

# AXTEL INDUSTRIES LIMITED

## EIGHTEENTH ANNUAL REPORT 2009-2010

### BOARD OF DIRECTORS

ROBERT KUNZENDORF, Chairman  
Sudhakar D. Desai, Senior Vice President  
Shri Rajendra, Executive Director  
Ravi Kumar Bhat, Director  
Sri A. Srinivas Reddy, Director  
Sri Anand Reddy, Director

### MANAGERS

M. S. Srinivas Reddy, CEO  
Executive Director  
Director

### BANKERS

State Bank of India - Hyderabad

### REGISTERED OFFICE

Plot No. 441, Vengal Rao Nagar,  
H.No. 100, 10th Floor, H.No. 100, 10th Floor,  
10th Floor, H.No. 100, 10th Floor,

# 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 30<sup>th</sup> 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 31<sup>st</sup> 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 23<sup>rd</sup> August, 2010 to Monday, the 30<sup>th</sup> 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 01<sup>st</sup> 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 reknowned 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 31<sup>st</sup> 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 19<sup>th</sup> 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 01<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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: Narpura,

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 31<sup>st</sup> March, 2010.

Sr. No.	Name & Designation	Remuneration Rs.	Nature of Employment And Terms & Conditions	Nature of Duties	Qualification & Experience	Date of Commencement of Employment	Age	The last employment held
1.	Shri Ajay N. Desai Executive Director	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

	Current Year	Previous Year
[Rupees in Lacs]		
[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                                       | : | Nil |
| [a] Capital   | : | Nil |
| [b] Recurring   | : | Nil |
| [c] Total   | : | Nil |
| [d] Total R & D expenditure as a percentage of total turnover | : | Nil |

[B] Technology absorption, adaptation and innovation : Nil

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



## 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 Directors. 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 Meetings 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



**ii. Remuneration Policy :**

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

**iii. Broad Terms of reference of the Remuneration Committee :**

- a. To recommend and review remuneration package of Executive Directors and Company Secretary of the Company.
- b. To present report to the Board on remuneration package of Executive Directors and Company Secretary.

**iv. Details of remuneration paid to the Executive Directors during the year ended 31st March, 2010 :**

**a. Executive Directors:**

Name of the Director	Salary	Perquisites	Total
Shri Ajay Desai	29,04,000	95,647	29,99,647
Shri Ajay Parikh	29,26,000	73,679	29,99,679

**Terms of Contract :**

Name of the Director	Date of Appointment	Expiry of the Contract
Shri Ajay Desai	01st March, 2007	28th February, 2012
Shri Ajay Parikh	01st August, 2008	31st July, 2013

The above Executive Directors are required to give 3 months notice period for resignation as Executive Director. If before expiry of service contract, their tenure of office of the Executive Directors is determined, they will be entitled compensation as per section 318 of the Companies Act.

**b. Non-Executive Directors :**

No sitting fee is paid to Non-Executive Directors.

Remuneration committee meeting was held on 20th April, 2009 during the year.

**[C] Shareholders' / Investors' Grievances Committee :**

This committee, comprises of the following Executive Director and Non-Executive Independent Directors, reviewing shareholders' complaints and resolution thereof.

Name of Director	Status
1. Shri Ajay Parikh	Executive Director
2. Shri Hardip Singh Bubber	Non-Executive Independent Director
3. Shri Ajit Singh Bubber	Non-Executive Independent Director

No Shareholders / Investors' Grievances Committee Meeting was held during the year ended 31st March, 2010 as there was no major complaint from shareholders/investors.

**3. General Body Meetings :**

The last three Annual General Meetings [AGMs] of the Company were held on the following dates and time at Plot No. 43/1, Village Narpura, Post Baska, Taluka Halol – 389 350, Dist. Panchmahals, Gujarat :-

**[A] Details of last three AGMs held :**

AGM	Day and Date	Time
15th AGM	Monday, 26th March, 2007	11.00 a.m.
16th AGM	Monday, 07th July, 2008	11.00 a.m.
17th AGM	Monday, 24th August, 2009	11.00 a.m.

**[B] Whether special resolutions were put through postal ballot last year ? NO**

Generally, all the resolutions in the General Body Meetings are passed through show of hands.





[C] Registered Office : Plot No. 43/1, Village Nurpura,  
P.O. Baska, Tal. HALOL – 389 350  
Dist. Panchmahals, Gujarat  
Tel. : [02676] 247900  
Fax : [02676] 247125

[D] Listing on Stock Exchnages : The Stock Exchange, Mumbai  
Phiroze Jee Jeebhoy Towers,  
Dalal Street, Mumbai – 400 023  
Tel : [022] 22721234, 22721233  
Fax : [022] 22723719

[E] Stock Code :  
The Stock Exchange, Mumbai : 23850  
ISIN for equity shares of the Company : INE 767C01012  
Listing fee for the year 2010 – 2011 has been paid to The Stock Exchange, Mumbai.

[F] Market price data :  
The equity shares of the Company are traded at The Stock Exchange, Mumbai at price between Rs.9 to Rs.11 per share during last one year.

[G] Dematerialization of share and liquidity  
As on 31st March, 2010, 45.37% of the Company's total shares representing 45,37,656 shares were held in dematerialized form and the balance 54.63% representing 54,62,145 shares were held in paper form.

[H] Address of Registrars and Share transfer agent :  
Link Intime Registry Private Limited,  
1st Floor, 308, Jaldhara Complex,  
Opp. Manisha Society, Off Old Padra Road,  
Vasana Road, Baroda – 390 015, Gujarat

[I] Share Transfer System :  
The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated time by the share transfer agent Link Intime Registry Private Limited, Baroda

[J] Distribution of shareholding as on 31st March, 2010 :

Category	No. of Shares	Percent
Promoter Group [including NRI Director]	49,84,922	49.84
NRI / OCB	4,05,698	4.06
Bank	1,20,600	1.21
Bodies Corporate	4,06,506	4.07
Others	40,82,074	40.82
<b>Total</b>	<b>99,99,800</b>	<b>100.00</b>

[K] Outstanding GDR's/ADR's/Warrants or any Convertible instruments, conversion date and likely impact on equity : Nil.

[L] Plant Locations :

The Company's Plant is located at : Plot No. 43/1, Village Nurpura,  
P.O. Baska, Tal. HALOL - 389 350  
Dist. Panchmahals, Gujarat  
Tel : [02676] 247900

[M] Address for correspondence with the Company :

Plot No. 43/1, Village Nurpura,  
P.O. Baska, Tal. HALOL - 389 350  
Dist. Panchmahals, Gujarat  
Tel : [02676] 247900  
Fax : [02676] 247125

On behalf of the Board of Directors

Date: 29.05.2010  
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



# AUDITORS' CERTIFICATE ON COMPLIANCE OF CLAUSE 49 OF THE LISTING AGREEMENT

To,  
AXTEL INDUSTRIES LTD  
Village: Nurpura  
PO: Baska  
Halol: 389 350  
Dist. Panchmahal, Gujarat

We have reviewed the records concerning the company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered in to by the company with the Stock Exchanges, for the financial year ended 31st March 2010.

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

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for the review and the information and explanations given to us by the company.

Based on such review, in our opinion, the company has complied with the conditions on Corporate Governance, as stipulated in Clause 49 of the said Listing Agreement.

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

For V. K. SHASTRI & CO.  
CHARTERED ACCOUNTANTS

(V. K. SHASTRI)  
Sole Proprietor

PLACE : BARODA  
DATE : 29th May, 2010



## AUDITOR'S REPORT

To,  
The Members,  
**AXTEL INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of **AXTEL INDUSTRIES LIMITED** for the year ended on 31st March, 2010 and the Profit and Loss Account of the Company 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 about whether the financial statements are free from material misstatement. An audit also 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 management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and we report that :

- I.
  - a. 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.
  - b. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of the books.
  - c. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account.
  - d. In our opinion and subject to the accounting treatment in respect of transactions discussed in Note No. 1 & 2 of Schedule - P (Notes on Accounts) the Balance Sheet and Profit and Loss Account dealt with by Report, comply with the accounting standards referred to in Section 211 (1C) of the Companies Act, 1956.
  - e. On the basis of written representation received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations to us the said accounts, read together notes thereon, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view :-
    - (1) In the case of Balance Sheet, of the state of affairs of the Company, for the year ended on 31st March, 2010.
    - (2) In the case of Profit and Loss Account, of the "PROFIT" of the Company for the year ended on that date. And
    - (3) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
- II. As required by the Companies (Audit Report) Order, 1988 issued by Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as were considered appropriate, and as per the information and explanation given to us during the course of our Audit, we further report on the matters specified in para 4 & 5 of the said order to the extent applicable to the company, as under:
  1.
    - (i) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
    - (ii) The Fixed Assets have been physically verified by the Management at the year end. In our opinion the frequency of verification is reasonable. No material discrepancies have been noticed on such verification.
    - (iii) In our opinion and according to the information and explanations given to us, the company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.
  2.
    - (i) As informed to us, the inventories have been physically verified by the management at the year end. In our opinion, the frequency of verification is reasonable.
    - (ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
    - (iii) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of inventories as compared to the book records.
  3. The company has not granted nor taken any loans, secured or unsecured to/from companies, firm or other



parties covered in the register maintained under section 301 of the companies act, 1956. Under the above circumstances the requirements of clause (iii) (c) and (iii) (d) of paragraph 4 of the order are not applicable to the company.

4. 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 purchase of inventory and fixed assets and for sale of goods. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. According to the information and explanations given to us, there were transactions that have been done during the year that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 and for which required approval has been obtained from relevant authorities. This transactions have been entered at prices which are reasonable having regard to the prevailing market prices at relevant time.
6. During the year, the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.
7. The internal audit of the Company has been conducted by company's own staff. In our opinion, the internal audit system is commensurate with the size and nature of its business. However, the consistency of staff and its reporting needs to be strengthened.
8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the industry to which company belong. Hence, the Company has not maintained such records.
9. (i) The Company is regular in depositing undisputed statutory dues, including provident fund, Employees State Insurance Fund, investor education protection fund, income tax sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues, with appropriate authorities, as applicable to it.  
(ii) According to information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, excise, and cess which were in arrears as at 31st March, 2010 for a period of more than six month from the date they became payable.  
(iii) According to information and explanations given to us, there are no disputed amounts payable in respect of income tax, wealth tax, sales tax, excise, and cess as on 31st March, 2010, since there are no disputes on which any tax/cess is due.
10. The company does not have any accumulated losses at the end of the financial year, nor has the company incurred any cash losses in the current year and immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to a bank or financial institutions. The company has not issued any debentures.
12. In our opinion and according to the information given to us the company has not granted loans or advances on the basis of security by way of pledge of shares, debenture and other securities.
13. The nature of the company activities during the year is such that, clauses (xiii) and (xiv) of paragraph 4 of the companies (Auditor Report) order 2003 are not applicable to the company for the year.
14. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
15. To the best of our knowledge and belief and according to explanation given to us, term loan availed by the company were, prima falie applied by the company during the year for the purpose for which loans were obtained.
16. According to the information and explanations given to us and on an overall examination of balance sheet of the company we report that no funds raised on short – term basis have been used for long-term investment.
17. During the year, the company has not issued any debentures and hence the question of creating securities in respect thereof does not arise.
18. During the year, the company has not raised money by way of public issue.
19. In our opinion and according to the information and explanations given to us no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

PLACE : Vadodara  
DATE : 29/05/2010

For V. K. SHASTRI & CO.  
CHARTERED ACCOUNTANTS

(V. K. SHASTRI)  
Sole Proprietor



# AXTEL INDUSTRIES LIMITED

Balance Sheet As on the date 31st March, 2010

SR. NO.	PARTICULARS	SCHEDULE	AS ON 31st March, 2010 Rs.	AS ON 31st March, 2009 Rs.
<b>A. SOURCES OF FUNDS :</b>				
<b>1. Shareholders' Funds :</b>				
	Share Capital	A	9,99,98,000	9,99,98,000
	Application Money of warrents		-	-
	Reserves & Surplus	B	5,81,90,217	5,21,01,400
	Sub-total (1)		<u>15,81,88,217</u>	<u>15,20,99,400</u>
<b>2. Loan Funds :</b>				
	Secured Loans	C	1,60,29,562	3,04,76,572
	Sub-total (2)		<u>1,60,29,562</u>	<u>3,04,76,572</u>
	<b>TOTAL SOURCES (1+2)</b>		<u><b>17,42,17,779</b></u>	<u><b>18,25,75,972</b></u>
<b>B. APPLICATION OF FUNDS :</b>				
<b>1. Fixed Assets :</b>				
	Gross Block	D	13,51,26,554	13,21,84,055
	Less: Depreciation Block		<u>7,12,39,949</u>	<u>6,47,74,158</u>
	Net Block (a-b)		6,38,86,605	6,74,09,897
	Add : Capital Work In Process		15,29,314	5,19,267
	Sub-Total (1)		<u>6,54,15,919</u>	<u>6,79,29,164</u>
<b>2. Investments :</b>				
		E	<u>18,00,000</u>	<u>25,70,000</u>
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES :</b>				
	Inventories	F	11,56,40,786	6,74,84,221
	Sundry Debtors		4,60,34,280	7,47,29,331
	Cash & Bank Balances		15,76,956	10,33,234
	Loans & Advances		661,26,794	4,85,22,021
	Sub-total (3)		<u>22,93,78,817</u>	<u>19,17,68,807</u>
<b>4. LESS : CURRENT LIABILITIES &amp; PROVISION:</b>				
	Current Liabilities	G	11,95,31,957	7,08,88,884
	Provisions		<u>42,45,000</u>	<u>96,03,115</u>
	Sub-total (4)		<u>12,37,76,957</u>	<u>8,04,91,999</u>
<b>5. NET CURRENT ASSETS (3-4)</b>				
			<u>10,56,01,860</u>	<u>11,12,76,808</u>
<b>6. MISCELLENOUS EXPENDITURE</b>				
	Technical Know-How Fees		14,00,000	8,00,000
	<b>TOTAL APPLICATIONS (1+2+5)</b>		<u><b>1,74,21,779</b></u>	<u><b>18,25,75,972</b></u>
	<b>NOTES ON ACCOUNTS</b>	P		

As per our report of even date annexed

By Order of the Board

For V. K. SHASTRI & CO.,  
Chartered Accountants

For AXTEL INDUSTRIES LIMITED

(V. K. SHASTRI)  
Sole Proprietor

(AJAY DESAI)  
Executive Director

(AJAY PARIKH)  
Executive Director

Place : Nurpura  
Date : 29th May, 2010

Place : Nurpura  
Date : 29th May, 2010

# AXTEL INDUSTRIES LIMITED

## Profit & Loss Account for year ending 31st March, 2010

SR. NO.	PARTICULARS	SCHEDULE	Year Ended 31st March, 2010	Year Ended 31st March, 2009
			Rs.	Rs.
<b>1.</b>	<b>INCOME:</b>			
	Sales & Other Incomes	H	27,07,87,948	33,56,57,262
	Increase/(Decrease) in stock	I	4,72,64,840	(2,23,00,291)
	<b>TOTAL INCOMES</b>		<b><u>31,80,52,788</u></b>	<b><u>31,33,56,971</u></b>
<b>2.</b>	<b>EXPENDITURE :</b>			
	Cost of Materials Consumed	J	20,29,14,579	19,24,98,966
	Other Manufacturing Expenses	K	3,24,67,792	2,88,95,452
	Payment & Provision For Employees	L	3,97,81,230	3,23,12,987
	Administrative Expenses	M	1,39,46,770	1,33,91,090
	Selling & Distribution Expenses	N	23,82,670	30,09,820
	Financial Charges	O	33,46,027	27,42,257
	Managerial Remuneration		59,99,326	59,99,322
	Depreciation	D	65,23,419	55,95,158
	<b>TOTAL EXPENDITURE</b>		<b><u>30,73,61,813</u></b>	<b><u>28,44,45,052</u></b>
	<b>PROFIT/(LOSS) OF THE YEAR BEFORE TAXATION</b>		<b>1,06,90,975</b>	<b>2,89,11,919</b>
	LESS : a. Payment of Taxes & FBT		(42,45,000)	(96,03,115)
	b. Provision for Deferred Taxation		1,89,051	(1,48,285)
	<b>PROFIT/(LOSS) OF THE YEAR AFTER TAXATION</b>		<b><u>66,35,027</u></b>	<b><u>1,91,60,159</u></b>
<b>3.</b>	<b>APPROPRIATIONS :</b>			
	Balance as per Last Balance Sheet		4,47,85,545	2,56,25,026
	Add: Profit/(Loss) of the year after Taxation		66,35,027	1,91,60,519
	Balance Available for Appropriation		<u>5,14,20,572</u>	<u>4,47,85,545</u>
	Balance Carried to Balance Sheet		<u>5,14,20,572</u>	<u>4,47,85,545</u>
	<b>NOTES ON ACCOUNTS</b>	P		

As per our report of even date annexed

By Order of the Board

For **V. K. SHASTRI & CO.,**  
Chartered Accountants

For **AXTEL INDUSTRIES LIMITED**

(**V. K. SHASTRI**)  
Sole Proprietor

(**AJAY DESAI**)  
Executive Director

(**AJAY PARIKH**)  
Executive Director

Place : Nurpura  
Date : 29th May, 2010

Place : Nurpura  
Date : 29th May, 2010



# AXTEL INDUSTRIES LIMITED

## Schedules to Balance Sheet As on 31st March, 2010

SR. NO.	PARTICULARS	SCHEDULE	As on 31st March, 10 Rs.	As on 31st March.,09 Rs.
<b>SCHEDULE : A SHARE CAPITAL</b>				
<b>AUTHORISED CAPITAL:</b>				
	1,00,00,000 (P.Y. 90,00,000) Equity Shares of Rs.10 Each		<u>10,00,00,000</u>	<u>10,00,00,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL:</b>				
	99,99,800 (P.Y. 79,99,800) Equity Shares of Rs.10 each fully paid-up for cash		<u>9,99,98,000</u>	<u>9,99,98,000</u>
	<b>TOTAL</b>		<u><b>9,99,98,000</b></u>	<u><b>9,99,98,000</b></u>
<b>SCHEDULE : B RESERVE &amp; SURPLUS</b>				
a.	Capital Reserve : (Subsidy) Balance as per last Balance Sheet		<u>25,00,000</u>	<u>25,00,000</u>
	Sub-total [a]		<u>25,00,000</u>	<u>25,00,000</u>
b.	Revaluation Reserve Balance as per last Balance Sheet		<u>48,15,855</u>	<u>54,39,607</u>
	Less : Transferred to profit & loss account against Depreciation on Revalued portion of assets		<u>5,46,210</u>	<u>6,23,752</u>
	Sub-total [b]		<u>42,69,645</u>	<u>48,15,855</u>
c.	Profit and Loss Account Balance as per last Balance Sheet Add : Profit of the year after Taxation		<u>4,47,85,545</u> <u>66,35,027</u>	<u>2,56,25,026</u> <u>1,91,60,519</u>
	Sub-total [c]		<u>5,14,20,572</u>	<u>4,47,85,545</u>
	<b>Grand-Total (a+b+c)</b>		<u><b>5,81,90,217</b></u>	<u><b>5,21,01,400</b></u>
<b>SCHEDULE : C SECURED LOANS</b>				
a.	Vehicle Loan : Hire Purchase Loan, on vehicle purchased Towards principal		<u>2,19,653</u>	<u>11,69,528</u>
b.	Working Capital Facilities : Secured by first charge on all movable & immovable assets of the Company and hypo. of Stocks and Book-Debts		<u>57,41,816</u> <u>1,00,68,093</u>	<u>2,93,07,044</u> <u>-</u>
	<b>TOTAL</b>		<u><b>1,60,29,562</b></u>	<u><b>3,04,76,572</b></u>

# AXTEL INDUSTRIES LTD.

## SCHEDULE : D FIXED ASSETS

SR NO.	PARTICULARS OF FIXED ASSETS	GROSS BLOCK			DEPRECIATION BLOCK					NET		BLOCK AS ON 30.03.2009
		AS ON 01.4.2009	ADDITIONS/ DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS ON 31.03.2010	AS ON 01.4.2009	DEPRECIATION CHARGED ON REVALUATION TO RESERVE	PROVIDED FOR DURING PERIOD	WRITTEN BACK DURING THE PERIOD	AS ON 31.03.2010	AS ON 31.03.2010	
1	LAND & LAND DEVELOPMENT	14,985,703	-	-	14,985,703	-	-	-	-	-	14,985,703	14,985,703
2	FACTORY BUILDING	43,197,353	-	-	43,197,353	13,785,645	110,747	2,830,424	-	16,726,816	26,470,537	29,411,708
3	OFFICE BUILDINGS	7,882,134	888,413	-	8,770,547	3,880,127	47,030	177,062	-	4,084,219	4,686,328	4,022,007
4	PLANT & MACHINERY	37,336,392	752,067	-	38,088,459	28,863,236	388,433	874,281	-	30,125,950	7,962,509	8,473,156
5	ELECTRIFICATION	3,981,333	19,261	-	4,000,594	2,147,863	-	255,924	-	2,403,787	1,596,807	1,833,470
6	COMPUTER SYSTEMS	9,193,253	818,592	-	10,011,845	8,011,308	-	659,507	-	8,670,815	1,341,030	1,181,945
7	FURNITURE AND FIXTURES	3,047,188	483,358	-	3,530,546	1,600,496	-	291,061	-	1,891,557	1,638,989	1,446,692
8	OFFICE EQUIPMENTS	2,523,254	594,163	-	3,117,417	1,271,749	-	191,479	-	1,463,228	1,654,189	1,251,505
9	VEHICLES	10,037,445	-	613,355	9,424,090	5,233,734	-	1,243,681	603,838	5,873,577	3,550,513	4,803,711
	<b>TOTAL</b>	132,184,055	3,555,854	613,355	135,126,554	64,774,158	546,210	6,523,419	603,838	71,239,949	63,886,605	67,409,897
	<b>PREVIOUS YEAR'S FIGURES</b>	87,392,386	46,345,236	1,553,567	132,184,055	59,839,997	623,752	5,595,158	1,283,749	64,774,158	67,409,897	27,736,567



# AXTEL INDUSTRIES LIMITED

## Schedules to Balance Sheet As on 31st March, 2010

SR. NO.	PARTICULARS	SCHEDULE	As on 31st March, 10 Rs.	As on 31st March, 09 Rs.
<b>SCHEDULE : E INVESTMENTS</b>				
a.	Quoted : Non-Trade Investment : 2000 (P.Y.493505) equity shares of (Re.10) each fully paid-up as cash of JIK Industries Limited (Market value as on date Rs.20000/-)		20,000	
b.	<b>Un-quoted : Non-trade Investment</b> 5000 Equity Shares of Rs. 10/- each fully paid up for cash of Swallow Systems Pvt. Ltd. Investment in Mutual Fund		50,000	50,000
	TOTAL		<u>17,50,000</u>	<u>25,00,000</u>
			<u>18,00,000</u>	<u>25,70,000</u>
<b>SCHEDULE : F CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>A) INVENTORIES :</b>				
	(valued at lower of the cost or net realisable value subject to accounting policies)			
	Raw-Materials, Components, Tools & Spares and Goods in Transit		4,59,81,334	4,50,89,609
	Work in Process		6,96,59,452	2,23,94,612
	Finished Goods		--	--
	Sub-total A		<u>11,56,40,786</u>	<u>6,74,84,221</u>
<b>B) SUNDRY DEBTORS :</b>				
	Unsecured : Considered Good			
a.	Debts outstanding for more than six months		-	6,00,413
b.	Other Debts.		4,60,34,280	7,41,28,918
	Sub-total B (a+b)		<u>4,60,34,280</u>	<u>7,47,29,331</u>
<b>C) CASH AND BANK BALANCES :</b>				
a.	Cash on hand		34,628	2,92,198
b.	Cash at Bank:			
	in Current Account		4,20,279	7,41,036
	in Fixed Deposit Account		11,22,049	--
	Sub-total C (a+b)		<u>15,76,956</u>	<u>10,33,234</u>
<b>D) LOANS AND ADVANCES :</b>				
	Unsecured : Considered Good			
	Advances recoverable in Cash or in kind for value to be received.			
	Advances to Suppliers		35,79,104	25,99,604
	Advances to Staff & Others		1,44,81,443	98,55,653
	Deposits		7,57,388	9,90,980
	Int. Accr. but not due & Prepaid exps.		24,12,580	24,77,503
	Deffered Tax Asset		1,78,810	---
	Balance with Govt. Depts.			
	-Excise Duty P.L.A. & Modvat		73,43,042	49,34,406
	-Income Tax, T.D.S. & Other Tax paid		3,41,15,794	2,68,49,345
	-Sales Tax, Prurchase Tax Recoverable		32,58,633	8,14,529
	Sub-Total (D)		<u>6,61,26,794</u>	<u>4,85,22,021</u>
	GRAND TOTAL (A+B+C+D)		<u>22,93,78,817</u>	<u>19,17,68,807</u>

# AXTEL INDUSTRIES LIMITED

## Schedules to Balance Sheet As on 31st March, 2010

SR. NO.	PARTICULARS	SCHEDULE	As on 31st March, 10 Rs.	As on 31st March, 09 Rs.
<b>SCHEDULE : G CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. CURRENT LIABILITIES :</b>				
i.	Sundry Creditors for goods & expenses		4,12,09,802	3,50,05,496
ii.	Sundry Creditors for Capital goods		33,89,000	33,89,000
iii.	Other current liabilities.			
-	Advances against orders		4,00,46,305	1,25,62,063
-	Outstanding Liabilities for Exp.		3,38,88,810	1,85,38,636
-	Other Current Liabilities		9,98,040	13,83,448
-	Deferred Tax Liability		-	10,241
	Sub-total A		<u>11,95,31,957</u>	<u>7,08,88,884</u>
<b>B. PROVISIONS:</b>				
i.	Provison for taxation		42,45,000	96,03,115
	Sub-total B		<u>42,45,000</u>	<u>96,03,115</u>
	Grand TOTAL [A+B]		<u>12,37,76,957</u>	<u>8,04,91,999</u>



# AXTEL INDUSTRIES LIMITED

## Schedules to Profit & Loss Account For year ending 31st March, 2010

SR. NO.	PARTICULARS	SCHEDULE	Year Ended on 31st March, 10 Rs.	Year Ended on 31st March, 09 Rs.
<b>SCHEDULE : H SALES &amp; OTHER INCOME</b>				
<b>a. Sales :</b>				
	Manufacturing Goods Sales		28,23,00,605	36,44,92,472
	Less : Excise Duty		<u>1,50,40,793</u>	<u>3,01,51,977</u>
	Net Sales		26,72,59,812	33,43,40,495
	Scrap Sales		<u>24,56,920</u>	<u>21,92,909</u>
	Job Work & Execution Charges		<u>8,00,000</u>	<u>4,59,673</u>
	Sub-total (a)		<u>27,05,16,732</u>	<u>33,69,93,077</u>
<b>b. Other Income :</b>				
	Dividend & Interest earned		2,27,431	21,404
	Excise Duty Drawback		2,98,667	2,86,404
	Trade Discount		1,88,020	--
	Gain/loss on foreign exchange		(4,67,137)	(11,43,192)
	Profit/ (Loss) on Sale of Assets		15,235	(26,340)
	Profit (Loss) on sale of Shares		12,000	--
	Miscellaneous income		(3,000)	6,000
	Dimunation in Value of Investments		--	(4,80,091)
	Sub-total (b)		<u>2,71,216</u>	<u>(13,35,815)</u>
	<b>TOTAL [a+b]</b>		<u>27,07,87,948</u>	<u>33,56,57,262</u>

# AXTEL INDUSTRIES LIMITED

## Schedules to Profit & Loss Account for year ending 31st March-2010

SR. NO.	PARTICULARS	SCHEDULE	Year Ended on 31st March, 10 Rs.	Year Ended on 31st March, 09 Rs.
<b>SCHEDULE : I INCREASE/(DECREASE) IN STOCKS</b>				
a. Work in process :				
	Closing Stock		6,96,59,452	2,23,94,612
	Less : Opening Stock		2,23,94,612	4,46,94,903
	Increase/(Decrease)	(a)	<u>4,72,64,840</u>	<u>(2,23,00,291)</u>
b. Finished Goods :				
	Closing Stock		--	---
	Less : Opening Stock		--	---
	Increase/(Decrease)	(b)	<u>--</u>	<u>---</u>
	<b>TOTAL - Increase/(Decrease) (a+b)</b>		<u>4,72,64,840</u>	<u>(2,23,00,291)</u>
<b>SCHEDULE : J COST OF MATERIALS CONSUMED</b>				
Raw Materials, Components, Tools & Spares:				
	Opening Stock		4,50,89,609	2,91,83,547
	Add : Purchases		20,38,06,304	20,84,05,028
			<u>24,88,95,913</u>	<u>23,75,88,575</u>
	Less : Closing Stock		4,59,81,334	4,50,89,609
	<b>Total Material Consumed</b>		<u>20,29,14,579</u>	<u>19,24,98,966</u>
<b>SCHEDULE : K OTHER MANUFACTURING EXPENSES</b>				
	Factory Power		23,15,629	21,66,371
	Repairs to Machinery & Factory		4,42,578	1,32,167
	Freight Inward & Octroi		16,98,719	15,78,167
	Labour Jobwork & Commissioning Charges		2,74,00,224	2,45,13,584
	Work Contract Tax		--	--
	Other Factory Expenses		6,10,642	5,05,163
	<b>TOTAL</b>		<u>3,24,67,792</u>	<u>2,88,95,452</u>
<b>SCHEDULE : L PAYMENTS AND PROVISION FOR EMPLOYEES</b>				
	Salary, Wages & Allowances		2,50,43,076	1,94,26,195
	Staff & Labour Welfare		2,77,265	2,25,009
	Wages to Contractors		1,30,70,813	1,15,23,928
	Contri. To P.F./F.P.F. & Adm. Charges		13,90,076	11,37,855
	<b>TOTAL</b>		<u>3,97,81,230</u>	<u>3,23,12,987</u>



# AXTEL INDUSTRIES LIMITED

## Schedules to Profit & Loss Account for the year ending 31st March-2010

SR. NO.	PARTICULARS	SCHEDULE	Year Ended on 31st March, 10 Rs.	Year Ended on 31st March, 09 Rs.
<b>SCHEDULE : M ADMINISTRATIVE EXPENSES</b>				
	Printing & Stationary		7,67,543	7,66,513
	Postage & Telephone		7,54,444	5,77,184
	Conveyance & Vehicle Expenses		19,58,691	17,60,118
	Travelling Expenses		14,05,295	25,15,364
	Auditors' Remuneration & Fees		57,184	53,622
	Legal & Professional Charges		24,21,186	25,12,644
	Repairs & Maintenance		6,82,379	3,73,993
	Rent, Rates & Taxes		1,33,119	1,13,470
	Other Office Expenses		53,66,929	45,18,182
	Technical Knowhow w/o.		4,00,000	2,00,000
	<b>TOTAL</b>		<b><u>1,39,46,770</u></b>	<b><u>1,33,91,090</u></b>
<b>SCHEDULE : N SELLING AND DISTRIBUTION EXPENSES</b>				
	Freight & Transportation Outward		15,27,937	9,28,838
	Advertisement		--	1,07,000
	Other Sales Expenses		6,83,781	14,24,729
	Bad debts and Balance written off		--	5,12,736
	Other Marketing Exp.		--	36,517
	LD Charges		1,70,952	--
	<b>TOTAL</b>		<b><u>23,82,670</u></b>	<b><u>30,09,820</u></b>
<b>SCHEDULE : O FINANCIAL CHARGE</b>				
	Interest on Loans		28,16,125	21,79,458
	Bank Charges		5,29,902	5,62,799
	<b>TOTAL</b>		<b><u>33,46,027</u></b>	<b><u>27,42,257</u></b>

# AXTEL INDUSTRIES LIMITED

SCHEDULE : P

## NOTES ON ACCOUNTS

### (1) ACCOUNTING POLICIES:

#### a) Accounting Convention:

The financial statements are prepared under historical cost convention on an accrual basis, in accordance with the applicable accounting standards.

#### b) Fixed Assets:

Fixed Assets are stated at cost inclusive of freight, duties, taxes and installation expenses.

#### c) Depreciation:

Depreciation has been provided on all assets except Land on written down value method at the rates specified in Schedule XIV inserted by the Companies (Amendment) Act, 1988, pro-rata depreciation is calculated for all additions made during the year.

#### d) Valuation of Stock:

Valued at lower of the cost or net realisable value.

#### e) Recognition of Income and Expenditure:

Income and Expenditure are generally recognised on accrual basis.

#### f) Excise Duty:

The Company has followed a system whereby the Excise Duty is included in the Sales Value and the Value of Closing Stock as required by the Guidance Note of the Institute of Chartered Accountants of India. The actual excise duty paid is shown as expenditure as deduction from Sales and the excise duty if it is unpaid and included in finished goods is shown as liability payable under the head other current liabilities.

#### g) Foreign Exchange Transaction:

The Company has followed a system whereby the transactions involving Foreign Exchange on revenue account i.e. for foreign travel, import of materials and for export of goods, are accounted at the rate of exchange, which is prevailing on the date of transaction. Gains and/or losses arising out of fluctuations in the exchange rates are accounted for on actual realisation into Indian Rupees.

#### h) Gratuity and Leave Encashment:

The Company has provided for Gratuity, Leave Encashment and other retirement benefits, on accrual basis, as per the requirements of AS-15 of the Institute of Chartered Accountants of India.

#### i) Miscellaneous Expenditure:

Share Issue Expenses along with the preliminary expenses are being amortised by the Company in ten equal installments. Technical knowhow fee is being amortised by the Company in five equal installments.

(3) The Company has provided for leave encashment and gratuity liability as per the actuarial calculation, for which provision for current year charged to Profit & Loss account is as per details given hereunder:



Leave EncashmentGratuity

Provided during year ended 31.03.2010

Rs. 19,55,027/-

Rs. 36,34,926/-

- (4) In the opinion of the Management and to the best of their knowledge and belief, the value on realisation of loans and advances, debtors and other current assets in the ordinary course of the business will not be less than the amount at which they are stated in Balance Sheet.
- (5) Figures have been rounded off to the nearest rupee.
- (6) Claims against the Company not acknowledged as debts Rs. NIL (previous year Rs. NIL).
- (7) Debtors and Creditors Balance Confirmation have not been obtained.
- (8) Estimated amount of contracts remaining to be executed on capital account and not provided Rs. NIL (Previous year Rs. NIL).
- (9) The Company has initiated the process to identify the status of its suppliers and asked them to inform the Company if they are a Micro, Medium and Small Enterprise under Micro, Medium and Small Enterprise Act, 2006 (MSMED), so that the information regarding dues to MSMED Enterprise could be stated. However, since no response have been received from the suppliers, due to which it is not possible for the Company to disclose exactly, the dues to S.S.I. units included in the Sundry Creditors
- (10) Remuneration to Auditor :

	<u>Current Year</u>	<u>Previous Year</u>
For Audit Fees	50,000	47,000
For Income Tax Matters	5,000	5,000
For Out of Pocket Expenses	2,184	1,622
<b>Total</b>	<b>57,184</b>	<b>53,622</b>

- (11) Remuneration to Directors:-

The Company has paid remuneration to its Executive Directors, in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and as per the resolution passed by the Company in the Annual General Meeting.

- (12) Current Tax: During the year the income tax provision is made for taxes payable for the year ended 31st March, 2010. Moreover no tax is payable on the book profit (i.e. MAT) U/s 115JB of the Income tax Act, 1961.
- (13) Investment in mutual Fund: The company had invested Rs. 25 lakhs in the units of Crayon Capital Art Fund Scheme – I, which fund invest in Art and paintings of reward artists. The company has received back original investment of Rs. 7,50,000/-during the year. The units of the fund are not listed.
- (14) Additional information Pursuant to para 4 & 5 of part II of Schedule VI of the Companies Act 1956.

## A. Particulars of capacity and Production :

Particulars	Unit of Measure	Current Year	Previous Year
i. Licensed Capacity :	—	N.A	N.A.
ii. Installed Capacity :	—	N.A.	N.A.
iii. Actual Production :			
* Plants, Machines & Sets	* Nos.	3750	2474

B. Particulars of Sales, Opening and Closing Stock:

Particulars	Sales		Opening Stock		Closing Stock	
	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.	Qty. Nos.	Value Rs.
a. Machines						
(Manufactured)	3750	25,77,62,232	Nil	Nil	Nil	Nil
(Previous Year)	2474	(32,97,55,838)	( Nil )	( Nil )	( Nil )	( Nil )
b. Others	—	* 1,27,54,500	(—)	Nil	(—)	Nil
(Previous year)	(—)	* (72,37,239)	(—)	(Nil)	(—)	(Nil)
<b>TOTAL Rs.</b>	<b>3750</b>	<b>27,05,16,732</b>	<b>(—)</b>	<b>Nil</b>	<b>(—)</b>	<b>Nil</b>
(Previous Year)	(2474)	(33,69,93,077)	(—)	(Nil)	(—)	(Nil)

\* Includes job work, execution charges and scrap sales.

C. Particulars of Raw Materials, Components & Stores Consumed:

	Unit of Measure	Current Year		Previous Year	
		Qty	Value [Rs.]	Qty	Value[Rs.]
S.S./M.S. Steel:					
Sheet/Flats/Bars/Plates	M.T.	415.46	10,31,34,860	710.08	10,72,77,401
Other		—	9,97,79,719	—	8,52,21,565
<b>Total</b>		<b>—</b>	<b>20,29,14,579</b>	<b>—</b>	<b>19,24,98,966</b>

D. Particulars of Imported and Indegenious Raw Materials Consumed

Particulars	Current Year		Previous Year	
	Value Rs.	Percentage	Value Rs.	Percentage
1 Value of all imported Spare parts Material and Components consumed.	29,42,483	1.45%	19,97,708	1.04%
2 Value of all Indegenious Raw-Materials, Spare parts and Components consumed.	19,99,72,096	98.55%	19,05,01,258	98.96%
<b>Total</b>	<b>20,29,14,579</b>	<b>100%</b>	<b>19,24,98,966</b>	<b>100%</b>



**E. Particulars of Expenditure and Earnings in Foreign Exchange:**

ITEM	Current Year Rs.	Previous Year Rs.
1 Expenditure in foreign currency:		
* On Material Imported	12,98,376	25,57,854
* On Foreign Travel	5,26,770	1,06,050
2 Earning in foreign currency		
* Value of Exports F.O.B	3,35,35,882	2,46,45,842
* Other Export Incomes	NIL	NIL

**F. Particulars of Expenditure on Employees**

	Current Year	Previous Year
1 In case of employees who were in employment with the Company for the whole year and getting remuneration aggregating to Rs. 24,00,000/- or more per annum.		
- No. of Employees	2	2
- Amount of Salary and Allowances [Rs.]	59,99,326	59,99,322
2 In case of employees who were in employment with the Company only for a part of the year and getting remuneration aggregating to Rs.2,00,000 or more per month		
- No. of Employees	NIL	NIL
- Amount of Salary and Allowances [Rs.]	NIL	NIL

(15) In accordance with Accounting Standard – 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the transactions with related parties are given below.

SR. NO.	NAME OF PARTY	NATURE OF RELATION	NATURE OF TRANSACTION	VALUE (Rs.)
1.	Ajay N. Desai	Director	Director's Remuneration	29,99,647
2.	Ajay N. Parikh	Director	Director's Remuneration	29,99,679
3.	Oracle Trading Co. Pvt. Ltd.	Common Directors	Sales & Other	8,82,400

16. ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

PART IV

Balance Sheet Abstracts and Company's General Business Profile

I. Registration No. 

1	6	1	8	5	
---	---	---	---	---	--

 State Code 

0	4
---	---

 (Refer Code List)

Balance Sheet Date 

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

  
Date Month Year

II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue 

		N	I	L		
--	--	---	---	---	--	--

Rights Issue 

		N	I	L		
--	--	---	---	---	--	--

Bonus Issue 

		N	I	L		
--	--	---	---	---	--	--

Preferential Issue 

		N	I	L		
--	--	---	---	---	--	--

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 

	1	7	4	2	1	7	.	7	8
--	---	---	---	---	---	---	---	---	---

Total Assets 

	1	7	4	2	1	7	.	7	8
--	---	---	---	---	---	---	---	---	---

Sources of Funds :

Paid up Capital/Application Money 

9	9	9	9	8	.	0	0
---	---	---	---	---	---	---	---

Reserves & Surplus 

5	8	1	9	0	.	2	2
---	---	---	---	---	---	---	---

Secured Loans 

1	6	0	2	9	.	5	6
---	---	---	---	---	---	---	---

Unsecured Loans 

		N	I	L		
--	--	---	---	---	--	--

Application of Funds :

Net Fixed Assets 

6	5	4	1	5	.	9	2
---	---	---	---	---	---	---	---

Investments 

1	8	0	0	.	0	0
---	---	---	---	---	---	---

Net Current Assets 

1	0	5	6	0	1	.	8	6
---	---	---	---	---	---	---	---	---

Misc. Expenditure 

1	4	0	0	.	0	0
---	---	---	---	---	---	---

Accumulated Losses 

			N	I	L	
--	--	--	---	---	---	--



IV. Performance of the Company (Amount in Rs.Thousands)

Turnover	Total Expenditure																			
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;">3</td><td style="padding: 2px 5px;">1</td><td style="padding: 2px 5px;">8</td><td style="padding: 2px 5px;">0</td><td style="padding: 2px 5px;">5</td><td style="padding: 2px 5px;">2</td><td style="padding: 2px 5px;">.</td><td style="padding: 2px 5px;">7</td><td style="padding: 2px 5px;">9</td> </tr> </table>	3	1	8	0	5	2	.	7	9	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;">3</td><td style="padding: 2px 5px;">0</td><td style="padding: 2px 5px;">7</td><td style="padding: 2px 5px;">3</td><td style="padding: 2px 5px;">6</td><td style="padding: 2px 5px;">1</td><td style="padding: 2px 5px;">.</td><td style="padding: 2px 5px;">8</td><td style="padding: 2px 5px;">1</td> </tr> </table>	3	0	7	3	6	1	.	8	1	
3	1	8	0	5	2	.	7	9												
3	0	7	3	6	1	.	8	1												
+/- Profit/Loss Before Tax	+/- Profit / Loss After Tax																			
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;"><input type="checkbox"/></td><td style="padding: 2px 5px;">[+]</td><td style="padding: 2px 5px;">1</td><td style="padding: 2px 5px;">0</td><td style="padding: 2px 5px;">6</td><td style="padding: 2px 5px;">9</td><td style="padding: 2px 5px;">0</td><td style="padding: 2px 5px;">.</td><td style="padding: 2px 5px;">9</td><td style="padding: 2px 5px;">5</td> </tr> </table>	<input type="checkbox"/>	[+]	1	0	6	9	0	.	9	5	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;"><input type="checkbox"/></td><td style="padding: 2px 5px;">[+]</td><td style="padding: 2px 5px;">6</td><td style="padding: 2px 5px;">6</td><td style="padding: 2px 5px;">3</td><td style="padding: 2px 5px;">5</td><td style="padding: 2px 5px;">.</td><td style="padding: 2px 5px;">0</td><td style="padding: 2px 5px;">2</td> </tr> </table>	<input type="checkbox"/>	[+]	6	6	3	5	.	0	2
<input type="checkbox"/>	[+]	1	0	6	9	0	.	9	5											
<input type="checkbox"/>	[+]	6	6	3	5	.	0	2												

(Please tick Appropriate Box (+) for Profit (-) for Loss)

Earnings Per Share in Rs.

		0	.	6	6	3	5		
--	--	---	---	---	---	---	---	--	--

Dividend Rate %

N	I	L
---	---	---

V. Generic Name of Products / Services of the Company (as per monetary terms)

1. Item Code No. (ITC Code) 

	8	4	3	8	8	0	9	0
--	---	---	---	---	---	---	---	---

Product Description **FOOD PROCESSING MACHINERY & EQUIPMENTS**

(17) Schedule A to Q form an integral part of the Balance Sheet and Profit and loss Account and have been hereby duly authenticated.

As per our report of even date annexed

For **V. K. SHASTRI & CO.,**  
Chartered Accountants

(**V. K. SHASTRI.**)  
Sole Proprietor

Place : Nurpura  
Date : 29th May 2010

By Order of the Board

For **AXTEL INDUSTRIES LIMITED**

(**AJAY DESAI**)  
Executive Director

Place : Nurpura  
Date : 29th May 2010

(**AJAY PARIKH**)  
Executive Director

# AXTEL INDUSTRIES LIMITED

## Cash Flow Statement for the Year Ended 31st March, 2010

SR. NO.	PARTICULARS	Year Ending 31st March, 2010 Rs.	Year Ending 31st March, 2009 Rs.
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES :</b>			
	Net Profit/(Loss) after tax & extraordinary items	66,35,027	1,90,12,234
<b>ADD:</b>	a. Depreciation Charge	65,23,419	55,95,158
	b. Provision for Deferred Tax & FBT	40,55,949	98,99,685
	c. Interest Charge	33,46,027	27,42,257
	d. Diminution / Loss of Investment/ Tech K/H.	4,00,000	6,80,091
	Sub Total (i)	<u>2,09,60,421</u>	<u>3,79,29,425</u>
<b>LESS:</b>	a. Dividend & Interest Income	2,27,431	21,404
	b. Excess Provisions written Back/ Misc. Inc.	--	---
	c. Deficit/Surplus on sale of Asset / Investments	27,235	(26,340)
	Sub Total (ii)	<u>(2,54,666)</u>	<u>(4,936)</u>
	iv. Operating Profit Before Working Capital Changes-Sub-total(iv=i-ii)	2,07,05,755	3,79,34,361
<b>LESS :</b>	a. Increase/(Decrease) in trade & other receivable	(1,14,32,812)	1,79,03,091
	b. Increase/(Decrease) in Inventories	4,81,56,565	(63,94,229)
	Sub Total (v)	<u>3,67,23,753</u>	<u>1,15,08,862</u>
<b>ADD:</b>	a. Increase/(Decrease) in trade payable and Provisions (vi)	4,31,46,914	(1,40,29,544)
	Cash Inflow From Operations		
	Sub Total (vii)=(iv-v+vi)	2,71,28,916	1,23,95,955
<b>LESS:</b>	a. Interest Paid	33,46,027	27,42,257
	b. Direct Taxes Paid (FBT)	42,45,000	97,51,400
	Sub Total (viii)	<u>75,91,027</u>	<u>1,24,93,657</u>
	Cash Inflow/(Outflow) Before Extraordinary items		
	Sub-total (ix)=(vii-viii)	<u>1,95,37,889</u>	<u>(97,703)</u>
	ADD/(LESS): Prior Year Adjustments - -(x)	---	---
	Net cash inflow/(outflow) in course of operating activities		
	Total (A)=(ix+x)	<u>1,95,37,889</u>	<u>(97,703)</u>
<b>B. CASH FLOW ARISING FROM INVESTMENT ACTIVITIES</b>			
<b>OUTFLOW :</b>			
	a. Aquisition of Fixed Assets	45,65,901	1,71,05,392
	b. Acquisition of Investments/Tech K/H	10,00,000	10,00,000
	c. Loans/ICD to Other Companies	---	---
	d. Investements in Joint Venture	---	---
	Sub Total (i)	<u>55,65,901</u>	<u>1,81,05,392</u>
<b>LESS:</b>			
<b>INFLOW :</b>			
	a. Sale of Fixed Assets	24,752	2,43,478
	b. Interest & Dividend Received	2,11,993	20,552
	c. Sale of Investements	7,82,000	---
	Sub Total (ii)	<u>10,18,745</u>	<u>2,64,030</u>
	Net Cash Inflow/(Outflow) In Course of Investing Activities		
	Total (B)=(i-ii)	<u>(45,47,156)</u>	<u>(1,78,41,362)</u>



# AXTEL INDUSTRIES LIMITED

## Cash Flow Statement for the Year Ended 31st March 2010

SR. NO.	PARTICULARS	Year Ending 31st March, 2010 Rs.	Year Ending 31st March, 2009 Rs.
<b>C. CASH FLOW ARISING FROM FINANCING ACTIVITIES :</b>			
<b>INFLOW :</b>			
a.	Proceeds From Issue of Share Capital / Warrants	---	1,80,00,000
b.	Proceeds From Borrowings	1,00,68,093	---
c.	Proceeds From Issue of Debentures	---	---
	Sub Total (i)	<u>1,00,68,093</u>	<u>1,80,00,000</u>
<b>LESS :</b>			
<b>OUTFLOW :</b>			
a.	Share Issue Expenses	---	---
b.	Redemption of Debentures	---	---
c.	Repayment of Finance/Lease Liabilities	2,45,15,103	78,94,219
d.	Dividend Paid	---	---
e.	Debenture Issue Expenses	---	---
	Sub Total (ii)	<u>2,45,15,103</u>	<u>78,94,219</u>
	Net Cash Inflow/(Outflow) In Course of Financing Activities	(1,44,47,010)	1,01,05,781
	Total (C)=(i-ii)	<u>(1,44,47,010)</u>	<u>1,01,05,781</u>
	NET INCREASE/(DECREASE) IN CASH/ / CASH EQUIVALENTS (A+B+C)	5,43,723	(78,33,284)
<b>ADD:</b>	Balance At The Beginning Of The Year	10,33,233	88,66,517
	CASH / CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	<u>15,76,956</u>	<u>10,33,233</u>

As per our report of even date annexed

For **V. K. SHASTRI & CO.,**  
Chartered Accountants

(**V. K. SHASTRI**)  
Sole Proprietor

Place : Nurpura  
Date : 29th May, 2010

By Order of the Board

For **AXTEL INDUSTRIES LIMITED**

(**AJAY DESAI**)  
Executive Director

Place : Nurpura  
Date : 29th May, 2010

(**AJAY PARIKH**)  
Executive Director

# AUDITORS' CERTIFICATE

To,  
The Board of Directors,  
**AXTEL INDUSTRIES LIMITED**

We have examined the cash Flow Statement of **AXTEL INDUSTRIES LIMITED** for the year ended 31st March, 2010. The Statement has been prepared by the Company in accordance with the requirement of Clause No. 32 of the Company's Listing Agreement with the Stock Exchanges. The Statement is based on and is derived from the Profit and Loss Account and the Balance-Sheet of the Company for the year ended on 31st March, 2010 covered by our Report of even date, to the members of the Company.

For **V.K.SHASTRI & CO.**  
CHARTERED ACCOUNTANTS

PLACE : Vadodara  
DATE : 29th May, 2010

(**V.K.SHASTRI**)  
Sole Proprietor



**ATTENDANCE SLIP**  
**AXTEL INDUSTRIES LIMITED**

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

Please complete this attendance slip and hand it over at the entrance of Meeting Hall. Joint Shareholders may obtain additional Attendance slip on request.

NAME & ADDRESS OF THE SHAREHOLDER \_\_\_\_\_

No. of Shares Held :

L.F. No. (s) Demat Account No.

I hereby record my presence at the 18TH ANNUAL GENERAL MEETING of the Company held on the Monday, the 30th August 2010 at the Registered Office at Plot No. 43/1, Village Nurpura, P.O. Baska, Tal. Halol, Dist. Panchmahals, Gujarat.

SIGNATURE OF THE SHAREHOLDERS/PROXY \* \_\_\_\_\_

\* Strike Whichever is Not applicable.

**PROXY FORM**

**AXTEL INDUSTRIES LIMITED**

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

L.F. No. (s) Client ID No. :

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a member / members of  
AXTEL INDUSTRIES LIMITED hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of

or failing him \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company to be held on Monday, the 30th August, 2010 and at any adjournment thereof.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2010 by the said \_\_\_\_\_

**NOTE :** The proxy must be returned so as to reach at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company

15 paise  
revenue  
stamp

AXTEL INDUSTRIES LIMITED

BOOK-POST

Plot No. 401, Village Nurpura, P.O. Baska  
Taluk - 389 350, Dist. Panchmahals, Gujarat

PROXY FORM

AXTEL INDUSTRIES LIMITED

Plot No. 401, Village Nurpura, P.O. Baska  
Taluk - 389 350, Dist. Panchmahals, Gujarat

To,

[Empty box for recipient name]

From

**AXTEL INDUSTRIES LIMITED**

Village Nurpura, P.O. Baska  
Taluk-389 350, Dist. Panchmahals.