

AXTEL

AXTEL INDUSTRIES LIMITED

**21st ANNUAL REPORT
2012-2013**

AXTEL INDUSTRIES LIMITED

TWENTY FIRST ANNUAL REPORT 2012-2013

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
(to Shri Kirit kumar Pathak)

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 twenty first annual general meeting of the members of AXTEL INDUSTRIES LIMITED will be held at 11.00 a.m. on Wednesday, the 31st July, 2013 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, 2013 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 Ameet Nalin Parikh, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Kirit Kumar Pathak, 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 :

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

"RESOLVED that pursuant to section 269, 198, 309, and other provisions applicable, if any and schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government or any other authority required, if any, consent of the members of the Company be and is hereby given for the re-appointment of Shri Ajay Nalin Parikh as Executive Director of the Company for a period of five years with effect from the 01st August, 2013 on the terms and conditions as detailed hereunder, with a liberty to the Board of Directors of the Company to modify the said terms and conditions within the limits prescribed/which may be prescribed in schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time:

[i] Salary:

Not exceeding Rs.7,00,000/- [Rupees Seven Lacs 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.84,00,000/- 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.

"RESOLVED FURTHER THAT, where in any financial year, during the currency of tenure of Shri Ajay Nalin Parikh 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.

RESOLVED FURTHER THAT remuneration not exceeding Rs.2,50,000 per month and not exceeding Rs.30,00,000 per annum will be paid to Shri Ajay Nalin Parikh as mentioned in para 1 [B] of section II in part II of schedule XIII of the Companies Act, 1956 till the approval of the Central Government is received.

By the Order of the Board of Directors

Dated : 23.05. 2013

Place : Registered Office :

Plot No.43/1, Village: Nulpura,

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 Thursday, the 25th July, 2013 to Wednesday, the 31st July, 2013 [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 Nalin Parikh was re-appointed as Executive Director for a period of five years w.e.f. 01st August, 2008 as per resolution passed by the members of the Company at the annual general meeting of the Company held on 07th July, 2008. His tenure as Executive Director will expire on 31st July,2013. He is looking after the production and design activities of the Company. Looking to the responsibilities shouldered by Shri Ajay Nalin Parikh, remuneration committee of the Company has recommended to re-appoint him as Executive Director for a further term of five years with effect from 1st August,2013 on a remuneration mentioned as above.

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

a. 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.337.94 lacs for the period ended 31st March, 2013.
- iii. Export Performance: The Company has made export of Rs.618.54 lacs during the period ended 31st March, 2013.

2. Information about Shri Ajay Nalin Parikh, Appointee :

Mr. Ajay Nalin Parikh is a Bachelor of Engg. (Mechanical) with distinction from The Maharaja Sayajirao University at Vadodara in the year 1980. He possesses over 30 years of experience in the field of design, engineering and manufacturing of high quality process equipment and plant for the food and pharmaceutical industries. A brief overview of his career profile is as follows:

- 1980-82 worked as a Design Engineer with M/s Vulcan Engineers Pvt. Ltd., Mumbai, who are engaged in providing complete heat treatment plant and furnaces for large steel manufacturers and for wheel and axle plants of the Indian Railways. As a design engineer, he was responsible for heat and mass transfer calculations, machine and equipment design, structural design, P & IDs and plant drawings and leading a team of draftsmen to produce detailed manufacturing drawings.
- 1982-84 worked as Design Engineer for Finex Sieves Pvt. Ltd. at Vadodara, manufacturing rotary and gyratory sieving and straining equipment for the food, pharmaceutical and chemical industries.
- 1984-85 He ventured out on his own and was partner in a company called Wynsales. Wynsales represented various engineering goods manufacturing companies for sales in the State of Gujarat. Here he was responsible in selling material handling equipment, non-destructive testing equipment and other engineered equipment.
- 1985-86 He formed another company, Aro-Grad Engineering and set up a workshop to manufacture equipment for the food and dairy industry. The first customer of Aro-Grad Engineering was Amul Dairy followed by the National Dairy & Development Board. Mr. Parikh worked closely with eminent personalities such as Dr. V. H. Vyas, Dr. Kurien and others to develop various dairy and food equipment as import substitutes for many large dairies all over India. During this period he gained rich experience in the design, development, manufacture and use of GMP equipment for the dairy, food and pharmaceutical sectors.
- 1986-92 Promoted and managed Age Technologies Pvt. Ltd. which continued the activities of Aro-Grad Engineering with a much larger manufacturing facility at Vadodara. Age Technologies successfully commissioned various cattle feed, dairy and powder handling plant and equipment. Many of these substituted the need for importing such equipment from Europe and other developed countries.
- 1992-till date, as Executive Director with Axtel Industries Ltd. since its inception. He was involved in setting up the company, its manufacturing facilities and subsequent expansion of the same. During his tenure Mr. Ajay Nalin Parikh has to his credit the development of a very large range of equipment, plant and machinery, most of which are import substitutes. Axtel today has a state-of-the-art manufacturing facility and is the preferred supplier to many multi-national and large FMCG and food processing companies in India and abroad. Axtel, under the leadership of Mr. Ajay Parikh, has over the last 19 years developed and manufactured these equipments equivalent to the best in class that are made in the developed nations. Various innovative ideas have also been applied for indigenization and cost reduction. All of these have been completely developed in-house without any foreign collaboration. Axtel exports these equipments and machinery to Europe, Middle East, Far East and our neighbouring countries to the various food manufacturing companies there.

Shri Ajay Nalin Parikh is looking after production and design department of the Company. He was paid total remuneration of Rs. 29,99,908 for the year ended 31st March, 2013.

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 Nalin Parikh is low comparing his efforts and responsibility as Executive Director of the Company.

Shri Ajay Nalin Parikh 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.

3. Other Information :

The Company has improved financial performance during the year ended 31st March, 2013, On the net sales of Rs.6038.87 lacs (previous year Rs.5938.22 lacs- increase of 1.69 % over previous year), the profit before depreciation and tax is Rs. 632.42 lacs (previous year Rs.533.66 lacs - increase of 18.51 % over previous year) and profit after tax is Rs. 337.94 lacs (previous year Rs.301.58 lacs- increase of 12.06 % over previous year). 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.

4. Disclosures:

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

The Board of Directors recommends the resolution for the approval of the members.

None of the Directors except Shri Ajay Nalin Parikh for drawing his remuneration and Shri Ameet Nalin Parikh, Director being a relative of Shri Ajay Nalin Parikh, 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 : 23.05.2013

Place : Registered Office :

Plot No.43/1, Village: Nulpura,
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 twenty first annual report together with the audited statement of accounts for the year ended 31st March, 2013.

[1] FINANCIAL RESULTS:

The financial results for the year are as under:

	[Rupees in Lacs]	
	Year Ended 31.03.2013	Year Ended 31.03.2012
Sales and other Income	6087.56	5948.28
Profit before depreciation	633.05	533.66
Less: Depreciation	131.57	86.64
Profit of the year	500.85	447.02
Less: Provision for taxation	162.91	145.44
Profit after taxation	337.94	301.58
Balance brought forward from previous year	1058.14	756.56
Balance carried to Balance Sheet	1396.08	1058.14

[2] DIRECTORS:

Shri Ameet Nalin Parikh and Shri Kirit Kumar Pathak, 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, 2013, 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, 2013 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, 2013 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: 23.05. 2013

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

Particulars regarding conservation of energy, power and fuel consumption	:	Not Applicable
Particulars regarding technology absorption	:	As per Form B given hereunder
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	168.80	34.32
[v] Total foreign exchange earned	618.54	320.90

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

1. Efforts, in brief, made towards technology absorption, adaptation and innovation	:	Nil
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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.