

***AXTEL***

**AXTEL INDUSTRIES LIMITED**

**21st ANNUAL REPORT  
2012-2013**

# **AXTEL INDUSTRIES LIMITED**

## **TWENTY FIRST ANNUAL REPORT 2012-2013**

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

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

**BANKERS** : Bank of Baroda, Halol

**REGISTERED OFFICE  
& WORKS** : Plot No. 43/1, Village Nurpura,  
P.O. Baska, Taluka HALOL - 389 350,  
Dist: Panchmahals, Gujarat.

# AXTEL INDUSTRIES LIMITED

## NOTICE

NOTICE is hereby given that the twenty first annual general meeting of the members of AXTEL INDUSTRIES LIMITED will be held at 11.00 a.m. on Wednesday, the 31st July, 2013 at the Registered Office of the Company situated at Plot No. 43/1, Village Nurpura, P.O. Baska, Tal. Halol - 389 350, Dist. Panchmahals, Gujarat to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and the Profit & Loss Account of the Company for the year ended on that day together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Ameet Nalin Parikh, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Kirit Kumar Pathak, who retires by rotation and being eligible offers himself for reappointment.
4. To Reappoint the Auditors of the Company and fix their remuneration.

### SPECIAL BUSINESS :

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

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

[i] Salary:

Not exceeding Rs.7,00,000/- [Rupees Seven Lacs Only] per month [including perquisites and other allowance, if any]

[ii] Perquisites and other allowances:

Perquisites and other allowances shall also be allowed in addition to salary. However, total managerial remuneration by way of salary, perquisites and other allowances shall not exceed the overall limit of Rs.84,00,000/- per annum.

[iii] Contribution to provident fund, superannuation fund and annuity fund will not be included in the computation of the ceiling on managerial remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.

[iv] Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

[v] Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites/remuneration. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.

"RESOLVED FURTHER THAT, where in any financial year, during the currency of tenure of Shri Ajay Nalin Parikh as Executive Director, the Company has no profit or its profits are inadequate, it may pay him minimum remuneration by way of salary, perquisites and allowances not exceeding the limits specified above.

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

By the Order of the Board of Directors

Dated : 23.05. 2013

Place : Registered Office :

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

**Ajay Desai**  
Executive Director

**NOTES:**

- [1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- [2] Members should notify change in the address, if any, specifying full address in block letters with pin code of the post office.
- [3] Members seeking further information on the accounts or any other matter contained in the notice are requested to write to the Company at least 7 days before the meeting, so that relevant information can be kept ready at the meeting.
- [4] The register of members and share transfer book will remain closed from Thursday, the 25th July, 2013 to Wednesday, the 31st July, 2013 [both days inclusive].
- [5] Members attending the meeting are requested to bring their copy of the Annual Report.
- [6] Explanatory statement setting out all material facts concerning the special business u/s 173 (2) of the Companies Act, 1956 is annexed hereto :

**Explanatory statement in respect of the special business u/s 173 (2) of the Companies Act, 1956**

**Item No.5**

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

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

**a. General Information:**

- i. Nature of Industry : Engineering industry manufacturing food processing plant, machinery and equipment and dairy machinery since 1993.
- ii. Financial Performance : The Company's net profit after taxation is Rs.337.94 lacs for the period ended 31st March, 2013.
- iii. Export Performance: The Company has made export of Rs.618.54 lacs during the period ended 31st March, 2013.

**2. Information about Shri Ajay Nalin Parikh, Appointee :**

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

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

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

The Remuneration Committee of the Company has recommended remuneration as mentioned in the proposed resolution.

Comparative remuneration figure with respect to industry is not available. However, proposed remuneration payable to Shri Ajay Nalin Parikh is low comparing his efforts and responsibility as Executive Director of the Company.

Shri Ajay Nalin Parikh has no pecuniary relationship directly or indirectly with the Company as managerial personnel except remuneration as Executive Director drawn by him and dividend on equity shares, declared if any, by the Company for his shareholding in the Company.

**3. Other Information :**

The Company has improved financial performance during the year ended 31st March, 2013, On the net sales of Rs.6038.87 lacs ( previous year Rs.5938.22 lacs- increase of 1.69 % over previous year), the profit before depreciation and tax is Rs. 632.42 lacs ( previous year Rs.533.66 lacs - increase of 18.51 % over previous year) and profit after tax is Rs. 337.94 lacs ( previous year Rs.301.58 lacs- increase of 12.06 % over previous year). The Company has taken various steps to increase its sales and profit. As Company is manufacturing tailor made plants / machinery it is very difficult to give expected production and profits in measurable terms.

**4. Disclosures:**

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

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

None of the Directors except Shri Ajay Nalin Parikh for drawing his remuneration and Shri Ameet Nalin Parikh, Director being a relative of Shri Ajay Nalin Parikh, is interested in these resolutions.

This explanatory statement together with the accompanying notice may also be considered as an abstract of terms of the contract and memorandum under section 302 of the Companies Act, 1956.

By the Order of the Board of Directors

Dated : 23.05.2013

Place : Registered Office :

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

**Ajay Desai**  
Executive Director

# DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the twenty first annual report together with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2013.

## [1] FINANCIAL RESULTS:

The financial results for the year are as under:

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

## [2] DIRECTORS:

Shri Ameet Nalin Parikh and Shri Kirit Kumar Pathak, Directors of the Company, retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for reappointment.

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

1. in the preparation of the annual accounts for the year ended 31st March, 2013, the applicable accounting standards had been followed and there had been no material departures from the said standards except mentioned in notes to the account.
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended on that day.
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting statement in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual account for the year ended 31st March, 2013 on a going concern basis.

## [4] REPORT ON CORPORATE GOVERNANCE:

A detailed report on Corporate Governance as required under clause 49 of the listing agreement with the stock exchange has been included separately in the annual report.

**[5] AUDITORS:**

M/s. V.K. Shastri & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

The Company has obtained a certificate under section 224 [1B] of the Companies Act, 1956 from the Auditors to the effect that, their appointment, if made would be within the limits prescribed in the said section.

**[6] AUDITORS' REPORT:**

The observations of the Auditors are explained, wherever necessary, in an appropriate notes to the Audited Statement of Accounts.

**[7] PARTICULARS OF EMPLOYEES:**

Information in accordance with the provisions of Section 217 [2A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules, 1975 is Nil.

**[8] PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE INCOME AND OUTGO:**

Information in accordance with the provision of Section 217 [1] [e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange income and outgo is given in Annexure-A attached herewith.

**[9] ACKNOWLEDGEMENT:**

The Board of Directors gratefully acknowledge the assistance and co-operation received from the Bank of Baroda and all other statutory and non-statutory agencies for their co-operation.

The Board of Directors also wish to place on record their gratitude and appreciation to the members for their trust and confidence shown in the Company.

The Board of Directors would like to especially thank all the employees of the Company for their dedication and loyalty.

On behalf of the Board of Directors

Date: 23.05. 2013  
Registered Office :  
Plot No.43/1, Village: Nurpura,  
P.O. Baska, Tal. Halol - 389 350  
Dist. Panchmahals, Gujarat

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



## ANNEXURE - A

### Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Income and Outgo

- Particulars regarding conservation of energy, power and fuel consumption : Not Applicable
- Particulars regarding technology absorption : As per Form B given hereunder
- Foreign exchange earning and outgo
- [i] Activities relating to exports : Sale of food processing plants & machinery
- [ii] Initiatives taken to increase export : The Directors visit clients abroad several times and the Company expects to receive several export orders from time to time.
- [iii] Development of new export markets for products and services and export plans : Not Applicable

	Current Year	Previous Year
[Rupees in Lacs]		
[iv] Total foreign exchange used	168.80	34.32
[v] Total foreign exchange earned	618.54	320.90

## FORM B

[A] Form for disclosure of particulars with respect to technology absorption, research and development (R&D)

1. Specific areas in which R&D was carried out by the Company : Nil
2. Benefits derived as a result of the above R&D : Nil
3. Future plan of action : Nil
4. Expenditure on R & D
  - [a] Capital : Nil
  - [b] Recurring : Nil
  - [c] Total : Nil
  - [d] Total R & D expenditure as a percentage of total turnover : Nil

[B] Technology absorption, adaptation and innovation : 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 31<sup>st</sup> March, 2013.

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

### A. Composition of the Board for the period from 01<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 :

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

### 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 01<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 the Board of Directors met seven times on the following dates :

Sr.No	Date	Board Strength	No. of Directors present
1.	12 <sup>th</sup> April, 2012	7	4
2.	24 <sup>th</sup> May, 2012	7	6
3.	08 <sup>th</sup> August, 2012	7	3
4.	22 <sup>th</sup> October, 2012	7	4
5.	09 <sup>th</sup> November, 2012	7	4
6.	05 <sup>th</sup> December, 2012	7	6
7.	08 <sup>th</sup> February, 2013	7	5

ii. **Attendance of Directors :**

Name of the Directors	No of Board Meetings held	No of Board Meetings Attended	Attendance at the last Annual General Meeting	No. of Directorship in the other Boards as on 31 <sup>st</sup> March, 2013	No. of Memberships in other Board Committees as on 31 <sup>st</sup> March, 2013
Shri Kirit Kumar Pathak	7	1	Absent	2	0
Shri Ajay Desai	7	7	Present	1	1
Shri Ajay Parikh	7	7	Present	1	1
Shri Ameet Parikh	7	7	Absent	2	1
Shri Hardip Singh Bubber	7	3	Absent	2	2
Shri Ajit Singh Bubber	7	2	Absent	1	2
Shri Sandeep Lalwani	7	5	Absent	3	2
Shri Neeraj Pathak	7	0	Absent	1	0

2. **Committees of Directors :**

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

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

**[A] Audit Committee :**

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

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

Audit committee meeting was held on 25<sup>th</sup> May, 2012 and 9<sup>th</sup> November, 2012 during the year ended 31<sup>st</sup> March, 2013.

**[B] Remuneration Committee :**

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

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

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.

ii 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.

Details of remuneration paid to the Executive Directors during the year ended 31st March, 2013 :

**Executive Directors:**

Name of the Director	Salary	Perquisites	Total
Shri Ajay Desai	28,56,750	1,43,031	29,99,781
Shri Ajay Parikh	28,72,500	1,27,408	29,99,908

**Terms of Contract :**

Name of the Director	Date of Appointment	Expiry of the Contract
Shri Ajay Desai	01 <sup>st</sup> March, 2012	28 <sup>th</sup> February, 2017
Shri Ajay Parikh	01 <sup>st</sup> August, 2008	31 <sup>st</sup> 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.

**d. Non-Executive Directors :**

No sitting fee is paid to Non-Executive Directors.

No Remuneration committee meeting was held 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 31<sup>st</sup> March, 2013 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, P.O. Baska, Taluka Halol - 389 350, Dist. Panchmahals, Gujarat :-

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

<u>AGM</u>	<u>Day and Date</u>	<u>Time</u>
18 <sup>th</sup> AGM	Monday, 30 <sup>th</sup> August, 2010	11.00 a.m.
19 <sup>th</sup> AGM	Monday, 19 <sup>th</sup> September, 2011	11.00 a.m.
20 <sup>th</sup> AGM	Monday, 3 <sup>rd</sup> September, 2012	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] Details of resolutions passed through Postal Ballot : NIL**

**[D] Area proposed to be conducted through postal ballot and procedure ?**

The Company proposes to pass resolution of General Body Meetings through postal ballot paper and follow the procedure given under the Companies Act.

**4. Disclosure :**

**[A]** Disclosures on materially significant related party transactions i.e. Transaction of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large :

a. i) Managerial Remuneration is paid to Shri Ajay Desai, Executive Director and Shri Ajay Parikh, Executive Director.

ii) Professional fees have been paid to Tranzmute Capital & Management Pvt. Ltd.

b. Details of non-compliance by the Company, penalties, stricture imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. : NO

**5. Means of Communication :**

5 Means of Communication :

**[A]** Quarterly / Half Yearly Financial Results of the Company are forwarded to the Stock Exchange, Mumbai, where the shares of the Company are listed. Further, the same are published in English and Gujarati News Papers.

Half yearly reports are not sent to each household of shareholders as the results of the Company are published in the newspapers.

**[B]** Company has not made any presentations to any Institutional Investors / Analyst during the period.

**[C]** The Management Discussion & Analysis Report attached herewith forms part of Corporate Governance Report.

**[D]** Company has its own website and all the vital information relating to the Company and its products is displayed on the website.

Address of the website : [www.axtelindia.com](http://www.axtelindia.com)

**6. General Shareholder Information :**

**[A]** Annual General Meeting : 21<sup>st</sup> Annual General Meeting  
Day and Date : Wednesday, 31<sup>st</sup> July, 2013  
Time : 11.00 a.m.  
Venue : Plot No. 43/1, Village Nurpura,  
P.O. Baska, Tal. HALOL – 389 350,  
Dist. Panchmahals, Gujarat

**[B]** Financial Calender : i. 21<sup>st</sup> Annual General Meeting  
[01<sup>st</sup> April, 2013 to : Wednesday, 31<sup>st</sup> July, 2013  
31<sup>st</sup> March, 2014] : ii. 1<sup>st</sup> Quarterly Result - July, 2013  
: 2<sup>nd</sup> Quarterly Result – October, 2013  
: 3<sup>rd</sup> Quarterly Result – January, 2014  
: 4<sup>th</sup> Quarterly Result – May, 2014  
or audited result in the month of  
May, 2014

[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,  
Dalai Street, Mumbai – 400 023  
Tel : [022] 22721234, 22721233  
Fax : [022] 22723719

[E] Stock Code :

The Stock Exchange, Mumbai : 523850

ISIN for equity shares of the Company : INE 767C01012

Listing fee for the year 2013 – 2014 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.6.55 to Rs.14.50 per share during last one year.

[G] Dematerialization of share and liquidity

As on 31st March, 2013, 74.22 % of the Company's total shares representing 74,22,085 shares were held in dematerialized form and the balance 25.78% representing 25,77,715 shares were held in paper form.

[H] Address of Registrars and Share transfer agent :

Link Intime Registry Private Limited,  
B - 102 - 103, Shangrila Complex,  
First Floor, Near Radhakrishna Char Rasta,  
Akota, BARODA - 390 020  
Telephone no. 0265- 2356573/2356794

[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 31<sup>st</sup> March, 2013 :

Category	No. of Shares	Percent
Promoter Group [including NRI Director]	4,867,976	48.68
NRI / OCB	402,822	4.03
Bodies Corporate	254,013	2.54
Others	4,474,989	44.75
<b>Total</b>	<b>9,999,800</b>	<b>100.00</b>

[K] Outstanding GDR's/ADR's/Warrants or any Convertible instruments, conversion date and likely impact on equity : 61,55,000 warrants of Rs.10 each for cash at par have been issued on preferential basis on 05th December,2012 to be converted into equity shares within 18 months from the date of allotment.

[L] Plant Locations :

The Company's Plant is located at : Plot No. 43/1, Village Nulpura,  
P.O. Baska, Tal. HALOL – 389 350  
Dist. Panchmahals, Gujarat  
Tel : [02676] 247900  
Fax : [02676] 247125

[M] Address for correspondence  
with the Company

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

Dated : 23.05, 2013

Place : Registered Office :

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

on behalf of the Board of Directors

-Sd-

**Ajay Desai**  
Executive Director

-Sd-

**Ajay Parikh**  
Executive Director



## Management Discussion and Analysis

Axtel industries Ltd. is engaged in the manufacture of custom designed food processing plants and machineries as per the requirement/specifications of its various clients. It is a leading supplier of process engineering equipment and turnkey systems to the food and pharmaceutical industries meeting the standards of quality, design and specifications of its clients.

The company has been manufacturing the various categories of Process Plants/ Equipments.

The growth of the company is mainly linked to the growth of the food processing industry. Given below is the profile and outlook of the same.

### Indian Food and Food Processing Industry

The Indian food and drinks market has observed strong growth over the past few years. Economic liberalization and rising income of middle class population have had a positive impact on consumer spending and consumption in both rural and urban areas. Indian consumer now spends a significant proportion of disposable income on food and other essential commodities. Several other factors like demographic and macro economic conditions have also given fillip to expenditure on food in the country.

Packaged food and ready-to-eat food have also seen strong demand as life in metros becomes more hectic and busy. People look for healthy and ready to eat food to avoid time wastage on preparation.

### World Food and Food Processing Industry

The global market for food processing machinery & equipment is forecast to reach US\$47 billion by the year 2015. Key factors driving market growth include development of food products, new processes, increased consumer awareness, and government regulations regarding health and hygiene. In addition, economic growth in developing nations is expected to propel the market demand for food processing machinery & equipment.

The market for food processing machinery is linked to the structure, behaviour and trends in the food processing industry. The food processing market is undergoing major changes due to the rapid technological advancements and tightening of environmental and hygienic regulations. Manufacturers of food and beverage processing, sterilization, conservation and packaging machineries, especially those dealing with meat and dairy products, are focusing on addressing these changes in order to exploit new opportunities. Reliability and efficiency of the equipment, extensive distribution facilities, and effective service are key factors for success in this highly competitive industry.

### Internal Control Systems

The Company has strengthened its internal control and audit aspects by appointing outside agency for internal audit of certain important aspects of operations, apart from usual transactional verifications. There are adequate checks and controls to ensure compliance of various statutes.

### Financial performance

On the net sale of Rs.6038.87 lacs ( previous year Rs.5938.22 lacs- increase of 1.69 % over previous year), the profit before depreciation and tax is Rs. 632.42 lacs ( previous year Rs.533.66 lacs - increase of 18.51 % over previous year) and profit after tax is Rs. 337.94 lacs ( previous year Rs.301.58 lacs- increase of 12.06 % over previous year), Thus the performance has been encouraging comparing recessionary trend in overall economy. The improvement in the profitability has strengthened financial position of the Company.

### Expansion of Existing Facilities

In anticipation of increasing its overall business in an industry ( food processing) experiencing substantial growth , the Company has embarked upon an expansion of its existing manufacturing facilities at an estimated total project cost of approximately Rs.20.00 crores. As at March 31, 2013, the company has incurred a total cost of Rs. 14.17 crores and has completed about 75 % of this expansion; it is expecting to complete the balance expansion by 30th June,2013.

To finance this expansion the company has utilised term loan of Rs.9.50 crores (total sanction is of Rs.13.50 crores) from Bank of Baroda; the balance has been funded through internal accruals.

### Human resource

The Company considers its employees as its valuable assets. The Company focuses on building an organisation through induction and development of talent to meet current and future needs. Various HR initiatives have been taken to align HR policies of the Company with the growth projections of the company.

During the year under review, the Company continued to have cordial and harmonious relations with its employees.

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

To,  
AXTEL INDUSTRIES LTD  
Village: Nurpura,  
P.O.: 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 2013.

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.

PLACE : BARODA  
DATE : 23.05.2013

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

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

# INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **AXTEL INDUSTRIES LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - b) in the case of the Profit and 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.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  2. As required by section 227(3) of the Act, we report that:
    - 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 account as required by law have been kept by the Company so far as appears from our examination of those books
    - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
    - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
    - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
    - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

PLACE : BARODA  
DATE : 23.05.2013

**For V. K. SHASTRI & CO.**  
CHARTERED ACCOUNTANTS  
FRN: 113325W

**(CA.V. K. SHASTRI)**  
Sole Proprietor  
Membership No. : 042774

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of **AXTEL INDUSTRIES LIMITED**. on the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (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 have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.  
(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.  
(b) 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 the nature of its business.  
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.  
(b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken unsecured loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) As per information & explanations given to us and in our opinion, in respect of the transaction entered into by the company with parties covered u/s 301 of the Act which exceed five lacs rupees in a financial year in respect of each party, have been made at prices which appear reasonable as per information available with the company.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.

7. As per information & explanations given by the management, the internal audit of the Company has been conducted by company's own staff. In our opinion, the internal audit system is commensurate with its size of the company and the nature of its business. However, the reporting of internal audit department needs to be stringent
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes except the following

Name of the Statute	Name of Dues	Amount (Rs.)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	FBT	1,93,150/-	P.Y. 05-06 A.Y. 06-07	Commissioner of Income Tax (Appeals) -IV
Income Tax Act, 1961	Income Tax	39,06,540/-	P.Y. 09-10 A.Y. 10-11	Commissioner of Income Tax (Appeals) -VI

10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The nature of company's activities during the year is such that, clause (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 explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
15. Based on our audit procedures and on the information and explanations given by the management, we report that the term loans availed by the company were prime facie applied by the company for the purpose for which the loans were obtained.
16. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

17. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has allotted 61,55,000 share warrants in the current year on preferential basis at par in accordance with SEBI (ICDR) Regulations,2009.
18. The Company has no outstanding debentures during the period under audit.
19. The Company has not raised any money by public issue during the year.
20. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

**For V. K. SHASTRI & CO.,**  
Chartered Accountants  
FRN: 113325W

Place: Vadodara  
Date: 23.05.2013

**CA. V. K. SHASTRI**  
(Sole Proprietor)  
Membership No. : 042774

# AXTEL INDUSTRIES LIMITED

## Balance Sheet As on the date 31<sup>st</sup> March, 2013

SR. NO.	PARTICULARS	NOTES	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
			Rs.	Rs.	Rs.	Rs.
<b>A. EQUITY AND LIABILITIES :</b>						
<b>1. Shareholders' Funds :</b>						
	a) Share Capital	1	9,99,98,000		9,99,98,000	
	b) Reserves & Surplus	2	14,51,10,105		11,16,84,675	
	c) Money received against warrants (Pending Allotment)		—		1,77,47,500	
	d) Warrants Alloted	3	1,53,87,500		—	
				<b>26,04,95,605</b>		<b>22,94,30,175</b>
	<b>(2) Share application money pending allotment</b>		—		—	
<b>(3) Non - current liabilities</b>						
	(a) Long term borrowings	4	7,99,56,043		1,58,85,266	
	(b) Deferred tax liabilities (Net)	5	13,00,264		—	
	(c) Other long term liabilities	6	2,73,44,027		2,20,98,052	
	(d) Long Term provisions		—		—	
				<b>10,86,00,334</b>		<b>3,79,83,318</b>
<b>(4) Current Liabilities</b>						
	(a) Short term borrowings	7	6,91,65,738		6,39,94,340	
	(b) Trade payables	8	8,85,34,988		5,85,32,991	
	(c) Other current liabilities	9	4,82,97,536		5,94,54,839	
	(d) Short term provisions	10	4,76,69,203		3,12,25,898	
				<b>25,36,67,465</b>		<b>21,32,08,068</b>
	<b>TOTAL</b>			<b>62,27,63,404</b>		<b>48,06,21,561</b>
<b>B. ASSETS</b>						
<b>(1) Non - current assets</b>						
<b>(a) Fixed Assets</b>						
	(i) Tangible assets	11	16,78,96,869		6,79,69,744	
	(ii) Intangible assets	11	26,73,105		31,65,731	
	(iii) Capital work in progress	12	2,90,88,111		3,44,90,608	
	iv) Intangible assets under development		—		—	
			<b>19,96,58,084</b>		<b>10,56,26,083</b>	
	(b) Non - current investments	13	—		2,50,000	
	(c) Deferred tax assets (Net)	4	—		88,274	
	(d) Long term loans and advances	14	2,10,05,177		1,93,26,338	
	(e) Other non current assets		—		—	
				<b>22,06,63,261</b>		<b>12,52,90,695</b>
<b>(2) Current Assets</b>						
	(a) Current investments		—		—	
	(b) Inventories	15	7,65,29,719		12,07,70,463	
	(c) Trade receivables	16	17,18,72,657		12,70,42,411	
	(d) Cash and cash equivalents	17	1,27,06,562		4,55,57,377	
	(e) Short term loans and advances	18	14,09,91,203		6,19,60,615	
	(f) Other non current assets		—		—	
				<b>40,21,00,142</b>		<b>35,53,30,866</b>
	<b>TOTAL</b>			<b>62,27,63,404</b>		<b>48,06,21,561</b>

Significant Accounting policies  
Notes on Financial statement

1 to 28

**In Accordance with our Report of even date**  
**For V. K. SHASTRI & CO.,**  
Chartered Accountants  
Firm Number : 113325W  
**(V. K. SHASTRI)**  
Sole Proprietor

For and on behalf of the Board  
**For AXTEL INDUSTRIES LIMITED**

**(AJAY DESAI)**  
Executive Director

**(AJAY PARIKH)**  
Executive Director

Place : Nurpura  
Date : 23.5.2013

# AXTEL INDUSTRIES LIMITED

## Statement of Profit and Loss for year ended 31<sup>st</sup> March, 2013

SR. NO.	PARTICULARS	NOTE No.	Rs.	2012-13 Rs.	2011-12 Rs.
I.	Revenue from Operations	19		60,38,87,173	59,38,22,235
II	Other Income	20		33,62,734	10,06,140
III	<b>Total revenue (I + II)</b>			<u>60,72,49,907</u>	<u>59,48,28,375</u>
IV	Expenses				
a	Cost of materials consumed	21	30,76,39,329		36,90,85,903
b	Changes in inventories of finished goods, work in progress and stock in trade	22	<u>5,06,23,898</u>	35,82,63,227	<u>85,04,846</u>
c	Employee benefits expense	23		8,50,27,472	6,31,02,728
d	Finance costs	24		70,87,786	92,30,783
e	Depreciation and amortization expense	25		1,37,56,883	92,64,454
f	Other expenses	26		<u>9,30,29,305</u>	<u>9,09,37,880</u>
	<b>Total Expenses</b>			<u>55,71,64,673</u>	<u>55,01,26,594</u>
V	Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			5,00,85,234	4,47,01,781
VI	Exceptional Items			—	—
VII	Profit/(Loss) before extraordinary items and tax (V-VI)			5,00,85,234	4,47,01,781
VIII	Extraordinary Items			—	—
IX	Profit before tax (VII-VIII)			5,00,85,234	4,47,01,781
X	Tax expense:	27			
	(1) Current tax (Refer Note No. 9 in other notes)		1,49,02,368		1,45,07,920
	(2) Deferred tax		<u>13,88,538</u>		<u>35,927</u>
				1,62,90,906	1,45,43,847
XI	Profit/(Loss) for the period from continuing operations (VII -X)			3,37,94,328	3,01,57,934
XII	Profit/(loss) from discontinuing operations			—	—
XIII	Tax expense of discontinuing operations			—	—
XIV	Profit/(loss) from discontinuing operations (after tax) (XII-XIII)			—	—
XV	Profit/(Loss) for the period (XI +XIV)			3,37,94,328	3,01,57,934
XVI	Earning per equity share:	30			
	(1) Basic			3.38	3.02
	(2) Diluted			—	—

