

AXTEL INDUSTRIES LIMITED

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17TH ANNUAL REPORT 2008-2009

AXTEL INDUSTRIES LIMITED

SEVENTEENTH ANNUAL REPORT 2008-2009

BOARD OF DIRECTORS : Shri Kirit Kumar Pathak, Chairman
Shri Ajay Desai, Executive Director
Shri Ajay Parikh, Executive Director
Shri Nalin Parikh, Director
Shri Hardip Singh Bubber, Director
Shri Ajit Singh Bubber, Director

AUDITORS : V. K. SHASTRI & CO.,
Chartered Accountants
Baroda

BANKERS : ABN Amro Bank N.V., Baroda

**REGISTERED OFFICE
& WORKS** : Plot No. 43/1, Village Nurpura,
P.O. Baska, Taluka HALOL - 389 350,
Dist: Panchmahals, Gujarat.

AXTEL INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of AXTEL INDUSTRIES LIMITED will be held at 11.00 a.m. on Monday, the 24th August, 2009 at the Registered Office of the Company situated at Plot No. 43/1, Village Narpura, P.O. Baska, Tal. Halol – 389 350, Dist. Panchmahals, Gujarat to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 and the Profit & Loss Account of the Company for the year ended on that day together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Nalin D. Parikh, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Ajit Singh Bubber, who retires by rotation and being eligible offers himself for reappointment.
4. To Reappoint the Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:

"RESOLVED that pursuant to section 198, 310 and other provisions applicable, if any and schedule XIII of the Companies Act, 1956 consent of the members of the Company is accorded to fix remuneration of Shri Ajay Desai, Executive Director of the Company with effect from the 01st March, 2010 within the limits prescribed hereunder from time to time:

[i] Salary:

Not exceeding Rs.2,50,000/- [Rupees Two Lac Fifty Thousand Only] per month [including perquisites and other allowance, if any]

[ii] Perquisites and other allowances:

Perquisites and other allowances shall also be allowed in addition to salary. However, total managerial remuneration by way of salary, perquisites and other allowances shall not exceed the overall limit of Rs.30,00,000/- per annum.

[iii] Contribution to provident fund, superannuation fund and annuity fund will not be included in the computation of the ceiling on managerial remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.

[iv] Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

[v] Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites/remuneration. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.

COMMISSION:

Remuneration by way of commission may also be allowed in addition to salary, perquisites and allowance or in

lieu thereof, based on the net profits of the Company in a particular year. However, it will be subject to the overall ceilings laid down in section 198 and section 309.

“RESOLVED FURTHER THAT, where in any financial year, during the currency of tenure of Shri Ajay Desai as Executive Director, the Company has no profit or its profits are inadequate, it may pay him minimum remuneration by way of salary, perquisites and allowances not exceeding the limits specified above

By the Order of the Board of Directors

Dated : 29th May, 2009

Place : Registered Office :

Plot No.43/1, Village: Nurpura,

P.O. Baska, Tal. Halol - 389 350

Dist. Panchmahals, Gujarat

Ajay Desai
Executive Director



NOTES:

- [1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- [2] Members should notify change in the address, if any, specifying full address in block letters with pin code of the post office.
- [3] Members seeking further information on the accounts or any other matter contained in the notice are requested to write to the Company at least 7 days before the meeting, so that relevant information can be kept ready at the meeting.
- [4] The register of members and share transfer book will remain closed from Tuesday, the 18th August, 2009 to Monday, the 24th August, 2009 [both days inclusive].
- [5] Members attending the meeting are requested to bring their copy of the Annual Report.
- [6] Explanatory statement setting out all material facts concerning the special business u/s 173 (2) of the companies Act, 1956 is annexed hereto :

Explanatory statement in respect of the special business u/s 173 (2) of the companies Act, 1956**Item No.5**

Shri Ajay Desai was re-appointed as Executive Director for a period of five years with effect from the 01st March, 2007 as per special resolution passed by the member of the Company at the annual general meeting of the Company held on 26th March, 2007. However, his remuneration as mentioned in the resolution was fixed for a period of three years (from 01st March, 2007 to 28th February, 2010). Therefore it is necessary to take approval of the members of the Company by passing special resolution to pay remuneration as mentioned in the resolution for the remaining term of 2 years i.e. From 1st March, 2010 to 28th February, 2012. The Board recommends to pass the resolution as special resolution.

