

Date: 17.09.2019

The Corporate Relationship Dept.,  
The Bombay Stock Exchange Limited,  
Ground Floor,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI - 400 001

Sir,

**Sub.: Annual Report-2018-19**  
**Scrip Code: 523850**

We submit annual report for the year 2018-19 as required under regulation 34(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Annual General Meeting of our Company was held on 25.09.2019.

Thanking you,

Yours faithfully,

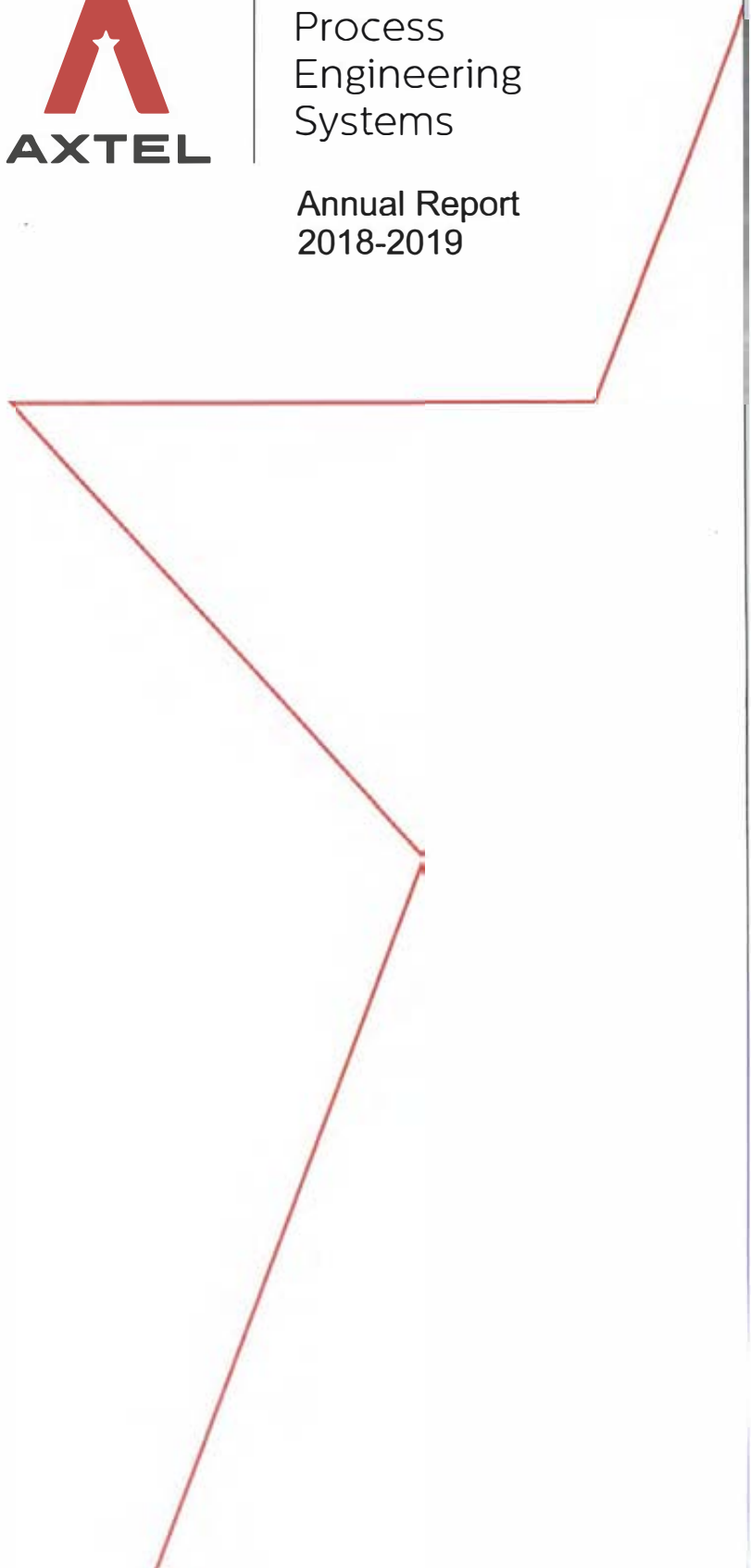
For Axtel Industries Limited

  
Purna Bokil  
Company Secretary



Process  
Engineering  
Systems

Annual Report  
2018-2019



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# AXTEL INDUSTRIES LIMITED

## TWENTY SEVENTH ANNUAL REPORT 2018-2019

BOARD OF DIRECTORS	:	<ol style="list-style-type: none"><li>1. Shri Kirit Kumar Pathak, Non-Executive Director</li><li>2. Shri Ajay Naishad Desai, Executive Director</li><li>3. Shri Ajay Nalin Parikh, Executive Director</li><li>4. Shri Ajit Singh Bubber, Non-Executive Director</li><li>5. Shri Ameet Nalin Parikh, Non-Executive Director</li><li>6. Shri Sandeep Lalwani, Independent Director</li><li>7. Shri Nimish Patel, Independent Director</li><li>8. Smt. Deepti Sharma, Independent Director</li></ol>
COMPANY SECRETARY	:	Mrs. Purna Sudeep Bokil
CHIEF FINANCIAL OFFICER	:	Mr. Rajendra K. Bhavsar
AUDITORS	:	VCA & Associates, Chartered Accountants, Vadodara.
BANKERS	:	Bank of Baroda, Halol
REGISTERED OFFICE & WORKS	:	Vadodara - Halol Highway, Baska, Panchmahals - 389 350, 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 Seventh Annual General Meeting of the members of Axtel Industries Limited will be held at 11.00 a.m. on Wednesday, 25<sup>th</sup> September, 2019 at the Registered Office of the Company situated at Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2019 and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Ameet Nalin Parikh (DIN 00007036), who retires by rotation and being eligible offers himself for re-appointment.
3. To declare dividend for the financial year ended 31<sup>st</sup> March, 2019.

**SPECIAL BUSINESS :**

4. To consider and if thought fit, to pass the following resolution as Special Resolution:

RESOLVED THAT pursuant to the provisions of section 149, 150, 152 and any other provisions applicable, if any, of the Companies Act, 2013 and the rules made thereunder read with schedule IV of the Companies Act, 2013, Shri Sandeep Lalwani (DIN – 01679803) whose first term of five years as independent director expired on 31<sup>st</sup> March, 2019 and appointed as Additional Director (Independent Director) with effect from 1<sup>st</sup> April, 2019 by the Board of Directors of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of independent director, be and is hereby re-appointed as Independent Director of the Company to hold office for five consecutive years up to 31<sup>st</sup> March, 2024.

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of section 149, 150, 152 and any other provisions applicable, if any, of the Companies Act, 2013 and the rules made thereunder read with schedule IV of the Companies Act, 2013, Mr. Nimish Patel (DIN: 00029353), who was appointed as Additional Director (Independent Director) with effect from 5<sup>th</sup> November, 2018 will cease at the ensuing annual general meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company to hold office for five consecutive years up to 4<sup>th</sup> November, 2023.

6. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of section 149, 150, 152 and any other provisions applicable, if any, of the Companies Act, 2013 and the rules made thereunder read with schedule IV of the Companies Act, 2013, Mrs. Deepti Sharma (DIN: 03630613) who was appointed as Additional Director (Independent Director) with effect from 5<sup>th</sup> November, 2018 will cease at the ensuing annual general meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as Independent Director of the Company to hold office for five consecutive years up to 4<sup>th</sup> November, 2023.

7. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act 2013 and rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs. 60,000 (Rupees Sixty Thousand Only) and reimbursement of out of pocket expenses, which may be incurred by M/s K. H. Shah & Co., Cost Accountants in Practice appointed as Cost Auditor of the Company for the financial year 2019-20, be and is hereby ratified.

