



Creating Tomorrow

20th

ANNUAL REPORT

2011-2012

Axel Polymers Limited

ISO 9001:2008



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. B.B.Patel	Director (Independent – Non-Executive)
Mr. G.M.Patel	Director (Independent – Non-Executive)
Mr. Soham Mehta	Executive Director – SBU Polymers

AUDITORS

SHAH & BHANDARI
Chartered Accountants

COMPANY LAW ADVISOR

D.PATHAK & ASSOCIATES
Company Secretary

REGISTRARS

LINK INTIME INDIA PVT LTD
B 102 & 103, Shangrila Complex, 1st Floor,
Opp. HDFC Bank, Nr. Radhakrishna Char Rasta,
Akota, Vadodara 390 020

BANKERS

BANK OF BARODA

REGISTERED OFFICE & WORKS

309, MOKSHI, SANKARDA - SAVLI ROAD
TALUKA SAVLI, DIST. VADODARA 391780
GUJARAT INDIA



DIRECTORS REPORT

Dear Shareholder,

Your directors are pleased to present herewith the Twentieth Annual Accounts of your Company for the financial year ended March 31, 2012.

PART I

FINANCIALS

Rupees

PARTICULARS	2011-12	2010-2011
Sales and other income	107796708	33845686
Expenditure	97598651	28797530
Depreciation & W/off	4684949	4585764
Profit before Interest, W/off & Depreciation	11728415	8716890
Profit before Tax	725506	462391
(Short) / Excess Provision of Current Tax of earlier year	0	0
Provision for Taxation :		
MAT	0	0
Deferred Tax Liability / Asset	97920	-138175
Profit after Tax	627586	600566

PERFORMANCE

We were in the business of Toll - Manufacturing Compounds, Blends & Alloys of Engineering & Specialty Polymers for the last 20 years. We launched our own Brand AXEL in 2011.

You will appreciate that financial year 2011-2012 was the 1st full year of operations. Though we are in the business for the last 20 years, we were new entrants to the market. Our Profile was completely different than our past. We were well known to the market for our Brand Image as AXEL.

The performance analysis for the year; we achieved a Revenue of Rs. 1078 lacs during the year with a PBIDT at Rs. 117.73 lacs. The Interest & Finance Costs for the year stood at Rs. 63.18 lacs which is nearly 5.97% of the Sales & Depreciation at Rs. 46.84 lacs. The RMC stood at Rs. 704.68; 74% of Gross Sales. With the above costs, the profit was very negligible. In view of the same, the wholetime Directors have foregone their increase in Salary prior to the same becoming due during the year.



The year had begun with a good note though with stiff competition coming from imports. And the course was set for the healthy competitive environment during the year. However, with the new brand, AXEL moved forward slowly, but firmly to ensure continually enhancing the market share. Axel opened up markets in North, West and Southern Indian markets and was supported with exports to South African customer.

KEY FACTORS AT A GLANCE

- The last F Y 2011-2012 was a classic example of Economic and Financial Turmoil; India and International. The Economic Scenario in the USA influenced the other economies and was mainly responsible for the crisis. Mid-year, in August; while things were looking to pick up, the prices of Crude Oil became volatile and started going upwards in the international markets. European Economic Crisis was more intense in the second half of 2012; Greece, Italy and Spain fuelling the existing crisis.
- Thus we were hit two-fold; one due to the rise in Crude prices, the RM Costs went up and second rise in price of USD again increased the RM Costs.
- All our Base Raw Materials are Petrochemical-based and any change in the price of Crude will directly affect the Input Raw Material prices Thus costs of Input Raw Materials started rising up.
- The Input Costs of all our Base Raw Material as well as Additives etc are Dollar driven; any change in the price of USD will directly affect the Input Raw Material prices Thus costs of Input Raw Materials started rising up. This affected the Raw Material Costs
- The Rupee v/s USD in August 2011 v/s current rate; an increase of more than 25% in the value of USD. In other words, the Rupee depreciated by 25%.
- The Average Raw Material Costs directly went up by 25% without a corresponding increase in Average Sales Price.
- The projected Net Profit which was in the range of 8-10% was wiped out with this increase in Raw Material Costs. However, the Company tried to save and cut down on other expenses to partly offset the increased RM Costs.
- As a result of this volatility of prices of USD, the availability of Raw Material was also affected. The terms were more or less payments against deliveries.
- No Economy or Industry; in India or elsewhere can take a price rise of 25% in a span of almost 10 months. It was due to our ability and farsightedness that we could at least keep ourselves afloat.
- In addition to the increase in RM Costs, Labour & Electricity Costs have also shot up.
- Cost of Finance also went upwards by nearly 18%. With Bank rates going up, the cost of borrowed money also went upwards from 11.00% to 15.00 % - this added further pressure on bottom line. In fact when the Industries are in bad shape, Banks and Financial Institutions have performed much better in this financial year.
- Nothing good to report by anyone; the sentiment was low and overall industry started to face drop in sales numbers; Sales of Automotive were at the all time



lowest and new orders were not being released from car makers. However, spreading the business basket to other industry, Axel could ensure sales to grow, but the bigger concern was drop in bottom line numbers...

To sum up our woes; we were hit from all possible sides. Inspite of the adverse situations on all fronts, we were able to sustain and keep afloat. It is important to survive in such crisis rather than prosper. With hard work and focused attention, success & prosperity is assured.

