



Date: 28-09-2018

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

Subject: Intimation- ANNUAL REPORT FOR 2017-18

Sir,

We send annual report for the year 2017-18, approved and adopted at the Annual General Meeting of our Company held on 26th September, 2018, pursuant to regulation 34 of SEBI (LODR) Regulations, 2015.

Thanking You,

Yours Faithfully,

For Axtel Industries Limited

Authorized Signatory



Process
Engineering
Systems

Annual Report
2017-2018

AXTEL INDUSTRIES LIMITED

TWENTY SIXTH ANNUAL REPORT 2017-2018

BOARD OF DIRECTORS	:	<ol style="list-style-type: none">1. Shri Kirit Kumar Pathak, Non-Executive Director2. Shri Ajay Naishad Desai, Executive Director3. Shri Ajay Nalin Parikh, Executive Director4. Shri Ajit Singh Bubber, Non-Executive Director5. Shri Ameet Nalin Parikh, Non-Executive Director6. Shri Sandeep Lalwani, Independent Director7. Shri Nikhil Ramesh Parikh, Independent Director8. Smt. Anjali Harshvardhan Hegde, Independent Director
COMPANY SECRETARY	:	Mrs. Prerna Sudeep Bokil
CHIEF FINANCIAL OFFICER	:	Mr. Rajendra K. Bhavsar
AUDITORS	:	VCA & Associates, Chartered Accountants, Vadodara.
BANKERS	:	Bank of Baroda, Halol
REGISTERED OFFICE & WORKS	:	Plot No. 43 / 1, Village Nurpura, 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 Sixth Annual General Meeting of the members of Axtel Industries Limited will be held at 11.00 a.m. on Wednesday, 26th September, 2018 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 31st March, 2018 and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Ajitsingh Mohansingh Bubber (DIN 00454111), who retires by rotation and being eligible offers himself for re-appointment.
3. To declare dividend for the financial year ended 31st March, 2018.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass the following resolutions as Special Resolutions:
 “RESOLVED that pursuant to section 197, 200 and other provisions applicable, if any and schedule V of the Companies Act, 2013 and subject to approval of central govt. or any other authority required, if any, consent of the members of the company is accorded to fix remuneration of Shri Ajay Naishad Desai, Executive Director (DIN: 00452821) of the Company with effect from the 1st April, 2018 within the limits prescribed hereunder from time to time:
 - [i] Salary:
Not exceeding Rs.14,00,000 (Rupees Fourteen 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.1,68,00,000 (Rupees One Crore Sixty Eight Lac Only) per annum.
 - [iii] 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 Naishad Desai 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 for a period from 1st April, 2018 to 31st March, 2021.
5. To consider and if thought fit, to pass the following resolutions as Special Resolutions:
 “RESOLVED that pursuant to section 197, 200 and other provisions applicable, if any and schedule V of the Companies Act, 2013 and subject to approval of central govt. or any other authority required, if any, consent of the members of the company is accorded to fix remuneration of Shri Ajay Nalin Parikh, Executive Director (DIN: 00453711) of the Company with effect from the 1st April, 2018 within the limits prescribed hereunder from time to time:
 - [i] Salary:
Not exceeding Rs.14,00,000 (Rupees Fourteen 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.1,68,00,000 (Rupees One Crore Sixty Eight Lac Only) per annum.
 - [iii] 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 for a period from 1st April, 2018 to 31st March, 2021.

By the Order of the Board of Directors

Date: 22/05/2018

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 company, society 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 Wednesday, the 19th September, 2018 to Wednesday, the 26th September, 2018 [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 Ajitsingh Mohansingh Bubber (DIN 00454111), Director, retires by rotation at the ensuing annual general meeting and being eligible, offers himself 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 19th September, 2018.
- 14) A person, whose name is recorded in the register of members by the depositories as on the cut-off date, i.e. 19th September, 2018 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 23rd September, 2018
End of e-voting : Up to 5.00 p.m. (IST) on 25th September, 2018

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 23rd September, 2018 and end e-voting at 5.00 p.m. (IST) on 25th September, 2018. 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 19th September, 2018, 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.
- (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 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	Enter your 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"> 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.
Dividend Bank Details OR Date of Birth (DOB)	Enter Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (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 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.
 - 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 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, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Item No. 4

Shri Ajay Naishad Desai was re-appointed as Executive Director of the Company for a period of five years w.e.f. 1st March, 2017 as per special resolutions passed by the members of the Company at the annual general meeting of the Company held on 30th September, 2016.

He is looking after the marketing and administration department of the Company. He is paid remuneration of Rs.7,00,000 per month at present. Looking to the responsibilities shouldered by Shri Ajay Naishad Desai, remuneration committee of the Company has recommended to increase his remuneration from Rs. 7,00,000 per month to Rs. 14,00,000 with effect from 1st April, 2018. The committee recommended to take approval of the members of the Company to fix his remuneration within the limit prescribed in schedule V of the Companies Act, 2013 from time to time.

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. 593.24 lacs for the year ended 31st March, 2018
3. **Export Performance:** The Company has made export of Rs. 1166.66 lacs during the year ended 31st March, 2018.

II. Information about Shri Ajay Naishad Desai, Appointee :

1. **Back Ground Details:** He is a 1st Class graduate in Electrical Engineering. He possesses over 34 years of wide and rich experience in the field of process and equipment design for food and pharmaceutical industries.
2. **Past remuneration :** He is paid remuneration of Rs.7,00,000 per month.
3. **Recognition or awards : Nil**
4. **Job profile and his suitability:**
 - Graduated from The Maharaja Sayjirao University at Vadodara in the year 1981 as an Electrical Engineer and having scored a first class.
 - 1981-83: Worked as a marketing and sales engineer with M/s Finex Sieves Pvt. Ltd., who were at that time a leading company for supply of knowhow and equipment for sieving and straining applications in food, pharmaceutical, chemical, paint, paper and other industries. Shri Ajai Naishad Desai was instrumental in increasing the turnover of the company manifold, which was achieved in a very short period.

- 1985-86: Together with others he formed a partnership company, Aro-Grad Engineering and set up a workshop to manufacture equipment for food and dairy industries. The first customer of Aro-Grad Engineering was Amul Dairy followed by the National Dairy & Development Board. Shri Ajai Naishad Desai worked closely with eminent personalities such as Dr. Verghese Kurien, Dr. V. H. Shah 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.
- 1986-93: Promoted Age Technologies Pvt. Ltd. which was a larger version of Aro-Grad Engineering. This company continued the activities of Aro-Grad Engineering, with a substantially increased manufacturing facility. Age Technologies successfully commissioned various equipment and plants for dairies, food, animal feed and other similar industries. Many of these were import substitutes, eliminating the need for importing similar equipment from advanced countries.
- 1992-till date, as Executive Director with Axtel Industries Ltd. since its inception. Due to Mr. Ajay Desai's efforts Axtel today is the preferred supplier to Indian and MNC food processing companies such as Kraft Foods, Nestle, Cadbury, GlaxoSmithKline, Heinz, ITC, Unilever and several others in India and abroad. Axtel, under the leadership of Mr. Ajay Desai, has over the last 19 years designed processes/systems equivalent to the best in class. Axtel is represented in Western Europe by M/s AnuTec GmbH, Switzerland. Axtel also works very closely with M/s Wenger Inc., U.S.A. for Food and Feed Extrusion Systems.

5. **Remuneration proposed:** Rs.14,00,000 per month with effect from 1st April, 2018.

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 Naishad Desai 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 Naishad Desai 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:

1. **Reasons for inadequate profit:** Due to recessionary trend prevailing in India and abroad the Company could not procure more orders and as a result sales and profit could not be increased as expected.
2. **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.
3. **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 Naishad Desai for drawing his remuneration is 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 remuneration of Shri Ajay Naishad Desai as Executive Director.

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. 1st August, 2013 as per special resolutions passed by the members of the Company at the annual general meeting of the Company held on 31st July, 2013 and necessary approval for his re-appointment as Executive Director of the Company for a period of five years w.e.f. 1st August, 2018 as per special resolutions passed by the members of the Company at the annual general meeting of the Company held on 28th September, 2017.

He is looking after the design and production departments of the Company. He is paid remuneration of Rs.7,00,000 per month at present. Looking to the responsibilities shouldered by Shri Ajay Nalin Parikh, remuneration committee of the Company has recommended to increase his remuneration from Rs.7,00,000 per month to Rs.14,00,000 with effect from 1st April, 2018. The committee recommended to take approval of the members of the Company to fix his remuneration within the limit prescribed in schedule V of the Companies Act, 2013 from time to time.

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.593.24 lacs for the year ended 31st March, 2018.
3. **Export Performance:** The Company has made export of Rs. 1166.66 lacs during the year ended 31st March, 2018.

II. Information about Shri Ajay Nalin Parikh, Appointee :

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 37 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.
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 37 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 20 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.14,00,000 per month with effect from 1st April,2018.
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.

V. 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 is directly or indirectly concerned or interested in the above resolution.

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

By the Order of the Board of Directors

Date:22/05/2018

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 26th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31st March, 2018.

1. Financial summary or highlights/Performance of the Company

The financial results for the year are as under:

[Rupees in Lacs]

PARTICULARS	YEAR ENDED 31.03.2018	YEAR ENDED 31.03.2017
Sales including excise duty and other Income	8374.11	8413.31
Profit before depreciation	1027.39	1110.34
Less: Depreciation	238.71	278.21
Profit/(Loss) of the year	788.68	832.13
Less: Provision for tax	199.64	163.71
Provision for deferred tax	(4.20)	(15.43)
Profit/(Loss) after taxation	593.24	683.85

2. Dividend

Your Board recommends dividend @ Rs. 1.50 (Rupee One and Paise Fifty Only) per equity share (i.e. 15%) of Rs.10 for the financial year 2017-18.

3. Reserves

Your Board does not propose to carry to any reserves for the financial year 2017-18.

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

Total turnover during the year 2017-18 increased by Rs. 539.27 lac (increase of 7.09%) compare to previous year 2016-17 and there is profit of Rs. 593.24 lac (after tax) during the year 2017-18 against profit of Rs. 683.85 lac (after tax) during the year 2016-17.

5. Change in the nature of business, if any

There is no change in the nature of business during the financial year 2017-18.

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. VCA & Associates, Chartered Accountants has been appointed for a period five years pursuant to the provisions of section 139 of the Companies Act 2013 and will continue to act as statutory auditor of the Company.

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 2017-18.

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. Annual return

As per latest amendment in section 92 of the Companies Act, 2013 a copy of annual return will be displayed on Company's web site i.e. www.axtelindia.com after filing annual return, after completion of ensuing annual general meeting with the Registrar of Companies within the time stipulated in said section 92 of Act. However, extract of annual return in Form MGT-9 is attached (Annex-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 has made provision of Rs.4.10 lakh (Rupees Four Lakh Ten Thousands Only) towards corporate social responsibility during the year 2017-18 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 Ajitsingh Mohansingh Bubber (DIN 00454111) Director, retires by rotation at the ensuing annual general meeting and being eligible offered himself for re-appointment as Director.

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 Ajitsingh Mohansingh Bubber (DIN 00454111) Director of the Company retiring by rotation and eligible for re-appointment has given his 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 Ajitsingh Mohansingh Bubber (DIN 00454111), Director 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 1st April, 2017 to 31st March, 2018 the Board of Directors met five times on the following dates:

Sr	Date	Board Strength	No. of Directors Present
1	22-05-2017	8	6
2	31-07-2017	8	5
3	09-10-2017	8	5
4	06-11-2017	8	7
5	01-02-2018	8	7

20. Audit Committee

The members of the Audit Committee of the Company as on 31st March, 2018 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

Smt. Anjali Harshvardhan Hegde, Independent Director was appointed as member of the Audit Committee with effect from 1st April, 2018.

