

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2011.

[1] FINANCIAL RESULTS:

The financial results for the year are as under:

[Rupees in Lacs]

	Year Ended 31.03.2011	Year Ended 31.03.2010
Sales and other Income	5410.47	2707.88
Profit before depreciation	498.34	172.14
Less: Depreciation	66.77	65.23
Profit of the year	431.57	106.91
Less: Provision for taxation	189.22	40.56
Profit after taxation	242.35	66.35
Balance Brought forward from previous year	514.21	447.86
Balance carried to Balance Sheet	756.56	514.21

[2] DIRECTORS:

Shri Kiritkumar Pathak and Shri Ajit Singh Bubber, Directors of the Company, retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for reappointment.

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

1. in the preparation of the annual accounts for the year ended 31st March, 2011, 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, 2011 and of the profit of the Company for the year ended on that day.
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting statement in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the director had prepared the annual account for the year ended 31st March, 2011 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: 30 May, 2011

Registered Office :

Plot No.43/1, Village: Narpura,

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

- | | | |
|--|---|--|
| 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	:	26.27	18.25
[v] Total foreign exchange earned	:	401.00	335.36

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 31st March 2011.

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, 2010 to 31st March, 2011 :

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

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, 2010 to 31st March, 2011 the Board of Directors met Seven times on the following dates :

Sr.No	Date	Board Strength	No. of Directors present
1.	29th May, 2010	6	5
2.	26th July, 2010	6	4
3.	27th September, 2010	6	2
4.	27th October, 2010	6	5
5.	31st January, 2011	6	4
6.	20th February, 2011	6	3
7.	04th March, 2011	6	3

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, 2011	No. of Memberships in other Board Committees as on 31st March, 2011
Shri Kirit Kumar Pathak	7	1	Absent	1	--
Shri Ajay Desai	7	7	Present	2	1
Shri Ajay Parikh	7	7	Present	2	1
Shri Ameet Parikh	7	3	Absent	1	2
Shri Hardip Singh Bubber	7	4	Absent	--	2
Shri Ajit Singh Bubber	7	4	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 Ajit Singh Bubber	Non-Executive Independent Director
2	Shri Ajay Desai	Executive Director
3	Shri Ameet Parikh	Professional Director

* Audit committee meeting was held on 29th May, 2010 and 27th October, 2010 during the year ended 31st March, 2011.

[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 Hardip Singh Bubber	Non-Executive Independent Director
2	Shri Ajit Singh Bubber	Non-Executive Independent Director
3	Shri Ameet Parikh	Professional 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.

iii. Broad Terms of reference of the Remuneration Committee :

- To recommend and review remuneration package of Executive Directors and Company Secretary of the Company.
- 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, 2011:

a. Executive Directors:

Name of the Director	Salary	Perquisites	Total
Shri Ajay Desai	28,86,000	1,13,678	29,99,678
Shri Ajay Parikh	29,34,500	65,311	29,99,811

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.

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 31st March, 2011 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
16th AGM	Monday, 07th July, 2008	11.00 a.m.
17th AGM	Monday, 24th August, 2009	11.00 a.m.
18th AGM	Monday, 30th August, 2010	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. Managerial Remuneration is paid to Shri Ajay Desai, Executive Director and Shri Ajay Parikh, Executive Director.
- 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 :

- [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] All items required to be covered in the Management Discussion & Analysis have been included in the Directors' Report to the Members.
- [D] Company has its own website and all the vital information relating to the Company and its products is displayed on the website.

Addrees of the website : www.axtelindia.com

6. General Shareholder Information :

- [A] Annual General Meeting : 19th Annual General Meeting
Day and Date : Monday, 19th September, 2011
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. 19th Annual General Meeting
[01st April, 2010 to : on Monday, 19th September, 2011
31st March, 2011] : ii. 1st Quarterly Result - July, 2011
: 2nd Quarterly Result – October, 2011
: 3rd Quarterly Result – January, 2012
: 4th Quarterly Result – April, 2012
or audited result in the month of
May, 2012
- [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 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 2011 – 2012 has been paid to The Stock Exchange, Mumbai.

[F] Market price data :

The equity shares of the Company were traded at The Stock Exchange, Mumbai at price between Rs.9.31 to Rs.16.21 per share during last one year.

