

# 18

ANNUAL ACCOUNTS

2009 - 2010

## AXEL POLYMERS LIMITED

ISO 9001:2008

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REGISTERED OFFICE & WORKS

S. No 309, Vill. Mokshi, Sankarda – Savli Road Tal. Savli Dist. Vadodara 391 780

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## **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)

## **AUDITORS**

SHAH & BHANDARI  
Chartered Accountants

## **COMPANY LAW ADVISOR**

D.PATHAK & ASSOCIATES  
Company Secretary

## **REGISTRARS**

LINK INTIME INDIA PVT LTD  
308, Jaldhara Complex, Opp. Manisha Society,  
Off Old Padra Road, Vadodara 390 015

## **BANKERS**

BANK OF BARODA

## **REGISTERED OFFICE & WORKS**

S. No.309, VILL. MOKSHI  
SANKARDA - SAVLI ROAD  
TALUKA SAVLI, DIST. VADODARA 391 780  
GUJARAT INDIA

**NOTICE**

Notice is hereby given that the **EIGHTEENTH ANNUAL GENERAL MEETING** of the members of the Company shall be held at 9.00 A.M. on Saturday 25<sup>th</sup> September 2010 at S. No. 309, Vill. Mokshi, Tal. Savli, Dist. Vadodara. to transact the following business

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Annual Accounts for the financial year ended on 31<sup>st</sup> March, 2010 and the Report of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. B.B.Patel who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Director in place of Mr. A.G.Thakore who retires by rotation and being eligible, offers himself for reappointment
4. To consider and if thought fit, to pass the following Resolution with or without modification(s) as an Ordinary Resolution:

**RESOLVED THAT** M/s Shah & Bhandari, Chartered Accountants, Vadodara, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual general Meeting till the conclusion of the next Annual General Meeting of the Company, and the Board of Directors be and are hereby authorised to fix their remuneration for the said period.

**Regd. Office:**  
**S. No. 309, Village Mokshi**  
**Taluka Savli, Dist. Vadodara**

**By Order of the Board of Directors**

**Place: Mokshi**  
**Dated: 01.08.2010**

**B.K.Bodhanwala**  
**Chairman**

**NOTES**

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member. Proxies in order to be effective must be received by the Company, not less than 48 hours before the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from 23.09.2010 to 25.09.2010 (both days inclusive).
- Members are requested to intimate the change in their address, if any.
- Relevancy of the Question and the order of speaking at the meeting will be decided by Chairman.
- All documents referred to in the Notice are open for inspection at the Registered Office of the Company during Office hours on all working days except between 11.00 AM to 1.00 PM up to the date of Eighteenth Annual General Meeting.
- Please bring the 18<sup>th</sup> Annual Report and Accounts (2009 – 2010)

**INFORMATION OF THE APPOINTEES****Item no 2**

You are aware that the contributions made by Mr. B.B.Patel have been invaluable to the Company. He is liable to retire by rotation and he has offered his reappointment as a Director. Your Directors in their meeting held on 01.08.2010 have approved the reappointment of Mr. B.B.Patel in accordance with the Provisions of the Companies Act, 1956.

**Item no 3**

Mr. A.G.Thakore is a person with a vast experience of over 40 years at various levels of management. You are also aware that Mr. A.G.Thakore has made valuable contributions to the Company. Ever since his appointment, the Company has seen remarkable growth and higher prospects. He is liable to retire by rotation and he has offered his reappointment as a Director. In light of the above, your Directors in their meeting held on 01.08.2010 have approved the reappointment of Mr. A.G.Thakore in accordance with the Provisions of the Companies Act, 1956.

**DIRECTORS REPORT****Dear Shareholder,**

Your directors are pleased to present herewith the Eighteenth Annual Accounts of your Company for the financial year ended March 31, 2010.

**PART I****FINANCIALS**

Rupees

<b>PARTICULARS</b>	<b>2009-2010</b>	<b>2008 – 2009</b>
Sales and other income	37374062	256400303
Expenditure	34297746	258615471
Depreciation & W/off	4594433	4458123
Profit before Interest, W/off & Depreciation	6235814	775988
Profit before Tax	-1518117	-6673291
(Short) / Excess Provision of Current Tax of earlier year	155775	0
Provision for Taxation :		
Current tax	0	0
Deferred Tax Liability / Asset	1925440	-3619491
Fringe benefit Tax	0	74896
Profit after Tax	563098	-3128696
Cash Profit after Tax	5157531	1329427

**PERFORMANCE**

Almost every business, every individual has been impacted in these times and your company is no exception to it. This is the time for us to show our strength and what we can achieve. We have worked harder and smarter now more than ever. The true spirit is founded on our enthusiasm, cost consciencness, willingness to assume responsibility and the Will to ensure that we succeed. Your company backed by a list of Multinationals and Indian Corporate Giants and remarkable processing talents was able to face those challenges by bolstering talent and cost effective plans across the company.

Your Directors have to state that during the year ended March 31, 2010 your Company has not been able to maintain its growth history. The World Economic Crisis and the slump in the global market had put the Industry in a very bad situation. Your directors have to further state that in spite of the slump in global market, the Indian scenario was a shade better. In these difficult times your Company managed to float and avert the crisis to the best ability of your Directors. Our main customers are related to the Automobile and Electrical Industry. Both these sectors were in the red since the global and the domestic market was low. There was panic in the Industry too. The company managed to control the overheads to offset the lower revenue, increase in prices of electricity & labour costs.

**FUTURE GROWTH OPPORTUNITIES - DIVERSIFICATION**

The current business scenario of Toll Compounding of Engineering Polymers is still quite good; however the returns are disproportionate. We are one of the oldest Companies in the field of Engineering Polymers. Our Processing facilities and capabilities are state-of-the-art; so as to produce Quality material.

Thus as a business decision, we have identified 2 lines of activity.

Engineering Polymers

Mosquito Bed Nets – ITNs &amp; Untreated

You will be happy to note that on a detailed analysis, all the relevant factors are in our favour thus justifying our decision.