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 as on 31st March, 2018 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 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 Company has 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—

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- 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. Compliance with Secretarial Standards and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015:

The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India and SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 from time to time.

32. 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 2017-18 and hence no complaint is outstanding as on 31.03.2018 for redressal.

33. 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 : 22/05/2018

Registered Office:

Plot No.43/1, Village: Nurpura,
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; Low power illumination is used in factory.
- (ii) the steps taken by the company for utilising alternate sources of energy; The Company has installed solar power plant of 100 KWH as a measure for green energy.
- (iii) the capital investment on energy conservation equipments; The Company has spent Rs.48.91 lakhs for installation of solar power plant of 100 KWH.

(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, : The Company developed, improved various product development or import substitution 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. 2017-18	F.Y. 2016-17
Total foreign exchange used	194.06	15.61
Total foreign exchange earned	1691.96	1693.83

By Order of the Board of Directors

Ajay Naishad Desai
Executive Director
DIN: 00452821

Ajay Nalin Parikh
Executive Director
DIN: 00453711

Dated : 22/05/2018

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 01.08.2015 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 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: 22/05/2018

Place: Village: Nurpura.

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 Rupees one crore and two lakh and/ or Rupees eight lakh fifty thousand per month during the financial year 2017-18

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 2017-18	Ratio to median remuneration	
		21.49	
		21.49	
(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 2017-18 compared to 2016-17	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	8.55%
(iii)	Percentage increase in the median remuneration of employees in the financial year 2017-18 compared to 2016-17	-5.18%	
(iv)	Number of permanent employees on the rolls of the company	As on 31.03.2018	As on 31.03.2017
		152	154
(viii)	Average percentile increase in salaries of Employees other than managerial personnel	During 2017-18	During 2016-17
		18.14%	16.19%
		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.

By Order of the Board of Directors

Ajay Naishad Desai
Executive Director
DIN: 00452821

Ajay Nalin Parikh
Executive Director
DIN: 00453711

Date: 22/05/2018

Place: Village: Nurpura.

ANNEXURE-D

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

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 entails 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>Our vision 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>Our CSR policy include:</p> <ol style="list-style-type: none">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.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.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.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.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.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.												
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</p> <p>(2) Shri Ameet Parikh, Non-Executive Director</p> <p>(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>2014-15</td><td>- 7,89,01,882</td></tr><tr><td>2015-16</td><td>+ 5,71,94,307</td></tr><tr><td>2016-17</td><td>+ 8,31,72,360</td></tr><tr><td>Total</td><td>+ 6,14,64,785</td></tr><tr><td>Average of 3 years</td><td>+ 2,04,88,827</td></tr></table>	Year	Profit/ loss before tax in Rs.	2014-15	- 7,89,01,882	2015-16	+ 5,71,94,307	2016-17	+ 8,31,72,360	Total	+ 6,14,64,785	Average of 3 years	+ 2,04,88,827
Year	Profit/ loss before tax in Rs.													
2014-15	- 7,89,01,882													
2015-16	+ 5,71,94,307													
2016-17	+ 8,31,72,360													
Total	+ 6,14,64,785													
Average of 3 years	+ 2,04,88,827													
4	Prescribed CSR expenditure (Two percent of the amount in item no.3 above)	2% of Rs. 2,04,88,827 = Rs. 4,09,765												
5	Details of CSR Spent during the financial year:	<p>Amount budgeted for the year 2017-18 : Indian Rupees 4,09,765</p> <p>Amount spent upto 31.03.2018: Indian Rupees NIL</p> <p>Amount Unspent, if any : NIL</p> <p>The Company has made provision of Rs.4,10,000 in profit & loss account for the year ended 31st March,2018 and made payment to SOCLEEN in May,2018 for promoting cleaner, greener and pollution free environment.</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.

By Order of the Board of Directors

Date: 22/05/2018
Place: Village: Narpura.

Ajay Naishad Desai Ajay Nalin Parikh
Executive Director Executive Director
DIN: 00452821 DIN: 00453711

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	Shri Ajitsingh Mohansingh Bubber
DIN No.	00454111
Date of Birth	16/06/1962
Type of appointment	Director retiring by rotation
Date of Appointment/ Reappointment	01/04/1995 (Date of Appointment)
Areas of Specialization	Business
Qualifications	S.Y.B.A.
No. of Shares Held in the Company	NIL
List of Directorship held in other Companies	1. Punjab Steel Rolling Mills (Baroda) Private Limited 2. Windwalker Advisors & Agents Private Limited 3. Himself & brother Partner of Bishen Dyeing Printing & Wvg Mills 4. Himself & brother Partner of Fashion Textiles
Chairman/member of the Committee of the Board of Directors of this Company	NIL
Chairman/member of the Committee of the Board of Directors of other Companies	NIL
Relation with Key Managerial Personnel and Directors	NIL
Justification for appointment	knowledge in business

By Order of the Board of Directors

Date: 22/05/2018
Place: Village: Narpura.

Ajay Naishad Desai
Executive Director
DIN: 00452821

Ajay Nalin Parikh
Executive Director
DIN: 00453711

ANNEXURE-F**FORM NO. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018**

[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 31st March, 2018 (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 31st March, 2018 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. 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: 16/05/2018

ANNEXURE - G

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2018

[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	
A. Promoters									
(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
Sub-total (A) (1):-	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						
Sub-total (A) (2):-	0	0	0						
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1914307	6155000	8069307	49.95	1914307	6155000	8069307	49.95	0.00
B. Public Shareholding									
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) FIIs	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		
Sub-total (B)(1):-	0	0	0		0	0	0		
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	292858	214000	506858	3.14	328790	214000	542790	3.36	+0.22
ii) Overseas	0	0	0						
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	1079291	1917465	2996756	18.55	1184682	1873610	3058292	18.93	+0.38
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2376945	0	2376945	14.71	2626328	0	2626328	16.26	+1.55
c) Others (specify)									
NRI including non-repatriation basis	1807030	342900	2149930	13.31	1483710	338600	1822310	11.28	- 2.03
Clearing Member	55004	0	55004	0.34	35773	0	35773	0.22	-0.12
Sub-total (B)(2):-	5611128	2474365	8085493	50.05	5659283	2426210	8085493	50.05	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	5611128	2474365	8085493	50.05	5659283	2426210	8085493	50.05	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0						
Grand Total (A+B+C)	7525435	8629365	16154800	100.00	7573590	8581210	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	0	0
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	77000	0.48
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	162187	1.01	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	Rajendra K. Bhavsar	Chief Financial Officer	650	0.00	1550	0.01
5	Prema Bokil	Company Secretary	0	0.00	0	0

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
Indebtedness at the beginning of the financial year				
i) Principal Amount	49602969	0	0	49602969
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	49602969	0	0	49602969
Change in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	-7082735	0	0	-7082735
Net Change	-7082735	0	0	-7082735
Indebtedness at the end of the financial year				
i) Principal Amount	42520234	0	0	42520234
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	42520234	0	0	42520234

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	8365287	34613	0	0	0	0	0	0	8399900	8400000
2	Mr. Ajay Nalin Parikh	8395220	4630	0	0	0	0	0	0	8399850	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. Ajit Singh Bubber	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,00,000 per meeting
4	Mr. Sandeep Lalwani	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,00,000 per meeting
5	Mrs. Anjali Harshvardhan Hegde	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,00,000 per meeting
6	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	3977073
2	Mrs. Perna 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)
A. COMPANY					
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. DIRECTORS					
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.
C. OTHER OFFICERS					
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

Date: 22/05/2018

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

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. During financial year 2017-18 total turnover during the year 2017-18 was Rs.8150.23 lakhs increased by Rs. 539.27 lakhs (increase of 7.09%) compare to turnover during previous year 2016-17 of Rs.7610.97 lakhs and there is profit of Rs.593.24 lakhs (after tax) during the year 2017-18 against profit of Rs. 683.85 lakhs (after tax) during the year 2016-17.

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:

During financial year 2017-18 total turnover during the year 2017-18 was Rs.8150.23 lakhs increased by Rs. 539.27 lakhs (increase of 7.09%) compare to turnover during previous year 2016-17 of Rs.7610.97 lakhs and there is profit of Rs.593.24 lakhs (after tax) during the year 2017-18 against profit of Rs. 683.85 lakhs (after tax) during the year 2016-17.

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.

By Order of the Board of Directors

Date: 22/05/2018
Place: Village: Nurpura

Ajay Naishad Desai
Executive Director
DIN: 00452821

Ajay Nalin Parikh
Executive Director
DIN: 00453711

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 31st March, 2018.

The Board comprised of eight Directors comprising two Executive Directors, three 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 1st April, 2017 to 31st March, 2018:

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 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

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 st March, 2017 (excluding AXTEL)	No. of Memberships in other Board Committees as on 31 st March, 2017 (i.e. committee of AXTEL)
Shri Kirit Kumar Pathak	5	3	Absent	2	0
Shri Ajay Naishad Desai	5	4	Present	2	2
Shri Ajay Nalin Parikh	5	5	Present	0	2
Shri Ameet Nalin Parikh	5	5	Present	7	4
Shri Ajit Singh Mohansingh Bubber	5	2	Absent	2	0
Shri Sandeep Gul Lalwani	5	5	Absent	3	4
Shri Nikhil Ramesh Parikh	5	5	Absent	5	2
Mrs. Anjali Harshvardhan Hegde	5	1	Absent	2	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 1st April, 2017 to 31st March, 2018 the Board of Directors met five times on the following dates:

Sr	Date	Board Strength	No. of Directors Present
1	22-05-2017	8	6
2	31-07-2017	8	5
3	09-10-2017	8	5
4	06-11-2017	8	7
5	01-02-2018	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.

- 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

Smt. Anjali Harshvardhan Hegde, Independent Director was appointed as member of the Audit Committee with effect from 1st April, 2018.

- Audit committee meeting was held five times during the year on 22.05.2017, 31.07.2017, 09.10.2017, 01.11.2017 and 01.02.2018 during the year ended 31st March, 2018.
- 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	5	5	100 %
2	Shri Nikhil Ramesh Parikh	5	5	100 %
3	Shri Ameet Nalin Parikh	5	5	100 %

4. Nomination and Remuneration Committee:

- Broad Terms of reference of the Nomination and Remuneration Committee:
 - a. 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	0	0	0 %
2	Shri Nikhil Ramesh Parikh	0	0	0 %
3	Mrs. Anjali Harshvardhan Hegde	0	0	0 %

- No remuneration committee meeting was held 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	83,65,287	34,613	83,99,900
Shri Ajay Nalin Parikh	83,95,220	4,630	83,99,850

Terms of Contract:

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

Note: Shri Ajay Nalin Parikh will be re-appointed as Executive Director w.e.f. 1st August, 2018 for a period of five years as per special resolution passed at the AGM held on 28th September, 2017.

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 2017-18.

• **Key Managerial Personnel:**

Name	Designation	Salary	Remarks
Mrs. Prerna Bokil	Company Secretary	Rs.2,52,000	-
Mr. Rajendra K. Bhavsar	Chief Financial Officer	Rs.39,77,073	-

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 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 22.05.2017, 31.07.2017, 06.11.2017 and on 01.02.2018 during the year ended 31st March, 2018.
- 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	4	4	100 %
2	Shri Ajay Naishad Desai	4	4	100 %
3	Shri Ameet Nalin Parikh	4	4	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 during the year 2017-18.	5 (Five)
4.	Number of complaints not solved to the satisfaction of shareholders	0
5.	Number of pending complaints	0

7. CSR Committee:

- This committee, comprises of the following Executive Director and Non-Executive Independent Directors.