[G] Dematerialization of share and liquidity

As on 31st March, 2011, 46.94% of the Company's total shares representing 46,93,655 shares were held in dematerialized form and the balance 53.06% representing 53,06,145 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

[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, 2011 :

Category	No. of Shares	Percent
Promoter Group [including NRI Director]	52,69,241	52.69
NRI / OCB	4,11,848	4.12
Bodies Corporate	3,12,491	3.13
Others	40,06,220	40.06
Total	99,99,800	100.00

[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
Fax : [02676] 247125

[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

Dated : 30th May, 2011

Place : Registered Office :

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

By the Order of the Board of Directors

-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 2011.

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

PLACE : BARODA
DATE : 30th May, 2011

(V. K. SHASTRI)
Sole Proprietor

AUDITORS' 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, 2011 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, Profit and Loss Account and Cash Flow Statement dealt with by this Report, comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- e. On the basis of written representation received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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 with the significant accounting policies and notes thereon, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - (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.

As required by the Companies (Audit Report) Order, 1988 issued by Central Government of India in terms 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 for 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.
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, 2009 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, 2009, 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 loans availed by the company were, prima facie 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 : BARODA
DATE : 30/05/2011

For V. K. SHASTRI & CO.
CHARTERED ACCOUNTANTS

(V. K. SHASTRI)
Sole Proprietor

AXTEL INDUSTRIES LIMITED

Balance Sheet As on the date 31st March, 2011

SR. NO.	PARTICULARS	SCHEDULE	As on 31st March, 2011 Rs.	As on 31st March, 2010 Rs.
A.	SOURCES OF FUNDS :			
1.	Shareholders' Funds :			
	Share Capital	A	9,99,98,000	9,99,98,000
	Application Money of warrents		—	—
	Reserves & Surplus	B	8,19,46,778	5,81,90,217
	Sub-total (1)		<u>18,19,44,778</u>	<u>1581,88,217</u>
2.	Loan Funds :			
	Secured Loans	C	6,96,89,892	1,60,29,562
	Sub-total (2)		<u>6,96,89,892</u>	<u>1,60,29,562</u>
	TOTAL SOURCES (1+2)		<u>25,16,34,670</u>	<u>17,42,17,779</u>
B.	APPLICATION OF FUNDS :			
1.	Fixed Assets :	D		
	Gross Block		14,18,56,543	13,51,26,554
	Less: Depreciation Block		<u>7,83,95,457</u>	<u>7,12,39,949</u>
	Net Block (a-b)		6,34,61,086	6,38,86,605
	Add : Capital Work In Process		<u>1,39,83,779</u>	<u>15,29,314</u>
	Sub-Total (1)		<u>7,74,44,865</u>	<u>6,54,15,919</u>
2.	Investments :	E	<u>7,50,000</u>	<u>18,00,000</u>
3.	CURRENT ASSETS, LOANS & ADVANCES :	F		
	Inventories		14,79,11,663	11,56,40,786
	Sundry Debtors		16,36,54,377	4,60,34,280
	Cash & Bank Balances		1,10,19,835	15,76,956
	Loans & Advances		<u>6,32,41,855</u>	<u>6,61,26,794</u>
	Sub-total (3)		<u>38,58,27,731</u>	<u>22,93,78,817</u>
4.	LESS : CURRENT LIABILITIES & PROVISION:	G		
	Current Liabilities		19,56,56,268	11,95,31,957
	Provisions		<u>1,85,31,660</u>	<u>42,45,000</u>
	Sub-total (4)		<u>21,41,87,928</u>	<u>12,37,76,957</u>
5.	NET CURRENT ASSETS (3-4)		<u>17,16,39,804</u>	<u>10,56,01,860</u>
6.	MISCELLENIOUS EXPENDITURE			
	Technical Know-How Fees		18,00,000	14,00,000
	TOTAL APPLICATIONS (1+2+5)		<u>25,16,34,670</u>	<u>1,74,21,779</u>
	NOTES ON ACCOUNTS	P		