**By the Order of the Board of Directors**

**Date: 27/05/2019**

**Registered Office:**

**Vadodara-Halol Highway,**

**Baska, Panchmahal-389350, 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 18<sup>th</sup> September, 2019 to Wednesday, the 25<sup>th</sup> September, 2019 [both days inclusive].
- 5) Members attending the meeting are requested to bring their copy of the Annual Report.
- 6) Pursuant to Section 72 of the Companies Act, 2013, members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filing required form.
- 7) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agent.
- 8) The company has created an exclusive E-mail. Id: investors@axtelindia.com for quick redressal of shareholders/investors grievances.
- 9) In terms of the Circulars No. 17/2011 of 21st April, 2011 and 18/2011 of 29th April, 2011 issued by the Ministry of Corporate Affairs (MCA) as part of its "green initiative in Corporate Governance", MCA allows paperless compliances including service of a notice/document by companies to their members through electronic mode. Therefore as was done last year, the Company proposes to send documents required to be sent to the members like Notices of General Meetings (including AGM), Audited Financial Statements, Report of the Directors, Independent Auditor's Report etc. to the members in electronic form to the e-mail IDs provided by them and made available to the Company by the Depositories. This will also ensure prompt receipt of communication and avoid loss in postal transit. These documents will also be available on the Company's website www.axtelindia.com for download by the Members. The physical copies of the annual report will be made available upon receipt of a requisition from the members, any time as a member of the Company.
- 10) In terms of Section 152 of the Companies Act, 2013, Shri Ameet Nalin Parikh (DIN 00007036), 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 Link Intime India Private Limited (LI IPL) 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. 18<sup>th</sup> September, 2019.
- 14) A person, whose name is recorded in the register of members by the depositories as on the cut-off date, i.e. 18<sup>th</sup> September, 2019 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 22<sup>nd</sup> September, 2019  
End of e-voting : Up to 5.00 p.m. (IST) on 24<sup>th</sup> September, 2019  
The e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Link Intime India Private Limited (LI IPL) 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/s 102 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 22<sup>nd</sup> September, 2019 and end e-voting at 5.00 p.m. (IST) on 24<sup>th</sup> September, 2019. 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 18<sup>th</sup> September, 2019, may cast their vote electronically. The e-voting module shall be disabled by Link In time for voting thereafter.

**Instructions for shareholders to vote electronically:**

❖ **Log-in to e-Voting website of Link Intime India Private Limited (LIPL)**

1. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:
  - a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
  - b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
  - c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company
5. Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

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"> <li>Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Address stickers.</li> </ul>
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Bank Account Number	Enter the Bank Account number as recorded in your demat account or in the company records for the said demat account or folio number. <ul style="list-style-type: none"> <li>Please enter the DOB/ DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Bank Account number field as mentioned in instruction (iv-c).</li> </ul>

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

**If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

**NOTE:** The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

❖ **Cast your vote electronically**

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
7. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting. Cast your vote by selecting appropriate option i.e. Favour/Against as desired.  
Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.
8. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
9. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
11. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

❖ **General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.
- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us :- Tel : 022 - 49186000.

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

**Item No.4**

Shri Sandeep Lalwani is Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 8<sup>th</sup> November, 2011. He is a member of Audit Committee, CSR Committee and Nomination & Remuneration Committee of the Company. He is Chartered Accountant with accounting, finance and audit background and has varied and rich experience of over 29 years. Apart from his experience in the field of accounting, finance and audit, he has been associated with other companies.

Shri Sandeep Lalwani, whose first term of five years as independent director expired on 31<sup>st</sup> March, 2019 and appointed independent director with effect from 1<sup>st</sup> April, 2019 by the Board of Directors of the Company at the meeting of the Board held on 7<sup>th</sup> February, 2019 subject to approval of shareholders by passing special resolution at the ensuing annual general meeting. Your Company has received a notice in writing from a member proposing his candidature for the office of independent director and Shri Sandeep Lalwani being eligible for re-appointment, is proposed to be re-appointed as an Independent Director of the Company Pursuant to section 149 and any other applicable provisions of the Companies Act, 2013 for five consecutive years for a term up to 31<sup>st</sup> March, 2024.