With this proposed line of business activity, your Directors are hopeful and optimistic of generating additional revenues at a higher rate than the existing line of activity. Moreover, the demand for this product will never be in slump due to the sheer size of the Market. Moreover, the domestic Market itself is quite large.

The existing expanded scale of our operations, future developments, low overheads, and qualities of products matching with International Standards are our inherent strengths. This in turn continues to give us unparalleled platform to be more competitive. We are focused to deliver superior values to customers, ensuring International qualities for all the products and services.

## **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 obtained 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, 2010, 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**

M/s 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**

### **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
- 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

## **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 reduced and the same is 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:

<b>Power &amp; Fuel Consumption -</b>	<b>Electricity</b>	<b>2009 – 2010</b>	<b>2008 – 2009</b>
Purchased	Quantity units	697669	611336
	Amount Rs.	4017053	3579270
	Rate / unit Rs.	<b>5.76</b>	<b>5.85</b>
Production	Quantity M.T.	1801.561	1786.031
	Total Power Cost Rs.	4031048	3579720
	Power Cost per Kg. of Production Rs.	<b>2.24</b>	<b>2.00</b>

The Power cost per kg of Production has increased from Rs. **2.00 to Rs. 2.24** due to increase in Basic Rate per unit of Power.

**ACKNOWLEDGEMENT**

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

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: 01.08.2010**

**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 31.03.2010.

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	1	YES	NONE

There were 7 Board meetings held during the year 2009-2010 and the gap between two Meetings did not exceed 4 months.

**AUDIT COMMITTEE**

The Audit Committee in 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 confirm 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. M A 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 31.03.2010.

GENERAL BODY MEETINGS

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

2008-2009	26.09.2009	Registered Office	9.00 AM
2007-2008	27.09.2008	Registered office	9.00 AM
2006-2007	22.09.2007	Registered office	9.00 AM

DISCLOSURES

During the year 2009-2010 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 Date & Time: Venue :	18 <sup>th</sup> 25.09.2010 at 9.00 A.M. 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	23.09.2010 to 25.09.2010 (both days inclusive)
Dividend payment date	N.A.
Listing on Stock Exchanges	Mumbai, Vadodara, Ahmedabad and Madras
Stock Code	513642 on BSE
Demat International Security Identification Number (ISIN)	INE197C01012
Dematerialisation of Shares and liquidity	1869300 Equity Shares of the Company have been Dematerialised as on 31.03.2010.
Registrar & Transfer Agents	LINK INTIME INDIA PRIVATE LIMITED 308, Jaldhara Complex, Opp. Manisha Society, Off Old Padra Road, Vadodara 390 015
ADR'S / GDR's / Warrants	The Company has not issued any GDR'S / ADR'S / Warrants or any convertible instruments.

Details of Share holding as on 31.03.2010

SHAREHOLDING IN AMOUNT	NO OF HOLDERS	% OF TOTAL	AMOUNT RS	% OF TOTAL
0001 – 5000	11198	93.5662	17401360	40.4683
5001 – 10000	432	03.6096	3673190	08.5423
10001 – 20000	179	01.4957	2812990	06.5418
20001 – 30000	58	00.4846	1466920	03.4115
30001 – 40000	23	00.1922	835570	01.9432
40001 – 50000	17	00.1420	828840	01.9275
50001 – 100000	23	00.1922	1736440	04.0382
Above 100001	38	00.3175	14244690	33.1272
<b>TOTAL</b>	<b>11968</b>	<b>100.000</b>	<b>43000000</b>	<b>100.000</b>

Plant Location

S.No. 309, Vill. Mokshi, Tal Savli, Dist. Vadodara

Address for correspondence

Shareholders may correspond on all matters relating to shares of the Company with the Registrars and Share Transfer Agents at the below address:

LINK INTIME INDIA PRIVATE LIMITED,  
308, Jaldhara Complex, Opp. Manisha Society,  
Off Old Padra Road, Vadodara 390 015

Shareholders will have to correspond with the respective Depository Participant for Shares held in Demat mode.

#### MEANS OF COMMUNICATION

The quarterly, half-yearly and annual results of the respective period are available in the BSE web site. The Annual Accounts are sent to all Shareholders individually at the address as per Company's records. During the current year, the Company is in the process of displaying the details on its web site.

#### NON - MANDATORY REQUIREMENTS

Postal Ballot

The Company adheres to the Companies Act 1956 requirements. The Company had no occasion to use the postal ballot so far

**ANNUAL DECLARATION BY MANAGING DIRECTOR**  
Pursuant to Clause 49(I)(D)(ii) of the Listing Agreement

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As the Chief Executive Officer of Axel Polymers Limited and as required by Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, I hereby declare that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the financial year 2009 – 2010.

Dated: 01.08.2010

**A.B.Bodhanwala**  
Managing Director

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**Shah & Bhandari**  
Chartered Accountants

**Manish Shah**  
B.Com., F.C.A.

**Yogesh Bhandari**  
B.Com., F.C.A., D.I.S.A. (ICAI)



## **Annexure II**

### **COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

Under Clause 49 of the Listing Agreement

To

The Members  
Axel Polymers Limited

We have examined the Compliance of the conditions of Corporate Governance by Axel Polymers Limited during the year ended 31.03.2010 with the relevant records and documents maintained by the Company, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance of conditions of Corporate Governance. It is neither an Audit nor an expression of opinion on the financial statements of the Company.

*On the basis of our review and according to the information and explanations given to us, we certify that the Company has for the year ended 31.03.2010 complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange.*

*As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that, based on the information received from the company's registrars and share transfer agents and as per record maintained by the Investor Grievance Committee, no investor grievance is pending as on 31.03.2010.*

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SHAH & BHANDARI  
Chartered Accountants  
FRN: 118852W

Place Vadodara  
Dated 01.08.2010

**YOGESH BHANDARI**

## **Annexure III**

### **MANAGEMENT DISCUSSIONS AND ANALYSIS**

#### Industry Structure & Developments

These are challenging times across the world. Almost every business every individual is being impacted in these times and your company is no exception to it. This is the time for us to show what we are made up of. We must work harder and smarter, delight our customers now more than ever. The true spirit is founded on our enthusiasm, on our constant will to renew, on our cost consciencness, on our willingness to assume responsibility and to ensure that we succeed. Your company backed by a list of Multinational and Indian Corporate Giants and remarkable processing talents was able to face those challenges by bolstering talent and cost effective plans across the company.

