

AXTEL INDUSTRIES LIMITED

20TH ANNUAL REPORT
2011-2012

AXTEL INDUSTRIES LIMITED

TWENTIETH ANNUAL REPORT 2011-2012

BOARD OF DIRECTORS : Shri Kirit Kumar Pathak, Chairman
Shri Ajay Desai, Executive Director
Shri Ajay Parikh, Executive Director
Shri Hardip Singh Bubber, Independent Director
Shri Ajit Singh Bubber, Independent Director
Shri Ameet Parikh, Non Executive Director
Shri Sandeep Lalwani, Independent Director
Shri Neeraj Pathak, Alternate Director

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

BANKERS : Bank of Baroda, Halol

**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 Twentieth Annual General Meeting of the members of AXTEL INDUSTRIES LIMITED will be held at 11.00 a.m. on Monday, the 3rd September, 2012 at the Registered Office of the Company situated at Plot No. 43/1, Village Nurpura, 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, 2012 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 Hardip Singh Bubber, 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 resolution as an ordinary resolution:

"RESOLVED THAT Shri Sandeep Lalwani be and is hereby appointed as Director liable to retire by rotation.

By the Order of the Board of Directors

Dated : 25th May, 2012

Place : Registered Office :

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

Ajay Oesai
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 28th August, 2012 to Monday, the 3rd September, 2012 [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 Sandeep Lalwani was appointed as Additional Director with effect from 8th November, 2011. He is chartered accountant having experience of about 22 years. The Company has received a notice under section 257 of the Companies Act, 1956 to appoint him as director of the Company. His appointment as Independent Director will benefit our Company. Your Board therefore recommends his appointment as Independent Director of the Company.

None of the Directors except Shri Sandeep Lalwani for his appointment is interested / concerned in this resolution.

By the Order of the Board of Directors

Dated : 25th May, 2012

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 Twentieth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2012.

[1] FINANCIAL RESULTS:

The financial results for the year are as under:

	[Rupees in Lacs]	
	Year Ended 31.03.2012	Year Ended 31.03.2011
Sales and other Income	5948.28	5410.95
Profit before depreciation	533.66	498.34
Less: Depreciation	86.64	66.77
Profit of the year	447.02	431.57
Less: Provision for taxation	145.44	189.22
Profit after taxation	301.58	242.35
Balance Brought forward from previous year	756.56	514.21
Balance carried to Balance Sheet	1058.14	756.56

[2] DIRECTORS:

Shri Hardip Singh Bubber 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.

Shri Sandeep Lalwani was appointed as Additional Director with effect from 8th November, 2011. He is chartered accountant having experience of about 22 years. The Company has received a notice under section 257 of the Companies Act, 1956 to appoint him as director of the Company.

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

1. in the preparation of the annual accounts for the year ended 31st March, 2012, 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 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 as at 31st March, 2012 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 directors had prepared the annual account for the year ended 31st March, 2012 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 Nil.

[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-A attached herewith.

[9] ACKNOWLEDGEMENT:

The Board of Directors gratefully acknowledge the assistance and co-operation received from the Bank of Baroda 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: 25th May, 2012

Registered Office :

Plot No.43/1, Village: Nurpura,

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

Dist. Panchmahals, Gujarat

sd.

[Ajay Desai]

Executive Director

sd.

[Ajay Parikh]

Executive Director

ANNEXURE - A

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	Previous
[Rupees in Lacs]	Year	Year
[iv] Total foreign exchange used :	34.32	26.27
[v] Total foreign exchange earned :	320.90	401.00

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 the 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
 - [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.

REPORT ON CORPORATE GOVERNANCE

The Company has taken necessary steps to comply with all the requirement of the guidelines on Corporate Governance as would be applicable to it.

1. Board of Directors as on 31st March, 2012.

The Board comprised of seven Directors, of whom two were Executive Directors and five were Non-Executive Directors. The Chairman of the Board was a Non-Executive Director.

A. Composition of the Board for the period from 01st April, 2011 to 31st March, 2012 :

Name of the Director		Status
Shri Kirit Kumar Pathak	Chairman	Non-Executive Director
Shri Ajay Desai		Executive Director
Shri Ajay Parikh		Executive Director
Shri Ameet Parikh		Non-Executive Director
Shri Hardip Singh Bubber		Non-Executive Independent Director
Shri Ajit Singh Bubber		Non-Executive Independent Director
Shri Sandeep Lalwani		Non-Executive Independent Director

B. Board Meeting :

The meeting of the Board of Directors are scheduled well in advance. The notice convening the meeting and the detailed agenda is sent at least seven days in advance to all the Directors. The Board meets at least once a quarter to review the quarterly performance and financial results.

i. Number of Board Meeting :

During the year from 01st April, 2011 to 31st March, 2012 the Board of Directors met six times on the following dates :

Sr.No	Date	Board Strength	No. of Directors present
1.	30 th May, 2011	6	5
2.	29 th July, 2011	6	6
3.	20 th October, 2011	6	3
4.	8 th November, 2011	6	6
5.	7 th January, 2012	7	5
6.	31 st January, 2012	7	3

ii. Attendance of Directors :

Name of the Directors	No of Board Meetings held	No of Board Meetings Attended	Attendance at the last Annual General Meeting	No. of Directorship in the other Boards as on 31 st March, 2012	No. of Memberships in other Board Committees as on 31 st March, 2012 (Excluding Axtel Industries Ltd.)
Shri Kirit Kumar Pathak	6	1	Absent	2	0
Shri Ajay Desai	6	6	Present	1	0
Shri Ajay Parikh	6	6	Present	1	0
Shri Ameet Parikh	6	5	Absent	2	0
Shri Hardip Singh Bubber	6	4	Absent	2	0
Shri Ajit Singh Bubber	6	4	Absent	1	0
Shri Sandeep Lalwani	6	2	Absent	3	0

2. Committees of Directors :

Non-Executive Directors, including the Chairman, provide guidance to operating management on policy matters as well as in the monitoring actions of operating management. This involvement is formalized through constitution of designated committees of the Board. The Committees are intended to provide regular exchange of information and ideas between the Non-executive Directors and the operating management.

The Board has accordingly formed Committees which comply with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and other applicable provisions of the Companies [Amendment] Act, 2000.

[A] Audit Committee :

Audit Committee comprises of the following Executive Director and Non-Executive Directors of the Board as per section 292 A of the Companies Act, 1956:

	Name of Director	Status
1	Shri Sandeep Lalwani	Non-Executive Independent Director
2	Shri Ajay Desai	Executive Director
3	Shri Ameet Parikh	Non-Executive Director

(Shri Sandeep Lalwani was appointed as member of audit committee on 8th November, 2011 on re-constitution of committee)

Audit committee meeting was held on 30th May, 2011 and 8th November, 2011 during the year ended 31st March, 2012.

[B] Remuneration Committee :

i Remuneration Committee comprises of the following Non-Executive Independent Directors of the Board :

	Name of Director	Status
1	Shri Hardip Singh Bubber	Non-Executive Independent Director
2	Shri Ajit Singh Bubber	Non-Executive Independent Director
3	Shri Sandeep Lalwani	Non-Executive Independent Director

(Shri Sandeep Lalwani was appointed as member of audit committee on 8th November, 2011 on re-constitution of committee)

ii. Remuneration Policy :

The Company follows a market linked remuneration policy, which is aimed at enabling the Company to attract and retain the best talent. The Company does not have an Employee Stock Option Policy.