In the opinion of the Board, Shri Sandeep Lalwani fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for his re-appointment as an Independent Director of the Company and he is independent of the management. A copy of the letter for appointment of Shri Sandeep Lalwani as an independent director setting out the terms and conditions would be available for inspection by members at the registered office of the company during normal business hours on any working day excluding Saturday and Sunday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to re-appoint him as Independent Director of your company. Your Board recommends his re-appointment as Independent Director of your Company.

No Director, Key Managerial Personnel or their relatives, except Shri Sandeep Lalwani is directly or indirectly concerned or interested in the above resolution.

This statement may also be regarded as a disclosure under the Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Item No.5**

Shri Nimish Patel was appointed as an Additional Non-Executive Independent Director of the Company with effect from 5<sup>th</sup> November, 2018 at the meeting of the Board of Directors of the Company held on 5<sup>th</sup> November, 2018. He is a member of Audit Committee and Nomination & Remuneration Committee of the Company. He is B.S (Finance) from Bentley College, USA. He worked for Kiewit Construction Co. in Boston and New York after graduation. He was Director of Patel Engineering Limited, Mumbai for a period of 18 years.

Shri Nimish Patel will cease to be Director under section 161(1) of the Companies Act, 2013 at the ensuing AGM. Your Company has received a notice under section 160(1) of the Companies Act, 2013 from a member of the Company proposing to appoint Shri Nimish Patel as an Independent Director of the Company.

In the opinion of the Board, Shri Nimish Patel fulfils the conditions, specified in the Companies Act, 2013 and Rules made thereunder, for his appointment as an Independent Director of the Company and he is independent of the management. A copy of the letter, for appointment of Shri Nimish Patel as an independent director, setting out the terms and conditions would be available for inspection by members at the registered office of the company during normal business hours on any working day excluding Saturday and Sunday.

The Board considers that his association would be of immense benefit to the Company and it is desirable to appoint him as Independent Director of your Company. Your Board recommends his appointment as Independent Director of your Company.

No Director, Key Managerial Personnel or their relatives, except Shri Nimish Patel is directly or indirectly concerned or interested in the above resolution.

This statement may also be regarded as a disclosure under the Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Item No.6**

Mrs. Deepti Sharma was appointed as an Additional Non-Executive Independent Director of the Company with effect from 5<sup>th</sup> November, 2018 at the meeting of the Board of Directors of the Company held on 5<sup>th</sup> November, 2018. She is a member of Audit Committee, Stakeholders Relationship Committee and Nomination & Remuneration Committee of the Company.

Mrs. Deepti Sharma is a graduate in Science ( B.Sc. ), Physics, Chemistry, Mathematics, from University of Ajmer, post graduate degree in Management ( M.B.A.), Major – Finance, Minor – International Marketing, from FMS, Mohanlal Sukhadia University, Udaipur, passed financial advisor module test conducted by NSE for mutual funds ( AMFI recognised), Certificate course in “ Private Equity and Capital Market Financing “ from IIM Bangalore. She has vast experience in project management, financial management, risk management implementing policies for cost control, merger and acquisitions, corporate governance. She is associated with M.S.University, Vadodara as external faculty for B.B.A and P.G.D.B.M. since 1998, examination panelist with M.S. University, Vadodara for Management Studies, Post Graduate Department, a member of Board of Studies, Post graduate courses, M S University, visiting faculty at PDP, Management Department, Gandhinagar, visiting faculty at BJVM college, Vidyannagar for Graduate, Post Graduate and M Phil courses and a member jury, Federation of Gujarat Industries for various MSME awards.