Your Directors have to state that during the year ended March 31, 2010 your Company has not been able to maintain its growth history. The World Economic Crisis and the slump in the global market had put the Industry in a very bad situation. Your directors have to further state that in spite of the slump in global market, the Indian scenario was a shade better. In these difficult times your Company managed to float and avert the crisis to the best ability of your Directors. Our main customers are related to the Automobile and Electrical Industry. Both these sectors were low due to the global economic crisis. There was panic in the Industry too. The company managed to control the overheads to offset the lower revenue, increase in prices of electricity & labour costs.

The existing expanded scale of our operations, future developments, low overheads and qualities of products matching with International standards are our inherent strengths. This in turn continues to give us unparalleled platform to be more competitive. We continue to focus to deliver superior values to customers, ensuring International qualities for all the products and services.

#### Opportunities & Threats

Compared to the Global crisis, the effect on India was less pronounced. The main factor is the domestic consumption in India is sufficiently large. Sustained domestic growth will bring improvement in all facets of life.

World markets continued to remain in the slump but do recognise the competitiveness of Indian products and services. This will in turn accelerate the pace of the domestic markets too in future.

The existing expanded scale of our operations, future developments, low overheads, and qualities of products matching with International Standards are our inherent strengths. This in turn continues to give us unparalleled platform to be more competitive. We are focused to deliver superior values to customers, ensuring International qualities for all the products and services.

#### Diversification

The current business scenario of Toll Compounding of Engineering Polymers is still quite good; We are one of the oldest Companies in the field of Engineering Polymers. Our Processing facilities and capabilities are state-of-the-art; so as to produce Quality material. Thus as a business decision, we had identified 2 lines of activity.

##### Engineering Polymers & Manufacture of Mosquito Bed Nets

You will be happy to note that all the relevant factors are in our favour thus justifying our decision

It is the Working Capital facility that we lack. With this new line of business activity, your Directors are hopeful and optimistic of generating additional revenues at a higher rate than the existing line of activity. Moreover, the demand for this product will never be in slump due to the sheer size of the Market. Moreover, the domestic Market itself is quite large.

The existing expanded scale of our operations, future developments, low overheads, and qualities of products matching with International Standards are our inherent strengths. This in turn continues to give us unparalleled platform to be more competitive. We are focused to deliver superior values to customers, ensuring International qualities for all the products and services.

Segment wise / Product wise performance

The Company has diversified into Manufacturing of ITNs & Untreated Mosquito Bed Nets.

Class of Goods	Unit	Production Qty	Value Rs
Compounds Blends & Alloys of Engineering Polymers	M.T.	1801.561	35074944
Mosquito Bed Nets	NOS	134700	1481700

Outlook

The company is negotiating for a strategic tie up with two more Corporates for increasing the prospects and growing faster. Your Directors are extremely pleased to inform you that the Company has maintained the status of THE LARGEST TOLL COMPOUNDER OF ENGINEERING POLYMERS IN INDIA.

With this new line of business activity, your Directors are hopeful and optimistic of generating additional revenues at a higher rate than the existing line of activity. Moreover, the demand for this product will never be in slump due to the sheer size of the Market. There is a huge gap between supply and demand; there are very few players in the market. Moreover, the domestic Market itself is quite large.

Risk Management

Toll compounding business in the Polymer Industry has a certain specific set of risk characteristics, which needs to be carefully evaluated and mitigated. In order to effectively manage the same, the Company has evolved proactive Risk Management System, which is adhered to. The risk management covers the entire process from capital investment, competitors' activities, new entrants etc. Continual reforms and emphasis on technological developments shall reduce the exposure to risk.

Internal Control Systems

There are adequate internal control systems operating in the Company, which are commensurate with the size and operations of the Company. The Audit Committee supervises the checks and controls exercised, and reports any suggestions or deviations on a continuing basis. The authority and responsibility of every employee is defined, thus leaving no scope for any deviation.

Further, during the current year the Company has maintained **ISO 9001 – 2008** Certification. This has further improved the efficiency and the responsibility of the employees.

Financial performance vis-à-vis Operational performance

Our production and revenues have substantially decreased during the current year. There has been an all round slump in the Global market. This has adversely affected our production in the current year.

During the current year, the Company generated Total Sales of Rs. 36556644 This includes Toll Compounding Revenue of Rs.18060612. The Company has posted a **Net Profit after Tax of Rs. 563098**. The Company has paid all the Financial Commitments to Bank within the stipulated period as per the Audit Report. The production costs in absolute terms, increased during the current year.

Human Resources

The focus is on the capability development, performance management and employee engagement. This is expected to improve the cost competitiveness through greater levels of employee participation, commitment and involvement.

**CAUTIONARY STATEMENT**

*Statement in this management analysis detailing the Company's objectives, projections, estimates, expectations, or predictions may be "forward looking" statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that may influence your company's operations include Global and domestic supply and demand conditions affecting selling prices, input availability and prices, changes in Government policies, regulations, tax regimes, economic development within and outside the country and other allied factors. The Company assumes no responsibility to publicly amend, modify or revise the forward looking statement on the basis of subsequent developments, information or events.*