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

- CSR Committee Meeting was held on 01.02.2018, during the year ended 31st March, 2018.
- Attendance during the year in CSR Committee:

No.	Name of Director	Number of meetings held	Number of meetings attended	% of Attendance
1	Shri Ajay Nalin Parikh	1	1	100 %
2	Shri Ajay Naishad Desai	1	1	100 %
3	Shri Ameet Nalin Parikh	1	1	100 %

8. 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
23 rd AGM	Monday, 31 st August, 2015	11.00 a.m
24 th AGM	Friday, 30 th September, 2016	11.00 a.m
25 th AGM	Thursday, 28 th September, 2017	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.

8a. 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

9. General Shareholder Information :

[A] Annual General Meeting	26 th Annual General Meeting
Day and Date	Wednesday, 26 th September, 2018
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	26 th Annual General Meeting Wednesday, 26 th September, 2018
[1 st April, 2018 to 31 st March, 2019]	1 st Quarterly Result – by 14/08/2018 2 nd Quarterly Result – by 14/11/2018 3 rd Quarterly Result – by 14/02/2019 Audited result for the year ended 31/03/2019 by 30/05/2019
[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
website	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 2017-2018 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 2017-18 are as under:

Month	High Price Rs.	Low Price Rs.	No of shares traded
April-17	107.00	80.00	4,00,177
May-17	92.85	75.00	1,04,937
June-17	83.00	65.00	78,181
July-17	87.95	70.00	80,056
August-17	75.05	67.30	95,070
September-17	83.00	63.50	1,24,074
October-17	96.40	65.90	2,12,224
November-17	103.90	77.00	3,25,005
December-17	122.50	96.20	5,91,948
January-18	140.40	101.10	3,86,196
February-18	124.00	93.65	1,42,505
March-18	107.20	87.00	1,69,749

[G] Dematerialization of share and liquidity:

As on 31st March, 2018, 46.88 % of the Company's total shares representing 75,73,590 shares were held in dematerialized form and the balance 53.12% representing 85,81,210 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 31st March, 2018: Shareholding as per ownership is as under

Category	No. of Shares	Percent
Promoter Group	80,69,307	49.95%
NRI/OCB	1818351	11.26%
Bodies Corporate	542790	3.36%
Others	57,24,352	35.43%
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 Nurpura, 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 Nurpura, 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 | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • The Board has appointed the following persons as members of vigil mechanism: <ol style="list-style-type: none"> 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 | <ol style="list-style-type: none"> i. The company has complied with all mandatory requirements and the company has not adopted any non-mandatory requirements. 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 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: 22/05/2018

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 31st March 2018.

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: 17.05.2018**

**[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, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity 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 including other Comprehensive Income, cash flows and the Statement of Changes in Equity 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 Ind AS 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 Ind AS 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 of Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2018, and its Profit, total Comprehensive Income, its Cash Flows and the changes in equity for the year ended on that date.

Other Matter

The Comparative financial information of the Company for the year ended March 31, 2018 and the transition date opening balance sheet as on April 1, 2016 prepared in accordance with Ind AS included in these Ind As financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on comparative financial information and the said opening balance sheet dt. 22.05.2017 has expressed an unmodified opinion

Our opinion on the financial statements and our report on Other Legal regulatory Requirements below is not modified in respect of this matter

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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
- d. in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act,
- e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For VCA & ASSOCIATES
Chartered Accountants
FRN: 114414W

(CA. ASHOK THAKKAR)
Partner
Membership No. : 048169

Place: Vadodara
Date: 22/05/2018

"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, 2018:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) 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.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) 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.
- 3) 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.
- 4) 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.
- 5) 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.
- 6) 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.

- 7) (a) 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, 2018 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 31st March 2018 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 Ind AS 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 VCA & ASSOCIATES
Chartered Accountants
FRN: 114414W

(CA. ASHOK THAKKAR)
Partner
Membership No. : 048169

Place: Vadodara
Date: 22/05/2018

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Axtel Industries Limited for year ended 31st March, 2018

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, 2018 in conjunction with our audit of the Ind AS 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, and to the best of our information and according to the explanations given to us, 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, 2018, 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 VCA & ASSOCIATES
Chartered Accountants
FRN: 114414W

(CA. ASHOK THAKKAR)
Partner
Membership No. : 048169

Place: Vadodara
Date: 22/05/2018

BALANCE SHEET AS AT MARCH 31, 2018

(Rs. In Lacs)

Particulars	Note No.	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
(A) ASSETS :				
(1) Non - current assets				
(a) Property Plant and Equipment	1	1,689.76	1,627.96	1,825.90
(b) Other Intangible Assets	1	25.57	27.97	36.91
(c) Capital work in progress	1	-	23.07	-
(d) Financial Assets				
(i) Investments	2	1,422.19	352.26	-
(ii) Trade receivables	-	-	-	-
(iii) Loans and advances	3	425.75	415.28	354.58
(iv) Others	4	29.11	-	354.58
(e) Deferred tax assets (Net)	5	20.57	16.37	0.94
(f) Other non current assets	6	4.16	2.31	-
Total Non-current Assets		3,617.13	2,465.23	2,218.33
(2) Current Assets				
(a) Inventories	7	1,784.84	1,224.84	1,368.14
(b) Financial Assets				
(i) Investments	-	-	-	-
(ii) Trade receivables	8	2,011.59	1,791.36	1,822.69
(iii) Cash and cash equivalents	9	439.62	693.69	148.37
(iv) Bank Balances other than above	-	-	-	-
(iv) Loans and advances	3	110.05	45.68	20.04
(v) Other financial Assets	4	22.14	29.11	0.23
(c) Current Tax Assets (Net)	10	118.24	0.20	184.16
(d) Other current assets	6	243.54	196.97	173.02
Total Current Assets		4,730.02	3,981.85	3,716.65
Total Assets		8,347.15	6,447.08	5,934.97
(B) EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	11	1,615.48	1,615.48	1,615.48
(b) Other Equity	12	2,685.88	2,070.90	1,415.32
Total Equity		4,301.36	3,686.38	3,030.80
Liabilities				
(1) Non - current liabilities				
(a) Financial Liabilities				
(i) Borrowings	13	115.86	-	225.00
(ii) Trade payables	-	-	-	-
(iii) Other financial Liabilities	-	115.86	-	225.00
(b) Provisions	17	352.00	367.15	-
(c) Other Non-current liabilities	-	-	-	-
Total Non-current Liabilities		467.86	367.15	225.00
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	13	309.34	496.03	786.65
(ii) Trade payables	14	1,916.13	1,153.74	842.88
(iii) Other financial Liabilities	15	132.71	90.86	86.80
(b) Other Current liabilities	16	1,164.32	595.15	630.59
(c) Provisions	17	55.43	57.78	332.25
Total Current Liabilities		3,577.93	2,393.55	2,679.17
Total Equity and Liabilities		8,347.15	6,447.08	5,934.97
Significant Accounting policies				
Notes on Financial statements	1 to 32			

In Accordance with our Report of even date

For and on behalf of the Board

For VCA & ASSOCIATES

Chartered Accountants

Firm number: 114414W

(CA ASHOK THAKKAR)

Partner/M.No. 048169

(AJAY DESAI)

Executive Director

(AJAY PARIKH)

Executive Director

(PRERNA BOKIL)

Company Secretary

(RAJENDRA BHAVSAR)

Chief Financial Officer

Date: 22.05.2018

Date: 22.05.2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rs. In Lacs)

Particulars		Note No.	For the year ended on 31st March, 2018 (Rs.) (Rs.)		For the year ended on 31st March, 2017 (Rs.) (Rs.)	
INCOMES						
I.	Revenue from Operations	18		8,305.98		8,296.03
II	Other Income	19		68.13		117.29
III	Total Income (I + II)			8,374.11		8,413.31
IV EXPENSES						
a	Cost of materials consumed	20	4,278.93	-	3,345.86	
b	Purchase of Stock-in-Trade			-		
c	Changes in inventories of finished goods, Work in Progress and Stock in Trade	21	(223.98)	4,054.95	298.71	3,644.56
d	Excise Duty			155.75		685.07
e	Employee benefits expense	22		1,729.69		1,602.90
d	Finance costs	23		50.39		74.62
e	Depreciation and amortization expense	24		238.71		278.21
f	Other expenses	25		1,355.96		1,295.83
Total Expenses				7,585.43		7,581.18
V	Profit/(Loss) before exceptional and tax (III-IV)			788.68		832.13
VI	Exceptional Items					
VII	Profit before Tax (V-VI)			788.68		832.13
VIII	Tax expense:					
(1)	Current tax (Refer Note No. 9 in other notes)		199.64		163.71	
(2)	Deferred tax		(4.20)	195.44	(15.44)	148.28
IX	Profit/(Loss) for the year (IX - XII)			593.24		683.85
X	Other Comprehensive Income					
(i)	Items that will be reclassified to profit or loss			-		-
	Exchange Rate Fluctuation on conversion of Balances and Depreciation of P.P.E Revaluation			(0.07)		(6.11)
	Re-measurement of gain/ Loss on gratuity Plan			(5.57)		(36.13)
(ii)	Income tax relating to items that will be reclassified to profit or loss			1.55		13.96
XI	Total Other Comprehensive Incomes for the period (XIII+XIV)			(4.09)		(28.27)
XII	Total Comprehensive Income for the year (IX+XI)			589.15		655.58
XIII	Earning per equity share:	28				
(1)	Basic			3.67		4.23
(2)	Diluted			3.67		4.23
Significant Accounting policies						
Notes on Financial statement			1 to 32			

In Accordance with our Report of even date

For and on behalf of the Board

For VCA & ASSOCIATES

Chartered Accountants

Firm number: 114414W

(CA ASHOK THAKKAR)

Partner/M.No. 048169

(AJAY DESAI)

Executive Director

(AJAY PARIKH)

Executive Director

(PRERNA BOKIL)

Company Secretary

(RAJENDRA BHAVSAR)

Chief Financial Officer

Date: 22.05.2018

Date: 22.05.2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Rs. In Lacs)

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Cash flows from operating activities		
Profit before taxation - continuing operations	- 788.68	- 832.13
Adjustments for:	- -	- -
Depreciation and amortization expense	238.71 -	278.21 -
Loss/(gain) on sale/W-off of Property Plant and Equipments	- -	(1.40) -
Loss/(Gain) on Current Fin-Assets measured at FVTPL	3.04 -	(0.40) -
Gain on Non-Current Fin-Assets measured at FVTPL	- -	- -
Dividends received	(24.96) -	(1.86) -
Interest received	(13.49) -	(67.04) -
Finance Costs	50.39 -	74.62 -
Provision for doubtful debts and advances (Net)	- -	- -
Bad debts Written off (Net of Provision)	- -	- -
Net Exchange differences	- -	- -
	<u>253.68</u>	<u>282.11</u>
Operating profit before working capital changes	1,042.36	1,114.24
Changes in Working Capital :		
(Increase)/ decrease in trade and other receivables	(483.67) -	73.80
(Increase)/ decrease in inventories	(560.00) -	143.31
Increase/(decrease) in trade payables and other Liabilites	1,379.74 -	346.31
	<u>336.06</u>	<u>563.42</u>
Cash generated from operations	1,378.42	1,677.16
Income taxes paid/refund (Net)	199.64	163.71
Cash flow before extraordinary item	1,178.28	1,512.95
Proceeds from extraordinary item	-	-
Net cash from operating activities	1,178.28	1,512.95
Cash flows from investing activities		
Purchase of property, plant and equipment (including Capital Work in Process)	(277.11)	(97.12)
Proceeds from sale of property, plant and equipment	-	1.68
Proceeds from Sale of Non - Current Investments	401.99	-
Purchase of Investments	(1,474.96)	(351.86)
Placement / Invetment in Bank Deposits		
Encashment/ Redemption of Bank deposits		
Interest received	13.49	67.04
Dividend received	24.96	1.86
Net cash from investing activities	<u>(1,311.63)</u>	<u>(378.39)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Rs. In Lacs)