Mrs. Deepti Sharma will cease to be Director under section 161(1) of the Companies Act, 2013 at the ensuing AGM. Your Company has received a notice under section 160(1) of the Companies Act, 2013 from a member of the Company proposing to appoint Mrs. Deepti Sharma as an Independent Director of the Company.

In the opinion of the Board, Mrs. Deepti Sharma fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. A copy of the letter for appointment of Mrs. Deepti Sharma as an independent director setting out the terms and conditions would be available for inspection by members at the registered office of the company during normal business hours on any working day excluding Saturday and Sunday.

The Board considers that her association would be of immense benefit to the Company and it is desirable to appoint her as Independent Director of your Company. Your Board recommends her appointment as Independent Director of your Company.

No Director, Key Managerial Personnel or their relatives, except Mrs. Deepti Sharma is directly or indirectly concerned or interested in the above resolution.

This statement may also be regarded as a disclosure under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Item No.7**

Your Company is required to appoint Cost Auditor as per section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014. Audit committee of your Company has recommended the appointment of M/s. K. H. Shah & Co., as Cost Auditor of the Company and also recommended their remuneration of Rs. 60,000 and out of pocket expenses incurred, if any. The Board of Directors of your Company has agreed with the recommendation for appointment of M/s. K. H. Shah & Co., as Cost Auditor and also their remuneration of Rs. 60,000 and out of pocket expenses incurred, if any. Your Board has appointed M/s. K. H. Shah & Co., as Cost Auditor of the Company for the financial year 2019-20.

Your Board recommends ratification of remuneration including out of expenses of Cost Auditor of your Company.

No Director, Key Managerial Personnel or their relatives, is directly or indirectly concerned or interested in the above resolution.

**By the Order of the Board of Directors**

**Date: 27/05/2019**

**Registered Office :**  
**Vadodara-Halol Highway,**  
**Baska, Panchmahal-389350, Gujarat**

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

**BOARD'S REPORT**

To,  
The Members,

Your Directors have pleasure in presenting their 27<sup>th</sup> Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31<sup>st</sup> March, 2019.

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

The financial results for the year are as under:

[Rupees in Lacs]

<b>PARTICULARS</b>	<b>YEAR ENDED 31.03.2019</b>	<b>YEAR ENDED 31.03.2018</b>
Sales including excise duty and other Income	11350.20	8374.11
Profit before depreciation & amortization and exceptional items	2214.97	1027.39
Less: Depreciation and amortization	279.67	238.71
Less: Exceptional items	115.78	0.00
Profit before tax	1819.52	788.68
Less: Provision for tax	538.06	199.64
Provision for deferred tax	(14.46)	(4.20)
Profit/(Loss) after taxation	1295.92	593.24

**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 2018-19.

**3. Reserves**

Your Board does not propose to carry to any reserves for the financial year 2018-19.

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

Total turnover during the year 2018-19 increased by Rs. 2769.10 lac (increase of 33.34%) compare to previous year 2017-18 and there is profit of Rs. 1295.92 lac (after tax) during the year 2018-19 against profit of Rs. 593.24 lac (after tax) during the year 2017-18.

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

There is no change in the nature of business during the financial year 2018-19.

**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 at the AGM held on 28<sup>th</sup> September, 2017 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 2018-19

**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](http://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. (Annexure-G)

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

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

**17. Corporate Social Responsibility (CSR)**

The Company has incurred Rs. 14.62 lakhs towards corporate social responsibility during the year 2018-19 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**

Shri Ameet Nalin Parikh (DIN 00007036), 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 Ameet Nalin Parikh (DIN 00007036), 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 Ameet Nalin Parikh (DIN 00007036), 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:

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

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

During the year from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019 the Board of Directors met six times on the following dates:

Sr	Date	Board Strength	No. of Directors Present
1	22-05-2018	8	6
2	09-08-2018	8	6
3	26-09-2018	7	3
4	05-11-2018	7	6
5	07-02-2019	8	6
6	26-03-2019	8	3

**20. Audit Committee**

The members of the Audit Committee of the Company as on 31<sup>st</sup> March, 2019 are as under:

No.	Name of Director	Designation
1	Shri Sandeep Gul Lalwani	Non-Executive Independent Director
2	Shri Nimish Patel	Non-Executive Independent Director
3	Shri Ameet Nalin Parikh	Non-Executive Director
4	Mrs. Deepti Sharma	Non-Executive Independent Director

Smt. Anjali Harshvardhan Hegde and Shri Nikhil Ramesh Parikh, Independent Directors resigned as Director during the year 2018-19 and accordingly ceased as members of the Audit Committee and Shri Nimish Patel and Mrs. Deepti Sharma were appointed as Non-Executive Independent Directors and also members of the Audit Committee during the year 2018-19.

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 31<sup>st</sup> March, 2019 are as under:

No.	Name of Director	Designation
1	Shri Sandeep Gul Lalwani	Non-Executive Independent Director
2	Shri Nimish Patel	Non-Executive Independent Director
3	Mrs. Deepti Sharma	Non-Executive Independent Director

Smt. Anjali Harshvardhan Hegde and Shri Nikhil Ramesh Parikh, Independent Directors resigned as Director during the year 2018-19 and accordingly ceased as members of the Nomination and Remuneration Committee and Shri Nimish Patel and Mrs. Deepti Sharma were appointed as Non-Executive Independent Director and also members of the Nomination and Remuneration Committee during the year 2018-19.

**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. CSR Committee**

The members of CSR Committee of the Company as on 31<sup>st</sup> March, 2019 are as under:

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

**24. 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.

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

The Company has entered into any contract or arrangement with related party referred to in sub-section (1) of section 188 of the Companies Act, 2013 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. However, Tranzmute Capital & Management Private Limited terminated services with effect from 30<sup>th</sup> November, 2018.

The Company has entered into contract or arrangement with Morphis Business Advisory LLP, Bombay with effect from 1<sup>st</sup> December, 2018, which has been approved by the Board of Directors at the meeting, held on 5<sup>th</sup> November, 2018.

Form No. AOC -2 regarding transactions under section 188 of the Companies Act, 2013 is enclosed herewith (Annexure-B).

## 26. 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).

## 27. 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 along with Annual Secretarial Compliance Report as required under Regulation 24A of LODR Regulations, 2015. (Annexure-F).

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

## 28. 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).

## 29. 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.

## 30. 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.

**31. Directors' Responsibility Statement**

Your Directors state that—

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

**32. 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.

**33. 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 2018-19 and hence no complaint is outstanding as on 31.03.2019 for redressal.

**34. 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 : 27/05/2019

**Registered Office:**

Vadodara-Halol Highway,  
Baska, Panchmahal-389350, 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 during previous year 2017-18.
- (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. during previous year 2017-18.

**(B) Technology absorption:**

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

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

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

Foreign exchange earning and outgo

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

[Rupees in Lacs]

Particulars	F.Y. 2018-19	F.Y. 2017-18
Total foreign exchange used	192.17	194.06
Total foreign exchange earned	1882.26	1691.96

By Order of the Board of Directors

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

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

Dated : 27/05/2019

**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 contracts or arrangement or transactions at arm's length basis:**

- A. (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. Tranzmute Capital & Management Private Limited has terminated contract w.e.f. 30.11.2018.
- (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 29<sup>th</sup> May, 2015 for a period of from 01.08.2015 to 30.09.2020.
- (g) Amount paid as advances, if any: No advance is paid.
- B. (a) Name(s) of the related party and nature of relationship: Morphis Business Advisory LLP. Mr. Ameet Nalin Parikh, Non-Executive Director of the Company is partner in the said LLP.
- (b) Nature of contracts/arrangements/transactions: Availing professional service in connection with growth, value creation and financial security.
- (c) Duration of arrangements: From 01.12.2018 to 30.11.2023.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Morphis Business Advisory LLP 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 5<sup>th</sup> November, 2018 for a period of from 01.12.2018 to 30.11.2023.
- (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: 27/05/2019