As per our report of even date annexed

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

(V. K. SHASTRI)
Sole Proprietor

Place : Nurpura
Date : 30th May, 2011

By order of the Board

For AXTEL INDUSTRIES LIMITED

(AJAY DESAI)
Executive Director

Place : Nurpura
Date : 30th May, 2011

(AJAY PARIKH)
Executive Director

AXTEL INDUSTRIES LIMITED

Profit & Loss Account for year ending 31st March, 2011

SR. NO.	PARTICULARS	SCHEDULE	Year Ended 31st March, 2011 Rs.	Year Ended 31st March, 2010 Rs.
1.	INCOME:			
	Sales & Other Incomes	H	54,10,46,631	27,07,87,948
	Increase/(Decrease) in stock	I	(26,85,682)	4,72,64,840
	TOTAL INCOMES		<u>53,83,60,949</u>	<u>31,80,52,788</u>
2.	EXPENDITURE :			
	Cost of Materials Consumed	J	36,62,15,969	20,29,14,579
	Other Manufacturing Expenses	K	4,50,51,204	3,24,67,792
	Payment & Provision For Employees	L	4,67,28,666	3,97,81,230
	Administrative Expenses	M	1,74,51,254	1,39,46,770
	Selling & Distribution Expenses	N	26,20,842	23,82,670
	Financial Charges	O	44,59,936	33,46,027
	Managerial Remuneration		59,99,489	59,99,326
	Depreciation	D	66,76,755	65,23,416
	TOTAL EXPENDITURE		<u>49,52,04,114</u>	<u>30,73,61,813</u>
	PROFIT/(LOSS) OF THE YEAR BEFORE TAXATION		4,31,56,834	1,06,90,975
	LESS : a. Provision or current Taxes on income		(1,42,86,660)	(42,45,000)
	b. Payment or prior period Taxes		(45,80,252)	—
	c. Provision for Deferred Taxes			
	Assets / (Liabilities)		(54,609)	1,89,051
	PROFIT/(LOSS) OF THE YEAR		<u>2,42,35,313</u>	<u>66,35,027</u>
3.	APPROPRIATIONS :			
	Balance as per Last Balance Sheet		5,14,20,572	4,47,85,545
	Add: Profit/(Loss) of the year after Taxation		<u>2,42,35,313</u>	<u>66,35,027</u>
	Balance Available for Appropriation		7,56,55,886	5,14,20,572
	Balance Carried to Balance Sheet		<u>7,56,55,886</u>	<u>5,14,20,572</u>

NOTES ON ACCOUNTS

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 : 30th May, 2011

Place : Nurpura
Date : 30th May, 2011

AXTEL INDUSTRIES LIMITED

Schedules to Balance Sheet As on 31st March, 2011

SR. NO.	PARTICULARS	As on 31st March, 11 Rs.	As on 31st March., 10 Rs.
SCHEDULE : A SHARE CAPITAL			
	AUTHORISED CAPITAL:		
	1,00,00,000 Equity Shares of Rs.10 Each	10,00,00,000	100000000
	ISSUED, SUBSCRIBED & PAID UP CAPITAL:		
	99,99,800 Equity Shares of Rs.10 each fully paid-up for cash	9,99,98,000	99998000
	TOTAL	9,99,98,000	99998000
SCHEDULE : B RESERVE & SURPLUS			
a.	Capital Reserve : (Subsidy)		
	Balance as per last Balance Sheet	25,00,000	25,00,000
	Sub-total [a]	<u>25,00,000</u>	<u>25,00,000</u>
b.	Revaluation Reserve		
	Balance as per last Balance Sheet	42,69,645	48,15,855
	Less : Transferred to Depreciation Block account the Depreciation on Revalued portion of assets	4,78,753	5,46,210
	Sub-total [b]	<u>37,90,892</u>	<u>42,69,645</u>
c.	Profit and Loss Account		
	Balance as per last Balance Sheet	5,14,20,572	4,47,85,545
	Add : Profit (loss) of the year after Taxation	2,42,35,313	66,35,027
	Sub-total [c]	<u>7,56,55,885</u>	<u>5,14,20,572</u>
	Grand-Total (a+b+c)	<u>8,19,46,778</u>	<u>5,81,90,217</u>
SCHEDULE : C SECURED LOANS			
a.	Vehicle Loan :		
	Hire Purchase Loan, Secured by Hypothecation vehicle purchased Towards principal	—	2,19,653
b.	Working Capital Facilities :		
	Working Capital Limits availed.	6,96,89,892	57,41,816
	Working Capital terms Loan availed.	—	1,00,68,093
	Secured by first charge on all movable & immovable assets of the Company and hypo. of Stocks and Book-Debts		
	TOTAL	<u>6,96,89,892</u>	<u>1,60,29,562</u>

AXTEL INDUSTRIES LTD.