The information required as per para 1 [B] [IV] of section II of para II of schedule XIII is furnished hereunder:

1. General Information:
 - i. Nature of Industry : Engineering industry manufacturing food processing plant, machinery and equipment and dairy machinery since 1993.
 - ii. Financial Performance : The Company's net profit after taxation is Rs.191.61 lacs for the year ended 31st March, 2009.
 - iii. Export Performance: The Company has made export of Rs.246.46 lacs during the year ended 31st March, 2009.

ii) Information about Shri Ajay Desai, Appointee :

Shri Ajay Desai is B.E. [Ele.] having experience of 25 years. He is looking after administration and marketing department of the Company. He was paid total remuneration of Rs.29,99,449/- for the year ended 31st March, 2009.

The Remuneration Committee of the Company has recommended remuneration as mentioned in the proposed resolution.

Comparative remuneration figure with respect to industry is not available. However, proposed remuneration payable to Shri Ajay Desai is low comparing his efforts and responsibility as Executive Director of the Company.

Shri Ajay Desai has no pecuniary relationship directly or indirectly with the Company as managerial personnel

except remuneration as Executive Director drawn by him and dividend on equity shares, declared if any, by the Company for his shareholding in the Company.

iii) Other Information :

The Company has improved financial performance during the year ended 31st March, 2009, and made a profit of Rs.191.61 lacs. The Company has taken various steps to increase its sales and profit. As Company is manufacturing tailor made plants / machinery it is very difficult to give expected production and profits in measurable terms.

iv) Disclosures:

Other disclosures have been mentioned in the Board of Directors' report under the heading "Corporate Governance" attached to the annual report.

None of the Directors except Shri Ajay Desai for drawing his remuneration and Shri Kirit Kumar Pathak, Director being a relative of Shri Ajay Desai, is interested in these resolutions.

This explanatory statement together with the accompanying notice may also be considered as an abstract of terms of the contract and memorandum under section 302 of the Companies Act, 1956.

By the Order of the Board of Directors

Dated : 29th May, 2009

Place : Registered Office :

Plot No.43/1, Village: Nurpura,
P.O. Baska, Tal. Halol - 389 350
Dist. Panchmahals, Gujarat

Ajay Desai
Executive Director

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

[1] FINANCIAL RESULTS:

The financial results for the year are as under:

	[Rupees in Lacs]	
	Year Ended 31.03.2009 (12 Months)	Period Ended 31.03.2008 (18 Months)
Sales and other Income	3356.57	3260.60
Profit before depreciation	345.07	286.33
Less: Depreciation	55.95	57.80
Profit of the year	289.12	228.53
Less: Provision for taxation & FBT	96.03	82.29
Provision for Deferred tax	1.48	4.14
Profit after taxation	191.61	142.10
Balance Brought forward from previous year	256.25	114.15
Balance carried to Balance Sheet	447.86	256.25

[2] DIRECTORS:

Shri Nalin D Parikh and Shri Ajit Singh Bubber, Directors of the Company, retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for reappointment.

[3] DIRECTORS' RESPONSIBILITY STATEMENT: Your Board states that:

1. in the preparation of the annual accounts for the year ended 31st March, 2009, the applicable accounting standards had been followed and there had been no material departures from the said standards except mentioned in notes to the account.
2. the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit of the Company for the year ended on that day.
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting statement 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.
4. the director had prepared the annual account for the year ended 31st March, 2009 on a going concern basis.