**Registered Office:**

Vadodara-Halol Highway,  
Baska, Panchmahal-389350, Gujarat

**ANNEXURE-C**

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

**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 2018-19	<b>Director's Name</b>	<b>Ratio to median remuneration</b>
		Mr. Ajay Naishad Desai, Whole Time Director	31.39
		Mr. Ajay Nalin Parikh, Whole Time Director	31.39
(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 2018-19 compared to 2017-18	<b>Director's/CFO/CEO/CS/name</b>	<b>% increase in remuneration</b>
		Mr. Ajay Naishad Desai, WTD	78.57%
		Mr. Ajay Nalin Parikh, WTD	78.57%
		Mrs. Prerna Sudeep Bokil, CS	0%
		Mr. R K Bhavsar, CFO	13.10%
(iii)	Percentage increase in the median remuneration of employees in the financial year 2018-19 compared to 2017-18	16.19%	
(iv)	Number of permanent employees on the rolls of the company	<b>As on 31.03.2019</b>	<b>As on 31.03.2018</b>
		147	152

(viii)	Average percentile increase in salaries of Employees other than managerial personnel	<b>During 2018-19</b>	<b>During 2017-18</b>
		11.06 %	18.14%
	Justification for increase with reasons for any exceptional circumstances	Normal industry standards applied, based on performance of each employee	Normal industry standards applied, based on performance of each employee

Information under Rules 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company in receipt of remuneration for the year in the aggregate of Rs.one crore and two lakh and/ or Rs. eight lakh fifty thousand per month during the financial year 2018-19

Name	Age - Years	Designation	Nature of employment	Qualification & Experience (Yrs)	Remuneration Received (Rs.)	Date of Commencement of employment	Last employment/ Designation
A. Employed throughout the financial year							
Mr. Ajay Naishad Desai	61	Whole time Director	Contractual	B.E.(Elec.) 35 years	1,50,00,000	01.03.1992	Age Technologies Pvt. Ltd./ Director
Mr. Ajay Nalin Parikh	62	Whole time Director	Contractual	B.E.(Mech.) 35 years	1,50,00,000	01.03.1992	Age Technologies Pvt. Ltd./ Director