**Shah & Bhandari**  
Chartered Accountants

**Manish Shah**  
B.Com., F.C.A.

**Yogesh Bhandari**  
B.Com., F.C.A., D.I.S.A. (ICAI)



### **AUDITOR'S REPORT**

The Members of  
AXEL POLYMERS LIMITED

We have audited the attached Balance Sheet of AXEL POLYMERS LIMITED as at 31.03.2010 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) *The Company has treated material received for Toll Compounding, as purchase & sale, as a result of which sale and purchase are higher by Rs. 184.96 lacs (Refer note 8 Schedule 16.B). However, it has no impact on profit for the year.*
- (ii) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (iii) In our opinion, subject to our observation in paragraphs (i) and (v) above, proper books of Accounts, as required by Law, have been kept by the Company so far as appears from our examination of those books.
- (iv) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- (v) *Attention of the members is invited to note 4 and 6 of schedule 16. B regarding recognition of deferred tax asset during the year aggregating to Rs. 1925440, by virtue of which its loss for the year and debit balance of Profit & Loss Account each stand reduced by the said amount. In view of explanation 1 to clause 17 of Accounting Standard 22, we cannot express any independent opinion in the matter.*
- (vi) *Attention of the members is invited to note 5 and 6 of schedule 16. B regarding recognition of MAT credit during the year amounting to Rs. 662674/-, by virtue of which its loss for the year and debit balance of Profit & Loss Account each stand reduced by same amount. In view of management's decision to recognise MAT credit to profit and loss account during the year, we cannot express any independent opinion in the matter.*
- (vii) In our opinion, subject to our observation in paragraphs (i) above the Balance Sheet and Profit & Loss Account dealt with by this report comply in all material respect with the applicable accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act, 1956.
- (viii) On the basis of written representations received from the directors, as on 31.03.2010 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31.03.2010 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (ix) In our opinion and to the best of our information and according to the explanations given to us, *subject to our observations in paragraph (i), (v) and (vi) stated above;* the said accounts give the information

required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting principles generally accepted in India.

- (a) In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2010;
- (b) In the case of Profit & Loss Account, of the Profit for the year ended on that date, and
- (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For SHAH & BHANDARI  
Chartered Accountants  
FRN: 118852W

Place: Vadodara  
Date: 01/08/2010

(Yogesh Bhandari)  
Partner  
M.No46255

**ANNEXURE TO THE AUDITOR'S REPORT**  
(Referred to in paragraph 3 of our report of even date)

- 01. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - (b) As explained to us, fixed assets are physically verified by the management at the year-end, which in our opinion, is reasonable, looking to the size of the company and its nature of business, and no material discrepancies were noticed on such verification.
  - (c) The company has not disposed off any substantial part of its fixed assets during the year.
- 02. (a) As explained to us, Inventories has been physically verified during the year and at the year end.
  - (b) In our opinion the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book records were not Material, however, the same have been properly dealt with in the books of account.
- 03. (a) The company has taken loan from 2 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.34.70 lacs and the year-end balance of loans taken from such parties was Rs.33.21 lacs.
  - (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
  - (c) There is no stipulation as regards to repayment of principal; company has been regular in the payment of interest.
  - (d) There is no overdue amount of loans taken from other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 04. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- 05. (a) According to the information and explanations given to us, we are of the opinion that the Transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.



- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956. Hence clause (v) (b) of the order is not applicable.
06. The Company has not accepted any deposits during the year from the public, within the meaning of the provisions of Section 58A & 58AA of the Companies Act, 1956 and rules made there under. Hence, clause (vi) of the order is not applicable.
07. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
08. We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956. Hence clause (viii) of the order is not applicable.
09. (a) The company is not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, custom duty, excise duty and other material statutory dues applicable to it.  
(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, sales tax, customs duty, excise duty, as at 31.03.2010 for a period of more than six months from the date they became payable except tax deducted at source amounting to Rs.6,49,027/- Which is outstanding more than six month.
10. The accumulated losses of the company do not exceed 50% of its net worth during the year. Moreover the Company has not incurred any cash losses in the current year as well as in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of its dues to the banks. The company has not issued any debentures.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The clause (xiii) of the order is not applicable to the company, as the company is not a chit fund company or Nidhi / Mutual benefit Fund / Society.
14. According to the information and explanations given to us the company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us and an overall examination of the Balance Sheet of the Company no new term loans are availed during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The company has not made any allotment of shares hence clause (xviii) of the order is not applicable.
19. The company has not issued any debentures hence clause (xix) of the order is not applicable.
20. The company has not raised any money by public issues hence clause (xx) of the order is not applicable.
21. To the best of our knowledge and belief and according to information and explanation given to us no fraud on or by the company has been noticed or reported during the year under report.

Place: Vadodara  
Date: 01/08/2010

For SHAH & BHANDARI  
Chartered Accountants  
FRN: 118852W

(Yogesh Bhandari)  
Partner  
M.No46255

**AXEL POLYMERS LIMITED**  
**BALANCE SHEET AS AT 31.03.2010**

Amount Rs.

P A R T I C U L A R S	SCHEDULE	AS AT 31/03/2010	AS AT 31/03/2009
<b>SOURCES OF FUNDS</b>			
SHARE HOLDERS FUNDS			
Share Capital	1	43000000	43000000
Reserve & Surplus	2	2500000	2500000
LOAN FUNDS			
Secured Loans	3	27618716	27399389
Unsecured Loans	4	3913678	3161398
<b>TOTAL...</b>		<u>77032394</u>	<u>76060787</u>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS	5		
a. Gross Block		97394463	96245117
b. Less : Depreciation		43049468	38455035
c. Net Block		<u>54344995</u>	<u>57790083</u>
DEFERRED TAX ASSETS		741956.00	-1183484
CURRENT ASSETS LOANS & ADVANCES			
a. Sundry Debtors	6	4985906	2272229
b. Stock in Trade	7	474985	0
c. Cash & Bank Balances	8	1125550	1884525
d. Loans & Advances	9	3151936	3040558
e. Deposits & Other Current Assets	10	1677691	1920736
		<u>11416069</u>	<u>9118048</u>
LESS: CURRENT LIABILITIES AND PROVISIONS	11		
a. Current Liabilities		2768240	1900517
b. Provisions		1691926	3315981
		<u>4460166</u>	<u>5216498</u>
<b>NET CURRENT ASSETS</b>		<u>6955903</u>	<u>3901550</u>
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted in Profit & Loss A/c)	12	14989540	15552638
<b>TOTAL...</b>		<u>77032394</u>	<u>76060787</u>
NOTES TO THE ACCOUNTS	16		
As per our Report of even date <b>FOR SHAH &amp; BHANDARI</b> CHARTERED ACCOUNTANTS		<b>FOR AND ON BEHALF OF THE BOARD</b>	
YOGESH BHANDARI PARTNER PLACE : BARODA	B.K.BODHANWALA CHAIRMAN PLACE : MOKSHI	A.B.BODHANWALA MANAGING DIRECTOR DATED : 01.08.2010	
	DATED : 01.08.2010	DATED : 01.08.2010	

**AXEL POLYMERS LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010**

Amount Rs.

