

Date: 02.10.2017

The Corporate Relationship Department,  
The Bombay Stock Exchange,  
Ground Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI-400001

Subject: Intimation- ANNUAL REPORT FOR 2016-17

Sir,

We send annual report for 2016-17 approved and adopted at the annual general meeting held on 28<sup>th</sup> September, 2017 pursuant to regulation 34 of SEBI (LODR) Regulations, 2015.

Thanking You,

Yours Faithfully,

For Axtel Industries Limited

A blue ink signature of Ajay Nalin Parikh, written in a cursive style.

Ajay Nalin Parikh  
Executive Director



Process  
Engineering  
Systems

Annual Report  
2016-2017

# AXTEL INDUSTRIES LIMITED

## TWENTY FIFTH ANNUAL REPORT 2016-2017

BOARD OF DIRECTORS	:	<ol style="list-style-type: none"><li>1. Shri Kirit Kumar Pathak, Non-Executive Director</li><li>2. Shri Ajay Naishad Desai, Executive Director</li><li>3. Shri Ajay Nalin Parikh, Executive Director</li><li>4. Shri Ajit Singh Bubber, Non-Executive Director</li><li>5. Shri Ameet Nalin Parikh, Non-Executive Director</li><li>6. Shri Sandeep Lalwani, Independent Director</li><li>7. Shri Nikhil Ramesh Parikh, Independent Director</li><li>8. Smt. Anjali Harshvardhan Hegde, Independent Director</li></ol>
COMPANY SECRETARY	:	Mrs. Prerna Sudeep Bokil
CHIEF FINANCIAL OFFICER	:	Mr. Rajendra K. Bhavsar
AUDITORS	:	V. K. Shastri & Co., Chartered Accountants, Vadodara.
BANKERS	:	Bank of Baroda, Halol
REGISTERED OFFICE & WORKS	:	Plot No. 43 / 1, Village Nulpura, P.O. Baska, Taluka HALOL - 389 350, Dist: Panchmahals, Gujarat. Tel : [02676] 247900 Fax : [02676] 247125
Corporate Identification Number (CIN)	:	L91110GJ1991PLC016185
E-mail address	:	info@axtelindia.com
Website	:	www.axtelindia.com

## NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of Axtel Industries Limited will be held at 11.00 a.m. on Thursday, 28<sup>th</sup> September, 2017 at the Registered Office of the Company situated at Plot No. 43/1, Village Narpura, P.O. Baska, Tal. Halol – 389 350, Dist. Panchmahals, Gujarat to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2017 and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Ameet Nalin Parikh (DIN 00007036), who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Kirit Kumar Pathak (DIN 01849295), who retires by rotation and being eligible offers himself for re-appointment.
4. Appointment of M/s. VCA & Associates as Statutory Auditors of the Company and fix their remuneration.

To consider and if thought fit, to pass the following resolutions as Ordinary Resolution:

RESOLVED that pursuant to section 139, 141 142 and other provisions applicable, if any, of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, M/s. VCA & Associates, Chartered Accountants be and are hereby appointed as statutory auditors of the Company till the conclusion of the sixth annual general meeting with this annual general meeting counted as the first meeting, on a remuneration as may be agreed between the Board of Directors of the Company and M/s. VCA & Associates.

### SPECIAL BUSINESS :

5. Re-appointment of Shri Ajay Nalin Parikh as Executive Director.

To consider and if thought fit, to pass the following resolutions as Special Resolutions:

RESOLVED that pursuant to section 196, 197, 204 and other provisions applicable, if any and schedule V of the Companies Act, 2013 consent of the members of the Company be and is hereby given for the re-appointment of Shri Ajay Nalin Parikh (DIN: 00453711) as Executive Director of the Company for a period of five years with effect from the 1<sup>st</sup> August, 2018 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 V of the Companies Act, 2013 and any amendment thereof from time to time:

(i) Salary:

Not exceeding Rs.7,00,000 [Rupees Seven Lac 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 payable as above is fixed for a period of 3 years (i.e. from 1<sup>st</sup> August, 2018 to 31<sup>st</sup> July, 2021) and thereafter remuneration for remaining period of his term as Executive Director will be fixed by passing special resolution at the general meeting as per schedule V of the Companies Act, 2013.

By the Order of the Board of Directors

Dated: 22/05/2017

Place: Registered Office :

Plot No.43/1, Village: Narpura,

P.O. Baska, Tal. Halol - 389 350

Dist. Panchmahals, Gujarat

Ajay Naishad Desai

Executive Director

DIN: 00452821

**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. A PROXY FORM IS SENT HEREWITH.

A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company.

Proxy submitted on behalf of the companies, Societies etc. must be supported by an appropriate resolution/ authority as applicable.

- 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 Friday, the 22<sup>nd</sup> September, 2017 to Thursday, the 28<sup>th</sup> September, 2017 [both days inclusive].
- 5) Members attending the meeting are requested to bring their copy of the Annual Report.
- 6) Pursuant to Section 72 of the Companies Act, 2013, members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filing required form.
- 7) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agent.
- 8) The company has created an exclusive E-mail. Id: investors@axtelindia.com for quick redressal of shareholders/investors grievances.
- 9) In terms of the Circulars No. 17/2011 of 21st April, 2011 and 18/2011 of 29th April, 2011 issued by the Ministry of Corporate Affairs (MCA) as part of its "green initiative in Corporate Governance", MCA allows paperless compliances including service of a notice/document by companies to their members through electronic mode. Therefore as was done last year, the Company proposes to send documents required to be sent to the members like Notices of General Meetings (including AGM), Audited Financial Statements, Report of the Directors, Independent Auditor's Report etc. to the members in electronic form to the e-mail IDs provided by them and made available to the Company by the Depositories. This will also ensure prompt receipt of communication and avoid loss in postal transit. These documents will also be available on the Company's website www.axtelindia.com for download by the Members. The physical copies of the annual report will be made available upon receipt of a requisition from the members, any time as a member of the Company.
- 10) In terms of Section 152 of the Companies Act, 2013, Shri Ameet Nalin Parikh (DIN 00007036) and Shri Kirit Kumar Pathak (DIN 01849295) Directors, retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for reappointment.
- 11) Voting through electronic means: E-voting: Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing and Disclosure Requirements), 2015, the Company is pleased to provide E-voting facility through Central Depository Services (India) Limited (CDSL) as an alternative for all the members of the Company to enable them to cast their votes electronically. The instructions for E-voting are attached herewith.
- 12) The Board of Directors of the Company has appointed Mr. Dineshchandra Mangaldas Mehta of M/s. Dinesh Mehta & Co., Company Secretary in Practice as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- 13) Voting rights shall be reckoned on the paid up value of shares registered in the name of the member as on the cut-off date i.e. 21<sup>st</sup> September, 2017.
- 14) A person, whose name is recorded in the register of members by the depositories as on the cut-off date, i.e. 21<sup>st</sup> September, 2017 only shall be entitled to avail the facility of e-voting / Poll.
- 15) The e-voting facility will be available during the following period: Commencement of e-voting : From 9.00 a.m. (IST) on 25<sup>th</sup> September, 2017  
End of e-voting : Up to 5.00 p.m. (IST) on 27<sup>th</sup> September, 2017  
The e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by (CDSL) upon expiry of aforesaid period.
- 16) The Scrutinizer, after scrutinising the votes cast at the meeting on poll and through e-voting will, not later than 48 hours of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.axtelindia.com and the results shall simultaneously be communicated to the Bombay Stock Exchange.

- 17) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting.
- 18) A route map along with prominent landmark for easy location to reach the venue of AGM is annexed herewith.
- 19) Explanatory statement setting out all material facts concerning the special business u/s102 of the Companies Act, 2013 is annexed hereto :

**The instructions for shareholders voting electronically are as under:**

- (i) The e-voting period begins From 9.00 a.m. (IST) on 25<sup>th</sup> September, 2017 and end e-voting at 5.00 p.m. (IST) on 27<sup>th</sup> September, 2017. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21<sup>st</sup> September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Explanatory statement in respect of the special business u/s 102 of the Companies Act, 2013**

**Item No.4:**

This statement is provided though strictly not required as per section 102 of the Act.

The present statutory auditor M/s. V.K.Shastri & Co., Chartered Accountants has completed more than five years in the Company. Pursuant to the provisions of section 139 of the Companies Act 2013, the said auditor is not eligible for re-appointment as statutory auditor of the Company for a period of five years now onwards. The audit committee of the Company has considered the qualifications and experience of M/s. VCA & Associates, Chartered Accountants, Vadodara and recommended their appointment.

The Board of Directors of the Company agrees with the recommendation of the audit committee of the Company and propose to appoint M/s. VCA & Associates, Chartered Accountants, Vadodara as statutory auditor of the Company till the conclusion of the sixth annual general meeting with this annual general meeting is counted as the first meeting.

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

**Item No.5:**

Shri Ajay Nalin Parikh was re-appointed as Executive Director of the Company for a period of five years w.e.f. 1<sup>st</sup> August, 2013 as per special resolutions passed by the members of the Company at the annual general meeting of the Company held on 31<sup>st</sup> July, 2013. His term as Executive Director will expire on 31<sup>st</sup> July, 2018. Your Board propose to reappoint him as Executive Director for a further period of five years with effect from 1<sup>st</sup> August, 2018.

Shri Ajay Nalin Parikh is looking after the design and production departments of the Company. The audit committee has recommended to re-appoint him as Executive Director of the Company for a period of five years w.e.f. 1<sup>st</sup> August, 2018. Nomination and remuneration committee of the Company has recommended to pay him remuneration of Rs.7,00,000 per month.

The information required as per clause iv of proviso of section II of part II of schedule V of the Companies Act, 2013 is furnished hereunder:

**I. General Information:**

1. **Nature of Industry :** Engineering industry manufacturing food processing plant, machinery and equipment and dairy machinery since 1993.
2. **Financial Performance :** The Company's net profit after taxation is Rs.683.45 lacs for the year ended 31<sup>st</sup> March, 2017
3. **Export Performance:** The Company has made export of Rs.1693.83 lacs during the year ended 31<sup>st</sup> March, 2017.

**II. Information about Shri Ajay Nalin Parikh:**

1. **Back Ground Details:** He is a Bachelor of Engg. (Mechanical) with distinction from The Maharaja Sayajirao University at Vadodara in the year 1980. He possesses over 36 years of experience in the field of design, engineering and manufacturing of high quality process equipment and plant for the food and pharmaceutical industries.
2. **Past remuneration:** He is paid remuneration of Rs. 7,00,000 per month with effect from 1<sup>st</sup> April, 2014 as per special resolutions passed at the annual general meeting held on 29<sup>th</sup> September, 2014.
3. **Recognition or awards : Nil**
4. **Job profile and his suitability:**

Shri 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 36 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 Shri 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 Shri Ajay Nalin Parikh, has over the last 23 years developed and manufacture these equipment 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 equipment and machinery to Europe, Middle East, Far East and our neighbouring countries to the various food manufacturing companies there.

5. **Remuneration proposed:** Rs.7,00,000 per month with effect from 1<sup>st</sup> August, 2018 till 31<sup>st</sup> July, 2021.

6. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** 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.

7. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:** 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

### III. Other information:

8. **Reasons for inadequate profit:** Due to recessionary trend prevailing in India and abroad the Company could not procure more orders and as a result sale and profit could not be increased as expected

9. **Steps taken or proposed to be taken for improvement:** The Company has expanded its production capacity by expansion of its existing factory shed and installed more machineries to cope with the rise in orders from the clients.

10. **Expected increase in productivity and profits in measurable terms:** As Company is manufacturing tailor made plants / machinery, it is very difficult to give expected production and profits in measurable terms.

### IV. 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.

No Director, Key Managerial Personnel or their relatives, except Shri Ajay Nalin Parikh for drawing his remuneration and Shri Ameet Nalin Parikh, Director being a relative of Shri Ajay Nalin Parikh are directly or indirectly concerned or interested in the above resolution except to the extent of his shareholding (including his relatives), if any, in the Company.

This explanatory statement together with the accompanying notice may also be considered as an abstract of terms and conditions of the contract for the appointment of Shri Ajay Nalin Parikh as Executive Director.

By the Order of the Board of Directors

Dated: 22/05/2017

Place: Registered Office :

Plot No.43/1, Village: Nurpura,

P.O. Baska, Tal. Halol - 389 350

Dist. Panchmahals, Gujarat

Ajay Naishad Desai

Executive Director

DIN: 00452821

**BOARD'S REPORT**

To,  
The Members,

Your Directors have pleasure in presenting their 25th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2017.

**1. Financial summary or highlights/Performance of the Company**

The financial results for the year are as under:

[Rupees in Lacs]

<b>PARTICULARS</b>	<b>YEAR ENDED 31.03.2017</b>	<b>YEAR ENDED 31.03.2016</b>
Sales and other Income	7715.95	6734.86
Profit before depreciation	1109.93	916.52
Less: Depreciation	278.21	344.58
Profit/(Loss) of the year	831.72	571.94
Less: Provision for tax	163.71	124.00
Provision for deferred tax	(15.44)	(32.18)
Profit/(Loss) after taxation	683.45	480.12
Balance brought forward from previous year	1369.76	918.52
Arrears of Depreciation	NIL	28.88
Balance carried to balance sheet	2053.21	1369.76

**2. Dividend**

Your Board does not recommend any dividend for the financial year 2016-17.

**3. Reserves**

Your Board does not propose to carry to any reserves for the financial year 2016-17.

**4. Brief description of the Company's working during the year/State of Company's affair**

Total turnover during the year 2016-17 increased by Rs. 898.49 lac (increase of 13.39%) compare to previous year 2015-16 and there is profit of Rs. 683.45 lac (after tax) (increase of 42.35%) during the year 2016-17 against profit of Rs.480.12 lac (after tax) during the year 2015-16.

**5. Change in the nature of business, if any**

There is no change in the nature of business during the financial year 2016-17.

**6. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report**

No material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

**7. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**

No significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future during the financial year and or subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

**8. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.**

The Company has appointed internal auditor for adequacy of internal financial controls and your Board has taken adequate care for financial control.

**9. Details of Subsidiary/Joint Ventures/Associate Companies**

Your Company has no Subsidiary/Joint Ventures/Associate Companies during the year.

**10. Performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement.**

Your Company has no Subsidiary/Joint Ventures/Associate Companies during the year.

**11. Deposits**

Your Company has not accepted any deposit during the year and there was no deposit at the beginning of the year. Therefore the details relating to deposits, covered under Chapter V of the Act is not applicable.

## 12. Statutory Auditors

The present statutory auditor M/s. V.K. Shastri & Co., Chartered Accountants has completed more than five years in the Company. Pursuant to the provisions of section 139 of the Companies Act 2013, the said auditor is not eligible for re-appointment as statutory auditor of the Company for a period of five years now onwards. The audit committee of the Company has considered the qualifications and experience of M/s. VCA & Associates, Chartered Accountants, Vadodara and recommended their appointment.

The Company has obtained a letter of consent and also a certificate under section 139 and 141 of the Companies Act, 2013 from M/s. VCA & Associates to the effect that, their appointment, if made would be within the limits prescribed in the said section.

## 13. Auditors' Report

The observations of the Auditors are explained, wherever necessary, in an appropriate note to the Audited Statement of Accounts. No qualification, reservation or adverse remark or disclaimer has been made by the auditor in their auditors' report for the year 2016-17.

## 14. Share Capital

During the year under review, the Company has not issued any securities nor has granted any stock option or sweat equity.

## 15. Extract of the annual return

The extract of the annual return in Form No. MGT - 9 forming part of the Board's report is attached herewith as (Annexure-G)

## 16. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are attached herewith (Annexure-A)

## 17. Corporate Social Responsibility (CSR)

The Company spent Rs.1.33 lakh (Rupees One Lakh Thirty Three Thousands Only) towards corporate social responsibility during the year 2016-17 as required under section 135 of the Companies Act, 2013. Report on CSR activities in terms of section 135 of the Companies Act, 2013 is annexed to this report (Annexure-D).

## 18. Directors & Key Managerial Personnel

(A) Shri Ameet Nalin Parikh (DIN 00007036) and Shri Kirit Kumar Pathak (DIN 01849295) Directors, retire by rotation at the ensuing annual general meeting and being eligible offered themselves for re-appointment as Directors.

Shri Hardip Singh Bubber, Director resigned as Director with effect from 11<sup>th</sup> November, 2016 and accepted by the Board of directors with effect from 11<sup>th</sup> November, 2016.

### (B) Declaration by an Independent Director(s) and re- appointment, if any

A declaration, by Independent Directors that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013, have been received.

Shri Ameet Nalin Parikh (DIN 00007036) and Shri Kirit Kumar Pathak (DIN 01849295) Directors of the Company retiring by rotation and eligible for re-appointment have given their consent and declaration under form DIR-8 pursuant to Section 164(2) read with Rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014. Details of Shri Ameet Nalin Parikh and Shri Kirit Kumar Pathak seeking re-appointment as per Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 with the Bombay stock exchange is attached herewith (Annexure- E)

### (C) Formal Annual Evaluation

The Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and individual Directors which includes criteria for performance evaluation of executive directors and non-executive directors.

In evaluating the suitability of individual Board members, the Committee may take into account factors, such as:

- i. General understanding of the Company's business;
- ii. Educational back ground and experience;
- iii. Personal and professional ethics, integrity and values;
- iv. Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

**19. Number of meetings of the Board of Directors**

During the year from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017 the Board of Directors met five times on the following dates:

Sr	Date	Board Strength	No. of Directors Present
1	27-05-2016	9	8
2	01-08-2016	9	5
3	10-10-2016	9	3
4	11-11-2016	9	5
5	08-02-2017	8	7

**20. Audit Committee**

The members of the Audit Committee of the Company are as under:

No.	Name of Director	Designation
1	Shri Sandeep Gul Lalwani	Non-Executive Independent Director
2	Shri Nikhil Ramesh Parikh	Non-Executive Independent Director
3	Shri Ameet Nalin Parikh	Non-Executive Director

There was no occasion regarding non acceptance of any recommendation of the Audit Committee during the year.

**21. Details of establishment of vigil mechanism for directors and employees**

The Board has appointed the following persons as members of vigil committee:

No.	Name of Director	Designation
1	Shri Ajay Naishad Desai	Whole-time Director
2	Shri Sandeep Gul Lalwani	Non-Executive Independent Director
3	Shri Ameet Nalin Parikh	Non-Executive Director

The Company has framed a whistle blower policy in terms of listing agreement and the same may be accessed on the Company's website.

**22. Nomination and Remuneration Committee**

The members of Nomination and Remuneration Committee of the Company are as under:

No.	Name of Director	Designation
1	Shri Sandeep Gul Lalwani	Non-Executive Independent Director
2	Shri Nikhil Ramesh Parikh	Non-Executive Independent Director
3	Mrs. Anjali Harshvardhan Hegde	Non-Executive Independent Director

**The policy formulated by nomination and remuneration committee:**

The terms of reference of the committee inter alia include succession planning for Board of Directors and Senior Management Employees, identifying and selection of candidates for appointment of Directors/Independent Directors based on certain laid down criteria, identifying potential individuals for appointment of Key Managerial personnel and other senior managerial position and review the performance of the Board of Directors and Senior Management personnel including Key managerial personnel based on certain criteria approved by the Board. While reviewing the performance, the committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talents, remuneration commensurate with the performance of individual and group and also maintains a balance between both short and long term objectives of the company.

**23. Particulars of loans, guarantees or investments under section 186**

The Company has not given any loan, guarantees or made investments under section 186 to any person or body corporate except loan to employees of the Company as per Company's policy for employees and investment in mutual funds.

**24. Particulars of contracts or arrangements with related parties:**

The Company has not entered into any contract or arrangement with related party referred to in sub-section (1) of section 188 of the Companies Act, 2013 except contract with Tranzmute Capital & Management Private Limited to avail professional services, which has been approved by passing resolution at the annual general meeting of the Company held on 31st August, 2015 for a period of five years with effect from 01.10.2015 to 30.09.2020. Form No. AOC -2 regarding transactions under section 188 of the Companies Act, 2013 is enclosed herewith (Annexure-B).

**25. Managerial Remuneration**

Disclosures pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed herewith (Annexure-C).

**26. Secretarial Audit Report**

The Secretarial Audit Report pursuant to section 204(1) of the Companies Act, 2013 given by M/s. Dinesh Mehta & Co., a company secretary in practice enclosed herewith (Annexure-F).

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**27. Corporate Governance Certificate**

The Compliance certificate from M/s. Dinesh Mehta & Co., a company secretary in practice regarding compliance of conditions of corporate governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 has been annexed with corporate governance report (Annexure-I).

**28. Code of Conduct**

The Company has adopted a code of conduct for its directors and senior designated management personnel. All the Board members and senior management personnel have affirmed their compliance of code of conduct.

**29. Risk management policy**

In today's economic environment, risk management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business. Your Company's risk management is embedded in the business processes. Your company has identified the following risks:

Key Risk	Impact to Axtel Industries Ltd	Mitigation Plans
Commodity Price Risk	Risk of price fluctuation on basic raw materials like steel, components, power as well as finished goods used in the process of manufacturing.	The Company commands excellent business relationship with the buyers. In case of major fluctuation either upwards or downwards, the matter will be mutually discussed and compensated both ways. Also by focusing on new value added products helps in lowering the impact of price fluctuation in finished goods.
Uncertain global economic environment – slow growth in global economy	Impact on demand and realization of exports of food processing plant and machinery.	The Company has potentiality in domestic market and the people do not compromise on food and it will not affect much.
Interest Rate Risk	Any increase in interest rate can affect the finance cost.	Dependence on debt is very minimum and we have enough funds to meet the need arises.
Foreign Exchange Risk	Any volatility in the currency market can impact the overall profitability.	The Company has potentiality in domestic market. In case of major fluctuation either upwards or downwards, the effect will be minimal.
Human Resources Risk	Your Company's ability to deliver value is dependent on its ability to attract, retain and nurture talent. Attrition and non-availability of the required talent resource can affect the overall performance of the Company	By continuously benchmarking of the best HR practices and carrying out necessary improvements to attract and retain the best talent. Company does not anticipate any major issue for the coming years.
Competition Risk	Every company is always exposed to competition risk. The increase in competition can create pressure on margins, market share etc.	By continuous efforts to enhance the brand image of the Company by focusing on quality, cost, timely delivery and customer service. By introducing new product range commensurate with demands your company plans to mitigate the risks so involved.
Compliance Risk – Increasing regulatory Requirements.	Any default can attract penal provisions.	By regularly monitoring and review of changes in regulatory framework.
Industrial Safety, Employee Health and Safety Risk.	The engineering industry is exposed to accidents and injury risk due to human negligence.	By development and implementation of critical safety standards across the various departments of the factory, establishing training need identification at each level of employee.

**30. Directors' Responsibility Statement**

Your Directors state that—

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. 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 at the end of the financial year and of the profit and loss of the company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis;
- e. the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**31. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has been employing about 7 women employees in various cadres within the factory premises. The Company has in place an anti-harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee has been set up to redress complaints received regularly and are monitored by women line supervisors who directly report to the Executive Director. All employees (permanent, contractual, temporary, trainees) are covered under the policy. There was no complaint received from any employee during the financial year 2016-17 and hence no complaint is outstanding as on 31.03.2017 for redressal.

**32. Acknowledgements**

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.

**By Order of the Board of Directors**

**Ajay Naishad Desai**  
Executive Director  
DIN: 00452821

**Ajay Nalin Parikh**  
Executive Director  
DIN: 00453711

Dated : 22/05/2017

**Registered Office:**

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

**ANNEXURE - A**

**Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Income and Outgo as per rule 8(3) of the Companies (Accounts) Rules, 2014:**

**A) Conservation of energy:**

- |  |     |
|--|-----|
| (i) the steps taken or impact on conservation of energy;                       | NIL |
| (ii) the steps taken by the company for utilising alternate sources of energy; | NIL |
| (iii) the capital investment on energy conservation equipments;                | NIL |

**(B) Technology absorption:**

- |  |   |   |
|--|---|---|
| (i) the efforts made towards technology absorption   | : | Technology developed by the Whole Time Directors                                    |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution                 | : | The Company developed, improved various products, and import substitution in-house. |
| (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- | : | N.A.  |
| (a) the details of technology imported   | : | N.A.  |
| (b) the year of import   | : | N.A.  |
| (c) whether the technology been fully absorbed   | : | N.A.  |
| (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof                                 | : | N.A.  |
| (iv) the expenditure incurred on Research and Development  | : | N.A.  |

**(C) Foreign exchange earnings and Outgo:**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

Foreign exchange earning and outgo

- |  |   |  |
|--|---|--|
| (i) Activities relating to exports   | : | Sale of food processing plants & machinery   |
| (ii) Initiatives taken to increase export  | : | The Directors visit clients abroad several times and the Company expects to receive several export orders from time to time. |
| (iii) Development of new export markets for products and services and export plans | : | Not Applicable   |

[Rupees in Lacs]

Particulars	F.Y. 2016-17	F.Y. 2015-16
Total foreign exchange used	22.41	264.57
Total foreign exchange earned	1693.83	90.65

**Annexure-B****Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis: NOT APPLICABLE**

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Justification for entering into such contracts or arrangements or transactions:
- (f) date(s) of approval by the Board:
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

- (a) Name(s) of the related party and nature of relationship: Tranzmute Capital & Management Private Limited. Mr. Ameet Nalin Parikh, Non-Executive Director of the Company is Director in the said company
- (b) Nature of contracts/arrangements/transactions: Availing professional service in connection with growth, value creation and financial security.
- (c) Duration of arrangements: from 01.10.2015 to 30.09.2020.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Tranzmute Capital & Management Private Limited provides services for establishment of vision and a strategy for the Company, a sound strategy for each of the enablers and for growth and implementation and monitoring the said strategies to enhance company's growth.
- (e) date of approval by the Board: Board approved on 29th May, 2015 for a period of five years with effect from 01.08.2015 to 30.09.2020.
- (g) Amount paid as advances, if any: No advance is paid.

**By Order of the Board of Directors**

Ajay Naishad Desai  
Executive Director  
DIN: 00452821

Ajay Nalin Parikh  
Executive Director  
DIN: 00453711

Date: 22/05/2017

Place: Village: Narpura.

## ANNEXURE-C

Information as per Section 134 of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Note: Rules 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable, as no employee of the Company was in receipt of remuneration for the year in the aggregate of Rs. one crore and two lakh and/ or Rs. eight lakh fifty thousand per month during the financial year 2016-17

Disclosure in the Board's Report under Rule 5 of Companies (Appointment & Remuneration) Rules, 2014

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2016-17	Director's Name		Ratio to median remuneration
		Mr. Ajay Naishad Desai, Whole Time Director		20.43
		Mr. Ajay Nalin Parikh, Whole Time Director		20.43
(ii)	The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2016-17 compared to 2015-16	Director's/CFO/CEO/CS/name		% increase in remuneration
		Mr. Ajay Naishad Desai, WTD		0%
		Mr. Ajay Nalin Parikh, WTD		0%
		Mrs. Prerna Sudeep Bokil, CS		0%
		Mr. R K Bhavsar, CFO		9.18%
(iii)	Percentage increase in the median remuneration of employees in the financial year 2016-17 compared to 2015-16	16.19%		
(iv)	Number of permanent employees on the rolls of the company	As on 31.03.2017		As on 31.03.2016
		154		147
(viii)	Average percentile increase in salaries of Employees other than managerial personnel	During 2016-17		During 2015-16
		16.19%		7.28%
		Justification for increase with reasons for any exceptional circumstances		Normal industry standards applied based on performance of each employee

The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

The statement showing the names of every employee of the company as per Rule 5(2) forming part of Director's Report is not applicable.

# ANNEXURE-D

## ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

1	Brief outline of the Company's CSR policy, projects and programs proposed to be undertaken with web-link to CSR policy and Projects or programs	<p>For us in the AXTEL INDUSTRIES LIMITED, reaching out to underserved communities is part of our HERITAGE. We believe in the trusteeship concept. This entail transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to them.</p> <p><b>Our vision</b> is – "to effectively contribute to the social and economic development of the communities in which we operate. In doing so we intend to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index".</p> <p><b>Our CSR policy include:</b></p> <ol style="list-style-type: none"><li>1. To pursue a corporate strategy that enables realization of the twin goals of shareholder value enhancement and societal value creation in a mutually reinforcing and synergistic manner.</li><li>2. To implement Social Investments / CSR programmes primarily in the economic vicinity of your Company's operations with a view to ensuring the long term sustainability of such interventions.</li><li>3. To contribute to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Indian society especially in rural India.</li><li>4. To collaborate with communities and groups to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through superior farm and agri-extension practices, soil and moisture conservation and watershed management, conservation and development of forest resources, empowering women economically, supplementing primary education and participating in rural capacity building programs and such other initiatives.</li><li>5. To sustain and continuously improve standards of Environment, Health and Safety through the collective endeavor of your Company and its employees at all levels towards attaining world class standards and support other programmes and initiatives, internal or external, for the prevention of illness and combating of diseases as may be considered appropriate from time to time.</li><li>6. To encourage the development of human capital by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.</li></ol>												
2	Composition of the CSR Committee.	<p>The following Directors are appointed as members of Corporate Social Responsibility Committee of the Company:</p> <p>(1) Shri Ajay Parikh, Whole time Director (2) Shri Ameet Parikh, Non-Executive Director (3) Shri Sandeep Lalwani, Non-Executive Independent Director</p>												
3	Average Net profits of the company for the last three financial year	<table><tr><th>Year</th><th>Profit/ loss before tax in Rs.</th></tr><tr><td>2013-14</td><td>+ 4,15,96,487</td></tr><tr><td>2014-15</td><td>- 7,89,01,882</td></tr><tr><td>2015-16</td><td>+ 5,71,94,307</td></tr><tr><td>Total</td><td>+ 1,98,88,912</td></tr><tr><td>Average of 3 years</td><td>+ 66,29,637</td></tr></table>	Year	Profit/ loss before tax in Rs.	2013-14	+ 4,15,96,487	2014-15	- 7,89,01,882	2015-16	+ 5,71,94,307	Total	+ 1,98,88,912	Average of 3 years	+ 66,29,637
Year	Profit/ loss before tax in Rs.													
2013-14	+ 4,15,96,487													
2014-15	- 7,89,01,882													
2015-16	+ 5,71,94,307													
Total	+ 1,98,88,912													
Average of 3 years	+ 66,29,637													
4	Prescribed CSR expenditure (Two percent of the amount in item no.3 above)	2% of Rs. 66,29,637 = Rs. 1,32,593												
5	Details of CSR Spent during the financial year:	<p>Amount budgeted for the year 2016-17 : Indian Rupees 1,33,000/-</p> <p>Amount spent upto 31.03.2017: Indian Rupees 1,33,000/- given to Akhil Bhartiya Vanvasi Kalyan Ashram towards activities of Education &amp; Health</p> <p>Amount Unspent, if any : NIL</p>												

We hereby declare CSR policy is in compliance with CSR objectives as per Section 135 of the Companies Act, 2013 read with Schedule VII of the Act.

Ajay Naishad Desai  
Executive Director  
DIN: 00452821

Ajay Nalin Parikh  
Executive Director  
DIN: 00453711

Date: 22/05/2017

**ANNEXURE-E****DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AS PER REGULATION 36 OF SEBI  
(LODR) Regulations, 2015 WITH THE BOMBAY STOCK EXCHANGE**

Name of the Director	Ameeth Nalin Parikh	Kirit Kumar Pathak
DIN No.	00007036	01849295
Date of Birth	03/11/1960	10/09/1952
Type of appointment	Director retiring by rotation	Director retiring by rotation
Date of Appointment	01/12/2009	13/11/1991
Areas of Specialization	Risk management & finance	Business management
Qualifications	Chartered Accountant	Ph.D.
No. of Shares Held in the Company	NIL	7,65,144
List of Directorship held in other Companies	<ol style="list-style-type: none"> <li>1. Tranzmute Capital &amp; Management Private Limited</li> <li>2. India Capital Research and Advisors Private Limited</li> <li>3. Desmet Ballestra India Private Limited (Alternate Director)</li> <li>4. A2O Software India Private Limited</li> <li>5. Velankani Information Systems Limited</li> <li>6. Mediascope Publicitas (India) Private Limited</li> <li>7. Pdm Media (India) Private Limited</li> <li>8. Tranzmute Business Advisory LLP</li> <li>9. Morphis Business Advisory LLP</li> </ol>	<ol style="list-style-type: none"> <li>1. Mannk Foods (India) Private Limited</li> <li>2. Nilons Enterprises Private Limited</li> </ol>
Chairman/member of the Committee of the Board of Directors of this Company	Member- Audit committee Member- Stakeholders Relationship committee Member- Vigil Mechanism committee.	NIL
Chairman/member of the Committee of the Board of Directors of other Companies	NIL	NIL
Relation with Key Managerial Personnel and Directors	Brother of Mr. Ajay Nalin Parikh	Brother in law of Mr. Ajay Naishad Desai
Justification for appointment	Excellent knowledge in Risk management & finance	Excellent knowledge in business

**ANNEXURE-F****FORM NO. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Axtel Industries Limited,  
Plot No.43, Village: Narpura,  
Ta. Halol, Dist. Panchmahal.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Axtel Industries Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 (audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the company during the audit period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the company during the audit period)
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the company during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the audit period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the company during the audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the company during the audit period)
  - (i) The Securities and Exchange Board of India (Listing and Obligations Disclosure Requirements) 2015.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange. Now Disclosure under SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review except Mr. Hardip Singh Bubber resigned w.e.f. 11<sup>th</sup> November, 2016 for personal reason. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All the decisions at the Board meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and committees, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Dinesh Mehta & CO.  
Company Secretaries**

**Dinesh Mehta  
Proprietor  
C.P.No.2127**

**Place: VADODARA  
Date: 17/05/2017**

**ANNEXURE - G**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31/03/2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS :**

- i) CIN L91110GJ1991PLC016185
- ii) Registration Date 28.08.1991
- iii) Name of the Company AXTEL INDUSTRIES LIMITED
- iv) Category / Sub-Category of the Company Public Company Limited by shares  
Company having share capital
- v) Address of the Registered office and contact details PLOT NO. 43/1, VILLAGE NURPURA,  
P.O. BASKA, TA. HALOL, TA. HALOL,  
PANCHMAHAL - 389350 Gujarat  
Telephone : 02676-247900  
Fax Number : 02676-247125  
Email : info@axtelindia.com
- vi) Whether listed company Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any
- Name of Registrar & Transfer Agents Link Intime India Private Limited
- Address B-102-103, Shangrila Complex, Near Radhakrishna Char Rasta, Akota
- Town / City VADODARA
- State GUJARAT
- Pin Code 390020
- Telephone 0265-2356573
- Fax Number 0265-2356791
- Email Address vadodara@linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SN	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing of food processing plant & machinery	28259	100 %

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

There is no holding, subsidiary and associate companies

SN	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) :

(i) Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	1914307	0	1914307	11.85	1914307	0	1914307	11.85	0.00
b) Central Govt	0	0	0		0	0	0		
c) State Govt (s)	0	0	0		0	0	0		
d) Bodies Corp.	0	0	0		0	0	0		
e) Banks / FI	0	0	0		0	0	0		
f) Any Other....	0	6155000	6155000	38.10	0	6155000	6155000	38.10	0.00
<b>Sub-total (A) (1):-</b>	1914307	6155000	8069307	49.95	1914307	6155000	8069307	49.95	0.00
(2) Foreign									
a) NRIs - Individuals	0	0	0						
b) Other - Individuals	0	0	0						
c) Bodies Corp.	0	0	0						
d) Banks / FI	0	0	0						
e) Any Other....	0	0	0						
<b>Sub-total (A) (2):-</b>	0	0	0						
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	1914307	6155000	8069307	49.95	1914307	6155000	8069307	49.95	0.00
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0		0	0	0		
b) Banks / FI	0	0	0		0	0	0		
c) Central Govt	0	0	0		0	0	0		
d) State Govt(s)	0	0	0		0	0	0		
e) Venture Capital Funds	0	0	0		0	0	0		
f) Insurance Companies	0	0	0		0	0	0		
g) FIs	0	0	0		0	0	0		
h) Foreign Venture Capital Funds	0	0	0		0	0	0		
i) Others (specify)	0	0	0		0	0	0		
<b>Sub-total (B)(1):-</b>	0	0	0		0	0	0		
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	159094	214000	373094	2.30	292858	214000	506858	3.14	0.84
ii) Overseas	0	0	0						
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	1245161	1954365	3199526	19.81	1079291	1917465	2996756	18.55	-1.26
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2322509	0	2322509	14.38	2376945	0	2376945	14.71	0.33
c) Others (specify)									
NRI	1805208	346100	2151308	13.32	1807030	342900	2149930	13.31	-0.01
Clearing Member	39056	0	39056	0.24	55004	0	55004	0.34	+0.10
<b>Sub-total (B)(2):-</b>	5571028	2514465	8085493	50.05	5611128	2474365	8085493	50.05	0.00
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	5571028	2514465	8085493	50.05	5611128	2474365	8085493	50.05	0.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0						
<b>Grand Total (A+B+C)</b>	7485335	8669465	16154800	100.00	7525435	8629365	16154800	100.00	0.00

(II) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Ajay N Desai	921935	5.71	0	921935	5.71	0	0.00
2	Rati Sheopuri	12800	0.08	0	12800	0.08	0	0.00
3	Ajay Parikh	466044	2.88	0	466044	2.88	0	0.00
4	Chhaya Parikh	143298	0.89	0	143298	0.89	0	0.00
5	Karan Parikh	370230	2.29	0	370230	2.29	0	0.00
6	Shivash Business Advisory LLP	3100000	19.19	0	3100000	19.19	0	0.00
7	Chaykar Business Advisory LLP	3055000	18.91	0	3055000	18.91	0	0.00

(III) Change in Promoters' Shareholding (please specify, if there is no change) - NO CHANGE

Sl. No.	Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
NA	NA	NA	NA	NA	NA	NA

(IV) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Neeraj Kirit Pathak	Individual	339462	2.10	339462	2.10
2	Nayan Pathak	Individual	335399	2.08	335399	2.08
3	Anjali Pathak	Individual	335341	2.08	335341	2.08
4	Rani H Bubber	Individual	294650	1.82	294650	1.82
5	Hardipsingh J. Bubber	Individual	212002	1.31	212002	1.31
6	Anita A Bubber	Individual	208225	1.29	208225	1.29
7	Sejal Rikeen Dalal	Individual	200000	1.24	200000	1.24
8	Rajivsingh H Bubber	Individual	171800	1.06	171800	1.06
9	Anuradha Hardipsingh Bubber	Individual	169141	1.05	169141	1.05
10	Indianivesh Financial Advisors Ltd.	Body Corporate	169141	1.05	162187	1.01

(V) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Ajay N Desai	Whole time Director	921935	5.71	921935	5.71
2	Ajay Parikh	Whole time Director	466044	2.88	466044	2.88
3	Kiritkumar Pathak	Non-Executive Director	765144	4.74	765144	4.74
4	Hardipsingh Bubber	Non-Executive Director	212002	1.31	212002	1.31
5	Rajendra K. Bhavsar	Chief Financial Officer	650	0.00	650	0
6	Prema Bokil	Company Secretary	0	0.00	0	0

Note: Mr. Hardipsingh Bubber resigned as Director w.e.f. 11/11/2016

**V. INDEBTEDNESS :**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	101165024	0	0	101165024
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>101165024</b>	<b>0</b>	<b>0</b>	<b>101165024</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	0	0	0	0
Reduction	51562054	0	0	51562054
<b>Net Change</b>	<b>-51562054</b>	<b>0</b>	<b>0</b>	<b>-51562054</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	49602970	0	0	49602970
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>49602970</b>	<b>0</b>	<b>0</b>	<b>49602970</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(Amount in Rupees)

Sl. No.	Name of MD/WT/ Manager	Gross salary			Stock Option	Sweat Equity	Commission		Others	Total	Ceiling as per the Act
		(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			as % of profit	others			
1	Mr. Ajay Naishad Desai	8388000	11894	0	0	0	0	0	0	8399894	8400000
2	Mr. Ajay Nalin Parikh	8374800	25124	0	0	0	0	0	0	8399924	8400000

**B. Remuneration to other directors**

(Amount in Rupees)

Sl. No.	Name of Directors	Independent Directors			Total (1)	Other Non-Executive Directors			Total (2)	Total (1+2)	Total Managerial Remuneration	Overall Ceiling as per the Act
		Fee for attending board / committee meetings	Commission	Others		Fee for attending board committee meetings	Commission	Others				
1	Mr. Kirit Kumar Pathak	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,00,000 per meeting
2	Mr. Ameet Nalin Parikh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,00,000 per meeting
3	Mr. Hardip Singh Bubber	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,00,000 per meeting
4	Mr. Ajit Singh Bubber	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,00,000 per meeting
5	Mr. Sandeep Lalwani	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,00,000 per meeting
6	Mrs. Anjali Harshwardhan Hegde	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,00,000 per meeting
7	Mr. Nikhil Ramesh Parikh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,00,000 per meeting

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTB (Amount in Rupees)**

Sl. No.	Name of Key Managerial Personnel	Gross salary			Stock Option	Sweat Equity	Commission		Others	Total
		(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			as % of profit	others		
1	Mr. Rajendra K. Bhavsar	3663723	0	0	0	0	0	0	0	3663723
2	Mrs. Purna Sudeep Bokil	252000	0	0	0	0	0	0	0	252000

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :**

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>B. DIRECTORS</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>C. OTHER OFFICERS</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

By Order of the Board of Directors

Ajay Naishad Desai  
Executive Director  
DIN: 00452821

Ajay Nalin Parikh  
Executive Director  
DIN: 00453711

## ANNEXURE-H

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### 1) Industry Structure and Developments:

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

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.

##### • Developments:

- ❖ Create new markets quickly through products based on technology
- ❖ Enhance growth by reaching new customers, deepening the customer experience and allowing them to dynamically manage pricing
- ❖ Increase profitability by altering operating cost structures through greater process automation
- ❖ Adopt business models that increase asset efficiency and long-term competitiveness

#### 2) Opportunities and Threats:

- ❖ **Opportunities:** New elements involving new ways with understanding clients and exploring new markets and business models shall open new opportunities for us to build strategic relationship with clients. Our reliability and efficiency of the equipment and effective service are key factors for success in this highly competitive industry.
- ❖ **Threats:** The Company has developed and implemented a risk management framework that includes identification of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company and by adopting various factors such as risk identification, impact assessment, risk evaluation, risk reporting, risk disclosures, risk mitigation and reporting.

#### 3) Segment-wise or product-wise performance:

The Company has only one segment of manufacturing food processing instruments / equipments.

**4) Outlook:**

- The outlook for business is positive as the company continue to remain focused on risk management and mitigation.  
An expected improvement in the economic outlook in 2016-17 as total turnover during the year 2016-17 was Rs.7610.97 lakhs increased by Rs.898.49 lakhs (13.39%) compare to turnover during previous year 2015-16 of Rs.6712.47 lakhs and there is profit of Rs.683.44 lac (after tax) during the year 2016-17 against profit of Rs.480.12 lac (after tax) during the year 2015-16.

**5) Risks and concerns:**

- Commodity Price Risk:** Risk of price fluctuation on basic raw materials like steel, components, power as well as finished goods used in the process of manufacturing.
- Uncertain global economic environment – slow growth in global economy:** Impact on demand and realization of exports of food processing plant and machinery.
- Interest Rate Risk:** Any increase in interest rate can affect the finance cost
- Foreign Exchange Risk:** Any volatility in the currency market can impact the overall profitability
- Human Resources Risk:** Your Company's ability to deliver value is dependent on its ability to attract, retain and nurture talent. Attrition and non-availability of the required talent resource can affect the overall performance of the Company
- Competition Risk:** Every company is always exposed to competition risk from European Countries. The increase in competition can create pressure on margins, market share etc
- Compliance Risk:** Increasing regulatory Requirements: Any default can attract penal provisions
- Industrial Safety, Employee Health and Safety Risk:** The engineering industry is exposed to accidents and injury risk due to human negligence.

**6) 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.

**7) Financial performance:**

Turnover during the year financial year 2016-17 was Rs.7610.97 lakhs showing increase by Rs.898.49 lakhs (13.39%) compare to turnover during previous financial year 2015-16 of Rs.6712.47 lakhs and there is profit of Rs.683.44 lakhs (after tax) during the year 2016-17 against the profit of Rs. 480.12 lakhs (after tax) during the previous year 2015-16.

**8) 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.

## 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. Company's Philosophy On Corporate Governance

Axtel Industries Limited ('the Company' / Axtel) recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. Transparency in the decision making process has been providing comfort to all stakeholders.

### 2. Board of Directors as on 31<sup>st</sup> March, 2017.

The Board comprised of nine Directors comprising two Executive Directors, four Non-Executive Directors and three Non-Executive Independent Directors. The Chairman of the Board was a Non-Executive Independent Director.

**Composition of the Board for the period from 01<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017:**

Name of the Director	Designation	Number of shares held
Shri Kirit Kumar Pathak	Non-Executive Director	7,65,144
Shri Ajay Naishad Desai	Executive Director	9,21,935
Shri Ajay Nalin Parikh	Executive Director	4,66,044
Shri Ameet Nalin Parikh	Non-Executive Director	NIL
*Shri Hardip Singh Bubber	Non-Executive Director	2,12,002
Shri Ajit Singh Bubber	Non-Executive Director	NIL
Shri Sandeep Gul Lalwani	Chairman & Non-Executive Independent Director	NIL
Shri Nikhil Ramesh Parikh	Non-Executive Independent Director	NIL
Mrs. Anjali Harshvardhan Hegde	Non-Executive Independent Director	NIL

Note: \*Shri Hardip Singh Bubber resigned w.e.f. 11/11/2016 on personal ground.

### Attendance of Directors:

Name of the Director	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, 2017 (excluding AXTEL)	No. of Memberships in other Board Committees as on 31 <sup>st</sup> March, 2017 (i.e. committee of AXTEL)
Shri Kirit Kumar Pathak	5	1	Absent	2	0
Shri Ajay Naishad Desai	5	5	Present	2	2
Shri Ajay Nalin Parikh	5	5	Present	0	2
Shri Ameet Nalin Parikh	5	4	Present	7	4
Shri Hardip Singh Jugindersingh Bubber	5	1	Absent	3	0
Shri Ajit Singh Mohansingh Bubber	5	2	Absent	2	0
Shri Sandeep Gul Lalwani	5	4	Absent	3	4
Shri Nikhil Ramesh Parikh	5	4	Absent	5	2
Mrs. Anjali Harshvardhan Hegde	5	2	Absent	1	1

### Board Meeting:

The meetings 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 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017 the Board of Directors met five times on the following dates:

Sr	Date	Board Strength	No. of Directors Present
1	27-05-2016	9	8
2	01-08-2016	9	5
3	10-10-2016	9	3
4	11-11-2016	9	5
5	08-02-2017	8	7

• Disclosure of relationships between directors inter-se:

- Shri Kirit Kumar Pathak is brother-in-law of Shri Ajay Naishad Desai.
- Shri Ajay Nalin Parikh and Shri Ameet Nalin Parikh are brothers.
- None of the other directors are related to any other Director on the Board.

The details of familiarization programmes imparted to independent directors is disclosed on the company's website i.e. [www.axtelindia.com](http://www.axtelindia.com).

- 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Companies Act, 2013.

**3. Audit Committee:**

• Broad Terms of reference of the Audit Committee:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters, if any.

• Audit Committee comprising of the following Directors of the Board:

No.	Name of Director	Designation
1	Shri Sandeep Gul Lalwani	Non-Executive Independent Director
2	Shri Nikhil Ramesh Parikh	Non-Executive Independent Director
3	Shri Ameet Nalin Parikh	Non-Executive Director

- Audit committee meeting was held four times during the year on 27.05.2016, 01.08.2016, 11.11.2016 and 08.02.2017 during the year ended 31<sup>st</sup> March, 2017.

• Attendance during the year in Audit Committee:

No.	Name of Director	Number of meetings held	Number of meetings attended	% of Attendance
1	Shri Sandeep Gul Lalwani	4	4	100 %
2	Shri Nikhil Ramesh Parikh	4	4	100 %
3	Shri Ameet Nalin Parikh	4	4	100 %

**4. Nomination and Remuneration Committee:**

• Broad Terms of reference of the Nomination and Remuneration Committee:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees

- b. To recommend and review remuneration package of Executive Directors, Chief Financial Officer and Company Secretary of the Company.
- c. To formulate criteria for evaluation of performance of independent directors and the board of directors.
- d. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- e. to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

- Nomination and Remuneration Committee comprising of the following Directors of the Board:

No.	Name of Director	Designation
1	Shri Sandeep Gul Lalwani	Non-Executive Independent Director
2	Shri Nikhil Ramesh Parikh	Non-Executive Independent Director
3	Mrs. Anjali Harshvardhan Hegde	Non-Executive Independent Director

- 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.

- Attendance during the year in Nomination and Remuneration Committee:

No.	Name of Director	Number of meetings held	Number of meetings attended	% of Attendance
1	Shri Sandeep Gul Lalwani	1	1	100 %
2	Shri Nikhil Ramesh Parikh	1	1	100 %
3	Mrs. Anjali Harshvardhan Hegde	1	1	100 %

- Remuneration committee meeting was held on 08.02.2017 during the year.

- Performance evaluation criteria for independent directors:

- i. General understanding of the Company's business;
- ii. Educational back ground and experience;
- iii. Personal and professional ethics, integrity and values;
- iv. Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

## 5. Remuneration of directors:

- **Executive Directors :**

Name of the director	Salary	Perquisites	Total
Shri Ajay Naishad Desai	83,88,000	11,894	83,99,894
Shri Ajay Nalin Parikh	83,74,800	25,124	83,99,924

### Terms of Contract:

Name of the director	Date of appointment	Expiry of the contract
Shri Ajay Naishad Desai	1 <sup>st</sup> March, 2017	28 <sup>th</sup> February, 2022
Shri Ajay Nalin Parikh	1 <sup>st</sup> August, 2013	31 <sup>st</sup> July, 2018

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 202 of the Companies Act, 2013.

- **Non-Executive Directors :**

No sitting fee is paid to Non-Executive Directors during the year 2016-17.

- **Key Managerial Personnel:**

Name	Designation	Salary	Remarks
Mrs. Purna Bokil	Company Secretary	Rs.2,52,000	-
Mr. Rajendra K. Bhavsar	Chief Financial Officer	Rs.36,67,223	-

**6. Stakeholders relationship Committee:**

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

No.	Name of Director	Designation
1	Shri Ajay Nalin Parikh	Executive Director
2	*Shri Hardip Singh Jugindersingh Bubber	Non-Executive Director
3	Shri Ajit Singh Mohansingh Bubber	Non-Executive Director

**Note:** \*Shri Hardip Singh Bubber resigned w.e.f. 11/11/2016 on personal ground.

- Stakeholders relationship Committee was re-constituted on 11.11.2016 as under:

No.	Name of Director	Designation
1	Shri Ajay Naishad Desai	Executive Director
2	Shri Ajay Nalin Parikh	Executive Director
3	Shri Ameet Nalin Parikh	Non-Executive Director

- Stakeholders relationship Committee Meeting was held on 27.05.2016 and on 08.02.2017 during the year ended 31<sup>st</sup> March, 2017.

- Attendance during the year in Stakeholders Committee:

No.	Name of Director	Number of meetings held	Number of meetings attended	% of Attendance
1	Shri Ajay Nalin Parikh	2	2	100%
2	Shri Hardip Singh Jugindersingh Bubber	1 (entitled to attend one meeting)	1	100%
3	Shri Ajit Singh Mohansingh Bubber	1 (entitled to attend one meeting)	1	100%
4	Shri Ajay Naishad Desai	1 (entitled to attend one meeting)	1	100%
5	Shri Ameet Nalin Parikh	1 (entitled to attend one meeting)	1	100%

- Other important details:

1.	Name of non-executive director heading the committee	Shri Ameet Nalin Parikh
2.	Name and designation of compliance officer	Mrs. Prerna Bokil, Company Secretary
3.	Number of shareholders' complaints received so far	1 (One)
4.	Number of complaints not solved to the satisfaction of shareholders	0
5.	Number of pending complaints	0

**7. General Body Meetings:**

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

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

AGM	DAY AND DATE	TIME
22nd AGM	Monday, 29th September, 2014	11.00 a.m
23rd AGM	Monday, 31st August, 2015	11.00 a.m
24th AGM	Friday, 30th September, 2016	11.00 a.m

**[B] Whether special resolutions passed in the previous three general meetings? YES**

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

Generally, all the resolutions in the General Body Meetings are passed through e-voting/poll.

**[D] Details of resolutions passed through Postal Ballot: NIL**

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

The Company proposes to pass resolution of General Body Meetings through postal ballot paper as required under the Companies Act, 2013 and follow the procedure given under the said Act.

**8. Means of Communication:**

- 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 Newspapers.  
Half yearly reports are not sent to each household of shareholders as the results of the Company are published in the Newspapers and kept on Company's website.
- Company has not made any presentations to any Institutional Investors / Analyst during the period.
- The Management Discussion & Analysis Report attached herewith forms part of Corporate Governance Report.
- 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)

**9. General Shareholder Information :**

- [A] Annual General Meeting**  
 Day and Date 25<sup>th</sup> Annual General Meeting  
 Thursday, 28<sup>th</sup> September, 2017  
 Time 11.00 a.m.  
 Venue Plot No. 43/1, Village Narpura, P.O. Baska, Tal. HALOL - 389 350, Dist. Panchmahals, Gujarat
- [B] Financial Calender**  
 25<sup>th</sup> Annual General Meeting Thursday, 28<sup>th</sup> September, 2017  
 [01<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018]  
 1<sup>st</sup> Quarterly Result – by 14/08/2017  
 2<sup>nd</sup> Quarterly Result – by 14/11/2017  
 3<sup>rd</sup> Quarterly Result – by 14/02/2018  
 Audited result for the year ended 31/03/2018 by 30/05/2018
- [C] Registered Office**  
 Plot No. 43/1, Village Narpura, P.O. Baska, Tal. HALOL – 389 350, Dist. Panchmahals, Gujarat  
 Tel. [02676] 247900  
 Fax [02676] 247125  
 Corporate Identification number (CIN) L91110GJ1991PLC016185  
 E-mail address [info@axtelindia.com](mailto:info@axtelindia.com)  
 website [www.axtelindia.com](http://www.axtelindia.com)
- [D] Listing on Stock Exchanges**  
 The Stock Exchange, Mumbai Phiroze Jee Jeebhoy Towers, Dalal Street, Mumbai – 400 023  
 Tel: [022] 22721234, 22721233, Fax: [022] 22723719
- [E] Stock Code:**  
 The Stock Exchange, Mumbai 523850  
 ISIN for equity shares of the Company INE 767C01012  
 Listing fee for the year 2016–2017 Paid to the Bombay Stock Exchange
- [F] Market price data:** The equity shares of the Company were traded at the Stock Exchange, Mumbai. The high and low price, number of shares traded during the year 2016-17 are as under:

Month	High Price Rs.	Low Price Rs.	No of shares traded
April-16	23.25	19.25	5,95,218
May-16	26.3	13.00	3,67,358
June-16	14.71	11.50	2,77,867
July-16	22.35	14.01	1,44,665
August-16	23.80	18.35	97,891
September-16	25.95	21.40	2,81,598
October-16	26.30	23.60	2,05,617
November-16	43.85	26.30	6,11,818
December-16	43.85	38.10	1,77,928
January-17	70.15	52.00	4,76,598
February-17	88.70	38.70	4,72,602
March-17	72.50	53.10	1,33,555

**[G] Dematerialization of share and liquidity:**

As on 31<sup>st</sup> March, 2017, 46.65 % of the Company's total shares representing 75,35,435 shares were held in dematerialized form and the balance 53.35% representing 86,19,365 shares were held in paper form.

**[H] Address of Registrars and Share transfer agent:**

Link Intime India Private Limited,  
B-102-103, Shangrila Complex, First Floor,  
Near Radhakrishna Char Rasta, Akota, VADODARA - 390 020  
Telephone No. 0265- 2356573 / 2356794  
E-mail : vadodara@linkintime.co.in  
Website: www.linkintime.co.in

**[I] Share Transfer System:**

The Company's shares are traded in the Bombay Stock Exchange compulsorily in dematerializes 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 India Private Limited, Vadodara.

**[J] Distribution of shareholding as on 31<sup>st</sup> March, 2017:**

Shareholding as per ownership is as under

Category	No. of Shares	Percent
Promoter Group	80,69,307	49.95%
NRI/OCB	21,49,930	13.31%
Bodies Corporate	5,06,858	3.14%
Others	54,28,705	33.60%
Total	1,61,54,800	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 Nulpura, P.O. Baska,  
Tal. HALOL – 389 350, Dist. Panchmahals, Gujarat.  
Tel: [02676] 247900, Fax: [02676] 247125

**[M] Address for correspondence with Company :**

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

**10. Other Disclosures:**

- (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
  - Managerial Remuneration is paid to Shri Ajay Naishad Desai, Executive Director and Shri Ajay Nalin Parikh, Executive Director.
  - Professional fees have been paid to Tranzmute Capital & Management Pvt. Ltd. in which Mr. Ameet Nalin Parikh is Director.
- (b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets during the last three years
  - There was no instance of non-compliance by the company.
- (c) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee
  - The Board has appointed the following persons as members of vigil mechanism:
    1. Shri Ajay Naishad Desai, Whole time Director
    2. Shri Sandeep Gul Lalwani,  
Non-Executive Independent Director
    3. Shri Ameet Nalin Parikh, Non-Executive Director
  - Whistle Blower Policy: The Company has adopted whistle blower policy.
  - There was no instance of denying access to audit committee by any personnel.

- |  |   |
|--|---|
| (d) Details of compliance with mandatory requirements and adoption of non-mandatory requirements | i. The company has complied with all mandatory requirements and the company has not adopted any non-mandatory requirements.<br>ii. The Executive Director has signed declaration stating that members of the Board of Directors and senior management personnel have affirmed compliance with code of conduct of Board of Directors and senior management as required as per para D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015<br>iii. The Executive Director and CFO have given appropriate certification as required under regulation 17(8) read with Schedule II part B of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 to the Board of Directors |
| (e) Web link where policy for determining material subsidiaries is disclosed                     | Not applicable as there is no subsidiary company of the company   |
| (f) Web link where policy on dealing with related party transactions                             | www.axtelindia.com  |
| (g) Disclosure of commodity price risks and commodity hedging activities                         | NOT APPLICABLE  |

11. Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof:  
There was no instance of any non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) specified.
12. The company has not adopted any discretionary requirements as specified in Part E of Schedule II.

**On behalf of the Board of Directors**

Date: 22/05/2017

**Registered Office:**

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

[Ajay Naishad Desai]  
Executive Director  
DIN: 00452821

[Ajay Nalin Parikh]  
Executive Director  
DIN: 00453711

**Certificate on Compliance of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,  
Axtel Industries Limited,  
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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> March 2017.

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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 Dinesh Mehta & Co.  
Company Secretaries**

Place: Vadodara  
Date: 17.05.2017

[Dinesh Mehta]  
Proprietor  
C.P NO. 2127

## INDEPENDENT AUDITOR'S REPORT

To the members of  
**AXTEL INDUSTRIES LIMITED**

### Report on the Financial Statements

We have audited the accompanying Financial Statements of **Axtel Industries Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2017, and its Profit and its Cash Flow for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. we have sought and 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 it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - The Company has provided required disclosures in Financial Statements as to holding as well as dealing in Specified Bank Notes, during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the Books of Accounts maintained by the Company. Refer Note No. of other Notes on Accounts.

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

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

Place: Vadodara  
Date: 22/05/2017

### **"Annexure A" to the Independent Auditors' Report**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
  - The title deeds of immovable properties are held in the name of the company.
- The management has conducted the physical verification of inventory at reasonable intervals.
  - The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- In our opinion and according to the information and explanations given to us, the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable to the company as there are no transactions entered by the company in respect of loans, investments, guarantees, and security to which the provisions of section 185 and 186 of the Companies Act, 2013 apply.
- The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under- sub-section (1) of Section 148 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.
- According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities and that no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable. As informed to us the provisions relating to Employee State Insurance are not applicable to the Company

- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute except for the Fringe Benefit Taxes. According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of Fringe Benefit Tax as at 31<sup>st</sup> March 2017 which have been deposited under protest as it is disputed, details of which is as follows:

Name of Statute	Name of Dues	Amount (₹)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Fringe Benefit Tax	1,93,150/-	P.Y. 05-06 A.Y. 06-07	Dy. Comm. of Income Tax, Godhra for Re-assessment under order of ITAT, Ahmedabad

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals and resolutions mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

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

**Place: Vadodara**  
**Date: 22/05/2017**

## **"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Axtel Industries Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Axtel Industries Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential Components of Internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accountants of India.

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

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

Membership No. : 042774

Place: Vadodara  
Date: 22/05/2017

**BALANCE SHEET AS AT MARCH 31, 2017**

Particulars	Note No.	As at 31st March, 2017 Rs.	As at 31st March, 2016 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	16,15,48,000	16,15,48,000
(b) Reserves and Surplus	2	20,96,33,285	14,15,31,784
(c) Money received against share warrants		-	-
(d) ShareWarrants Alloted		-	-
		<b>37,11,81,285</b>	<b>30,30,79,784</b>
<b>(2) Non - current liabilities</b>			
(a) Long term borrowings	3	-	2,25,00,000
(b) Deferred tax liabilities (Net)	4	-	-
(c) Other long term liabilities	5	4,02,76,723	3,32,24,733
(d) Long Term provisions		-	-
		<b>4,02,76,723</b>	<b>5,57,24,733</b>
<b>(3) Current Liabilities</b>			
(a) Short term borrowings	6	4,96,02,970	7,86,65,024
(b) Trade payables	7	11,53,73,922	8,42,88,224
(c) Other current liabilities	8	6,09,40,298	6,51,37,642
(d) Short term provisions	9	2,46,18,063	2,74,06,543
		<b>25,05,35,253</b>	<b>25,54,97,433</b>
<b>TOTAL</b>		<b>66,19,93,261</b>	<b>61,43,01,950</b>
<b>II. ASSETS</b>			
<b>(1) Non - current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	10	16,27,96,348	18,25,89,758
(ii) Intangible assets	10	27,97,366	36,90,981
(iii) Capital work in progress	11	23,07,260	-
(iv) Intangible assets under development		-	-
		<b>16,79,00,974</b>	<b>18,62,80,739</b>
(b) Non - current investments		-	-
(c) Deferred tax assets (Net)	4	16,37,301	93,636
(c) Long term loans and advances	12	4,60,10,611	3,54,58,212
(d) Other non current assets		-	-
		<b>21,55,48,886</b>	<b>22,18,32,587</b>
<b>(2) Current Assets</b>			
(a) Current Investments	13	3,51,85,677	-
(b) Inventories	14	12,24,83,545	13,68,14,293
(c) Trade receivables	15	17,91,36,177	18,22,68,867
(d) Cash and cash equivalents	16	3,38,22,460	82,53,667
(e) Short term loans and advances	17	7,58,16,516	6,51,32,536
(f) Other current assets		-	-
		<b>44,64,44,375</b>	<b>39,24,69,363</b>
<b>TOTAL</b>		<b>66,19,93,261</b>	<b>61,43,01,950</b>

Significant Accounting policies  
Notes on Financial statement

1 to 28

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

Date: 22.05.2017

(AJAY DESAI)  
Executive Director

Date: 22.05.2017

(AJAY PARIKH)  
Executive Director

(PRERNA BOKIL)  
Company Secretary

(RAJENDRA BHAVSAR)  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

Particulars	Note No.	2016-17		2015-16	
		Rs.	Rs.	Rs.	Rs.
I. Revenue from Operations	18		76,10,96,017		67,12,47,330
II Other Income	19		1,04,98,886		22,38,773
III <b>Total revenue (I + II)</b>			<b>77,15,94,903</b>		<b>67,34,86,103</b>
IV Expenses					
a Cost of materials consumed	20	33,45,85,735		28,67,59,657	
b Changes in inventories of finished goods, work in progress and stock in trade	21	2,98,70,736	36,44,56,471	2,88,97,863	31,56,57,520
c Employee benefits expense	22		16,02,90,098		13,93,51,400
d Finance costs	23		64,12,498		1,37,20,546
e Depreciation and amortization expense	24		2,78,20,560		3,44,58,405
f Other expenses	25		12,95,83,216		11,31,03,925
<b>Total Expenses</b>			<b>68,85,62,843</b>		<b>61,62,91,796</b>
V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			8,30,32,060		5,71,94,307
VI Exceptional Items			1,40,300		
Profit on sale of Assets					
VII Profit/(Loss) before extraordinary items and tax (V-VI)			8,31,72,360		5,71,94,307
VIII Extraordinary Items					
IX Profit before tax (VII-VIII)			8,31,72,360		5,71,94,307
X Tax expense:	26				
(1) Current tax (Refer Note No. 9 in other notes)		1,63,71,241		1,24,00,199	
(2) Deferred tax Asset		(15,43,665)		(32,17,807)	
			1,48,27,576		91,82,392
XI Profit/(Loss) for the period from continuing operations (VII-VIII)			6,83,44,784		4,80,11,915
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)			6,83,44,784		4,80,11,915
XVI Earning per equity share:	28				
(1) Basic			4.23		2.97
(2) Diluted			-		-
Significant Accounting policies					
Notes on Financial statement	1 to 28				

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

(PRERNA BOKIL)  
Company Secretary

(RAJENDRA BHAVSAR)  
Chief Financial Officer

Date: 22.05.2017

Date: 22.05.2017

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Rs.	Rs.	Rs.	Rs.
<b>Cash flows from operating activities</b>				
Profit before taxation		8,31,72,360		5,71,94,307
Adjustments for:				
Depreciation and amortization expense	2,78,20,560		3,44,58,405	
Interest & Dividend received	(65,18,809)		(12,52,558)	
Loss/(gain) on sale of Assets/Investments	(1,40,300)		-	
Interest expenses	51,41,885		1,23,59,387	
		<u>2,63,03,336</u>		<u>4,55,65,234</u>
		10,94,75,696		10,27,59,541
(Increase)/ decrease in trade and other receivables	(1,96,47,354)		(5,23,61,975)	
(Increase)/ decrease in inventories	1,43,30,748		4,17,21,530	
Increase/ (decrease) in trade payables and other payables	3,11,51,864		(9,53,38,761)	
		<u>2,58,35,258</u>		<u>(10,59,79,206)</u>
		13,53,10,954		(32,19,665)
Income taxes paid	1,48,27,576	1,48,27,576	91,82,392	91,82,392
<b>Net cash from operating activities</b>		<u>12,04,83,378</u>		<u>(1,24,02,057)</u>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(97,12,095)		(75,94,687)	
Proceeds from sale of property, plant and equipment	1,68,317		-	
Purchase of investments	(3,51,85,677)		-	
Proceeds from sale of investments	-		-	
Interest & Dividend received	65,18,809		12,52,558	
<b>Net cash from investing activities</b>		<u>(3,82,10,646)</u>		<u>(63,42,129)</u>
<b>Cash flows from financing activities</b>				
Proceeds from issue of Share Capital	-		-	
Proceeds from share Warrants refund	-		-	
Proceeds from long term borrowings	(2,25,00,000)		(3,00,00,000)	
Repayment of short term borrowings	(2,90,62,054)		62,01,594	
Interest paid	(51,41,885)		(1,23,59,387)	
<b>Net cash from financing activities</b>		<u>(5,67,03,939)</u>		<u>(3,61,57,793)</u>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<u>2,55,68,793</u>		<u>(5,49,01,979)</u>
<b>Cash and cash equivalents at beginning of reporting period</b>		<u>82,53,667</u>		<u>6,31,55,646</u>
<b>Cash and cash equivalents at end of reporting period</b>		<u>3,38,22,460</u>		<u>82,53,667</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		3,38,22,460		82,53,667
Short term investments		-		-
Cash and cash equivalents as reported		3,38,22,460		82,53,667
Effect on exchange rate changes		-		-
<b>Cash and cash equivalents as restated</b>		<u>3,38,22,460</u>		<u>82,53,667</u>

In Accordance with our Report of even date

For and on behalf of the Board

For V. K. SHASTRI &amp; CO.,

Chartered Accountants

Firm number: 113325W

(V. K. SHASTRI)

Sole Proprietor

Date: 22.05.2017

(AJAY DESAI)

Executive Director

Date: 22.05.2017

(AJAY PARIKH)

Executive Director

(PRERNA BOKIL)

Company Secretary

(RAJENDRA BHAVSAR)

Chief Financial Officer

## NOTES TO FINANCIAL STATEMENTS

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number	Rs.	Number	Rs.
<b>1 Share Capital:</b>				
<b>Authorized:</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>20,00,00,000</u>
<b>Issued, subscribed and fully paid up:</b>				
161,54,800 Equity shares of Rs.10 /- each				
At the beginning of the reporting period	1,61,54,800	16,15,48,000	1,61,54,800	16,15,48,000
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	<u>1,61,54,800</u>	<u>16,15,48,000</u>	<u>1,61,54,800</u>	<u>16,15,48,000</u>
<b>Total</b>		<u><b>16,15,48,000</b></u>		<u><b>16,15,48,000</b></u>

**Other Information:**

- 1 Particulars of equity share holders holding more than 5% of the total number of equity share capital:

Particulars	As at 31st March, 2017	As at 31st March, 2016
	No. of Shares	No. of Shares
1 Ajay Desai	9,21,935	9,21,935
2 Shivash Business Advisory LLP	31,00,000	31,00,000
3 Chaykar Business Advisory LLP	30,55,000	30,55,000

**2 Reserves and Surplus:****Capital Reserve**

As per last Balance Sheet

- State Capital subsidy

25,00,000

25,00,000

25,00,000

25,00,000

**Revaluation Reserve**

As per last Balance Sheet

20,55,338

23,41,036

Less: Recovered from Depreciation Charge

2,43,283

2,85,698

18,12,055

20,55,338

**Profit and Loss Account**

As per last Balance Sheet

13,69,76,446

9,18,52,127

Less : Arrears Depreciation

-

(28,87,596)

Add: Profit for the year

6,83,44,784

4,80,11,915

20,53,21,230

13,69,76,446

**TOTAL**

20,96,33,285

14,15,31,784

**3 Long term Borrowings****1) Secured Loans:**

Term Loans

- from banks - Bank of Baroda

-

-

2,25,00,000

**TOTAL Long Term Borrowings**

-

2,25,00,000

**Additional Information:**

- a Details of security for secured loans

**Rs. NIL (P.Y. 225,00,000/-) secured Term 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

Term Loan from bank is repayable in 18 Quarterly instalments commencing from 30.09.2014 at interest rate of 12.50% p.a.