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

**By Order of the Board of Directors**

Ajay Naishad Desai  
Executive Director  
DIN: 00452821

Ajay Nalin Parikh  
Executive Director  
DIN: 00453711

Date : 27/05/2019

Place : Vadodara-Halol Highway,  
Baska, Panchmahal-389350, Gujarat

**ANNEXURE-D****ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2018-19**

1	Brief outline of the Company's CSR policy, projects and programme proposed to be undertaken under CSR policy and Projects or programme.	<p>For us in the AXTEL INDUSTRIES LIMITED, reaching out to underserved communities is part of our vision. 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><b>Our CSR policy include:</b></p> <ol style="list-style-type: none"><li>1. To pursue a corporate strategy that enables realization of the twin goals of shareholder value enhancement and societal value creation in a mutually reinforcing and synergistic manner.</li><li>2. To implement Social Investments / CSR programmes primarily in the economic vicinity of your Company's operations with a view to ensuring the long term sustainability of such interventions.</li><li>3. To contribute to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Indian society especially in rural India.</li><li>4. To collaborate with communities and groups to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through superior farm and agri-extension practices, soil and moisture conservation and watershed management, conservation and development of forest resources, empowering women economically, supplementing primary education and participating in rural capacity building programs and such other initiatives.</li><li>5. To sustain and continuously improve standards of Environment, Health and Safety through the collective endeavor of your Company and its employees at all levels towards attaining world class standards and support other programmes and initiatives, internal or external, for the prevention of illness and combating of diseases as may be considered appropriate from time to time.</li><li>6. To encourage the development of human capital by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.</li></ol>												
2	Composition of the CSR Committee.	<p>The following Directors are appointed as members of Corporate Social Responsibility Committee of the Company:</p> <p>(1) Shri Ajay Parikh, Whole time Director (2) Shri Ameet Parikh, Non-Executive Director (3) Shri Sandeep Lalwani, Non-Executive Independent Director</p>												
3	Average Net profits of the company for the last three financial year	<table><tr><th>Year</th><th>Profit/ loss before tax in Rs.</th></tr><tr><td>2015-16</td><td>+ 5,71,94,307</td></tr><tr><td>2016-17</td><td>+ 8,31,72,360</td></tr><tr><td>2017-18</td><td>+ 7,88,67,906</td></tr><tr><td>Total</td><td>+ 21,92,34,573</td></tr><tr><td>Average of 3 years</td><td>+ 7,30,78,191</td></tr></table>	Year	Profit/ loss before tax in Rs.	2015-16	+ 5,71,94,307	2016-17	+ 8,31,72,360	2017-18	+ 7,88,67,906	Total	+ 21,92,34,573	Average of 3 years	+ 7,30,78,191
Year	Profit/ loss before tax in Rs.													
2015-16	+ 5,71,94,307													
2016-17	+ 8,31,72,360													
2017-18	+ 7,88,67,906													
Total	+ 21,92,34,573													
Average of 3 years	+ 7,30,78,191													
4	Prescribed CSR expenditure (Two percent of the amount in item no.3 above)	<table><tr><td>2% of Rs. 7,30,78,191</td><td>Rs.14,61,564</td></tr><tr><td>I.E.</td><td>Rs. 14,61,600</td></tr></table>	2% of Rs. 7,30,78,191	Rs.14,61,564	I.E.	Rs. 14,61,600								
2% of Rs. 7,30,78,191	Rs.14,61,564													
I.E.	Rs. 14,61,600													
5	Details of CSR Spent during the financial year:	<p>Amount budgeted for the year 2018-19 : Indian Rupees 14,61,600</p> <p>Amount spent up to 31.03.2019: Indian Rupees 14,62,000</p> <p>Amount Unspent, if any :NIL</p>												

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

**By Order of the Board of Directors**

Ajay Naishad Desai  
Executive Director  
DIN: 00452821

Ajay Nalin Parikh  
Executive Director  
DIN: 00453711

Date : 27/05/2019

Place : Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat

## ANNEXURE-E

## DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AS PER REGULATION 36 OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Name of the Director	Shri Ameet Nalin Parikh	Shri Sandeep Lalwani	Shri Nimish Patel	Smt. Deepti Sharma
DIN	00007036	01679803	00029353	03630613
Date of Birth	03/11/1960	10/09/1952	28/02/1970	13/10/1967
Type of appointment	Director retiring by rotation	To re-appoint as an Independent Director	To regularise as an Independent Director in AGM	To regularise as an Independent Director in AGM
Date of Appointment/ Reappointment	01/12/2009	08/11/2011 as an Additional Director and regularized at AGM held on 03/09/2012. Further re-appointed in AGM held on 29/09/2014.	05/11/2018 as an Additional Director (Independent Director)	05/11/2018 as an Additional Director (Independent Director)
Areas of Specialization	Risk management & finance	Accounting, finance, audit and information technology.	Business	Project management, financial management, risk management
Qualifications	Chartered Accountant	Chartered Accountant	B.S (finance) from Bentley College, USA	Graduate in Science (B.Sc.), post graduate degree in management, financial advisor module test conducted by NSE for mutual funds, Certificate course in "Private Equity and Capital Market Financing" from IIM Bangalore.
No. of Shares Held in the Company	NIL	NIL	NIL	NIL
List of Directorship held in other Companies	1. Tranzmute Capital & Management Private Limited 2. India Capital Research and Advisors Private Limited 3. Desmet Ballestra India Private Limited 4. A2O Software India Private Limited 5. Velankani Information Systems Ltd. 6. Mediascope Multimedia (India) Private Ltd. 7. PDM Media (India) