AXTEL INDUSTRIES LIMITED

18TH ANNUAL REPORT
2009-2010

AXTEL INDUSTRIES LIMITED

EIGHTEENTH ANNUAL REPORT 2009-2010

BOARD OF DIRECTORS	:	Shri Kirit Kumar Pathak, Chairman Shri Ajay Desai, Executive Director Shri Ajay Parikh, Executive Director Shri Hardip Singh Bubber, Director Shri Ajit Singh Bubber, Director Shri Ameet Parikh, Director
AUDITORS	:	V. K. SHASTRI & CO., Chartered Accountants Baroda
BANKERS	:	State Bank of India, 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 Eighteenth Annual General Meeting of the members of AXTEL INDUSTRIES LIMITED will be held at 11.00 a.m. on Monday, the 30th August, 2010 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, 2010 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 Kiritkumar Pathak, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Hardip 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 Ameet Parikh be and is hereby appointed as Director liable to retire by rotation"

By the Order of the Board of Directors

Dated : 29.05.2010
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 Monday, the 23rd August, 2010 to Monday, the 30th August, 2010 [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 u/s 173 (2) of the companies Act, 1956

Item No. 5

Shri Ameet Parikh was appointed as additional director on 01st December, 2009 by the Board of Directors. Our Company has received a notice u/s 257 of the Companies Act, 1916 along with a deposit of Rs.500 to appoint Mr. Ameet Parikh as Director of the Company. Shri Ameet Parikh is reknowed chartered accountant having wide experience of about 27 years. His appointment as Director of our Company will benefit our Company. Your Board, therefore recommend his appointment as Director of our Company.

None of the Directors except Shri Ameet Parikh for his appoinment as Director and Shri Ajay Parikh being a relative of Shri Ameet Parikh, are interested in this resolution.

By the Order of the Board of Directors

Dated : 29.05.2010
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 Eighteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

[1] FINANCIAL RESULTS:

The financial results for the year are as under:

[Rupees in Lacs]

	Year Ended 31.03.2010	Year Ended 31.03.2009
Sales and other Income	2707.88	3356.57
Profit before depreciation	172.14	345.07
Less: Depreciation	65.23	55.95
Profit of the year	106.91	289.12
Less: Provision for taxation & FBT	40.56	97.51
Profit after taxation	66.35	191.61
Balance Brought forward from previous year	447.86	256.25
Balance carried to Balance Sheet	514.21	447.86

[2] DIRECTORS:

Your Board regrets to inform you that Shri Nalin Parikh, Director of your Company passed away on 19th September, 2009. He had shared his wide technical knowledge with the company during his tenure as Director of the Company.

Shri Ameet Parikh was appointed as additional director of the Company on 01st December, 2009. The Company has received a notice u/s 257 of the Companies Act, 1956. for his appointment as Director of the Company at the ensuing annual general meeting. Your Board recommends his appointment as Director.

Shri Kiritkumar Pathak and Shri Hardip 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, 2010, 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, 2010 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, 2010 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 State Bank of India 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

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

Date: 29.05.2010
Registered Office :
Plot No.43/1, Village: Nurpura,
P.O. Baska, Tal. Halol - 389 350
Dist. Panchmahals, Gujarat

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, 2010.

Sr. No.	Name & Designation	Remuneration Rs.	Nature of Employment And Terms & Conditions	Nature of Duties	Qualification & Experience	Date of Commenc--ement of Employment	Age	The last employment held
1.	Shri Ajay N. Desai Executive Director	29,99,647	Contractual	Admn. & Marketing	B.E. [Elect.] 26 Years	01.03.1992	52 Years	Age Technologies Pvt. Ltd.
2.	Shri Ajay N. Parikh Executive Director	29,99,679	Contractual	Production & Design	B.E. [Mech.] 27 Years	01.08.1993	53 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 Ameet 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

[Rupees in Lacs]		Current Year	Previous Year
[iv] Total foreign exchange used	:	18.25	26.64
[v] Total foreign exchange earned	:	335.36	246.46

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		
	[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, 2010.

The Board comprised of six Directors, of whom two were Executive Directors and four were Non-Executive Direc tors. The Chairman of the Board was a Non-Executive Director.

A. Composition of the Board for the period from 01st April, 2009 to 31st March, 2010 :

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

- * Shri Nalin Parikh Passed away on 19.09.2009
- * Shri Ameet Parikh was appointed as Additional Director w.e.f. 01.12.2009

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, 2009 to 31st March, 2010 the Board of Directors met twelve times on the following dates :

Sr.No	Date	Board Strength	No. of Directors present
1.	20th April, 2009	6	5
2.	11th May, 2009	6	4
3.	29th May, 2009	6	4
4.	23rd July, 2009	6	5
5.	19th August, 2009	6	4
6.	11th September, 2009	6	2
7.	06th October, 2009	5	3
8.	28th October,2009	5	2
9.	11th November, 2009	5	4
10.	19th December, 2009	6	3
11.	30th January, 2010	6	2
12	8th March, 2010	6	4

ii. **Attendance of Directors :**

Name of the Directors	No of Board Meetinggs held	No. of Board Meetings attended	attendance at the last annual general meeting	No. of Directorship in the other Boards as on 31st March, 2010	No. of Memberships in other Board Committees as on 31st March, 2010
Shri Kirit Kumar Pathak	12	4	Absent	1	—
Shri Ajay Desai	12	12	Present	3	1
Shri Ajay Parikh	12	12	Present	2	1
Shri Nalin Parikh	12	5	Present	—	2
Shri Ameet Parikh	12	1	Absent	1	2
Shri Hardip Singh Bubber	12	4	Absent	—	2
Shri Ajit Singh Bubber	12	5	Absent	—	3

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 Nalin Parikh*	Non-Executive Director
2.	Shri Ajit Singh Bubber	Non-Executive Independent Director
3.	Shri Ajay Desai	Executive Director
4.	Shri Ameet Parikh*	Professional Director

* Shri Nalin Parikh passed away on 19.09.2009

* Shri Ameet Parikh was appointed w.e.f. 01-12-2009

Audit committee meeting was held on 29th May, 2009 and 28th October, 2009 during the year ended 31st March, 2010.

[B] **Remuneration Committee :**

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

	Name of Director	Status
1.	Shri Nalin Parikh*	Non-Executive Director
2.	Shri Hardip Singh Bubber	Non-Executive Independent Director
3.	Shri Ajit Singh Bubber	Non-Executive Independent Director
4.	Shri Ameet Parikh*	Professional Director

* Shri Nalin Parikh passed away on 19.09.2009

* Shri Ameet Parikh was appointed w.e.f. 01-12-2009