P A R T I C U L A R S	SCHEDULE	AS AT 31/03/2010	AS AT 31/03/2009
<b>1. INCOME</b>			
a. Sales		36556644	256212524
b. Other Income	13	154744	187778
c. Mat Receivable		662674	0
<b>TOTAL...</b>		<u>37374062</u>	<u>256400303</u>
<b>2. EXPENDITURE</b>			
a. Raw Material Consumed		18496032	241758694
b. Employee Cost		4887938	5717259
c. Manufacturing Expenses	14	5649794	4885843
d. Administrative & Other Expenses	15	2104484	3262518
e. Interest & Finance Charges		3159498	2991156
g. Depreciation	5	4594433	4458123
		<u>38892179</u>	<u>263073593</u>
3. Profit / Loss before Tax		-1518117	-6673291
4. Short / (Excess) Provision of Current Tax of earlier Year		-155775	0
5. Provision for Taxation			
- Current Tax		0	0
- Deffered Tax		-1925440	-3619491
- Fringe Benefit Tax		0	74896
6. Profit / Loss after Tax		563098	-3128696
7. Balance brought forward from Previous Year		-15552638	-12423942
8. Balance carried to Balance Sheet		<u>-14989540</u>	<u>-15552638</u>
NOTES TO THE ACCOUNTS	16		
As per our Report of even date		<b>FOR AND ON BEHALF OF THE BOARD</b>	
<b>FOR SHAH &amp; BHANDARI</b>			
CHARTERED ACCOUNTANTS			
YOGESH BHANDARI		B.K.BODHANWALA	A.B.BODHANWALA
PARTNER		CHAIRMAN	MANAGING DIRECTOR
PLACE : BARODA	DATED : 01.08.2010	PLACE : MOKSHI	DATED : 01.08.2010

**AXEL POLYMERS LIMITED**

SCHEDULES ANNEXED TO &amp; FORMING PART OF BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

Amount Rs

P A R T I C U L A R S	31/03/2010	31/03/2009
<b>SCHEDULE : 1 SHARE CAPITAL</b>		
Authorised Capital		
50,00,000 Equity Shares of Rs.10/-Each	<u>50000000</u>	<u>50000000</u>
Issued, Subscribed & Paid-up Capital		
43,00,000 Equity Shares of Rs.10/-each	43000000	43000000
Fully Paid-up.	<u>43000000</u>	<u>43000000</u>
<b>SCHEDULE : 2 RESERVES &amp; SURPLUS</b>		
Capital Investment Subsidy (from Government of Gujarat)	2500000	2500000
	<u>2500000</u>	<u>2500000</u>
<b>SCHEDULE : 3 SECURED LOAN</b>		
From Bank		
Term Loan (Secured against hypothecation of Fixed Assets Personal Guarantee & Properties of Directors)	13594004	13476529
Working Capital Term Loan (Secured against hypothecation of Stock, Book Debts Current Assets , Personal Guarantees & Properties of Directors)	14024712	13922860
	<u>27618716</u>	<u>27399389</u>
<b>SCHEDULE : 4 UNSECURED LOAN</b>		
From Directors	3520168	2442714
From Others	393510	718684
	<u>3913678</u>	<u>3161398</u>

**SCHEDULE: 5 FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	AS ON	ADDI- TIONS / DEDUC- TIONS	AS ON	AS ON	FOR THE YEAR		AS ON	AS ON	AS ON
	01.04.2009		31.03.2010	01.04.2009	ADDITIONS	DEDU.	31.03.2010	31.03.2010	31.03.2009
FREE HOLD LAND	1814225	0	1814225	0			0	1814225	1814225
BUILDING	3453850	0	3453850	763881	56298		820179	2633671	2689969
FACTORY BUILDING	17493187	6612	17499799	2878562	584337		3462899	14036899	14614625
PLANT & MACHINERY	60156159	1027137	61183296	31402883	3204727		34607609	26575687	28753276
ELECTRICAL INSTALLATIONS	2395299	53089	2448388	1195962	113980		1309942	1138446	1199337
LABORATORY EQUIPMENTS	1149069	0	1149069	227528	54580		282108	866961	921541
FURNITURE & FIXTURES	1266750	28198	1294948	342033	81052		423085	871862	924716
DATA PROCESSING MACHINES	948404	0	948404	822185	102274		924459	23945	126219
OFFICE EQUIPMENTS	884626	34310	918936	222246	42973		265220	653716	662379
VEHICLES	3728549	0	3728549	599754	354212		953966	2774583	3128795
<b>TOTAL ...</b>	93290117	1149346	94439463	38455035	4594433	0.00	43049468	51389995	54835083
CAPITAL W.I.P. / ADVANCES	2955000	0	2955000					2955000	2955000.0
<b>GRAND TOTAL</b>	96245117	1149346	97394463	38455035	4594433	0	43049468	54344995	57790083
Previous Year Figures	94308134	1936983	96245117	34702709	4458123	705797	38455035	57790083	0

**AXEL POLYMERS LIMITED**

Amount Rs

PARTICULARS	31/03/2010	31/03/2009
<b>SCHEDULE : 6 SUNDRY DEBTORS</b> (Unsecured, considered good)		
Over Six Months	377271	779802
Others	4608635	1492427
	<u>4985906</u>	<u>2272229</u>
<b>SCHEDULE : 7 STOCK IN TRADE</b>		
Raw Material	250000	0
Spares & Stores	224985	0
	<u>474985</u>	<u>0</u>
<b>SCHEDULE : 8 CASH &amp; BANK BALANCE</b>		
Cash on Hand	650648	1429972
Balance With Schedule Bank	474902	454553
	<u>1125550</u>	<u>1884525</u>
<b>SCHEDULE : 9 LOANS AND ADVANCES</b> (unsecured, considered good, recoverable in cash or kind or for value to be received)		
Prepaid Expenses	35896	43567
Advance Income Tax (TDS)	686893	1335340
MAT Credit Entitlement	662674	0
Others	1766473	1661652
	<u>3151936</u>	<u>3040558</u>
<b>SCHEDULE : 10 DEPOSITS &amp; OTHER CURRENT ASSETS</b>		
Deposit with M G V C L	1196293	1543593
Balance with Central Excise	73740	9443
Deposit with Others	407658	367700
	<u>1677691</u>	<u>1920736</u>
<b>SCHEDULE : 11 CURRENT LIABILITIES &amp; PROVISIONS</b>		
Creditors for Goods and Services	2768240	1900517
Provision for Expenses	1691926	3315981
	<u>4460166</u>	<u>5216498</u>
<b>SCHEDULE : 12 MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)		
Profit & Loss Account	14989540	15552638
TOTAL...	<u>14989540</u>	<u>15552638</u>

**AXEL POLYMERS LIMITED**

P A R T I C U L A R S	Amount Rs	
	31/03/2010	31/03/2009
<b>SCHEDULE : 13 OTHER INCOME</b>		
Interest	148589	172839
Misc. Income	6155	14939
	<u>154744</u>	<u>187778</u>
<b>SCHEDULE : 14 MANUFACTURING EXPENSES</b>		
Spares, Stores & Consumables	565057	1044234
Power & Fuel	4017053	3570493
Repairs & Maintenance to Plant & Machinery	108139	103661
Others	959545	167456
	<u>5649794</u>	<u>4885843</u>
<b>SCHEDULE : 15 ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Advertisement & Sales Promotion	204398	221948
Auditors Remuneration	110300	110300
Corporate Expenses	291634	345143
Freight Outward	30242	6085
Insurance	121731	178873
Legal & Professional	291345	560342
Loss on Sale of Assets	0	513955
Office Expense	97147	99475
Other Expenses	188538	212580
Rent,Rates & Taxes	4230	22330
Repairs & Maintenance Building	0	9627
Repairs & Maintenance Others	122590	131496
Security Charges	11783	198965
Telephone Expense	184019	207065
Travelling & Conveyance Expense	118374	181588
Vehicle Expense	328153	262746
	<u>2104484</u>	<u>3262518</u>

**SCHEDULE 16 NOTES TO THE ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING CONVENTIONS**

These Financial statements are prepared under historical cost conventions on accrual basis in accordance with the Generally Accepted Accounting principles in India and Accounting Standard (AS) as notified under (Accounting Standard) Rules, 2006 except accounting of Bonus which is accounted as cash basis.

**2. FIXED ASSETS & DEPRECIATION / AMORTISATION**

- a Fixed Assets are stated at historical cost (net of Cenvat credit) less accumulated depreciation / amortization thereon and impairment losses if any. Depreciation is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.
- b Capital Assets under erection / installation (including advances) are reflected in Balance Sheet under "Capital Work in progress".

**3. INVENTORIES**

Cost of Inventories have been computed to include all cost of Purchases, Cost of Conversion and other costs incurred in bringing the inventories to their present location and condition.

- i. Raw materials and components, stores and spares are valued at cost. The costs are ascertained using the First in First out (FIFO).
- ii. Work-in-progress and finished goods are valued at the lower of cost or Net Realizable Value.
- iii. Scrap is valued at Net Realizable Value.

**4. REVENUE RECOGNITION:**

- a) Sales of products and services are recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods. Sales are inclusive of Excise Duty but excluding sales tax / Value Added Tax. Revenue from job charges is recognized on dispatch of material and in accordance with terms of job work.
- b) Interest incomes are recognised on time proportion basis.
- c) Where material received for processing from customers under arrangement to dispatch the end product, its invoice value to be treated as sales and the equivalent amount to be treated as purchases

**5. FOREIGN CURRENCY TRANSACTIONS:**

All the foreign currency transactions are recorded at the rates prevailing on the date of transaction. Exchange differences other than related to fixed assets are recognised in the profit and loss account. Current assets and liabilities as on balance sheet date are converted at the exchange rates prevailing on that date. Exchange difference relating to Fixed assets are adjusted to carrying cost of fixed assets.

**6. BENEFITS TO EMPLOYEE**

- (a) The Company's contribution in respect of provident fund is charged to Profit and Loss Account each year.
- (b) With respect to gratuity liability, Company contributes to Life Insurance Corporation of India (LIC) under LIC's Group Gratuity policy. Gratuity liability as determined on actuarial basis is charged to Profit and Loss Account.

Retirement benefits are expensed to revenue as incurred.

Contribution to Provident Fund is made in accordance with the Rules of the Fund.

The Company participates in a Group Gratuity cum Life Assurance Scheme administered by the Life Insurance Corporation of India (LIC). Provision for the year in respect of Gratuity is made on the basis of actuarial valuation as at the end of the year.

Leave encashment is provided in the year in which it has accrued.



## 7. TAXES ON INCOME

- a. Provision for taxation comprises of Current Tax and Deferred Tax .Current tax has provision has been made the basis of reliefs and deduction available under Income Tax Act, 1961.Deferred tax resulting from “timing differences” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent the assets can be realized in future. However, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each Balance sheet date.
- b. Minimum Alternative Tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to company& the asset can be measured reliably.

## 8. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provision is recognized only when there is a present obligation as a result of past events and when reliable estimates of the amount of the obligation can be made. Contingent liability is disclosed for:-

- (I) Possible Obligations which will be confirmed only by future events not wholly within the control of the company or
- (II) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or reliable estimates of the amount of the obligation cannot be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

## 9. USE OF ESTIMATES

The presentation of Financial Statements in conformity with the generally accepted principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the period. Difference between the actual result and estimates are recognized in the period in which reason are known / materialized.

The preparation of financial statements requires management of the Company to make estimates & assumptions that affect the reported balances of Assets & Liabilities and disclosure of contingent liabilities at the date of financial statements and reported amounts of revenues and expenses during the period.

## 10. SEGMENT DISCLOSURES

The company operates in a single business segment, i.e. of manufacturing of compounds, blends & alloys of Engineering Polymers. Further, the company currently operates only India and does not have operations outside India. Accordingly, no separate disclosures for primary business segment and geographical segment are required to be given.

## 11. IMPAIRMENT OF ASSETS

The company assesses at each Balance Sheet date, whether there is any indication that asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs, is less than its carrying amount, the carrying amount is adjusted to the amount of recoverable amount.

## 12. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

## 13. LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lesser are charged against profits as per the terms of the lease agreement over the lease period.

**B. NOTES TO THE ACCOUNTS:**

- 1 In the opinion of the Board, Stock in trade and Loans & Advances forming part of Current Assets are approximately of the value stated, if realised in the ordinary course of business.
- 2 The balances of Sundry Debtors, Sundry Creditors and Loans & Advances secured & unsecured are subject to confirmation.
- 3 As per the accounting policy 1.5.b followed by the company during the year, the company has treated the value of the material processed as sales amounting to Rs. 184.96 lacs and equivalent value as Consumption of Material. Hence it has no impact on the loss for the year.
- 4 In view of Accounting Standard (AS) 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has worked out Deferred Tax Liability are as under:

Components of Deferred Tax (Assets / Liabilities)	31.03.2010	31.03.2009
Deferred Tax Liability related to Fixed Assets	22132050	24399308
Less:		
Deferred Tax Assets		
Brought forward Losses & unabsorbed Depreciation	9582425	5733151
Expenses allowable on payment basis u/s 43B	14950778	15184296
Net Difference	(2401153)	3481861
Net Deferred Tax Liability / (Asset)	(741956)	1183485

Deferred tax asset arising on account of unabsorbed depreciation and business losses has been recognized in profit and loss account during the year.

5. The company has recognised earlier years MAT Credit amounting to Rs. 662674/- during the year in its Profit and loss account as per the provisions of section 115JAA of the Income Tax Act.
6. The company's decision to recognise deferred tax asset arising on account of unabsorbed depreciation and business losses and earlier years MAT Credit is based on the business plan prepared by the management, which takes into account operations during the year under audit as compared with last year and also company has received large order during March 2010. The management is of the opinion that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which the deferred tax asset can be realised. Also the business of the company in the First quarter during the subsequent year of audit has improved substantially as compared to the corresponding quarter in the year under audit. Also company has proposed to launch own compounds/Products which would also translate to higher profitability, thus from the above management is confident to post higher profit from the current year.
7. The company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium enterprise development Act 2006 and hence disclosures, if any relating to amounts unpaid as at year end together with interest payable as required under the said Act have not been given.
8. The Company has treated Material received for Toll Compounding as Purchases and Sales amounting to Rs. 184.96 lacs. This is undertaken on "Cenvat Duty Paid Basis" under the Company's Excise Registration Licence. There is no impact on the loss for the year.
9. Disclosure of related party transaction as required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India:

Key Management Personnel and their relatives as on 31.03.2010 are as under:

Mr B.K.Bodhanwala Chairman      Mr A.B.Bodhanwala Managing Director  
Dr M.A.Bodhanwala Director

Transactions with Key Personnel and their relatives during the year: Rs. In lacs

Transaction during the year	Key Management Personnel	Relatives	Associated company	Total
Interest on Loan	3.35	NIL	NA	3.35
Managerial Remuneration	19.20	NIL	NA	19.20
Loans Received	21.80	NIL	NA	21.80
Loans Repaid	16.36	NIL	NA	16.36
Guarantees given on behalf of the Company for loans taken & other liabilities.	276.19	-	-	276.19

10. Some Vehicles are registered in the name of the Directors of the company.

a. Earnings Foreign Currency: Rs. Nil (Previous Year Rs Nil)

Expenditure in Foreign Currency Rs. Nil (Previous year Rs. Nil)

b. Previous year's figures have been regrouped, rearranged or recast wherever necessary.

12. Paise have been rounded off to the nearest rupee.

13. The disclosure as required under AS 15 regarding Gratuity Plan is as under:

	31.03.2010
Present value of obligation at beginning of year	455684
Interest cost	36455
Current Service cost	85641
Benefit paid	-72540
Actuarial gain/loss on obligation	-84765
Present value of obligation at end of year	420475
	31.03.2010
Fair value of Plan Asset at beginning of year	218840
Expected Return on Plan Asset	16022
Contributions	3944
Benefit paid	-72540
Actuarial gain / loss on Plan Asset	NIL
Fair value of Plan Asset at end of year	166266
	31.03.2010
Fair Value of Plan Assets at beginning of year	218840
Actual return on Plan Assets	16022
Contributions	3944
Benefits paid	-72540
Fair Value of Plan Assets at end of period	166266
Fund Status	-254209
Excess actual / estimated return on plan asset	NIL
	31.03.2010
Actuarial gain/loss on obligation	84765
Actuarial gain/loss for the year-plan asset	NIL
Actuarial gain/loss on obligation	-84765
Actuarial gain/loss recognised during year	-84765
	31.03.2010
Present value of obligation at end of year	420475
Fair value of Plan asset as at year end	166266
Funded Status	-254209
Net Asset/Liability recognised In Balance Sheet	254209
	31.03.2010
Current Service cost	85641
Interest cost	36455
Expected return on plan asset	-16022
Net Actuarial gain/loss recognised during year	-84765
Expense recognised in Profit & Loss Account	21309
	31.03.2010
ASSUMPTIONS	31.03.2010
Discount Rate	8.00%
Increase in compensation level	7.00%