# AXTEL INDUSTRIES LIMITED

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>4 Deferred Tax Assestes/Liabilities.</b>		
<b>i) Deferred tax liability:</b>		
a) On account of depreciation on fixed assets	69,60,390	69,60,390
b) On account of timing differences in recognition of expenditure	-	-
<b>Total</b>	<u>69,60,390</u>	<u>69,60,390</u>
<b>ii) Deferred tax asset:</b>		
On account of Unabsorbed losses and depreciation under the Income Tax Act, 1961	85,97,691	70,54,026
<b>Total</b>	<u>85,97,691</u>	<u>70,54,026</u>
<b>Net Deferred tax (liability)/asset</b>	<u>16,37,301</u>	<u>93,636</u>
<b>5 Other Long term liabilities</b>		
Trade Payables	-	-
Employees Benefits	4,02,76,723	3,32,24,733
<b>Total</b>	<u>4,02,76,723</u>	<u>3,32,24,733</u>
<b>6 Short term Borrowings</b>		
<b>1) Secured Loans:</b>		
a) Loans repayable within next 12 Months	-	-
- from Banks - Bank of Baroda	2,25,00,000	3,00,00,000
b) Other Loans and advances		
- For working Capital	2,71,02,970	4,86,65,024
<b>Total</b>	<u>4,96,02,970</u>	<u>7,86,65,024</u>
<b>Additional Information:</b>		
a) <b>Details of security for secured loans</b>		
1 Rs. 271,02,970/- (P.Y. 4,86,65,024/-) secured loan from bank for working Capital Facilities and Rs 2,25,00,000/- (P.Y. 3,00,00,000/-) Secured loan from bank for Expansion are Secured by first charge on hypothecation of Plant and machinery, Book debts and stock and equitable mortgage of land and building.		
<b>7 Trade Payables</b>		
a) To Micro, Small and Medium Enterprises	-	-
b) Others	11,53,73,922	8,42,88,224
<b>Total</b>	<u>11,53,73,922</u>	<u>8,42,88,224</u>
<b>NOTE : Refer Note No. 7 in other notes on Accounts</b>		
<b>8 Other current liabilities:</b>		
a) Deductions Payable	27,086	13,536
b) Advances from customers	4,48,22,482	4,33,46,606
c) Outstanding liability for expenses	6,86,545	7,42,605
d) Statutory liabilities	29,83,088	36,13,798
e) Other Current Liabilities	1,24,21,097	1,74,21,097
<b>Total</b>	<u>6,09,40,298</u>	<u>6,51,37,642</u>
<b>9 Short term provisions:</b>		
a) Provision for Salaries and Wages	76,60,174	66,01,872
b) Others		
Provision for taxation	1,69,57,889	2,08,04,671
<b>Total</b>	<u>2,46,18,063</u>	<u>2,74,06,543</u>
<b>(Note: Provision for Taxation Rs. 1,69,57,889/- is for Current year)</b>		
<b>(P.Y. Rs. 208,04,671/- includes Rs. 84,87,271/- for earlier years)</b>		

10 Fixed Assets:

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK		
	As at 1st April, 2016	Additions for the year	Deductions during the year	As at 31st March, 2017	As at 1st April, 2016	For the year	Depreciation on Revaluation charged to Revaluation Reserve	Depreciation Reversed on Assets Sold	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
<b>Tangible Assets</b>											
<b>Own assets</b>											
Land	1,49,85,703	-	-	1,49,85,703	-	-	-	-	-	1,49,85,703	1,49,85,703
Buildings (Factory)	14,13,19,335	-	-	14,13,19,335	5,73,30,469	79,78,882	50,882	-	6,53,60,233	7,59,59,102	8,39,88,866
Plant & Machinery	11,97,66,193	37,23,995	-	12,34,90,188	6,92,59,880	94,17,792	1,60,324	-	7,88,37,996	4,46,52,192	5,05,06,313
Furniture & Fixtures	1,21,27,234	2,62,350	-	1,23,89,584	76,15,854	12,05,898	-	-	88,21,752	35,87,832	45,11,380
Vehicles	1,63,09,666	-	9,12,657	1,53,97,009	1,34,21,787	9,02,532	-	8,84,640	1,34,39,679	19,57,330	28,87,879
Office equipment	1,18,76,829	2,16,142	-	1,20,92,971	98,86,207	9,16,259	-	-	1,08,02,466	12,90,505	19,90,622
Others	-	-	-	-	-	-	-	-	-	-	-
(Specify nature)											
Buildings (office)	2,13,18,561	-	-	2,13,18,561	83,06,053	6,33,709	32,077	-	89,71,839	1,23,46,722	1,30,12,508
Electrification	1,58,68,485	2,15,250	-	1,60,83,735	94,82,261	16,54,309	-	-	1,11,36,570	49,47,165	63,86,224
Computer Systems	2,81,08,122	20,96,428	-	3,02,04,550	2,37,87,859	33,26,894	-	-	2,71,14,753	30,89,797	43,20,263
	38,16,80,128	65,14,165	9,12,657	38,72,81,636	19,90,90,370	2,60,36,275	2,43,283	8,84,640	22,44,85,288	16,27,96,348	18,25,89,758
<b>Intangible Assets</b>											
<b>Own assets</b>											
Software	69,33,104	8,90,670	-	78,23,774	32,42,123	17,84,285	-	-	50,26,408	27,97,366	36,90,981
Technical Know-how fees	-	-	-	-	-	-	-	-	-	-	-
	69,33,104	8,90,670	-	78,23,774	32,42,123	17,84,285	-	-	50,26,408	27,97,366	36,90,981
	38,86,13,232	74,04,835	9,12,657	39,51,05,410	20,23,32,493	2,78,20,560	2,43,283	8,84,640	22,95,11,696	16,55,93,714	18,62,80,739
Previous year figures	37,78,98,545	1,07,14,687	-	38,86,13,232	16,47,00,792	3,44,58,406	2,85,698	28,87,596	20,23,32,492	18,62,80,739	21,31,97,753

Particulars	As at 31st March, 2017	As at 31st March, 2016
-------------	------------------------	------------------------

11 Capital work in progress:

i) Office Building - Under Construction	2,55,205	-
ii) Office Equipment - Uninstalled	9,76,109	-
iii) Factory Panel Room - Under Construction	8,50,502	-
iv) Quality Control Rooms-Under Construction	2,25,444	-
	<b>23,07,260</b>	-
Less: Provision for impairment	-	-
<b>Total</b>	<b>23,07,260</b>	-

12 Long term loans and advances:

Other loans & advances

Earmarked Funds	3,92,94,868	3,32,24,734
Other Deposits	7,33,478	7,33,478
Advances given against order	59,82,265	15,00,000
<b>Total</b>	<b>4,60,10,611</b>	<b>3,54,58,212</b>

# AXTEL INDUSTRIES LIMITED

Particulars	As at 31st March,2017	As at 31st March,2016
<b>13 Current Investments:</b>		
<b>a) Investments in Mutual funds</b>		
<b>(1) Kotak Low Duration Fund (Standard Growth-Dividend)</b>		
(7,604.637 Units of Rs. 1972.4808 each)	1,50,00,000	-
(Market value as on date 31-03-17, Rs. 1,50,76,018)	-	-
<b>(2) ICICI Prudential Fund (Daily Dividend)</b>		
(1,98,677.660 Units of Rs. 101.60 each)	2,01,85,677	-
(Market value as on date 31-03-17, Rs. 2,01,50,066)		
<b>Total</b>	<b>3,51,85,677</b>	<b>-</b>
<b>14 Inventories:</b>		
i) Raw materials	7,44,11,234	5,88,71,246
ii) Work in progress	4,80,72,311	7,79,43,047
<b>Total</b>	<b>12,24,83,545</b>	<b>13,68,14,293</b>
<b>15 Trade receivables:</b>		
(Unsecured and considered Good)		
i) Trade receivables exceeding six months	3,49,93,381	13,69,399
ii) others	14,41,42,797	18,08,99,468
iii) Considered Doubtful	-	-
<b>Total</b>	<b>17,91,36,177</b>	<b>18,22,68,867</b>
<b>16 Cash and cash equivalents:</b>		
i) Balances with banks		
- in other accounts (Current account)	3,37,61,915	81,28,276
ii) Cash on hand	60,545	1,25,391
<b>Total</b>	<b>3,38,22,460</b>	<b>82,53,667</b>
<b>17 Short term loans and advances:</b>		
(Unsecured and considered Good)		
i) Advances to Staff & Suppliers	86,195	20,04,022
ii) Prepaid Expenses and Interest Accrued	71,66,671	1,05,74,688
iii) Margin Money and other Deposits	3,55,46,435	65,83,470
iv) Foreign Exchange Fluctuations Unrealized	3,67,816	52,029
iii) Balance with Government Authorities		
Excise and Service Tax	1,15,08,196	66,98,064
Income Tax, T.D.S & Other Taxes paid	1,69,77,414	3,92,20,263
Sales Tax, Purchase Tax Recoverable	41,63,789	-
<b>Total</b>	<b>7,58,16,516</b>	<b>6,51,32,536</b>

# AXTEL INDUSTRIES LIMITED

Particulars	2016-17	2015-16
<b>18 Revenue from operations:</b>		
<u>Sale of products</u>		
i) Machines Manufactured	78,06,85,070	69,74,55,934
ii) Others	4,89,17,477	4,78,92,899
<b>Total</b>	<b>82,96,02,547</b>	<b>74,53,48,833</b>
<u>Less:</u>		
Excise duty	6,85,06,530	7,41,01,503
<b>Total</b>	<b>76,10,96,017</b>	<b>67,12,47,330</b>
<b>19 Other Income:</b>		
i) Interest income	67,04,486	12,52,558
ii) Excise Duty Drawback	33,42,100	9,86,215
iii) Trade discount	8,041	-
iv) Dividend	1,85,677	-
v) Other Incomes	2,58,582	-
<b>Total</b>	<b>1,04,98,886</b>	<b>22,38,773</b>
<b>20 Cost of materials consumed:</b>		
a) i) Consumption of raw materials	33,45,85,735	28,67,59,657
<b>Total</b>	<b>33,45,85,735</b>	<b>28,67,59,657</b>
b) Consumption of major raw materials		
i) S.S./M.S. Steel	11,01,26,455	8,55,59,528
ii) Others	22,44,59,280	20,12,00,129
<b>21 Changes in inventories of finished goods, work in progress and stock in trade:</b>		
Stocks at the end of the year		
<u>Work in progress</u>		
Various Machinery and Components	4,80,72,311	7,79,43,047
<b>Total</b>	<b>4,80,72,311</b>	<b>7,79,43,047</b>
Less: Stocks at the beginning of the year		
<u>Work in progress</u>		
Various Machinery and Components	7,79,43,047	10,68,40,910
<b>Total</b>	<b>7,79,43,047</b>	<b>10,68,40,910</b>
<b>(Increase)/Decrease in stock</b>	<b>2,98,70,736</b>	<b>2,88,97,863</b>
<b>22 Employee Benefit Expenses:</b>		
i) Salaries and wages	13,56,64,735	11,57,67,353
ii) Contribution to provident and other funds	54,00,070	44,35,173
iii) Remuneration to whole time directors	1,67,99,818	1,67,99,047
iv) Staff welfare expenses	24,25,475	23,49,827
<b>Total</b>	<b>16,02,90,098</b>	<b>13,93,51,400</b>
<b>23 Finance Costs:</b>		
i) Interest expense	51,41,885	1,23,59,387
ii) Other borrowing costs	23,19,677	18,51,480
iii) Net (gain)/loss on foreign currency transaction and translation	(10,49,064)	(4,90,321)
<b>Total</b>	<b>64,12,498</b>	<b>1,37,20,546</b>

