the Power cost per kg in terms of production has substantially reduced.

The particulars prescribed under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are as under:

Power & Fuel Consumption - Electricity			2005 – 2006	2004 – 2005
Purchased	Quantity	units	1170141	861272
	Amount	Rs.	5307724	4073220
	Rate / unit	Rs.	4.53	4.73
Production	Quantity	M.T.	3440.830	2418.720
	Total Power Cost	Rs.	5307724	4073220
	Power Cost per Kg. of Production	Rs.	1.54	1.68

The Company has not earned any Income on Revenue or Capital Account.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from Bank of Baroda, Government Authorities, Business Associates, and Share Holders during the year under review. Your directors wish to place on record the deep sense of appreciation for the devoted services of the Executives, Staff and Workers of the Company for its success.

For and on Behalf of the Board

Place: Mokshi
Dated: 31.07.2006

B.K.Bodhanwala
Chairman



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Annexure I

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement

Since inception your Company has been committed to the practice of good corporate governance, pursuant to Clause 49 of the Listing agreement. A detailed report on compliance by the Company is given below:

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the goal of achieving excellence aimed at maximising value for all shareholders and understands the right to information of its shareholders with respect to the performance of the Company.

Company will continue to focus its resources, strengths and strategies to achieve its vision of widening its customer base, while upholding the core values of transparencies, integrity, honesty and accountability, which are fundamentals.

BOARD OF DIRECTORS

Existing Composition of the Board of Directors of the Company comprise of a fair number of professionally competent and acclaimed Directors as on 31.03.2006.

None of the Directors on the Board is a member of more than 10 Committees or Chairperson of more than 5 Committees, as specified in Clause 49.

The details of the Directors on Board, their attendance at Board meetings held during the year and the last AGM is as under:

NAME	CATEGORY	BOARD MEETINGS	WHETHER ATTENDED	OTHER DIRECTORSHIP
		ATTENDED	LAST AGM	
Mr. B.K.Bodhanwala	Chairman Executive	8	YES	NONE
Mr. A.B.Bodhanwala	Managing Director	8	YES	NONE
Dr. M.A.Bodhanwala	Director Non-Executive	8	YES	NONE
Mr. A.G.Thakore	Independent Non Executive	0	NO	ONE
Mr. S.F.Ilavia	Independent Non Executive	0	NO	NONE
Mr. B.B.Patel	Independent Non Executive	1	NO	NONE

There were 8 Board meetings held during the year 2005-2006 and the gap between two Meetings did not exceed 4 months.

AUDIT COMMITTEE

The Audit Committee is constituted in line with the provisions of Clause 49 of the Listing Agreement read with Sec. 292A of the Companies Act. The terms of reference conform to the requirements of Sec. 292A of the companies Act.

The Composition of the Audit Committee comprises of

NAME	CATEGORY	MEETINGS HELD & ATTENDED
Mr. A.G.Thakore	Chairman	4
Mr. B.B.Patel	Member	4
Mr. A.B.Bodhanwala	Member	4

The Statutory Auditors of the Company and the internal auditors are invited to attend the above Meetings. Committee discusses with the statutory auditors on the Limited Review of the quarterly and Half yearly Unaudited results, audit plan for the year, matters pertaining to compliance of accounting standards and other related matters.



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REMUNERATION COMMITTEE

The Remuneration Committee is also constituted in line with the provisions of Clause 49 of the Listing Agreement. The terms of reference are as under:

- to determine and approve the annual increments payable to Directors;
- to determine and approve the annual increments payable to the Managing Director and;
- to determine and approve the quantum of Commission / Special Allowances payable to the Managing Director.

The Composition of the Remuneration Committee comprises of

NAME	CATEGORY	MEETINGS HELD & ATTENDED
Mr. A.G.Thakore	Chairman	1
Mr. S.F.Illavia	Member	1
Mr. B.B.Patel	Member	1
Dr. M.A.Bodhanwala	Member	1

Within the financial limits approved by the Shareholders, the above determinations are based on the over all performance of the Company during the relevant financial year. The remuneration paid to the Managing Director for the relevant financial year was Rs. 9.00 lacs.

INVESTOR GRIEVANCE COMMITTEE

The Investors' Grievance Committee has been constituted and functioning. A G Thakore was the Chairman, & Mr. B.B.Patel & Dr. M A Bodhanwala were members. The Committee deals with all Transfers, transmissions etc. as required from time to time and all matters pertaining to Investors' complaints. When the Shares are lodged for transfer in excess of 10000 shares, the Company sends the same for confirmation of the transferor and only after the Company is fully satisfied, the same are transferred.

The Committee reviews the performance of the Registrars and Transfer Agents (RTA) and their system of dealing with the investors.

There were no complaints pending for disposal as at 31.03.2006.

GENERAL BODY MEETINGS

The location and time of the last three general meetings held were as under:

2004-2005	24.09.2005	Registered office	9.00 AM
2003-2004	08.09.2004	Registered office	9.00 AM
2002-2003	01.09.2003	Registered office	8.30 AM

DISCLOSURES

During the year 2005-2006 there are no materially significant related party transactions, which are considered to have potential conflict with the interest of the Company at large. The necessary disclosures regarding the transactions are given in Notes to the Accounts.

Bombay Stock Exchange had suspended the trading in Company's Scrip for a non compliance, which has been duly complied.



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GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	14 th
Date & Time:	23.09.2006 at 9.00 A.M.
Venue :	S.No. 309, Vill. Mokshi, Tal Savli, Dist Vadodara
Financial Calendar	The Company follows April – March financial year. The Results of every Quarter are declared in the month following the Quarter as per the Listing Agreement.
Book Closure date	20.09.2006 to 23.09.2006 (both days inclusive)
Dividend payment date	No dividend has been declared by the Company
Listing on Stock Exchanges	Mumbai, Vadodara, Ahmedabad and Madras.
Stock Code	513642 on BSE
Demat International Security Identification Number (ISIN)	INE197C01012
Dematerialisation of Shares	1780900 Equity Shares of the Company have been and liquidity Dematerialised as on 31.03.2006.
Registrar & Transfer Agents	Intime Spectrum Registry Private Limited 308, Jaldhara Complex, Opp. Manisha Society, Off Old Padra Road, Vadodara 390 015
ADR'S / GDR'S / Warrants	The Company has not issued any GDR'S / ADR'S / Warrants or any convertible instruments.

Details of Share holding as on 31.03.2006

HOLDING	NO OF HOLDERS	% OF TOTAL	AMOUNT RS.	% OF TOTAL
0001 – 5000	11394	93.809	17571050	40.863
5001 – 10000	424	03.491	3601100	08.375
10001 – 20000	165	01.358	2599940	06.046
20001 – 30000	62	00.510	1596890	03.714
30001 – 40000	21	00.173	761500	01.771
40001 – 50000	14	00.115	689000	01.602
50001 – 100000	25	00.206	1881010	04.374
Above 100001	41	00.338	14299510	33.255
TOTAL	12146	100.000	43000000	100.000

Plant Location	S.No. 309, Vill. Mokshi, Tal Savli, Dist. Vadodara
Address for correspondence	Shareholders may correspond on all matters relating to shares of the Company with the Registrars and Share Transfer Agents at the below address: Intime Spectrum Registry Private Limited, 308, Jaldhara Complex, Opp. Manisha Society, Off Old Padra Road, Vadodara 390 015 Shareholders will have to correspond with the respective Depository Participant for Shares held in Demat mode.