14. Additional information pursuant to provisions of Schedule VI of Companies Act, 1956 is given hereunder.

**C. INFORMATION PURSUANT TO PROVISIONS OF PART II:**

1. Particulars of Capacity, Production, Turnover & Stock

Class of Goods	Unit	** Production	*Turnover		Opening Stock		Closing Stock	
		Qty.	Qty.	Value	Qty.	Value	Qty.	Value
Compounds Blends & Alloys of Engineering Polymers (including scrap)	M.T.	** 1801.561	* 1801.561	# 35074944	0.000	0.000	0.000	0.000
Mosquito Bed Nets	NOS	134700	134700	1481700	0.000	0.000	0.000	0.000
<b>TOTAL</b>				<b>36556644</b>				
Previous Year	M.T.	1786.031	1786.031	256212524	0.000	0.000	0.000	0.000

1	Licensed Capacity	Not Applicable		
		Unit	2009-2010	2008-2009
2	Installed Capacity - as certified by management	MTPA	5000.000	5000.000
**	Includes Job work on RGP	MTPA	1685.127	577.324
*	Includes Job work on RGP	MTPA	1685.127	577.324
		Rs. lacs	180.606	144.670

2. Raw Material Consumed  
(Refer Note: 1.5(b) of Schedule 15)

Description	Units	Consumption		Opening Stock		Closing Stock	
		Qty.	Rs.	Qty.	Rs.	Qty.	Rs.
Polyamide, Additives & Others	M.T.	#1202.056	18496032	NIL	NIL	2.999	250000
Previous year	M.T.	# 1252.254	241758694	NIL	NIL	NIL	NIL

# excluding packing material

3. Consumption of Raw Material & Consumable Stores is 100% indigenous only.

As per our report of even date

**FOR SHAH & BHANDARI**  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD**

YOGESH BHANDARI  
PARTNER  
M.No:46255  
PLACE: BARODA  
DATED: 01.08.2010

B.K. BODHANWALA  
CHAIRMAN

A.B.BODHANWALA  
MANAGING DIRECTOR

PLACE: MOKSHI  
DATED: 01.08.2010

<b>CASH FLOW STATEMENT AS AT 31.03.2010</b>		<b>Rupees in '000</b>	
PARTICULARS	As at 31.03.2010	As at 31.03.2009	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before tax and extra ordinary items (Including Prior period adjustments)	-1518	-6673	
Adjusted for depreciation and w/off misc. expenses	4594	4458	
Interest Income	0	0	
Dividend Received	0	0	
Operating Profit before working capital changes	3076	-2215	
Receivables	-2714	5446	
Inventories	-475	0	
Other Current Assets	132	2448	
Trade Payables	-756	481	
<b>CASH GENERATED FROM OPERATIONS</b>	<b>-737</b>	<b>6160</b>	
Interest paid	0	0	
<b>Direct Taxes</b>	<b>156</b>	<b>3545</b>	
<b>NET CASH FROM ACTIVITIES</b>	<b>-581</b>	<b>9704</b>	
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	-1149	-1937	
Purchase of Investments			
Sale of Assets ( Including Profit)	0	-706	
Interest/Dividend Income	0	0	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-1149</b>	<b>-2643</b>	
<b>C CASH FLOWS FROM FINANCIAL ACTIVITIES</b>			
Proceeds from long term borrowings	219	-6552	
Subsidy	0	0	
Proceeds from short term borrowings	752	881	
Dividend Paid	0	0	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>972</b>	<b>-5672</b>	
Net increase/decrease in Cash and equivalents	-759	1390	
Opening balance of Cash and Cash equivalents	1885	495	
Closing balance of Cash and Cash equivalents	1126	1885	
<b>Cash and cash Equivalents include</b>			
Cash in hand	651		
Balance with Scheduled Bank			
- In Current Account	475		
As per our report of even date			
<b>FOR SHAH &amp; BHANDARI</b>		<b>FOR AND ON BEHALF OF THE BOARD</b>	
CHARTERED ACCOUNTANTS			
FRN: 118852W			
YOGESH BHANDARI	B.K.BODHANWALA	A.B.BODHANWALA	
PARTNER	CHAIRMAN	MANAGING DIRECTOR	
PLACE : BARODA	DATED : 01.08.2010	PLACE : MOKSHI	DATED : 01.08.2010

**AXEL POLYMERS LIMITED**

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI  
TO THE COMPANIES ACT 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>I Registration Details :</b>		
CIN No.	U25200GJ1992PLC017678	
State Code	GJ	
Balance Sheet Date	31/03/2010	
<b>II Capital Raised during the year</b>		
Public Issue		NIL
Rights Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
<b>III Position of Mobilisation and Deployment of Funds (AMOUNT IN '000)</b>		
Total Liabilities		77032
Total Assets		77032
<u>Sources of Funds:</u>		
Paid-up Capital		43000
Reserves & Surplus		2500
Secured Loans		27619
Unsecured Loans		3914
Deferred Tax Liability		0
<u>Application of Funds:</u>		
Net Fixed Assets		54345
Investments		NIL
Deferred Tax Assets		742
Net Current Assets		6956
Miscellaneous		
Expenditure		0
Accumulated Losses		14990
<b>IV Performance of Company:</b>		
Turnover		37374
Total Expenditure		38892
Profit/(Loss) Before Tax		-1518
Profit/(Loss) After Tax		563
Earning per Share in Rs.		0.13
Dividend Rate %		NIL
<b>V Generic Names of Three Principal Products/ Services of Company (as per monetary terms):</b>		
Item Code No.		3908 10 90
Product Description		Compounds of Polymers
Item Code No.		3907 91 50
Product Description		Compounds of Polyester

**FOR SHAH & BHANDARI****FOR AND ON BEHALF OF THE BOARD**

CHARTERED ACCOUNTANTS

FRN: 118852W

YOGESH BHANDARI

B.K.BODHANWALA

A.B.BODHANWALA

PARTNER

CHAIRMAN

MANAGING DIRECTOR

PLACE : BARODA

DATED : 01.08.2010

PLACE : MOKSHI

DATED : 01.08.2010