Particulars	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
Cash flows from financing activities		
Proceeds from Issuance of Equity Share capital	-	-
Proceeds from long term borrowings	139.51	-
Proceeds from short term borrowings	(210.33)	(290.62)
Repayment of long term borrowings	-	(225.00)
Repayment of finance lease obligation		
Interest and Finance cost paid	(50.39)	(74.62)
Dividend paid -	-	-
Net cash from financing activities	(121.21)	(590.24)
Net increase/(decrease) in cash and cash equivalents	(254.56)	544.32
Cash and cash equivalents at beginning of reporting period	692.69	148.37
Cash and cash equivalents at end of reporting period	438.12	692.69

Cash & Cash equivalents:

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	438.12	692.69
Short term investments		
Cash and cash equivalents as reported	438.12	692.69
Effect on exchange rate changes		
Cash and cash equivalents as restated	438.12	692.69

In Accordance with our Report of even date

For and on behalf of the Board

For VCA & ASSOCIATES

Chartered Accountants

Firm number: 114414W

(CA ASHOK THAKKAR)

Partner/M.No. 048169

Date: 22.05.2018

(AJAY DESAI)

Executive Director

Date: 22.05.2018

(AJAY PARIKH)

Executive Director

(PRERNA BOKIL)

Company Secretary

(RAJENDRA BHAVSAR)

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(Rs. In Lacs)

(a) Equity Share Capital

Particulars	Number of Shares	Amount (Rs.) (Rs. in Lacs)
Balance as at 1st April, 2016	1,61,54,800	1,615.48
Changes in equity Share Capital during the year	-	-
Balance as at 31st March, 2017	1,61,54,800	1,615.48
Changes in equity Share Capital during the year	-	-
Balance as at 31st March, 2018	1,61,54,800	1,615.48

(b) Other Equity

(Rs. In Lacs)

Particulars	Reserves & Surplus						Total Other Equity (Rs.)
	Capital Reserve	Other Reserves	Retained Earnings	Share Based Payments	Other Comprehensive Incomes		
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	
Balance as at 1st April, 2016	25.00	20.55	1,369.76	-	-	-	1,415.32
Profit of the year	-	-	683.85	-	-	-	683.85
Recognition of Share based Payments	-	-	-	-	-	-	-
Other Comprehensive Income - Net of Tax	-	-	-	-	(28.27)	-	(28.27)
Total Comprehensive Income of the year	-	-	-	-	(28.27)	-	(28.27)
Payment of Dividend including Corporate	-	-	-	-	-	-	-
Dividend Tax	-	-	-	-	-	-	-
Balance as on 31st March, 2017	25.00	20.55	2,053.62	-	(28.27)	-	2,070.90
Profit of the year	-	-	593.24	-	-	-	593.24
Adjustments to Comprehensive Income	-	-	-	-	(2.43)	-	(2.43)
Other Comprehensive Income - Net of Tax	-	-	-	-	(4.09)	-	(4.09)
Total Comprehensive Income of the year	-	-	-	-	(6.53)	-	(6.53)
Payment of Dividend including Corporate	-	-	-	-	-	-	-
Dividend Tax	-	-	-	-	-	-	-
Balance as on 31st March, 2018	25.00	20.55	2,646.85	-	(6.53)	-	2,685.88

In Accordance with our Report of even date

For and on behalf of the Board

For VCA & ASSOCIATES

Chartered Accountants

Firm number: 114414W

(CA ASHOK THAKKAR)

Partner/M.No. 048169

Date: 22.05.2018

(AJAY DESAI)

Executive Director

Date: 22.05.2018

(AJAY PARIKH)

Executive Director

(PRERNA BOKIL)

Company Secretary

(RAJENDRA BHAVSAR)

Chief Financial Officer

CORPORATE INFORMATION

Axtel Industries Limited was incorporated in 1991 as public limited Company and presently has registered office at P.O. Narpura, Vadodara – Halol Highway, Tal : Halol Dist.: Vadodara. The Equity Shares of the Company are listed on BSE Ltd. (BSE). The Company is principally engaged in business of manufacturing of process engineering equipment for food Pharmaceuticals and Chemical Industries

SIGNIFICANT ACCOUNTING POLICIES

A Basis of preparation

(i) Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

These financial statements for the year ended 31st March, 2018 are the first financials with comparatives, prepared under Ind AS. For all previous periods including the year ended 31st March, 2017, the Company had prepared its financial statements in accordance with the accounting standards notified under companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India.

The accounting policies are applied consistently to all the period presented in the financial statements, including The preparation of the opening Ind AS Balance Sheet as at 1st April, 2016 being the date of transition to Ind AS.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- 1) Certain financial assets and liabilities that are measured at fair value;
- 2) assets held for sale – measured at lower of carrying amount or fair value less cost to sell;
- 3) defined benefit plans – plan assets measured at fair value;

(iii) Current non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (Twelve months) and other criteria set out in the Schedule III to the Act.

(iv) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off rupees in Lacs.

B Use of estimates and judgments

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

C Property, plant and equipment

The Company has applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2016 as the deemed cost under IND AS. Hence, regarded thereafter as historical cost.

Ind AS 101 Exemption: The Company has availed the exemption available under Ind AS 101, whereas the carrying value of property plant and equipment has been carried forward at the amount as determined under the previous GAAP netting off IND AS adjustment such as government grants. Considering the FAQ issued by the ICAI, regarding application of deemed cost, the Company has disclosed the cost as at 1 April, 2016 net of accumulated depreciation.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation:

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. The Company has adopted Written Down Value method rates prescribed in Schedule II of the Act for providing depreciation.

Intangible Assets:

Intangible Assets representing

Computer Software are amortised using Written down value method as per rates and life cycle of Computer stated as per schedule II of the Act

Asset Impairment:

The Company reviews the carrying values of tangible assets for any possible impairment at each balance sheet date. Impairment loss, if any, is recognized in the year in which impairment takes place.

D Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- 1) those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- 2) those measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit & Loss are expensed in the Statement of Profit and Loss.

E Valuation of Inventories

Inventories are valued at lower of the cost and net realizable value. The cost is arrived at moving weighted average method, where till 31st March, 2016 FIFO method was followed and includes related overhead. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company. Change in arriving at cost has no material effect on valuation of this stock.

Cost of WIP, inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.

F Revenue recognition

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty till 30.06.2017 and net of returns, trade allowances, rebates, discounts, loyalty discount, value added taxes/GST.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

Sale of goods

Sales are recognized when substantial risk and rewards of ownership are transferred to customer, in case of domestic customer, generally sales take place when goods are dispatched or delivery is handed over to transporter, in case of export customers, generally sales take place when goods are shipped on-board based on bill of lading.

Sales Return-

The Company recognizes provision for sales return, based on the historical results, measured on net basis of the margin of the sale.

Revenue from services

Revenue from services is recognized in the accounting period in which the services are rendered.

Other operating revenue – Export incentives

Rent and other incomes are recognised on accrual basis and Export Incentives are accounted in the year of export.

G Foreign Exchange Transaction:

- i) Transactions in foreign currencies are accounted for at prevailing exchange rates, Gains and losses arising out of subsequent fluctuations are accounted for on actual payment / realizations in the statement of profit and loss. The Current Assets and Current Liabilities related to foreign currency transactions, other than those covered by forward contracts, remaining unsettled at the end of the year are adjusted at the rates prevailing at the year end.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and loss under OCI

H Borrowings

Borrowings are initially recognized at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

I Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

J Tax Expense:

The tax expense for the period comprises current and deferred tax. Tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognized in the comprehensive income or in equity. In which case, the tax is also recognized in other comprehensive income or equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

K Provision, Contingent Liabilities and Contingent Assets:

A Provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

L Gratuity and other post-employment benefits

Retirement benefit in the form of provident fund and pension fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and pension fund maintained by Government's Employee Provident Fund Organisation. The Company recognizes contribution payable to the provident fund and pension fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity and Leave Encashment which are defined benefits are accrued based on actuarial valuation as at the Balance Sheet date. The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

M Earnings Per Share**Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

N Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standards) Amendment Rules, 2018 containing the following new amendments to Ind AS which the Company has not applied as they are effective for Annual Periods beginning on or after April 1st 2018

Ind AS 115 – Revenue from contracts with customers.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

Ind AS 115 – "Revenue from Contracts with customers"

Ind AS 115 establishes a single model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard, Ind AS 18 "Revenue" and Ind AS 11 "Construction Contracts" when it becomes effective.

The core principle of Ind AS 115 is that, an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. The new standard also requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue.

The Company is in the process of evaluating the impact of adoption of Ind AS 115 on its financial statements.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The Company is in the process of evaluating the impact of adoption of amendment to Ind AS 21 on its financial statements.

1 PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS AND INTANGIBLE ASSETS													(Rs. In Lacs)
Particulars	Property Plant and Equipments									Other Intangible Assets		Capital Work-in-Progress	
	Freehold Land	Factory Building	Plant & Machinery	Furniture & Fixture	Vehicles	Office Equip-ments	Office Building	Electrification	Computer System	Total Tangible Assets	Computer Software		
GROSS CARRYING VALUE (Deemed Cost)													
Balance as at 1st April, 2016	149.86	839.89	505.06	45.11	28.88	19.91	130.13	63.86	43.20	1,825.90	36.91	-	
Additions	-	-	37.24	2.62	-	2.16	-	2.15	20.96	65.14	8.91		
Disposals	-	-	-	-	(0.29)	-	-	-	-	(0.29)			
Reclassification / Adjustments													
Balance as on 31st March, 2017	149.86	839.89	542.30	47.74	28.59	22.07	130.13	66.01	64.17	1,890.75	45.82	23.07	
Additions	2.27	3.63	16.09	12.13	160.83	22.96	-	51.81	18.74	288.46	11.72		
Disposals													
Reclassification / Adjustments													
Balance as on 31st March, 2018	152.13	843.52	558.40	59.87	189.42	45.03	130.13	117.82	82.91	2,179.22	57.54		
ACCUMALATED DEPRECIATION AND AMORTISATION													
Balance as at 1st April, 2016	-	-	-	-	-	-	-	-	-	-	-		
Charge for the year		79.79	94.18	12.06	9.03	9.16	6.34	16.54	33.27	260.36	17.84	-	
Disposals		-	-	-	(0.01)	-	-	-	-	(0.01)	-		
Reclassification / Adjustments		0.51	1.60	-	-	-	0.32	-	-	2.43	-		
Balance as on 31st March, 2017	-	80.30	95.78	12.06	9.02	9.16	6.66	16.54	33.27	262.79	17.84		
Charge for the year		72.00	79.95	11.95	6.16	8.96	5.71	13.63	26.23	224.58	14.12		
Disposals		-	-	-	-	-	-	-	-	-	-		
Reclassification / Adjustments		0.46	1.31	-	-	-	0.31	-	-	2.08	-		
Balance as on 31st March, 2018	-	152.76	177.05	24.00	15.18	18.12	12.67	30.17	59.50	489.45	31.96		
NET CARRYING VALUE													
As At 1st April, 2016													
As At 31st March, 2017	149.86	839.89	505.06	45.11	28.88	19.91	130.13	63.86	43.20	1,825.90	36.91		
As At 31st March, 2018	152.13	690.76	381.35	35.86	174.24	26.91	117.45	87.65	23.41	1,689.76	25.57		
NET CARRYING VALUE													
Property Plant and Equipment													
Intangibles - Computer Software													
Capital Work In Process													
						Total Rs.	1,715.34	238.71	1,679.01	278.21	1,862.81		

- a. The Company has elected to measure all its property, plant and equipment at the previous GAAP Carrying amount i.e. 1st April, 2016 as its deemed cost (Gross Block Value) as on the date of transition to IND AS i.e. On 1st April, 2016 as per Ind AS 101.
- b. The Company has availed the Deemed cost exemption in relation to the property, plant and equipment, capital - work-in-progress and intangibles on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

AXTEL INDUSTRIES LIMITED

(Rs. In Lacs)

Particulars	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Rs.		Rs.		Rs.	
2 INVESTMENTS						
Non - current Investment	-	-	-	-	-	-
<i>Investment in Mutual Funds (at FVTPL)</i>	No of Units	Amount (Rs. In Lacs)	No of Units	Amount (Rs. In Lacs)	No of Units	Amount (Rs. In Lacs)
(1) Kotak Low Duration Fund (Standard Growth-Dividend)	-	-	7,604.64	150.76	-	-
(2) ICICI Prudential Saving Fund - Daily Dividend	12,10,601.79	1,221.21	1,98,667.66	201.50	-	-
(3) ABSL- Short Term Opportunities Fund - Quarterly Dividend -Regular Reinvestment	19,79,127.29	200.99	-	-	-	-
Total - NON- Current Investment		1,422.19		352.26		-
Current Investment	-	-	-	-	-	-
Total - Current Investment		-		-		-
Financial Assets : (Unsecured Considered Good unless otherwise stated)						
3 LOANS & ADVANCES						
Non - current						
Loans/Advance to employees						
Earmarked Funds	403.41	-	392.95	-	332.25	
Deposits	7.33	-	7.33	-	7.33	
Advance Given Against Orders	15.00	-	15.00	-	15.00	
Total Non-Current	425.75		415.28		354.58	
Current						
Loans/Advance to employees	1.69	-	0.86	-	0.42	
Deposits	-	-	-	-	-	
Advance Given Against Orders	108.35	-	44.82	-	19.62	
Total Current	110.05		45.68		20.04	
4 OTHER FINANCIAL ASSETS						
Non - current						
Duty Drawback receivable	29.11	-	-	-	-	
Total Non-Current	29.11		-		-	
Current						
Duty Drawback receivable	22.14	-	29.11	-	0.23	
Interest Accrued on Deposit	-	-	-	-	-	
Total Current	22.14		29.11		0.23	
5 DEFERRED TAX (NET) AND MOVEMENT OF DEFERED TAX ASSET/LIABILITIES						
Defererd Tax Asset on at beginning of year	16.37		0.94		38.36	
Add : Property, Plant and Equip	6.97	-	11.90	-	30.33	
: 43B Disallowanc and Allowances	(2.77)	-	3.54	-	1.85	
Total : Deferred Tax Assets on 31.03.2017	20.57		16.37		70.54	
Total : Deferred Tax Assets on 31.03.2018						
LESS :						
Deferred Tax Liabilites as on 01.04.2016	-		-		(69.60)	
Net Defered Tax Assets	20.57		16.37		0.94	

(Rs. In Lacs)

Particulars	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
6 OTHER ASSETS			
Non - current			
Advance given			
Deposit/balance with Statutory Authorities	4.16	2.31	-
Total- Non-Current	4.16	2.31	-
Current			
Prepaid Expenses	76.58	71.67	105.75
Advance given	-	-	
Deposit/balance with Statutory Authorities	166.95	125.30	67.27
Total - Current	243.54	196.97	173.02
7 INVENTORIES			
Inventories			
<i>(at lower of the cost and Net realisable Value)</i>			
Raw Materials and Componentets	1,080.14	744.11	588.71
Work - in - Progress	704.70	480.72	779.43
Total	1,784.84	1,224.84	1,368.14
8 TRADE RECEIVABLES			
<i>(Unsecured unless otherwise stated)</i>			
Non - current Receivables	-	-	-
Current Receivables			
- Considered Good	2,011.59	1,791.36	1,822.69
- Considered Doubtful	-	-	
Less : Allowance for Doubtful Debts	-	-	
Total	2,011.59	1,791.36	1,822.69
Movement in the expected Credit Loss Allowance			
Balance at the Beginning of the year	-	-	-
Changes in expected Credit Loss Allowance	-	-	-
Note :			
a. The average credit period ranges from 01 to 90 days. No Interest is charged on trade receivable during credit period.			
b. The Company has not provided for expected credit loss as it has used a practical expedient for Computing the expected credit loss allowance for trade receivables based on historical credit loss experience and adjusted to forward looking information. Further, the debts are examined and assessed partywise individually by respective department head and top management, for doubtful recovery, if any. As a final result of the above exercise it is determined that no allowance is required for Credit Loss as there is no bad debts in recent past			
c. Ageing	(%) (Rs. in lacs)	(%) (Rs. in lacs)	(%) (Rs. in lacs)
Within 01 - 90 days	71.47% 1,437.61	69.84% 1,251.14	80.73% 1,471.45
Within 90 -180 days	2.73% 55.00	10.62% 190.28	2.20% 40.18
Within 180 -365 days	9.72% 195.61	7.25% 129.92	8.81% 160.62
Above 365 days	16.08% 323.38	12.28% 220.01	8.25% 150.44
Total	2,011.59	1,791.36	1,822.69

AXTEL INDUSTRIES LIMITED

(Rs. In Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016			
	Rs.	Rs.	Rs.			
9 CASH AND CASH EQUIVALENTS						
Cash and Cash Equivalents	-	-	-			
- Cash on hand	0.95	0.61	1.25			
Balance with Banks	-	-	-			
- In Current Account	20.81	206.22	4.97			
- In EEFC Account	281.60	131.40	76.31			
- In Fixed Deposit Account (with Original Maturity of less than 12 months)	136.27	355.46	65.83			
Total	439.62	693.69	148.37			
10 CURRENT TAX ASSETS /LIABILITES(NET)						
Current						
Advance Tax/Tax deducted At Source	487.46	169.77	392.20			
Less : Current Tax Liabilities						
Provision for taxes	(369.22)	(169.58)	(208.05)			
Total Current Tax Assets (NET)	118.24	0.20	184.16			
11 EQUITY SHARE CAPITAL						
	Number	Amount (₹)	Number	Amount (₹)	Number	Amount (₹)
Authorized:						
2,00,00,000 Equity shares of Rs.10 /- each	2,00,00,000	2,000.00	2,00,00,000	2,000.00	2,00,00,000	2,000.00
		2,000.00		2,000.00		2,000.00
Issued, subscribed and fully paid up:						
161,54,800 Equity shares of Rs.10 /- each	-	-	-	-	-	-
Reconciliation of Equity Shares Outstanding at the begining and at the end of the reporting year						
At the beginning of the reporting period	1,61,54,800	1,615.48	1,61,54,800	1,615.48	1,61,54,800	1,615.48
- Issued during the reporting period	-	-	-	-	-	-
- Bought back during the reporting period	-	-	-	-	-	-
At the close of the reporting period	1,61,54,800	1,615.48	1,61,54,800	1,615.48	1,61,54,800	1,615.48
Total		1,615.48		1,615.48		1,615.48
Other Information:						
Particulars of equity share holders holding more than 5% of the total number of equity share capital:						
Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Nos		Nos		Nos	
1 Ajay Desai	9,21,935	5.71%	9,21,935	5.71%	9,21,935	5.71%
2 Shivash Business Advisory LLP	31,00,000	19.19%	31,00,000	19.19%	31,00,000	19.19%
3 Chaykar Business Advisory LLP	30,55,000	18.91%	30,55,000	18.91%	30,55,000	18.91%

AXTEL INDUSTRIES LIMITED

(Rs. In Lacs)

Particulars	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
12 OTHER EQUITY			
Other Equity			
Reserves and Surplus (*)			
Capital Reserve	25.00	25.00	- 25.00
Other Reserves	20.55	20.55	- 20.55
Retained earnings	2,646.85	2,053.62	- 1,369.76
Other Comprehensive Income Reserve	-	-	- -
OCI	(6.53)	(28.27)	- -
Total	<u>2,685.88</u>	<u>2,070.90</u>	<u>1,415.32</u>
(*) Refer Note 32(3)			
13 BORROWINGS			
(A) Secured			
Term Loans			
Non - current			
- from banks	115.86	-	- 225.00
- from Others	-	-	- -
Total Non-Current	<u>115.86</u>	<u>-</u>	<u>225.00</u>
Current			
- from banks			
Working Capital Loan - Cash Credit	285.70	- 271.03	- 486.65
Current Maturities of Long Term Borrowings	23.64	- 225.00	- 300.00
- from Others	-	-	- -
Total Current	<u>309.34</u>	<u>496.03</u>	<u>786.65</u>
(B) Unsecured			
Non - current			
Total Non-Current	<u>-</u>	<u>-</u>	<u>-</u>
Current	<u>-</u>	<u>-</u>	<u>-</u>
Total Current	<u>-</u>	<u>-</u>	<u>-</u>
Additional Information:			
Details of security for secured loans			
a. Rs. 285,69,634/- (P.Y. 271,02,969/-) secured Working Capital 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. Rs. 115,86,464/- (P.Y. NIL/-) secured Term Loan from bank Secured by first charge on hypothecation of Vehicle Purchase Terms of repayment of term loans : Term Loan from bank is repayable in 60 Monthly instalments comencing from 15.04.2018 at interest rate of 08.31% p.a.			
14 TRADE PAYABLES			
Non - current			
Trade Deposits -Customers	-	-	-
Balance with Statutory Authorities	-	-	-
Total- Non-Current	<u>-</u>	<u>-</u>	<u>-</u>
Current			
Total outstanding dues to Micor and Small Enterprise Creditors	-	-	-
Total outstanding dues to Other Creditors (except referred above)	1,916.13	1,153.74	842.88
Total - Current	<u>1,916.13</u>	<u>1,153.74</u>	<u>842.88</u>

AXTEL INDUSTRIES LIMITED

(Rs. In Lacs)

Particulars	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
15 OTHER FINANCIAL LIABILITIES			
Non - current	-	-	-
Total- Non-Current	-	-	-
Current			
Interest Accrued but not due			
Trade Deposits	5.00	-	-
Employee Related Liabilities	19.58	-	13.36
Liabilities for Expenses	108.13	-	73.44
Liability for Capital goods	-	-	-
Total Current	<u>132.71</u>	<u>90.86</u>	<u>86.80</u>
16 OTHER CURRENT LIABILITIES			
Non - current			
Advance from customers	-	-	-
Total- Non-Current	-	-	-
Current			
Advance from customers	1,142.79	-	594.45
Statutory Dues/liabilities	21.53	-	36.14
Total Current	<u>1,164.32</u>	<u>595.15</u>	<u>630.59</u>
17 PROVISIONS			
Non - current			
Provision for Employee benefits	352.00	-	367.15
Total- Non-Current	<u>352.00</u>	<u>367.15</u>	-
Current			
Provision for Employee benefits	55.43	-	332.25
Provision for Indirect Taxes	-	-	-
Total Current	<u>55.43</u>	<u>57.78</u>	<u>332.25</u>

(Rs. In Lacs)

Particulars	For the year ended on 31st March, 2018 (Rs.)	For the year ended on 31st March, 2017 (Rs.)
18 REVENUE FROM OPERATIONS:		
a) Sale of products		
i) Machines Manufactured	7,986.01	-
Sub -Total (a)	<u>7,986.01</u>	<u>7,806.85</u>
b) Other Revenue Income		
i) Scrap	53.03	-
ii) installation Commissioning Others Services	266.94	-
Sub -Total (b)	<u>319.97</u>	<u>489.17</u>
Grand -Total (a+b)	<u>8,305.98</u>	<u>8,296.03</u>
Less:		
Excise duty	155.75	-
Total	<u>8,150.23</u>	<u>7,610.96</u>

AXTEL INDUSTRIES LIMITED

(Rs. In Lacs)

Particulars	For the year ended on 31st March, 2018 (Rs.) (Rs.)		For the year ended on 31st March, 2017 (Rs.) (Rs.)	
19 OTHER INCOME:				
i) Interest income		13.49	-	67.04
ii) Excise Duty Drawback		22.11	-	33.42
iii) Trade discount		-	-	0.08
iv) Dividend		24.96	-	1.86
v) Rental /Other Incomes		2.80	-	2.59
vi) Gain on Foreign Exchange realisation		7.81	-	10.49
vii) Profit on Sale of Mutual Fund / Assets		1.99	-	1.40
viii) Net gain on financial assets designated at fair value through profit and loss		(5.03)	-	0.40
Total		68.13		117.29
20 COST OF MATERIALS CONSUMED:				
a) i) Consumption of raw materials		4,278.93	-	3,345.86
Total		4,278.93		3,345.86
b) Consumption of major raw materials				
i) S.S./M.S. Steel		1,521.11		1,101.26
ii) Others		2,757.82		2,244.59
21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE:				
Stocks at the end of the year				
Work in progress				
Various Machinery and Components		704.70		480.72
Total		704.70		480.72
Less:				
Stocks at the beginning of the year				
Work in progress				
Various Machinery and Components		480.72		779.43
Total		480.72		779.43
(Increase)/Decrease in stock		(223.98)		298.71
22 EMPLOYEE BENEFIT EXPENSES:				
i) Salaries and Wages, Allowances		1,472.39	-	1,356.65
ii) Contribution to provident and other funds		62.02	-	54.00
iii) Remuneration to whole time directors		168.00	-	168.00
iv) Staff welfare expenses		27.28	-	24.25
Total		1,729.69		1,602.90
23 FINANCE COSTS:				
i) Interest expense		17.94	-	51.42
ii) Other borrowing costs		32.45	-	23.20
Total		50.39		74.62
24 DEPRECIATION AND AMORTIZATION:				
i) Depreciation		238.71	-	278.21
Total		238.71		278.21

AXTEL INDUSTRIES LIMITED

(Rs. In Lacs)

Particulars	For the year ended on 31st March, 2018		For the year ended on 31st March, 2017	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
25 OTHER EXPENSES:				
i) Power and fuel		71.27	-	65.19
ii) Labour & job work charges		340.54	-	274.93
iii) Erection & commissioning		314.92	-	455.67
iv) Repairs to buildings		11.92	-	1.42
v) Repairs to machinery		3.25	-	2.36
vi) Other Manufacturing Expense		12.16	-	10.43
vii) Selling expenses		-	-	-
- Freight Outward (Net)		39.66	-	7.26
- Other Selling expenses		16.80	-	17.59
viii) Legal and professional charges		144.74	-	117.38
ix) Other office Expenses		43.98	-	44.43
x) Insurance		147.07	-	96.40
xi) Rates and taxes		10.74	-	25.33
xii) Repairs others		14.36	-	13.05
xiii) Travelling Expenses		27.25	-	25.77
xiv) Conveyance Expenses		84.09	-	64.37
xv) Payment to the auditors		-	-	-
- as auditor		1.20	-	1.20
- for taxation matters		-	-	-
- for reimbursement of expenses		0.06	-	0.04
xvi) CSR Activity expenses		4.10	-	1.33
xvii) Donations		0.70	-	1.38
xviii) Freight Inward & Octroi		38.98	-	41.23
xix) Printing & Stationery		13.40	-	13.05
xx) Postage & Communication		14.78	-	16.02
Total		<u>1,355.96</u>		<u>1,295.83</u>

26 ADDITIONAL INFORMATION:

Particulars

a) Value of Imports calculated on CIF basis:

i) Raw Materials	174.06	-	15.61
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b) Expenditure in foreign currency: (net of withholding tax)

i) For Purchase of Raw Material and Travel Expenses	194.06	-	22.41
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c) Particulars

	Amount	% to total	Amount	% to total
i) Value of imported raw materials, spare parts and components consumed	180.65	4.22%	19.19	0.57%
ii) Value of indigenous raw materials, spare parts and components consumed	4,098.28	95.78%	3,326.66	99.43%
Total	<u>4,278.93</u>	<u>100%</u>	<u>3,345.86</u>	<u>100%</u>

d) Earnings in foreign exchange:

Export of goods calculated on FOB basis	1,691.96	1,693.83
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(Rs. In Lacs)

Particulars	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
27 CONTINGENT LIABILITIES AND COMMITMENTS: (to the extent not provided for)			
a) Contingent Liabilities:			
i) Claims against the Company not acknowledged as debts			
ii) Guarantees (Bank)	900.63	818.65	444.62
iii) Bills receivable discounted with the bank not matured	-	-	-
iv) Tax demands under disputes including FBT	1.93	1.93	1.93
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)	-	-	-

(Rs. In Lacs)

Particulars	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.
28 EARNINGS PER SHARE:		
Profit After Tax item:		
Profit for the year after tax expense	593.24	683.85
Less:		
Preference dividend payable including dividend tax	-	-
	<u>593.24</u>	<u>683.85</u>
Weighted average number of equity shares	1,61,54,800	1,61,54,800
Basic Earning per share	3.67	4.23
Diluted Earning per share	3.67	4.23
Nominal Value per Share	10	10

29. DEFINED BENEFIT AND CONTRIBUTION PLAN

The employees Gratuity and Leave encash fund Scheme is managed by Trust in association with LIC is a defined benefit fund. The Present Value of Obligation is determined based on actuarial valuation using Project Unit Credit Method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation

(Rs. In Lacs)

I) Reconciliation of Opening and Closing balances of Defined Benefit	For the year ended March 2018		For the year ended March 2017	
	Gratuity benefit	Leave Benefits	Gratuity benefit	Leave Benefits
Defined Benefit Obligation at Beginning of the year	336.12	292.48	315.54	406.45
Liability transferred in/ Acquisitions	-	-	-	-
Current Service Cost	24.50	8.48	22.67	7.91
Interest Cost	15.35	21.50	14.33	30.02
Actuarial (Gain)/loss	-	-	-	-
- Due to Change in financial assumptions	2.35	0.45	0.41	0.07
- Due to experience adjustments	(8.31)	(0.84)	(7.68)	(150.01)
Benefit Paid	(9.46)	(7.04)	(9.16)	(1.96)
Defined Benefit Obligation at the end of the year	360.55	315.03	336.12	292.48

(Rs. In Lacs)

	For the year ended March 2018		For the year ended March 2017	
	Gratuity benefit	Leave Benefits	Gratuity benefit	Leave Benefits
II) Reconciliation of Opening and Closing balances of Fair value of plan				
Defined Benefit Obligation at Beginning of the year	370.00	250.61	316.96	172.12
Expected return on Plan Assets	-	-	-	-
Assets transferred in/ Acquisitions	-	-	-	-
Interest Income	27.22	(18.78)	23.48	15.32
Actuarial (Gain)/loss	(0.39)	36.92	28.86	(6.65)
Employers contribution	0.65	9.82	0.70	69.82
Benefit Paid	-	-	-	-
Fair value of Plan Assets at year end	397.48	278.56	370.00	250.61
Actual return on Plan Assets	26.83	18.14	52.34	8.67
III) Reconciliation of fair value of Assets and Obligations				
Fair value of Plan Assets	397.48	315.03	370.00	292.48
Present Value of Obligation	(360.55)	(278.56)	(336.12)	(250.61)
Amount Recognised in Balance Sheet [Surplus/(Deficit)]	0.00	0.00	0.00	0.00
IV) Expenses recognised during the year				
In Income Statement				
Current Service Cost	24.50	8.48	22.67	7.91
Net Interest Cost	(11.87)	40.28	(9.15)	14.70
Return on Plan Assets	27.22	(18.78)	23.48	15.32
Net Cost	0.00	0.00	0.00	0.00
In Other Comprehensive Income	-	-	-	-
Actuarial (Gain)/ Loss	-	-	-	-
- Due to Change in financial assumptions	2.35	0.45	0.41	0.07
- Due to experience adjustments	(8.31)	(0.84)	(7.68)	(150.01)
Return on Plan Assets	0.39	(36.92)	(28.86)	6.65
Net (Income)/Expense for the period recognised in OCI	(5.57)	-	(36.13)	-
Net (Income)/Expense for the period Not recognised in OCI (as per IND AS - 19)	-	(0.00)	-	(0.00)
V) Investment Details				
Insurance Fund	397.48	278.56	370.00	250.61
VI) Actuarial Assumption				
Financial Assumptions				
- Discount rate	7.10%	7.10%	7.10%	7.10%
- Salary Escalation Rate #	7.00%	7.00%	7.00%	7.00%
- Rate of Employee Turnover	2% at Older ages increasing to 10% at younger ages	2% at Older ages increasing to 10% at younger ages	2% at Older ages increasing to 10% at younger ages	2% at Older ages increasing to 10% at younger ages

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, promotion seniority and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary

VII) Sensitivity Analysis

(Rs. In Lacs)

		For the year ended March 2018		For the year ended March 2017	
		Gratuity benefit	Leave Benefits	Gratuity benefit	Leave Benefits
Discount rate Sensitivity :	Increase by 0.50%	355.94	314.15	332.14	291.85
	(% Change)	-1.28%	-0.28%	-1.18%	-0.22%
	Decrease by 0.50%	365.51	315.99	340.39	293.16
	(% Change)	1.37%	0.31%	1.27%	0.23%
Salary Growth rate Sensitivity :	Increase by 0.50%	365.49	315.99	340.38	293.16
	(% Change)	1.37%	0.30%	1.27%	0.23%
	Decrease by 0.50%	355.91	314.14	332.11	291.84
	(% Change)	-1.29%	-0.28%	-1.19%	-0.22%
Withdrawal rate (WR) Sensitivity :	Increase by 10% (WRx110%)	360.37	315.04	336.01	292.50
	(% Change)	-0.05%	0.001%	-0.03%	0.01%
	Decrease by 10% (WRx90%)	360.73	315.02	336.21	292.45
	(% Change)	0.05%	-0.001%	0.03%	-0.01%

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the method (Projected Unit Credit Method) used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared with the previous period.

30. EFFECT OF FIRST TIME IND AS ADOPTION ON STATEMENT OF PROFIT AND LOSS ACCOUNT OF YEAR ENDED 31ST MARCH, 2017

(Rs. In Lacs)

Particulars		As at 31st March,2017		
		Regrouped previous GAPP 31.03.17 (Audited)	IND AS Adjustment	IND AS 31.03.17
1.	a) Sales and Revenue from Operations	7,610.96	685.07	8,296.03
	b) Other Income	106.39	10.89	117.29
	Total Incomes	7,717.35	695.96	8,413.31
2.	Expenditure			
	a) Cost of Materials Consumed	3,345.86	-	3,345.86
	b) Purchases of Stock-in-Trade		-	
	c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	298.71	-	298.71
	d) Excise Duty Expenses	-	685.07	685.07
	e) Employee Benefits Expenses	1,602.90	-	1,602.90
	f) Finance Cost	64.12	10.49	74.62
	g) Depreciation and Amortisation Expenses	278.21	-	278.21
	h) Other Expenses	1,295.83	-	1,295.83
	Total Expenses	6,885.63	695.56	7,581.18
3.	Profit/(Loss) before Exceptional/extraordinary Items and tax	831.72	0.40	832.13
4.	Exceptional Items	-	-	-
5.	Profit/(Loss) before tax	831.72	0.40	832.13
6.	Tax Expense - Current Tax	163.71		163.71
	- Deferred Tax (Assets)/Liability	(15.44)		(15.44)
7.	Tax Expense - Total	148.28	-	148.28
8.	Profit/(Loss) after tax	683.45	0.40	683.85
9.	Other Comprehensive Incomes	-	(42.24)	(42.24)
	Less : Income tax effect	-	13.96	13.96
10.	Total Comprehensive Incomes	-	(28.27)	(28.27)

Note :

- The Excise duty on Sales is included in Sales figures Under IND AS which as per previous GAAP were shown net of Excise duty. Under IND AS Excise Duty is shown as separate expense head
- The Investment in Mututal Fund were measured at lower of the Cost or Fair Value under previous GAAP. Under IND AS , these financial assets have been classified as FVTPL on the date of transition. Changes in fair value of these investments are recognised in Profit and Loss Account. This has resulted in higher fair value which is being recognised under IND AS as carrying amount has increased by Rs. 0.40 lacs as on 31.03.2017

31. EFFECT OF FIRST TIME IND AS ADOPTION ON STATEMENT OF BALANCE SHEET

AS AT 31ST MARCH, 2016 AND 31ST MARCH, 2017

(Rs. In Lacs)

ASSETS	As at 1st April, 2016			As at 31st March, 2017		
	Regrouped previous GAPP	IND AS Adjustments	IND AS	Regrouped previous GAPP	IND AS Adjustments	IND AS
1) Non-Current Assets						
a) Property, Plant & Equipment	1,825.90		1,825.90	1,627.96		1,627.96
b) Capital Work-in-Progress	-		-	23.07		23.07
c) Other Intangible Assets	36.91		36.91	27.97		27.97
d) Financial Assets						
i) Investment				351.86	0.40	352.26
ii) Loans & Advances	354.58		354.58	415.28		415.28
iii) Other Non Current Financial Assets						
e) Deferred Tax Assets (Net)	0.94		0.94	16.37		16.37
f) Other Non Current Assets	-		-	2.31		2.31
Total Non Current Assets	2,218.33		2,218.33	2,464.83	0.40	2,465.23
Current Assets						
a) Inventories	1,368.14		1,368.14	1,224.84		1,224.84
b) Financial Assets						
i) Investments	-		-	-		-
ii) Trade Receivables	1,822.69		1,822.69	1,791.36		1,791.36
iii) Cash and cash equivalents	148.37		148.37	693.69		693.69
iv) Bank balance other the (iii) above	-		-			
v) Loans & Advances	20.04		20.04	45.68		45.68
vi) Other Current Financial Assets	0.23		0.23	29.11		29.11
c) Current Tax Assets (Net)	184.16		184.16	0.20		0.20
d) Other Current Assets	173.02		173.02	200.65	(3.68)	196.97
Total Current Assets	3,716.65		3,716.65	3,985.53	(3.68)	3,981.85
TOTAL ASSETS	5,934.97		5,934.97	6,450.35	(3.27)	6,447.08
EQUITY :						
a) Equity	1,615.48		1,615.48	1,615.48		1,615.48
b) Other Equity	1,415.32		1,415.32	2,096.33	(25.43)	2,070.90
Total Equity	3,030.80		3,030.80	3,711.81	(25.43)	3,686.38

(Rs. In Lacs)

ASSETS	As at 1st April, 2016			As at 31st March, 2017		
	Regrouped previous GAPP	IND AS Adjustments	IND AS	Regrouped previous GAPP	IND AS Adjustments	IND AS
1) Non-Current Liabilities						
a) Financial Liabilities						
i) Borrowings	225.00		225.00	-		-
ii) Other Financial Liabilities	-		-			
b) Provisions	-		-	367.15		367.15
c) Other non-current Liabilities	-		-	-		-
Total Non Current Liabilities	225.00		225.00	367.15		367.15
2) Current Liabilities						
a) Financial Liabilities						
i) Borrowings	786.65		786.65	496.03		496.03
ii) Trade Payables	842.88		842.88	1,153.74		1,153.74
iii) Other Financial Liabilities	86.80		86.80	90.86		90.86
b) Other Current Liabilities	630.59		630.59	595.15		595.15
c) Provisions	332.25		332.25	35.62	22.16	57.78
Total Current Liabilities	2,679.17		2,679.17	2,371.39	22.16	2,393.55
TOTAL LIABILITIES	5,934.97		5,934.97	6,450.35	(3.27)	6,447.08

Note :

- The Investment in Mutual Fund were measured at lower of the Cost or Fair Value under previous GAAP. Under IND AS, these financial assets have been classified as FVTPL on the date of transition. Changes in fair value of these investments are recognised in Profit and Loss Account. This has resulted in higher fair value which is being recognised under IND AS as carrying amount has increased by Rs. 0.40 lacs as on 31.03.2017.
- Under the previous GAAP, the Amount held in foreign Currency in EEFC account where converted on Balance Sheet date in Indian Rupees at Closing exchange rate of respective currency on that date. Since the gain or loss on conversion on balance sheet date were not realised this amount of Rs. 3.67 lac was transferred to foreign exchange fluctuation suspense reserve, which was either debit or credit and reversed in next year. Under IND AS such gain or loss on balance sheet date is recognised under Other Comprehensive Income and same is debited under OCI in Profit and Loss Account and hence the debit of Loans and advances have reduced.
- Under the previous GAAP, the actuarial gains and losses were not there as specific provisions were made. Under IND AS the actuarial gain and loss forming part of the remeasurement of defined benefit liability i.e. Gratuity in this case are recognised in Other Comprehensive Income Net of Tax. The Actuarial Loss of Rs. 22.16 lacs net of tax in respect of increase in liability as on transition date is recognised under IND AS and Current provision has been increased.

32. OTHER NOTES ON ACCOUNTS

(1) FAIR VALUE MEASUREMENT

Financial Instrument by category and hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.
- Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.
- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instrument by valuation technique.

Level 1 : Quoted (unadjusted) price in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(Rs. In Lakhs)

Financial Assets and Liabilities	As at 31st March, 2018				As at 31st March, 2017				As at 1st April, 2016			
	Carrying Amount	Level of Input used in			Carrying Amount	Level of Input used in			Carrying Amount	Level of Input used in		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
At Amortised Cost Financial Assets												
Loans & Advance	535.79	-	-	535.79	460.97	-	-	460.97	374.62	-	-	374.62
Trade Receivables	2011.59	-	-	2011.59	1791.36	-	-	1791.36	1822.69	-	-	1822.69
Other Financial Assets	51.26	-	-	51.26	29.11	-	-	29.11	0.23	-	-	0.23
Cash & Cash Equivalents	439.62	-	-	439.62	693.69	-	-	693.69	148.37	-	-	148.37
Other Bank Balances	-	-	-	-	-	-	-	-	-	-	-	-
Total	3038.26			3038.26	2975.13			2975.13	2345.91			2345.91
At FVTPL Financial Assets												
Investment in Mutual Funds	1422.19	-	-	1422.19	352.26	-	-	352.26	-	-	-	-
At FTOCI Financial Assets												
	-	-	-	-	-	-	-	-	-	-	-	-
At Amortised Cost Financial Liabilities												
Borrowings	425.20	-	-	425.20	496.03	-	-	496.03	1011.65	-	-	1011.65
Other Financial Liabilities	132.71	-	-	132.71	90.86	-	-	90.86	86.80	-	-	86.80
Trade Payables	1916.13	-	-	1916.13	1153.74	-	-	1153.74	842.88	-	-	842.88
Total	2474.04			2474.04	1740.63			1740.63	1941.33			1941.33
At FVTPL Financial Liabilities												
	-	-	-	-	-	-	-	-	-	-	-	-

Fair value measurements using significant unobservable inputs (level 3)

The following Table presents the change in level 3 items for the year ended 31st March, 2018 and 31st March, 2017 (Rs. In Lakhs)

	Mutual Fund Instrument
As at 1 April 2016	-
Acquisitions	352.26
Disposal	-
Gain/losses recognised in profit or loss	
As at 31st March, 2017	352.26
Acquisitions	1475.10
Disposal	403.08
Gain/losses recognised in profit or loss	1.99
As at 31st March, 2018	1422.29

(2) Financial risk management objectives and policies

In the course of business, the company is exposed to certain financial risk that could have considerable influence on the Company's business and its performance. These include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk. The Board of Directors review and approves risk management structure and policies for managing risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides service to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The company uses derivative financial instruments, if required, to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

a) Market Risk - Interest rate risk:

Interest rate risk is risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The Sensitivity analysis below has been determined based on the exposures to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible changes in interest rates.

Exposure to interest rate risk

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Total Borrowings	425.20	496.03	1011.65
% of Borrowings out of above bearing variable rate of interest	67.19 %	54.64 %	48.10 %

Interest rate Sensitivity

A change of 50 bps in interest rates would have following Impact on profit before tax

(Rs. In Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
50 bp increase would decrease the profit before tax by	1.43	1.36
50 bp decrease would Increase the profit before tax by	1.43	1.36

b) Market Risk- Foreign currency risk.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities. The Company manages its foreign Currency risk, if required, by hedging transaction that are expected to occur within a maximum 12 month periods for hedge of forecasted sales and purchases in foreign currency.

The hedging is done, if required, through foreign currency forward contracts. In past year, the company has not much imports, but has exports which are more, hence foreign exchange exposure for exports proceeds due cover the liability of import dues, thus hedging was not required to cover foreign exchange exposure of the Company

Unhedged foreign currency exposure

Market Risk - Foreign Currency Risk:-

- i) The following table shows foreign currency exposures in USD, EUR and GBP on financial instruments at the end of the reporting period.

Foreign Currency Exposure

(Rs. In Lakhs)

Particulars	As at 31 st March, 2018		As at 31 st March, 2017		As at 1 st April, 2016	
	USD	EUR	USD	EUR	USD	EUR
Loans availed	-	-	-	-	-	-
Trade and Other Payables	-	-	-	-	-	-
Trade and Other Receivables	23.72	36.65	338.41	41.46	1.52	4.55
Derivatives - Forwards	-	-	-	-	-	-
Net Exposure	23.72	36.65	338.41	41.46	1.52	4.55

- ii) Sensitivity analysis of 5 % change in exchange rate at the end of reporting period

Foreign Currency Exposure

(Rs. In Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	USD	EUR	USD	EUR
5% Depreciation in INR				
Impact on P&L	1.186	1.832	16.920	2.073
Total	1.186	1.832	16.920	2.073
5% Appreciation in INR				
Impact on P&L	(1.186)	(1.832)	(16.920)	(2.073)
Total	(1.186)	(1.832)	(16.920)	(2.073)

c) Equity Price Risk

Equity price risk is related to the change in market reference price of the investments in quoted equity securities. The fair value of some of the Company's investments exposes the company to equity price risks. At the reporting date, the company do not hold any equity securities.

d) Credit Risk

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on customer profiling, credit worthiness and market intelligence. Trade receivables consist of a large number of customers, spread across geographical areas. Outstanding customer receivables are regularly monitored.

The average credit period is in the range of 01 -90 days. However in select cases credit is extended which is backed by security deposit/bank guarantee/letter of credit and other forms. The Company's Trade receivables consist of a large number of customers, across geographies hence the Company is not exposed to concentration risk.

The Company has not provided for expected credit loss as it has used a practical expedient for computing the expected credit loss allowance for trade receivables based on historical credit loss experience, industry practices and the business environment in which the entity operates and adjusted to forward looking information. Further, the debts are examined and assessed partywise individually by respective department head and top management, for doubtful recovery, if any. As a final result of the above exercise it is determined that no allowance is required for Credit Loss as there is no bad debts in recent past.

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

e) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital limits from bank. Furthermore, the Company access to funds from debt markets and also short term working capital loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	Within 1 year	More than 1 year	Total
As on 31st March 2018			
Borrowings	309.34	115.86	452.20
Trade and other Payables	1916.13	--	1916.13
Other Financial Liabilities	132.71	--	132.71
As on 31st March 2017			
Borrowings	--	496.03	496.03
Trade and other Payables	1153.74	--	1153.74
Other Financial Liabilities	90.85	--	90.85
As on 1st April 2016			
Borrowings	225.00	786.65	1011.65
Trade and other Payables	842.88	--	842.88
Other Financial Liabilities	86.80	--	86.80

(3) First time adoption of Indian Accounting Standards:

These are Company's first Financial Statements prepared in Accordance with Ind AS for the year ended 31st March, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ended 31st March, 2018, together with Comparative data as at and for the year ended 31st March, 2017 as described in the summary of significant accounting policies. In preparing these financial statements, the Company's Opening balance sheet was prepared as at 1st April, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including balance sheet as at 1st April, 2016 and the financial statements as at and for the year ended 31st March, 2017

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Financial position and financial Performance is set out in tables and Notes along with reconciliation statement

Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

i) Mandatory exemptions:

a) Estimates

An entity estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP

ii) **Optional exemptions:**

a) **Deemed Cost for Property Plant & equipment**

Ind AS 101 permits a first time adopter to elect to fair value its property, plant and equipment as recognized in financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of transition or apply principles of Ind AS retrospectively. Ind AS 101 also permits the first time adopter to elect to continue with the carrying value for all of its property plant and equipment as recognized in the financial statements as at the date of transition to Ind AS. This exemption can be also used for intangible assets covered by Ind-AS 38.

Accordingly, as per Ind AS 101, the Company has elected to consider fair value of its property, plant and equipment, capital work in progress and intangibles as its deemed cost on the date of transition to Ind AS. The Revaluation Reserve of Rs. 20.55 lacs has been reclassified as Other reserves Considering the FAQ issued by the ICAI, regarding application of deemed cost, the Company has disclosed the cost as at 1st April, 2016 net of accumulated amortization.

iii) **Fair value measurement of financial assets and liabilities Under IGAAP the financial assets and liabilities were being carried at the transaction value.**

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transaction, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.

The Company has measured its financial assets and liabilities at amortised cost or fair value.

(4) **Previous Financial Statements:**

The financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these Ind AS financial statements, are based on previously issued statutory financial statements for the year ended 31st March, 2017 and the year ended 31st March, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited and the auditors had given unmodified opinion. The adjustments to those financial statements for the differences in accounting principles have been adopted by the Company on transition to the Ind AS.

(5) **Excise Duty and GST:**

Consequent to the introduction of Goods and Service Tax (GST) with effect from 1st July, 2017, Excise Duty has been subsumed into GST. In accordance with IND AS, GST is not part of revenue unlike Excise Duty. Accordingly, from 01.07.2017 GST is not included in revenue. Further, it is stated that this excise figure of quarter one 30th June 17 is added to turnover of year ended 31st March, 2018, whereas for previous year ended 31st March, 2017 the excise for full year is added to turnover

(6) **Current Tax:** During the year the income tax provision is made for taxes payable for the year ended 31st March, 2018 based on Computation of Income as per provisions of the Income Tax Act, 1961.

Income Tax

The Major Components of Income Tax expense for the year ended 31st March, 2018

Particulars	For year ended 31st March, 2018 (Rs.)	For year ended 31st March, 2017 (Rs.)
Profit and Loss :	78,867,906	83,212,767
Current Tax	19,964,034	16,371,241
Deferred Tax	(419,890)	(1,543,665)
Total Income Tax Expense	19,544,144	14,827,576

Reconciliation of tax expense and the accounting Profit multiplied by Domestic Tax Rate

Particulars	For year ended 31st March, 2018 (Rs.)	For year ended 31st March, 2017 (Rs.)
Profit before Income Tax expenses	78,867,906	83,212,767
Taxes at the Indian Tax rate i.e. @27.5525 % (P.Y. 33.063 %)	21,730,080	22,927,198
Items giving rise to difference in tax		
- Earlier Tax Credits/B/f Loss	(1,946,308)	(5,123,256)
- Timing Difference and Others	(419,890)	(1,543,664)
- Effect of Non-deductible items	567,228	110,963
- Tax on Other Capital Gain Incomes	32,924	-
Deferred Tax Expenses/(Income)	(419,890)	(1,543,665)
Total Income Tax Expense	19,544,144	14,827,576

- (7) 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.
- (8) Figures have been rounded off to the nearest rupee.
- (9) Claims against the Company not acknowledged as debts Rs. NIL (previous year Rs. NIL).
- (10) Estimated amount of contracts remaining to be executed on capital account and not provided Rs. NIL (Previous year Rs. NIL).
- (11) 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.

(12) 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.

(13) Payment to Auditors (excluding taxes)

Particulars	Current Year	Previous Year
For Audit & Tax Audit Fees	1,20,000	1,20,000
For Other Matters	-	-
TOTAL Rs.	1,20,000	1,20,000

(14) Expenditure on CSR Activities

Particulars	Current Year	Previous Year
Amount Spent/ Provided	4,10,000	1,33,000
For Other Matters	-	-
TOTAL Rs.	4,10,000	1,33,000

(15) In accordance with Ind AS – 24 – “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	83,99,875
2.	Ajay N. Parikh	Executive Director	Director's Remuneration	83,99,875
3	Tranzmute Capital & Management Pvt. Ltd.	One of the Director is Director in said company	Professional Fees	30,00,000

(16) As required under Paragraph (10C) of Ind AS 101, the Company has reclassified items that it recognised in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with Ind AS

(17) In accordance with Ind AS-108 – there are no separate operating segments hence segment information has not been disclosed as there is only one product and has no separate segments.

In Accordance with our Report of even date

For and on behalf of the Board

For VCA & ASSOCIATES

Chartered Accountants

Firm number: 114414W

(CA ASHOK THAKKAR)

Partner/M.No. 048169

Date: 22.05.2018

(AJAY DESAI)

Executive Director

Date: 22.05.2018

(AJAY PARIKH)

Executive Director

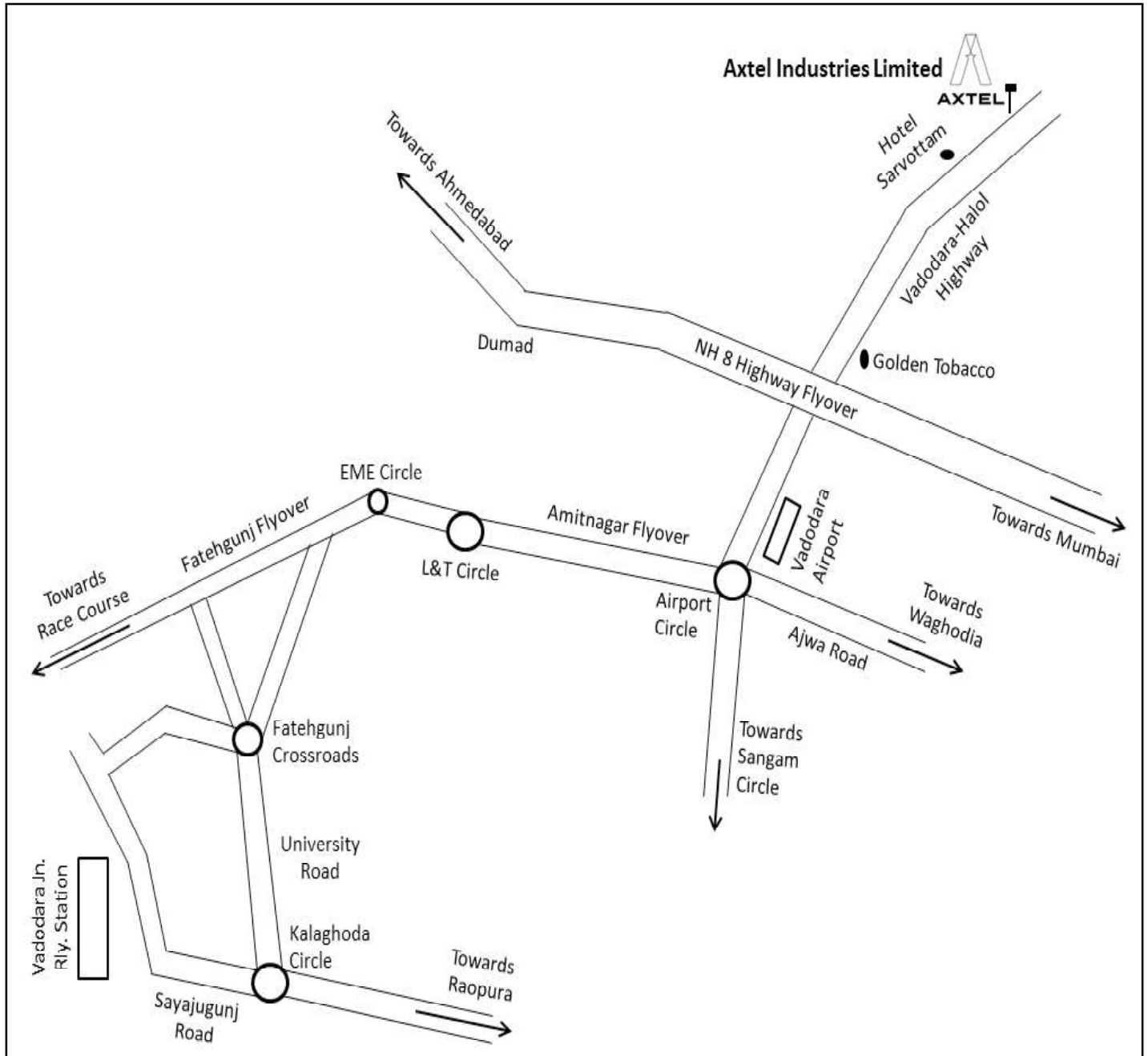
(PRERNA BOKIL)

Company Secretary

(RAJENDRA BHAVSAR)

Chief Financial Officer

ROUTE MAP



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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, website: www.axtelindia.com

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

I hereby record my presence at the 26th ANNUAL GENERAL MEETING of the Company being held on Wednesday, 26th September, 2018 at the Registered Office at Plot No. 43 / 1, Village Narpura, P.O. Baska, Tal. Halol - 389 350, Dist. Panchmahals, Gujarat.

Sr. No. :

Member's Name and Address details	
-----------------------------------	--

DP ID*	
Client ID*	
Folio No.	
No of Shares	

* Applicable only for Investors holding shares in Electronic Form.

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.

Share holders attending the meeting are requested to bring their copies of the Annual Report with them.

Member's/Proxy's Signature

*Strike whichever is not applicable.

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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, website: www.axtelindia.com

TWENTY SIXTH ANNUAL GENERAL MEETING

Wednesday, 26th September, 2018 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 Sixth Annual General Meeting of the Company, to be held on **Wednesday, 26th September, 2018 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
	Ordinary business		
1.	Adoption of audited financial statements		
2.	Re-appointment of Shri Ajitsingh Mohansingh Bubber as Director		
3.	To declare dividend for the financial year ended 31 st March, 2018		
	Special business		
4.	To increase remuneration of Shri Ajay Naishad Desai as Executive Director		
5.	To increase remuneration of Shri Ajay Nalin Parikh as Executive Director		

Signed this _____ day of _____ 2018

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 fourth 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.

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