[4] REPORT ON CORPORATE GOVERNANCE:

A detailed report on Corporate Governance as required under clause 49 of the Listing Agreement with the Stock Exchange has been included separately in the Annual Report.

[5] AUDITORS:

M/s. V.K. Shastri & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

The Company has obtained a certificate under section 224 [1B] of the Companies Act, 1956 from the Auditors to the effect that, their appointment, if made would be within the limits prescribed in the said section.

[6] AUDITORS' REPORT:

The observations of the Auditors are explained, wherever necessary, in an appropriate notes to the Audited Statement of Accounts.

[7] PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of Section 217 [2A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules, 1975 is given in Annexure – A attached herewith.

[8] PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE INCOME AND OUTGO:

Information in accordance with the provision of Section 217 [1] [e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange income and outgo is given in Annexure-B attached herewith.

[9] ACKNOWLEDGEMENT:

The Board of Directors gratefully acknowledge the assistance and co-operation received from the ABN Amro Bank N.V. and all other statutory and non-statutory agencies for their co-operation.

The Board of Directors also wish to place on record their gratitude and appreciation to the members for their trust and confidence shown in the Company.

The Board of Directors would like to especially thank all the employees of the Company for their dedication and loyalty.

On behalf of the Board of Directors

Date: 29th May, 2009
Registered Office :
Plot No.43/1, Village: Nulpura,
P.O. Baska, Tal. Halol - 389 350
Dist. Panchmahals, Gujarat

sd.
[Ajay Desai]
Executive Director
sd.
[Ajay Parikh]
Executive Director

ANNEXURE - A

Statement pursuant to Section 217 [2A] of the Companies Act., 1956, read with the Companies [Particulars of Employees] Rules 1975 for the year ended 31st March, 2009.

Sr. No.	Name & Designation	Remuneration Rs.	Nature of Employment And Terms & Conditions	Nature of Duties	Qualification & Experience	Date of Commencement of Employment	Age	The last employment held
1.	Shri Ajay N. Desai Executive Director	2999449	Contractual	Admn. & Marketing	B.E. [Elect.] 25 Years	01.03.1992	51 Years	Age Technologies Pvt. Ltd.
2.	Shri Ajay N. Parikh Executive Director	2999873	Contractual	Production & Design	B.E. [Mech.] 26 Years	01.08.1993	52 Years	Age Technologies Pvt. Ltd.

Note:

1. Shri Ajay N. Desai is a relative of Shri Kirit Kumar Pathak, Director.
2. Shri Ajay N. Parikh is a relative of Shri Nalin Parikh, Director.

ANNEXURE - B

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Income and Outgo

1. Particulars regarding conservation of energy, power and fuel consumption : Not Applicable
2. Particulars regarding technology absorption : As per Form B given hereunder
3. Foreign exchange earning and outgo
 - [i] Activities relating to exports : Sale of food processing plants & machinery
 - [ii] Initiatives taken to increase export : The Directors visit clients abroad several times and the Company expects to receive several export orders from time to time.
 - [iii] Development of new export markets for products and services and export plans : Not Applicable

	Current Year	Previous Year
[Rupees in Lacs]		
[iv] Total foreign exchange used	26.64	51.88
[v] Total foreign exchange earned	246.46	797.28

FORM B

[A] Form for disclosure of particulars with respect to technology absorption. Research and development (R&D)

1. Specific areas in which R&D was carried out by Company : Nil
2. Benefits derived as a result of the above R&D : Nil
3. Future plan of action : Nil
4. Expenditure on R & D : Nil
 - [a] Capital : Nil
 - [b] Recurring : Nil
 - [c] Total : Nil
 - [d] Total R & D expenditure as a percentage of total turnover : Nil

[B] Technology absorption, adaptation and innovation : Nil

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Nil
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. : Nil
3. In case of imported technology [imported during the last 5 years reckoned from the beginning of the financial year], following information may be furnished. : Nil
 - [a] Technology imported
 - [b] Year of import
 - [c] Has the technology been fully absorbed?
 - [d] If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.