BUSINESS PROSPECTS / PROJECTIONS 2012-2013

"All times good or bad are never to stay for long....."

We are one of the oldest Companies in the field of Engineering Polymers. With the launch of own Brand of Polymer Compounds your Directors are confident and optimistic of generating additional revenues at a higher rate. The demand for this product will never be in slump due to the sheer size of the Domestic Market.

The New Year started with positive note; people started getting over the increased costs. The required / requested price rise was also coming from some sectors; to start with. Marketing Strategy and efforts to cater to diverse industrial applications were showing results and sales are growing from early parts of the year itself, newer opportunities are showing positive signs and contracted sales opportunities are offered.

Thus the scenario has changed dramatically for us. In times of such economic slowdown, good opportunity will provide us an excellent platform. We are confident to attain much higher sales volume. We need to focus on this and turn around the Company. Such opportunities do not always come your way only. We are lucky to have this opportunity in our lap.

As against the last year ended March 2012, the current year has begun with a good note. India has emerged as an Automobile Hub of the World. Practically all Auto manufacturers have made India as a base for their South Eastern Market. These manufacturers need quality material at competitive prices. Electrical Industry is also a big market. Particularly the CFL fittings are the most growing market. This is due to the fact that the Government has decided to phase out the regular Bulbs and replace them with CFLs. Govt is also providing subsidies for this project in every state. You will appreciate the fact that we have been growing at a conservative pace.

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 Clauses of the Listing Agreement. 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).

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 has maintained the ISO 9001-2008 Certification.

DIRECTORS' RESPONSIBILITY STATEMENT

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

In the preparation of the annual accounts for the financial year ended March 31, 2012, 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 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

Shah & Bhandari, Chartered Accountants, Baroda, the present Auditors retire at the conclusion of the ensuing Annual General Meeting. Being eligible, they have offered themselves for reappointment.

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.

DIRECTORS

Appointment

- In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, your Directors have appointed Mr. Priyank G. Patel as Director. Your Directors recommend his 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, Mr. A.G.Thakore retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for reappointment. Your Directors recommend his reappointment
- In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. B.B. Patel retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for reappointment. Your Directors recommend his 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 in view of brought forward losses.

INSURANCE

All the Assets of the Company are adequately insured against Fire, Floods, Riots and natural calamities. The sum insured are adequate as per the current norms.

TAXATION

Pursuant to the provisions of Sec. 43B of the Income Tax Act, 1961 the Company is required to provide for Deferred Tax Liability. As per the revised provisions of Sec. 43B, the deferred tax liability for the year has been duly adjusted in the Profit & Loss Account.

COMPLIANCES

The Company is generally regular in making all Statutory Compliances.

INVESTOR RELATIONS

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

FOREIGN EXCHANGE EARNING

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



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

During the year, your Directors have focused their approach on the efficiency in Consumption of Power.

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	2011-2012	2010-2011
Purchased	Quantity units	486537	632013
	Amount Rs.	3013075	3616817
	Rate / unit Rs.	6.19	5.72
Production	Quantity M.T.	1066	1825
	Total Power Cost Rs.	3013075	3616817
	Power Cost per Kg. of Production Rs.	2.82	1.98

The Power cost per kg of Production has increased from Rs. 1.98 to Rs. 2.82 per kg due to increase in the rate of power as well as duty. It is pertinent to note that the base rate of power per unit has increased during the year, but the rate per kg has fallen.

ACKNOWLEDGMENT

Your Directors would like to express their gratitude & appreciation for the assistance and co-operation received from Government Authorities, Business Associates, and Share Holders during the year under review.

We are extremely thankful to Bank of Baroda for granting us Working Capital facilities; without which we would not have been able to launch our own Brand of Polymer Compounds.

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. The Company believes that the Employees are its biggest assets.

For and on Behalf of the Board

Place: Mokshi
Dated: 16.08.2012

B.K.BODHANWALA
CHAIRMAN



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

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 31.03.2012.

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 Attended	Whether Attended Last Agm	Other Directorship
Mr. B.K.Bodhanwala	Chairman Executive	7	YES	NONE
Mr. A.B.Bodhanwala	Managing Director	7	YES	NONE
Dr. M.A.Bodhanwala	Director Non-Executive	7	YES	NONE
Mr. A.G.Thakore	Independent Non Executive	3	NO	ONE
Mr. B.B.Patel	Independent Non Executive	2	YES	NONE
Mr. G.M. Patel	Independent Non Executive	2	YES	NONE
Mr. S.A. Mehta	Executive Director (SBU)	3	YES	NONE

There were 7 Board meetings held during the year 2011-2012 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 292 A 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. B.B.Patel	Chairman	4
Mr. A.B.Bodhanwala	Member	4

The Statutory Auditors of the Company and the internal auditor 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.

INVESTOR GRIEVANCE COMMITTEE

The Investors' Grievance Committee has been constituted and functioning. Mr. B.B.Patel was the Chairman & Dr. MA Bodhanwala was member. 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 may send 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 31.03.2012.

GENERAL BODY MEETINGS

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

Financial Year	Date of AGM	Location	Time
2010-2011	24.09.2011	Registered Office	9.00 AM
2009-2010	25.09.2010	Registered Office	9.00 AM
2008-2009	26.09.2009	Registered Office	9.00 AM

DISCLOSURES

During the year 2011-2012 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.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	20th
Date & Time:	22.09.2012 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	20.09.2012 to 22.09.2012 (both days inclusive)
Dividend payment date	N.A.