Significant Accounting policies

Notes on Financial statement

1 to 28

In Accordance with our Report of even date

For V. K. SHASTRI & CO.,

For and on behalf of the Board  
For AXTEL INDUSTRIES LIMITED

Chartered Accountants  
Firm Number : 113325W  
**(V. K. SHASTRI)**  
Sole Proprietor

**(AJAY DESAI)**  
Executive Director

**(AJAY PARIKH)**  
Executive Director

Place : Nurpura  
Date : 23.5.2013



# AXTEL INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

R. PARTICULARS	As at 31st March, 2013		As at 31st March, 2012	
O.	Number	Rs.	Number	Rs.
<b>SHARE CAPITAL :</b>				
<b>AUTHORISED CAPITAL:</b>				
2,00,00,000 Equity Shares of Rs.10 Each	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
		<u>20,00,00,000</u>		<u>10,00,00,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL:</b>				
99,99,800 Equity Shares of Rs.10 each				
At the beginning of the reporting period	99,99,800	9,99,98,000	99,99,800	9,99,98,000
Issued during the reporting period	—	—	—	—
Bought back during the reporting period	—	—	—	—
At the close of the reporting period	<u>99,99,800</u>	<u>9,99,98,000</u>	<u>99,99,800</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>Other Information :</b>				
Particulars of equity share holders holding more than 5 % of the total number of equity share capital :				
1. Ajay Desai	9,21,935		9,21,935	
2. Kiritkumar Pathak	7,65,144		7,65,144	
<b>RESERVES AND SURPLUS :</b>				
<b>Capital Reserve :</b>				
Balance as per last Balance Sheet	25,00,000	25,00,000	25,00,000	25,00,000
Revaluation Reserve				
As per last Balance Sheet	33,70,856		37,90,892	
Less: Transferred to profit & loss account	<u>3,68,898</u>		<u>4,20,036</u>	
		30,01,958		30,70,856
Profit and Loss Account				
As per last Balance Sheet	10,58,13,819		7,56,55,885	
Add: Profit for the year	<u>3,37,94,328</u>		<u>3,01,57,934</u>	
		13,96,08,147		10,58,13,819
<b>TOTAL</b>		<u><b>14,51,10,105</b></u>		<u><b>11,16,84,675</b></u>
<b>Warrants:</b>				
Issued and subscribed :				
61,55,000 Warrants of Rs. 10.00 each	61,55,000	6,15,50,000		
		6,15,50,000		
Called And Paid up :				
25% Amount of Warrants called and paid up of Rs. 2.50 per warrant	61,55,000	1,53,87,500		
<b>Total</b>		<u><b>1,53,87,500</b></u>		

During current Financial Year 12-13 61,55,000 warrant of Rs. 10 per warrant have been issued at par and Rs. 2.50 per warrant called-up and the balance amount of Rs. 7.50 per warrant will be received within 18 months from date of allotment i.e. 05.12.12 and the same will be converted into 61,55,000 equity shares of Rs. 10 each within 18 months from the date of issue 05.12.12

#### 4 LONG TERM BORROWINGS

PARTICULARS	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
1) Secured Loans:		
Term Loans		
- from Banks (ICICI bank)	7,89,376	25,52,266
- from Banks (Bank of Baroda)	<u>7,91,66,667</u>	<u>1,33,33,000</u>
	<u>7,99,56,043</u>	<u>1,58,85,266</u>
2) Unsecured Loans:	—	—
3) Total long term borrowings (1+2)	<u>7,99,56,043</u>	<u>1,58,85,266</u>

#### Additional Information:

##### a Details of security for secured loans

Rs. 7,89,376 (P.Y. 25,52,266) are secured by way of Hypothecation of vehicles

Rs. 7,91,66,667 (P.Y. 1,33,33,000) secured loan from bank

Secured by first charge on hypothecation of plant and machinery, book debts and stock and equitable mortgage of land and building.

##### b Terms of repayment of term loans and others

Vehicle loan is repayable in 36 monthly instalments at interest rate of 10.26% p.a.

Term loan from bank is repayable in 18 Quaterly instalments at interest rate of 14.25% p.a.

#### 5 Deferred Tax Asstes/Liabilities.

##### i) Deferred tax liability:

a) On account of depreciation on fixed assets

14,89,315

1,00,777

b) On account of timing differences in recognition of expenditure

—

—

Total

14,89,315

1,00,777

##### ii) Deferred tax asset:

On account of Unabsorbed losses and depreciation under the Income Tax Act, 1961

1,89,051

1,89,051

Total

1,89,051

1,89,051

**Net Deferred tax (liability)/asset**

**(13,00,264)**

**88,274**

#### 6 OTHER LONG TERM LIABILITIES

Trade Payables

33,89,000

33,89,000

Employees Benefits

2,39,55,027

1,87,09,052

Total

2,73,44,027

2,20,98,052

#### 7. HORT TERM BORROWINGS

##### 1) Secured Loans:

a) Loans repayable within next 12 Months

- from banks - ICICI Bank (Vehicle Loan)

17,62,890

15,91,662

- from Banks - Bank of Baroda

1,58,33,333

16,67,000

b) Other Loans and advances

- For working Capital

3,24,54,390

6,07,35,678

- For Bill discounting Account

1,91,15,125

—

6,91,65,738

6,39,94,340

**Additional Information:****a Details of security for secured loans**

1 Rs.3,24,54,390 (P.Y. 6,07,35,678) secured loan from bank for working Capital Facilities and Rs. 1,58,33,333(P.Y.16,67,000) Term loan from bank are Secured by first charge on hypothecation of plant and machinery, book debts and stock and equitable mortgage of land and building.

2 Rs. 17,62,890(P.Y.15,91,662) are secured by way of Hypothecation of vehicles

**b Terms of repayment of term loans and others**

Vehicle loan is repayable in 36 monthly instalments at interest rate of 10.26% p.a.

Term Loan is repayable in 18 Quarterly instalments at interest rate of 14.25% p.a.

**8 Trade Payables**

a) To Micro, Small and Medium Enterprises	—	—
b) Others	8,85,34,988	5,85,32,991
<b>Total</b>	<u>8,85,34,988</u>	<u>5,85,32,991</u>

**Additional Information:**

The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company is Rs. NIL (P.Y.Rs.NIL).  
**Please Refer Note No. 7 in other notes on Accounts**

**9 Other current liabilities:**

a) Deductions Payable	13,997	13,922
b) Advances from customers	4,14,21,175	5,51,34,835
c) Outstanding liability for expenses	3,94,238	32,32,869
d) Statutory liabilities	64,68,126	10,73,213
<b>Total</b>	<u>4,82,97,536</u>	<u>5,94,54,839</u>

**10 Short term provisions:**

a) Provision for employee benefits	40,02,075	24,61,138
b) Others		
Provision for taxation	4,36,67,128	2,87,64,760
<b>Total</b>	<u>4,76,69,203</u>	<u>312,25,898</u>

(Note : Rs. 4,36,67,128/- includes Rs. 1,49,02,368/- as provision for taxation for current year F.Y. 12-13)

# AXTEL INDUSTRIES LTD.

## NOTES TO FINANCIAL STATEMENTS

### 10. FIXED ASSETS:

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 1st April 2012	additions for the year	Deductions during the year	As at 31st March 2013	As at 1st April 2012	For the year	Depreciation on Revaluation charged to Revaluation Reserve	Deductions	As at 31st March 2013	As at 31st March 2013	As at 31st March 2012
<b>Tangible Assets</b>											
Own assets											
Land	1,49,85,703	—	—	1,49,85,703	—	—	—	—	—	1,49,85,703	1,49,85,703
Buildings (Factory)	4,31,97,353	9,28,65,928	—	13,60,63,281	2,18,45,923	52,09,384	80,734	—	2,71,36,041	10,89,27,240	2,13,51,430
Plant & Machinery	4,16,67,446	84,06,734	—	5,00,74,180	3,28,06,104	20,72,044	2,47,841	—	3,51,25,989	1,49,48,191	88,61,342
Furniture & Fixtures	45,47,629	3,63,017	—	49,10,646	24,45,839	4,32,738	—	—	28,78,577	20,32,069	21,01,790
Vehicles	1,64,49,172	—	10,96,790	1,53,52,382	82,32,044	21,33,194	—	10,35,781	93,29,457	60,22,925	82,17,128
Office equipment	48,94,318	5,36,450	—	54,30,768	20,78,106	4,29,913	—	—	25,08,019	29,22,749	28,16,212
Others (Specify nature)	—	—	—	—	—	—	—	—	—	—	—
Buildings (office)	92,91,866	92,74,193	—	1,85,66,059	46,05,373	2,73,708	40,323	—	49,19,404	136,46,655	46,86,493
Electrification	44,41,140	3,56,968	—	47,98,108	28,84,522	2,58,079	—	—	31,42,601	16,55,507	15,56,618
Computer Systems	1,45,30,014	8,26,538	—	1,53,56,552	1,11,36,986	14,63,735	—	—	1,26,00,721	27,55,831	33,93,028
	15,40,04,641	1,126,29,828	10,96,790	26,55,37,679	8,60,34,897	1,22,72,796	3,68,898	10,35,781	9,76,40,810	16,78,96,869	6,79,69,744
<b>Intangible Assets</b>											
Own assets											
Software	22,21,642	9,91,462	—	32,13,104	2,55,911	8,84,088	—	—	11,39,999	20,73,105	19,65,731
Technical Knowhow fees	30,00,000	—	—	30,00,000	18,00,000	6,00,000	—	—	24,00,000	6,00,000	12,00,000
	52,21,642	9,91,462	—	62,13,104	20,55,911	14,84,088	—	—	35,39,999	26,73,105	31,65,731
	15,92,26,283	11,36,21,290	10,96,790	27,17,50,783	8,80,90,808	1,37,56,885	3,68,898	10,35,781	10,11,80,810	17,05,69,973	7,11,35,475
Previous year figures	14,36,56,543	1,56,52,488	12,82,748	15,80,26,283	7,83,95,457	92,64,453	4,20,036	11,89,138	8,68,90,808	7,11,35,475	6,34,16,086

# AXTEL INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

PARTICULARS	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
<b>12 Capital work in progress:</b>		
i) Plant and Machinery under installation	1,70,06,267	32,96,738
ii) Electrification under installation	83,18,080	—
iii) Furniture in progress	11,70,264	—
iv) Office Equipments under installation	73,500	—
v) Software under Installation	25,20,000	—
vi) Building under Construction	—	3,11,93,870
	<u>2,90,88,111</u>	<u>3,44,90,608</u>
Less:		
Provision for impairment	—	—
	<u>2,90,88,111</u>	<u>3,44,90,608</u>
<b>13 Non Current Investments:</b>		
(Unquoted)		
a) Investments in Mutual funds	—	2,50,000
	<u>—</u>	<u>2,50,000</u>
Additional Information:		
1) Aggregate value of unquoted investments:		
Cost	—	2,50,000
<b>14 Long term loans and advances:</b>		
Other loans & advances		
Earmarked Funds	2,03,86,091	1,87,09,052
Other Deposits	6,19,086	6,17,286
	<u>2,10,05,177</u>	<u>1,93,26,338</u>
<b>15 Inventories:</b>		
i) Raw materials including bought outs, components & Hardware	6,86,84,693	6,12,04,130
ii) Work in progress	78,45,026	5,84,68,924
iii) <b>Goods in transit:</b>		
Raw materials	—	10,97,409
<b>Total</b>	<u>7,65,29,719</u>	<u>12,07,70,463</u>
<b>16 Trade receivables:</b>		
(Unsecured and considered Good)		
i) Trade receivables exceeding six months	2,37,38,948	3,43,75,160
ii) others	14,81,33,709	9,26,67,251
	<u>17,18,72,657</u>	<u>12,70,42,411</u>
<b>17 Cash and cash equivalents:</b>		
i) Balances with banks		
- in other accounts (Current account)	1,26,43,991	4,55,12,240
ii) Cash on hand	62,571	45,137
<b>Total</b>	<u>1,27,06,562</u>	<u>4,55,57,377</u>

# AXTEL INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

PARTICULARS	As at 31 <sup>st</sup> March 2013	As at 31 <sup>st</sup> March 2012
<b>18 Short term loans and advances:</b> (Unsecured and considered Good)		
i) Advances to Staff & Suppliers	5,62,75,554	79,83,615
ii) Prepaid Expenses and Interest Accrued	52,98,126	25,50,200
iii) Margin Money and Other Deposits	1,58,77,179	1,02,42,249
v) Foreign Exchange Fluctuation unrealised	45,192	—
v) Balance with Government Authorities		
Excise and service tax	49,39,700	26,64,101
Income Tax, T.D.S & Other Taxes paid	5,57,60,452	3,61,48,128
Sales Tax, Purchase Tax Recoverable	27,95,001	23,72,322
<b>Total</b>	<u>14,09,91,203</u>	<u>6,19,60,615</u>
<b>19 Revenue from operations:</b>		
PARTICULARS	2012-13	2011-12
Sale of products		
i) Machines Manufactured	65,65,74,995	62,33,18,699
ii) Others	1,29,16,945	2,55,26,221
Total	<u>66,94,91,940</u>	<u>64,88,44,920</u>
Less:		
Excise duty	6,56,04,767	5,50,22,685
<b>Total</b>	<u>60,38,87,173</u>	<u>59,38,22,235</u>
<b>20 Other Income:</b>		
i) Interest income	21,28,241	6,47,287
ii) Provision no longer required withdrawn	—	11,950
iii) Excise Duty Drawback	8,73,954	2,76,649
iv) Profit on sale of Assets	4,209	—
v) Trade discount	1,73,541	57,534
vi) Notice Pay	—	12,720
vii) Freight & Export charges recovered	1,82,789	—
<b>Total</b>	<u>33,62,734</u>	<u>10,06,140</u>
<b>21 Cost of materials consumed:</b>		
a) i) Consumption of raw materials	30,76,39,329	36,90,85,903
	<u>30,76,39,329</u>	<u>36,90,85,903</u>
b) Consumption of major raw materials		
i) S.S./M.S. Steel	12,20,68,616	13,85,50,741
ii) Others	18,55,70,713	23,05,35,162
<b>22 Changes in inventories of finished goods, work in progress and stock in trade:</b>		
Stocks at the end of the year		
Work in progress		
Various Machinery and Components	78,45,026	5,84,68,924
<b>Total</b>	<u>78,45,026</u>	<u>5,84,68,924</u>
Less:		
Stocks at the beginning of the year		
Work in progress		
Various Machinery and Components	5,84,68,924	6,69,73,770
<b>Total</b>	<u>5,84,68,924</u>	<u>6,69,73,770</u>
<b>(Increase) / Decrease in stock</b>	<u>5,06,23,898</u>	<u>85,04,846</u>

# AXTEL INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

PARTICULARS	2012-13	2011-12
<b>23 Employee Benefit Expenses:</b>		
i) Salaries and wages	7,55,46,618	5,45,28,374
ii) Contribution to provident and other funds	24,04,581	20,14,800
iii) Remuneration to whole time directors	59,99,689	59,99,585
iv) Staff welfare expenses	10,76,584	5,59,969
	<u>8,50,27,472</u>	<u>6,31,02,728</u>
<b>24 Finance Costs:</b>		
i) Interest expense	64,15,480	68,76,323
ii) Other borrowing costs	25,09,028	20,59,345
iii) Net (gain)/loss on foreign currency transaction and translation	(18,36,722)	2,95,115
	<u>70,87,786</u>	<u>92,30,783</u>
<b>25 Depreciation and amortization:</b>		
i) Depreciation	1,31,56,883	86,64,454
ii) Amortization of intangible assets	6,00,000	6,00,000
	<u>1,37,56,883</u>	<u>92,64,454</u>
<b>26 Other expenses:</b>		
i) Power and fuel	33,16,611	32,05,402
ii) Repairs to buildings	3,28,316	1,86,884
iii) Repairs to machinery	1,65,682	7,59,827
iv) Repairs others	6,84,403	7,61,841
v) Insurance	34,90,252	30,92,287
vi) Rates and taxes	1,71,349	1,17,709
vii) Payment to the auditors		
- as auditor	79,750	72,500
- for taxation matters	11,000	10,000
- for other services	19,250	17,500
- for reimbursement of expenses	—	650
viii) Freight Inward & Octroi	81,86,953	55,07,790
ix) Labour & job work charges	3,33,40,246	3,29,18,078
x) Erection & commissioning	1,18,02,185	1,25,80,371
xi) Selling expenses		
- Freight Outward	8,17,492	17,20,517
- Other Selling expenses	30,96,072	13,39,609
xii) Travelling Expenses	35,81,073	21,79,318
xiii) Conveyance Expenses	33,11,198	25,62,673
xiv) Printing & Stationery	15,42,010	13,42,715
xv) Postage & Telegram	8,74,097	8,98,675
xvi) Discount, Kasar & Debts written off	35,84,481	97,19,746
xvii) Loss on sale of Mutual unds	1,47,250	3,175
xviii) Donations	37,501	25,600
xix) Legal and professional charges	89,83,982	78,88,521
xx) Other Manufacturing Expense	8,57,079	8,26,895
xxi) Other office Expenses	46,01,072	31,99,597
Total	<u>9,30,29,305</u>	<u>9,09,37,880</u>
<b>27 Tax Expense:</b>		
Current Tax		
Income tax for the year	1,49,02,368	1,44,78,100
Income Tax of earlier years	—	29,820
Deferred Taxes	13,88,538	35,927
Total	<u>1,62,90,906</u>	<u>1,45,43,847</u>

# AXTEL INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

Particulars			As at 31.03.2013	As at 31.03.2012
<b>28 Additional Information:</b>				
a) Value of Imports calculated on CIF basis:				
i) Raw Materials			1,57,92,535	33,40,350
ii) Components and spare parts			—	—
iii) Capital goods			—	—
b) Expenditure in foreign currency: (net of withholding tax)				
i) Royalty			—	—
ii) Know how			—	—
iii) Professional and consultancy fees			3,97,544	—
iv) Interest			—	—
v) Other matters			6,90,101	386,835
c) Sr No    Particulars	Amount	% to total	Amount	% to total
i) Value of imported raw materials, spare parts and components consumed	1,95,32,080	6.35%	49,54,082	1.34%
ii) Value of indigenous raw materials, spare parts and components consumed	28,81,07,249	93.65%	36,41,31,821	98.66%
	<u>30,76,39,329</u>	100%	<u>36,90,85,903</u>	100%
d) Earnings in foreign exchange:				
Export of goods calculated on FOB basis			6,18,53,810	3,20,89,971
<b>29 Contingent liabilities and Commitments:</b>				
(to the extent not provided for)				
a) Contingent Liabilities:				
i) Claims against the Company not acknowledged as debts			—	—
ii) Guarantees (Bank)			5,46,97,198	3,25,23,139
iii) Bills receivable discounted with the bank not matured			1,91,15,125	NIL
iv) Tax demands under disputes including FBT			40,97,890	1,91,350
b) Commitments				
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)			39,63,842	NIL
ii) Uncalled liability on shares and investments partly paid			NIL	NIL
iii) Other Commitments (Specify nature)			NIL	NIL
<b>30 Earnings per share:</b>				
After extraordinary item:				
Profit for the year after tax expense			3,37,94,328	3,01,57,934
Less:				
Preference dividend payable including dividend tax			—	—
			<u>3,37,94,328</u>	<u>3,01,57,934</u>
Weighted average number of equity shares			99,99,800	99,99,800
Earning per share			3.38	3.02
<b>Before extraordinary item:</b>				
Profit for the year after tax expense			3,37,94,328	3,01,57,934
Adjustment for Extraordinary item (net of tax)			—	—
			<u>3,37,94,328</u>	<u>3,01,57,934</u>
Less:				
Preference dividend payable including dividend tax			—	—
			<u>3,37,94,328</u>	<u>3,01,57,934</u>
Weighted average number of equity shares			99,99,800	99,99,800
Earning per share			3.38	3.02



# AXTEL INDUSTRIES LIMITED

## SIGNIFICANT 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. The Company has subscribed to an Insurance policy of L.I.C. of India under their approved scheme in respect of Gratuity and Leave Encashment liability and the premiums paid are charged to expenses as per payment made to L.I.C. of India.

**i) Miscellaneous Expenditure :**

Share Issue Expenses along with the preliminary expenses are being amortised by the Company in ten equal installments..

**j) Technical Knowhow fees :**

Technical Knowhow fees are being amortised by the company in five equal installments.

## OTHER NOTES ON ACCOUNTS

- (1) The Company has provided for leave encashment and gratuity liability as per the payment made to L.I.C. of India in respect of Premiums of Policy to cover the liability of Leave Encashment and gratuity, for which provision for current year is charged to Profit & Loss account, is as per details given hereunder:

	<u>Leave Encashment</u>	<u>Gratuity</u>
<b>Premium Paid during period-ended 31.03.2013</b>	<b>Rs. 2,10,177/-</b>	<b>Rs. 50,35,798/-</b>

The Actuarial liability is equal to the fund value along with the accrued appreciation with L.I.C. of India hence the Company has not provided for any further liability except payment of the premium as required under policy to L.I.C. of India

- (2) 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.
- (3) Figures have been rounded off to the nearest rupee.
- (4) Claims against the Company not acknowledged as debts Rs. NIL (previous year Rs. NIL).
- (5) Debtors and Creditors Balance Confirmation have not been obtained.
- (6) Estimated amount of contracts remaining to be executed on capital account and not provided Rs. NIL (Previous year Rs. NIL).
- (7) 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.
- (8) Remuneration to Directors: -  
The Company has paid remuneration to its Executive Directors, in accordance with the provision of Schedule XIII of the Companies Act, 1956 and as per the resolution passed by the Company in the Annual general meeting,
- (9) Current Tax: During the year the income tax provision is made for taxes payable for the year ended 31st March, 2013. Moreover no tax is payable on the book profit (i.e. MAT) U/s 115JB of the Income tax Act, 1961.
- (10) 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 in previous financial year 2011-12 which had been sold by the company in current financial year 2012-13 resulting in to loss of Rs. 1,47,250/-. The units of the fund are not listed.
- (11) Additional information Pursuant to para 4 & 5 of part II of Schedule VI of the Companies Act 1956.

### **B. Particulars of Expenditure on Employees :-**

Item	Current Period	Previous Year
1. In case of employees who were in employment with the Company for the whole year and getting remuneration aggregating to Rs. 60,00,000/- or more per annum		
- No. of Employees.	Nil	Nil
- Amount of Salary and Allowances.(Rs.)	Nil	Nil
2. In case of employees who were in employment with the Company for the whole year and getting		

remuneration aggregating to Rs. 5,00,000/-

or more per month.

- No. of Employees.

Nil

Nil

- Amount of Salary and Allowances.(Rs.)

Nil

Nil

- (12) 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.

NO.	NAME OF PARTY	NATURE OF RELATION	NATURE OF TRANSACTION	VALUE (Rs.)
1.	Ajay N. Desai	Executive Director	Director's Remuneration	29,99,781/-
2.	Ajay N. Parikh	Executive Director	Director's Remuneration	29,99,908/-
3.	Tranzmute Capital & Management Pvt Ltd.	One of the Directors Interested	Professional Fees	20,00,000/-

For V. K. SHASTRI & CO.,  
Chartered Accountants  
Firm number: 113325 W

For and on behalf of the board

(V.K. SHASTRI)  
Sole proprietor

(AJAY DESAI)  
Executive  
Director

(AJAY PARIKH)  
Executive  
Director

Place : Nurpura  
Date : 23.05.2013

Place : Nurpura  
Date : 23.05.2013

# AXTEL INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

PARTICULARS	2012-13		2011-12	
	Rs.	Rs.	Rs.	Rs.
<b>Cash flows from operating activities</b>				
Profit before taxation		5,00,85,234		4,47,01,781
Adjustments for:				
Depreciation and amortization expense	1,37,56,883		92,64,454	
Interest received	(21,28,241)		(6,47,287)	
Loss/(gain) on sale of Assets/Investments	1,43,041		3,175	
Interest expenses	<u>64,15,480</u>		<u>68,76,323</u>	
		<u>1,81,87,163</u>		<u>1,54,96,665</u>
		6,82,72,397		6,01,98,446
(Increase)/ decrease in trade and other receivables	(12,41,51,136)		1,84,78,594	
(Increase)/ decrease in inventories	4,42,40,744		2,71,41,200	
Increase/ (decrease) in trade payables and other payables	<u>4,05,33,974</u>		<u>(4,28,76,148)</u>	
		<u>(3,93,76,418)</u>		<u>2,743,646</u>
		2,88,95,979		6,29,42,092
Income taxes paid		<u>1,62,90,906</u>		<u>1,45,43,847</u>
Net cash from operating activities		1,26,05,073		4,83,98,245
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(10,82,18,793)		(3,61,59,317)	
Proceeds from sale of property, plant and equipment	65,219		90,435	
	—		—	
Purchase of investments				
Proceeds from sale of investments	1,02,750		5,00,000	
Interest received	21,28,241		6,47,287	
Net cash from investing activities		<u>(10,59,22,583)</u>		<u>(3,49,21,595)</u>
<b>Cash flows from financing activities</b>				
Proceeds from share Warrants	(23,60,000)		1,77,47,500	
Proceeds from long term borrowings	6,40,70,777		1,58,85,266	
Repayment of short term borrowings	51,71,398		(56,95,552)	
Interest paid	(64,15,480)		(68,76,323)	
Net cash from financing activities		6,04,66,695		2,10,60,891
Net increase/(decrease) in cash and cash equivalents		(3,28,50,815)		3,45,37,541
Cash and cash equivalents at beginning of reporting period		<u>4,55,57,377</u>		<u>1,10,19,836</u>
Cash and cash equivalents at end of reporting period		<u><u>1,27,06,562</u></u>		<u><u>4,55,57,377</u></u>
<b>Cash &amp; Cash equivalents :</b>				
Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:				
Cash on hand and bank balances		1,27,06,562		45,557,377
Short term investments		—		—
Cash and cash equivalents as reported		<u>1,27,06,562</u>		<u>45,557,377</u>
Effect on exchange rate changes		—		—
<b>Cash and cash equivalents as reported</b>		<u><u>1,27,06,562</u></u>		<u><u>45,557,377</u></u>

In Accordance with our Report of even date

For and on behalf of the Board

**For V. K. SHASTRI & CO.,**  
Chartered Accountants  
Firm number: 113325W

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

**(AJAY DESAI)**  
Executive Director

**(AJAY PARIKH)**  
Executive Director

Date: 23.05.2013

From :

**AXTEL INDUSTRIES LIMITED**

Village Nurpura, P.O. Baska

Halol-389 350, Dist. Panchmahals.