SCHEDULE : D FIXED ASSETS

SR NO.	PARTICULARS OF FIXED ASSETS	GROSS BLOCK				DEPRECIATION BLOCK					NET BLOCK	
		AS ON 01.4.2010	ADDITONS/ DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS ON 31.03.2011	AS ON 01.4.2010	DEPRECIATION ON REVALUATION CHARGED TO REVALUATION RESERVE	PROVIDED FOR DURING THE YEAR	WRITTEN BACK DURING THE YEAR	AS ON 31.03.2011	AS ON 31.03.2011	AS ON 30.03.2010
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	16,726,816	99,672	2,547,382	-	1,9,373,870	23,823,483	26,470,537
3	OFFICE BUILDINGS	8,770,547	-	-	8,770,547	4,084,219	44,679	189,637	-	4,318,535	4,452,012	4,686,328
4	PLANT & MACHINERY	38,088,459	1,290,613	-	39,379,072	30,125,950	334,402	835,578	-	31,295,929	8,083,143	7,962,509
5	ELECTRIFICATION	4,000,594	266,430	-	4,267,024	2,403,787	-	233,836	-	2,637,623	1,629,401	1,596,807
6	COMPUTER SYSTEMS	10,011,845	2,108,573	-	12,120,418	8,670,815	-	963,873	-	9,634,688	2,485,730	1,341,030
7	FURNITURE AND FIXTURES	3,530,546	197,186	-	3,727,732	1,891,557	-	307,440	-	2,198,997	1,528,735	1,638,989
8	OFFICE EQUIPMENTS	3,117,417	471,504	-	3,588,921	1,463,228	-	266,286	-	1,729,514	1,859,407	1,654,189
9	VEHICLES	9,424,090	2,395,683	-	11,819,773	5,873,577	-	1332,723	-	7,206,300	4,613,473	3,550,513
TOTAL		135,126,554	6,729,989	-	141,856,543	71,239,949	478,753	6,676,755	-	78,395,457	63,461,086	63,886,605
PREVIOUS YEAR'S FIGURES		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

AXTEL INDUSTRIES LIMITED

Schedules to Balance Sheet As on 31st March, 2011

SR. NO.	PARTICULARS	As on 31st March, 11 Rs.	As on 31st March, 10 Rs.
SCHEDULE : E INVESTMENTS			
a.	Quoted : Non-Trade Investment : NIL (P.Y.493505) equity shares of (Re.1) each fully paid-up for cash of JIK Industries Limited (Market value as on date NIL (P.Y. Rs.20000/-)	—	—
b.	Un-quoted : Non-trade Investment		
i)	5000 Equity Shares of Rs. 10/- each fully paid up for cash of Swallow Systems Pvt. Ltd.	—	50,000
ii)	Investment in Mutual Fund	7,50,000	17,50,000
	TOTAL	<u>7,50,000</u>	<u>18,00,000</u>
SCHEDULE : F CURRENT ASSETS, LOANS AND ADVANCES			
A)	INVENTORIES : (valued at lower of the cost or net realisable value subject to accounting policies) Raw-Materials, Components, Tools & Spares and Goods in Transit Work in Process Finished Goods Sub-total A	8,09,37,893 6,69,73,770 — <u>14,79,11,663</u>	459,81,334 696,59,452 — <u>1156,40,786</u>
B)	SUNDRY DEBTORS : Unsecured : Considered Good a. Debts outstanding for a Period exceeding Six months b. Other Debts. Sub-total B	3,86,22,502 12,50,31,875 <u>16,36,54,377</u>	— 460,34,280 <u>460,34,280</u>
C)	CASH AND BANK BALANCES : a. Cash on hand b. Cash at Bank: in Current Account in Fixed Deposit Account Sub-total C	35,127 1,09,84,708 — <u>1,10,19,835</u>	34,628 4,20,279 11,22,049 <u>15,76,956</u>
D)	LOANS AND ADVANCES : Unsecured : Considered Good Advances recoverable in Cash or in kind for value to be received. Advances to Suppliers Advances to Staff Deposits and Earmarked funds Int. Accr. but not due & Prepaid exps. Deffered Tax Asset Balance with Govt. Depts. -Excise Duty P.L.A. & Modvat -Income Tax, T.D.S. & Other Tax paid -Sales Tax, Prurchase Tax Recoverable Sub-Total (D) GRAND TOTAL (A+B+C+D)	94,59,892 2,97,209 1,92,82,914 28,90,172 1,24,201 38,80,155 2,31,44,110 41,63,202 <u>6,32,41,855</u> <u>38,58,27,731</u>	35,79,104 2,62,900 1,49,75,931 24,12,580 1,78,810 73,43,042 3,41,15,794 32,58,633 <u>6,61,26,794</u> <u>22,93,78,817</u>

AXTEL INDUSTRIES LIMITED

Schedules to Balance Sheet As on 31st March, 2011

SR. NO.	PARTICULARS	As on 31st March, 11 Rs.	As on 31st March, 10 Rs.
SCHEDULE : G CURRENT LIABILITIES AND PROVISIONS			
A. CURRENT LIABILITIES :			
i.	Sundry Creditors for goods & expenses	11,22,66,736	4,12,09,802
ii.	Sundry Creditors for Capital goods	33,89,000	33,89,000
iii.	Other current liabilities.		
-	Advances against orders	5,37,89,196	4,00,46,305
-	Outstanding Liabilities for Exp.	2,46,78,288	3,38,88,810
-	Other Current Liabilities	15,33,048	9,98,040
	Sub-total A	<u>19,56,56,268</u>	<u>11,95,31,957</u>
B. PROVISIONS:			
i.	Provison for taxation	1,85,31,660	42,45,000
	Sub-total B	<u>1,85,31,660</u>	<u>42,45,000</u>
	Grand TOTAL [A+B]	<u>21,41,87,928</u>	<u>12,37,76,957</u>

AXTEL INDUSTRIES LIMITED

Schedules to Profit & Loss Account For year ending 31st March, 2011

SR. NO.	PARTICULARS	Year Ended 31st March, 11 Rs.	Year Ended 31st March, 10 Rs.
SCHEDULE : H SALES & OTHER INCOME			
a. Sales :			
	Manufacturing Goods Sales	56,98,83,002	27,03,46,105
	Less : Excise Duty	4,73,45,031	1,50,40,793
	Net Sales	52,25,37,971	25,53,05,312
	Scrap Sales	21,37,862	24,56,920
	Job Work & Execution Charges	1,61,81,795	1,27,54,500
	Sub-total (a)	54,08,57,628	27,05,16,732
b. Other Income :			
	Dividend & Interest earned	1,26,647	2,27,431
	Excise Duty Drawback	1,10,720	2,98,667
	Excise Duty (Misc)	(71,768)	—
	Trade Discount	—	1,88,020
	Gain/loss on foreign exchange	23,404	(4,67,137)
	Profit/ (Loss) on Sale of Assets	—	15,235
	Miscellaneous income	—	12,000
	Dimunation in Value of Investments	—	(3,000)
	Sub-total (b)	1,89,003	2,71,216
	GRAND TOTAL [a+b]	54,10,46,631	27,07,87,948

AXTEL INDUSTRIES LIMITED

Schedules to Profit & Loss Account for year ending 31st March-2011

SR. NO.	PARTICULARS	Year ended 31st March, 11 Rs.	Year ended 31st March, 10 Rs.
SCHEDULE : I INCREASE/(DECREASE) IN STOCKS			
a.	Work in process :		
	Closing Stock	6,69,73,770	6,96,59,452
	Less : Opening Stock	6,96,59,452	22394612
	Increase/(Decrease) (a)	<u>(26,85,682)</u>	<u>47264840</u>
b.	Finished Goods :		
	Closing Stock	—	—
	Less : Opening Stock	—	—
	Increase/(Decrease)	<u>—</u>	<u>—</u>
	TOTAL - Increase/(Decrease) (a+b)	<u>(26,85,682)</u>	<u>4,72,64,840</u>
SCHEDULE : J COST OF MATERIALS CONSUMED			
	Raw Materials, Components, Tools & Spares:		
	Opening Stock	4,59,81,334	4,50,89,609
	Add : Purchases	40,11,72,528	20,38,06,304
		44,71,53,862	24,88,95,913
	Less : Closing Stock	8,09,37,893	4,59,81,334
	Total Material Consumed	<u>36,62,15,969</u>	<u>20,29,14,579</u>
SCHEDULE : K OTHER MANUFACTURING EXPENSES			
	Factory Power	26,77,278	23,15,629
	Repairs to Machinery & Factory	5,36,759	4,42,578
	Freight Inward & Octroi	49,79,590	16,98,719
	Labour Jobwork & Commissioning Charges	3,59,98,308	2,74,00,224
	Other Factory Expenses	8,59,269	6,10,642
	TOTAL	<u>4,50,51,204</u>	<u>3,24,67,792</u>
SCHEDULE : L PAYMENTS AND PROVISION FOR EMPLOYEES			
	Salary, Wages & Allowances	2,80,30,539	2,50,43,076
	Staff & Labour Welfare	5,33,014	2,77,265
	Wages to Contractors	1,66,07,409	1,30,70,813
	P.F./F.P.F. & Adm. Charges	15,57,704	13,90,076
	TOTAL	<u>4,67,28,666</u>	<u>3,97,81,230</u>

AXTEL INDUSTRIES LIMITED

Schedules to Profit & Loss Account for the year ending 31st March-2011

SR. NO.	PARTICULARS	Year ended 31st March, 11 Rs.	Year ended 31st March, 10 Rs.
SCHEDULE : M ADMINISTRATIVE EXPENSES			
	Printing & Stationary	9,05,788	7,67,543
	Postage & Telephone	7,24,941	7,54,444
	Conveyance & Vehicle Expenses	26,18,312	19,58,691
	Travelling Expenses	27,21,773	14,05,295
	Auditors' Remuneration & Fees	72,040	57,184
	Legal & Professional Charges	29,80,756	24,21,186
	Repairs & Maintenance	8,94,188	6,82,379
	Rent, Rates & Taxes	1,29,598	1,33,119
	Other Office Expenses	58,03,858	53,66,929
	Technical Knowhow w/o.	6,00,000	4,00,000
	TOTAL	<u>1,74,51,254</u>	<u>1,39,46,770</u>
SCHEDULE : N SELLING AND DISTRIBUTION EXPENSES			
	Freight & Transportation Outward	8,97,855	15,27,937
	Advertisement & Other Marketing Expenses	40,000	—
	Bad debts and Balance written off & Discount	10,95,488	6,83,781
	Terminal handling & other Misc. Expenses	5,87,499	—
	LD Charges	—	1,70,952
	TOTAL	<u>26,20,842</u>	<u>23,82,670</u>
SCHEDULE : O FINANCIAL CHARGE			
	Interest on Loans	41,50,400	28,16,125
	Bank Charges	3,09,536	5,29,902
	TOTAL	<u>44,59,936</u>	<u>33,46,027</u>

AXTEL INDUSTRIES LIMITED

SCHEDULE : P

NOTES ON ACCOUNTS

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. 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 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>
Provided during period-ended 31.03.2011	Rs. 3,96,694/-	Rs. 36,42,191/-

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

- (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 Period</u>
For Audit Fees	60,000	50,000
For Income Tax Matters	10,000	5,000
For Out of Pocket Expenses	2,040	2,184
Total	72,040	57,184

- (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, 2011. 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. 17,50,000/- till 31-03-2011. 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 :		4649	3750

* Plants, Machines Sets /Nos.

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	4649	52,25,37,971	Nil	Nil	Nil	Nil
(Previous Year)	(3750)	(25,53,05,312)	(Nil)	(Nil)	(Nil)	(Nil)
b. Others	—	* 1,83,19,657	(—)	Nil	(—)	Nil
(Previous Year)	—	* (1,52,11,420)	(—)	Nil	(—)	Nil
TOTAL Rs.	4649	54,08,57,628	(—)	Nil	(—)	Nil
(Previous Year)	(3750)	(27,05,16,732)	(—)	(Nil)	(—)	(Nil)

* Includes job work execution charges & Scrap Sales.

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

Particulars	Unit of Measure	Current Year		Previous Year	
		Qty (No.)	Value [Rs.]	Qty (No.)	Value[Rs.]
S.S./M.S. Steel:					
Sheet/Flats/Bars/Plates	M.T.	958.30	18,92,91,120	415.46	10,31,34,860
Other		—	17,69,24,849	—	9,97,79,719
Total		—	36,62,15,969	—	20,29,14,579

D. Particulars of Imported and Indegenious Raw Materials Consumed

Particulars	Value Rs.	Current Year Percentage (%)	Previous Year	
			Value Rs.	Percentage (%)
1 Value of all imported Spare parts Material and Components consumed.	34,93,209	0.95 %	29,42,483	1.45 %
2 Value of all Indegenious Raw-Materials, Spare parts and Components consumed.	36,27,22,760	99.05 %	19,99,72,096	98.55 %
Total	36,62,15,969	100%	20,29,14,579	100 %

E. Particulars of Expenditure and Earnings in Foreign Exchange:

	ITEM	Current Year Rs.	Previous Year Rs.
1	Expenditure in foreign currency:		
	* On Material Imported	24,03,812	12,98,376
	* On Foreign Travel	2,23,031	5,26,770
2	Earning in foreign currency		
	* Value of Exports F.O.B	4,01,00,224	3,35,35,882
	* 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. 60,00,000/- (Previous Year Rs. 24,00,000/-) or more per annum.		
	- No. of Employees	NIL	2
	- Amount of Salary and Allowances [Rs.]	NIL	59,99,326
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. 5,00,000 (Previous Year 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	Executive Director	Director's Remuneration	29,99,678
2.	Ajay N. Parikh	Executive Director	Director's Remuneration	29,99,811

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	
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 State Code

0	4
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 (Refer Code List)

Balance Sheet Date

3	1
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0	3
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2	0	1	1
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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

	2	5	1	6	3	4	.	6	7
--	---	---	---	---	---	---	---	---	---

Total Assets

	2	5	1	6	3	4	.	6	7
--	---	---	---	---	---	---	---	---	---

Sources of Funds :

Paid up Capital/Application Money

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

Reserves & Surplus

8	1	9	4	6	.	7	8
---	---	---	---	---	---	---	---

Secured Loans

6	9	6	8	9	.	8	9
---	---	---	---	---	---	---	---

Unsecured Loans

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

Application of Funds :

Net Fixed Assets

7	7	4	4	4	.	8	7
---	---	---	---	---	---	---	---

Investments

		7	5	0	.	0	0
--	--	---	---	---	---	---	---

Net Current Assets

1	7	1	6	3	9	.	8	0
---	---	---	---	---	---	---	---	---

Misc. Expenditure

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

Accumulated Losses

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

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

Turnover

5	4	1	0	4	6	6	3
---	---	---	---	---	---	---	---

+/- Profit/Loss Before Tax

	[+]	4	3	1	5	6	8	3
--	-----	---	---	---	---	---	---	---

Total Expenditure

4	9	7	8	8	9	8	0
---	---	---	---	---	---	---	---

+/- Profit / Loss After Tax

	[+]	2	4	2	3	5	3	1
--	-----	---	---	---	---	---	---	---

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

Earnings Per Share in Rs.

					2	4	2
--	--	--	--	--	---	---	---

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 PLANTS, MACHINERIES & EQUIPMENTS

(18) Schedule A to P 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 : Narpura
Date : 30th May.2011