# AXTEL INDUSTRIES LIMITED

Particulars	2016-17	2015-16		
<b>24 Depreciation and amortization:</b>				
i) Depreciation	2,78,20,560	3,44,58,405		
<b>Total</b>	<b>2,78,20,560</b>	<b>3,44,58,405</b>		
<b>25 Other expenses:</b>				
i) Power and fuel	65,19,495	64,56,676		
ii) Labour & job work charges	2,74,93,482	2,44,47,466		
iii) Erection & commissioning	4,55,66,672	3,35,81,921		
iv) Repairs to buildings	1,41,657	1,70,388		
v) Repairs to machinery	2,35,664	1,94,916		
vi) Other Manufacturing Expense	10,43,052	9,88,280		
vii) Selling expenses				
- Freight Outward (Net)	7,25,682	24,50,798		
- Other Selling expenses	17,57,526	27,71,190		
viii) Legal and professional charges	1,17,38,098	1,24,76,633		
ix) Other office Expenses	50,06,152	46,72,736		
x) Insurance	96,39,635	60,06,872		
xi) Rates and taxes	1,58,031	1,62,846		
xii) Repairs others	13,04,810	10,95,380		
xiii) Travelling Expenses	25,76,576	24,71,125		
xiv) Conveyance Expenses	64,37,319	62,11,856		
xv) Payment to the auditors				
- as auditor	1,20,000	1,00,000		
- for taxation matters	-	-		
- for reimbursement of expenses	4,410	5,862		
xvi) CSR Activity expenses	1,33,000	-		
xvii) Donations	1,38,000	90,000		
xviii) Freight Inward & Octroi	59,35,595	42,18,161		
xix) Printing & Stationery	13,05,162	12,73,574		
xx) Postage & Communication	16,01,731	13,92,703		
xxi) Discount, Kasar & Debts written off (Net)	1,467	18,64,542		
<b>Total</b>	<b>12,95,83,216</b>	<b>11,31,03,925</b>		
<b>26 Tax Expense</b>				
Current Tax				
Income tax for the year	1,69,57,889	1,23,17,400		
Income Tax of earlier years	(5,86,648)	82,799		
Deferred Taxes	(15,43,665)	(32,17,807)		
<b>Total</b>	<b>1,48,27,576</b>	<b>91,82,392</b>		
<b>- Additional information:</b>				
<b>a) Value of Imports calculated on CIF basis:</b>				
i) Raw Materials	15,61,082	1,40,56,742		
<b>b) Expenditure in foreign currency: (net of withholding tax)</b>				
i) For Purchase of Raw Material & Travelling Exp.	22,40,921	2,64,56,824		
<b>c) Sr No Particulars Amount % to total Amount % to total</b>				
i) Value of imported raw materials, spare parts and components consumed	19,19,322	0.57%	1,40,56,742	4.90%
ii) Value of indigenous raw materials, spare parts and components consumed	33,26,66,413	99.43%	27,27,02,914	95.10%
<b>Total</b>	<b>33,45,85,735</b>	<b>100%</b>	<b>28,67,59,656</b>	<b>100%</b>
<b>d) Earnings in foreign exchange:</b>				
Export of goods calculated on FOB basis	16,93,83,137	90,65,212		

# AXTEL INDUSTRIES LIMITED

Particulars	2016-17	2015-16
<b>27 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)	8,18,64,950	4,44,62,437
iii) Bills receivable discounted with the bank not matured	-	-
iv) Tax demands under disputes including FBT	1,93,150	1,93,150
b) Commitments		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
ii) Uncalled liability on shares and investments partly paid	-	-
iii) Other Commitments (Specify nature)	-	-
<b>28 Earnings per share:</b>		
<b>After extraordinary item:</b>		
Profit for the year after tax expense	6,83,44,784	4,80,11,915
Less: Preference dividend payable including dividend tax	-	-
	<u>6,83,44,784</u>	<u>4,80,11,915</u>
Weighted average number of equity shares	1,61,54,800	1,61,54,800
Earning per share	4.23	2.97
<b>Before extraordinary item:</b>		
Profit for the year after tax expense	6,83,44,784	4,80,11,915
Adjustment for		
Extraordinary item (net of tax)	-	-
	<u>6,83,44,784</u>	<u>4,80,11,915</u>
Less: Preference dividend payable including dividend tax	-	-
	<u>6,83,44,784</u>	<u>4,80,11,915</u>
Weighted average number of equity shares	1,61,54,800	1,61,54,800
Earning per share	4.23	2.97

## 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 net of CENVAT credit availed on machinery wherever applicable.

**c) Depreciation:**

Depreciation has been provided on all assets except land on written down value method as per the rates derived from the expected life of assets as stated in Schedule II of the Companies Act, 2013, pro-rata depreciation is calculated for all additions made during the year.

Effective from 01.04.2015 the company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II of the Act as against earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act 1956. Accordingly unamortized value is being depreciated/amortized over the revised/remaining useful lives.

**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 recognized 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 amortized by the Company in ten equal installments.

**j) Taxes on Income:**

Tax expense comprises of current, deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

**k) Earning Per Share**

In determining earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

## 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:

Leave EncashmentGratuity

Premium Paid during period-ended 31.03.2017

Rs. 60,00,000

Rs. 70,134/-

The Actuarial liability in respect of Leave Encashment and Gratuity as estimated by LIC of India is approximately equal to the fund value along with the accrued appreciation with L.I.C. of India as per statement of LIC of India given before signing of Balance Sheet. The Company has provided for the difference of Premium payable to equate the Actuarial Valuation of estimated Liability and the Fund Value with LIC of India, whereby there remains no uncovered liability except payment of the premiums 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) Estimated amount of contracts remaining to be executed on capital account and not provided Rs. NIL (Previous year Rs. NIL).
- (6) 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.
- (7) Remuneration to Directors:-  
The Company has paid remuneration to its Executive Directors, in accordance with the provision of Schedule V of the Companies Act, 2013 and as per the special resolution passed by the Company in the Annual general meeting which is within the limits specified therein.
- (8) Current Tax: During the year the income tax provision is made for taxes payable for the year ended 31<sup>st</sup> March, 2017 based on Computation of Income as per provisions of the Income Tax Act, 1961.
- (9) In accordance with Accounting Standard – 17 “Segment Reporting”, segment information has not been disclosed as there is only one product and has no separate segments.
- (10) Depreciation and Amortization expense for the year have been calculated as per provisions of Schedule II of the Companies Act 2013, wherein all the Fixed Assets having not completed their useful life as on 01.04.2014 and shown at the Carrying Value (i.e. Written Down Value) have been depreciated on that value for the remaining useful life as per the rate derived from the expected life of assets
- (11) 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	83,99,894
2.	Ajay N. Parikh	Executive Director	Director's Remuneration	83,99,924
3	Tranzmute Capital & Management Pvt. Ltd.	One of the Director is Director in said company	Professional Fees	30,00,000

- (12) Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided in table below:

Particulars	Specified Bank Notes (SBN)	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1,04,500	20,816	1,25,316
( + ) Permitted Receipts	----	5,77,997	5,77,997
( - ) Permitted Payments	----	3,77,501	3,77,501
( - ) Amount deposited in Banks	1,04,500	----	1,04,500
Closing Cash in hand as on 30.12.2016	----	2,21,312	2,21,312

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

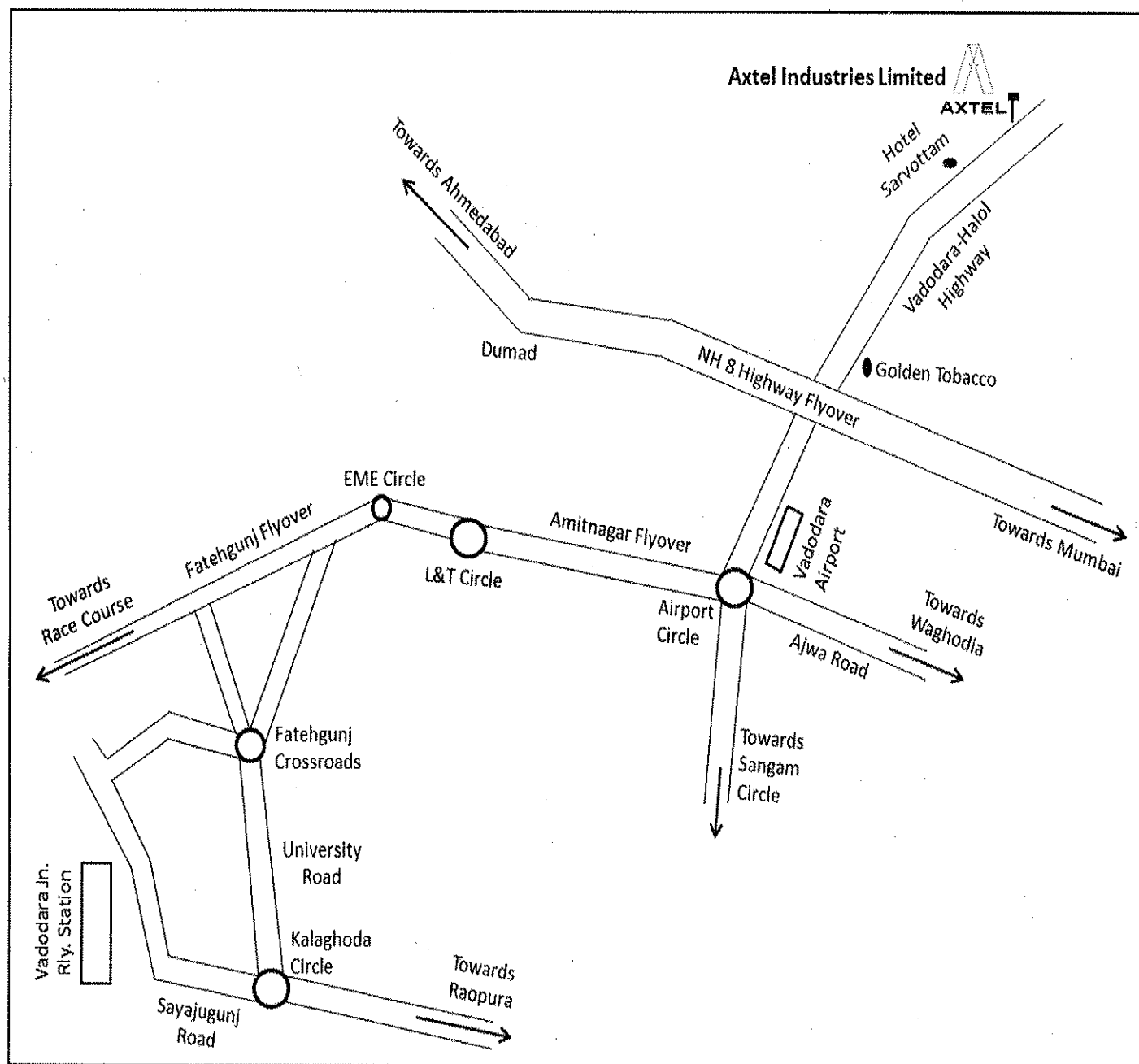
(V. K. SHASTRI)  
Sole Proprietor

(AJAY DESAI) (AJAY PARIKH) (PRERNA BOKIL) (RAJENDRA BHAVSAR)  
Executive Director Executive Director Company Secretary Chief Financial Officer

Date: 22.05.2017  
Place : Nulpura

Date: 22.05.2017  
Place : Nulpura

# ROUTE MAP



## AXTEL INDUSTRIES LIMITED

CIN: L91110GJ1991PLC016185

REGISTERED OFFICE: Plot No. 43/1, Village Narpura, P.O. Baska, Halol - 389 350, Dist. Panchmahals, Gujarat.

E-mail ID: [info@axtelindia.com](mailto:info@axtelindia.com), website: [www.axtelindia.com](http://www.axtelindia.com)

## TWENTY FIFTH ANNUAL GENERAL MEETING

Thursday, 28<sup>th</sup> September, 2017 at 11.00 a.m.

## PROXY FORM

Name of member(s): \_\_\_\_\_ Registered address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_

Member's Folio/Client ID No. \_\_\_\_\_ DP ID No. \_\_\_\_\_

I /We, being the member(s), holding \_\_\_\_\_ shares of the above named Company, hereby appoint:

(1) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her

(2) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him / her

(3) Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fifth Annual General Meeting of the Company, to be held on **Thursday, 28th September, 2017 at 11.00 a.m. at the registered office of the company at Plot No. 43/1, Village Narpura, P.O. Baska, Halol - 389 350, Dist. Panchmahals, Gujarat** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
	<b>Ordinary business</b>		
1.	Adoption of audited financial statements		
2.	Re-appointment of Shri Ameet Nalin Parikh as Director		
3.	Re-appointment of Shri Kirit Kumar Pathak as Director		
4.	Appointment of Statutory Auditors		
	<b>Special business</b>		
5.	Re-appointment of Shri Ajay Nalin Parikh as Executive Director		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Member's Folio/DP ID - Client ID No. \_\_\_\_\_

Signature of shareholder(s) \_\_\_\_\_

Signature of proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp  
Re. 1/-

## Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the company, not less than 48 hours before the commencement of the Meeting.
- For the resolutions, explanatory statement and notes, please refer to the notice of twenty fifth Annual General Meeting.
- It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of member(s) in above box before submission.

**AXTEL  
INDUSTRIES  
LIMITED**

Plot No. 43/1, Village Nurpura,  
P.O. Baska, Taluka: Halol,  
District: Panchmahal - 389350.

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