By Order of the Board

For AXTEL INDUSTRIES LIMITED

(AJAY DESAI)
Executive Director

Place : Narpura
Date : 30th May.2011

(AJAY PARIKH)
Executive Director

AXTEL INDUSTRIES LIMITED

Cash Flow Statement for the Year Ended 31st March, 2011

SR. NO.	PARTICULARS	Year Ending 31st March, 2011 Rs.	Year Ending 31st March, 2010 Rs.
A.	CASH FLOW ARISING FROM OPERATING ACTIVITIES :		
	Net Profit/(Loss) after tax & extraordinary items	2,42,35,313	66,35,027
ADD:	a. Depreciation Charge	66,76,755	65,23,419
	b. Provision for Deferred Tax & FBT	1,89,21,521	40,55,949
	c. Interest Charge	44,59,936	33,46,027
	d. Tech K/H.	6,00,000	4,00,000
	Sub Total (i)	<u>5,48,93,525</u>	<u>2,09,60,422</u>
LESS:	a. Dividend & Interest Income	1,26,647	2,27,431
	b. Excess Provisions written Back/ Misc. Inc.	—	—
	c. Deficit/Surplus on sale of Asset / Investments	—	27,235
	Sub Total (ii)	<u>1,26,647</u>	<u>2,54,666</u>
	iv. Operating Profit Before Working Capital Changes-Sub-total(i-ii)	5,47,66,878	2,07,05,756
LESS :	a. Increase/(Decrease) in trade & other receivable	11,46,63,121	(1,14,32,812)
	b. Increase/(Decrease) in Inventories	3,22,70,877	4,81,56,565
	Sub Total (v)	<u>14,69,33,998</u>	<u>3,67,23,753</u>
ADD:	a. Increase/(Decrease) in trade payable and Provisions (vi)	<u>9,04,10,971</u>	<u>4,31,46,914</u>
	Cash Inflow From Operations		
	Sub Total (vii)=(iv-v+vi)	(1,75,6,150)	2,71,28,917
LESS:	a. Interest Paid	44,59,936	33,46,027
	b. Direct Taxes Paid (FBT)	1,88,66,912	42,45,000
	Sub Total (viii)	<u>2,33,26,848</u>	<u>75,91,027</u>
	Cash Inflow/(Outflow) Before Extraordinary items		
	Sub-total (ix) = (vii+viii)	<u>(2,50,82,997)</u>	<u>1,95,37,890</u>
	ADD/(LESS): Prior Year Adjustments - -(x)	—	—
	Net cash inflow/(outflow) in course of operating activities		
	Total (A)=(ix+x)	<u>(2,50,82,997)</u>	<u>1,95,37,890</u>
B.	CASH FLOW ARISING FROM INVESTMENT ACTIVITIES		
	OUTFLOW :		
	a. Aquisition of Fixed Assets	1,91,84,454	45,65,901
	b. Acquisition of Investments/ Technical Know how	10,00,000	10,00,000
	c. Loans/ICD to Other Companies	—	—
	d. Investements in Joint Venture	—	—
	Sub Total (i)	<u>2,01,84,454</u>	<u>55,65,901</u>
LESS:			
	INFLOW :		
	a. Sale of Fixed Assets	—	24,752
	b. Interest & Dividend Received	—	2,11,993
	c. Sale of Investements	10,50,000	7,82,000
	Sub Total (ii)	<u>10,50,000</u>	<u>10,18,745</u>
	Net Cash Inflow/(Outflow) In Course of Investing Activities		
	Total (B)=(i-ii)	<u>(1,91,34,454)</u>	<u>(45,47,156)</u>

AXTEL INDUSTRIES LIMITED

Cash Flow Statement for the Year Ended 31st March 2011

SR. NO.	PARTICULARS	Year Ending 31st March, 2011 Rs.	Year Ending 31st March, 2010 Rs.
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES :			
	INFLOW :		
	a. Proceeds From Issue of Share Capital / Warrants	—	—
	b. Proceeds From Borrowings	6,39,48,076	1,00,68,093
	c. Proceeds From Issue of Debentures	—	—
	Sub Total (i)	<u>6,39,48,076</u>	<u>1,00,68,093</u>
	LESS :		
	OUTFLOW :		
	a. Share Issue Expenses	—	—
	b. Redemption of Debentures	—	—
	c. Repayment of Finance/Lease Liabilities	1,02,87,746	2,45,15,103
	d. Dividend Paid	—	—
	e. Debenture Issue Expenses	—	—
	Sub Total (ii)	<u>1,02,87,746</u>	<u>2,45,15,103</u>
	Net Cash Inflow/(Outflow) In Course of Financing Activities		
	Total (C)=(i-ii)	<u>5,36,60,330</u>	<u>(1,44,47,010)</u>
	NET INCREASE/(DECREASE) IN CASH/ / CASH EQUIVALENTS (A+B+C)	94,42,879	5,43,724
ADD:	Balance At The Beginning Of The Year	15,76,957	10,33,233
	CASH / CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	<u>1,10,19,836</u>	<u>15,76,956</u>

As per our report of even date annexed

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

(V. K. SHASTRI)
Sole Proprietor

Place : Nurpura
Date : 30th May, 2011

By Order of the Board

For AXTEL INDUSTRIES LIMITED

(AJAY DESAI)
Executive Director

Place : Nurpura
Date : 30h May, 2011

(AJAY PARIKH)
Executive Director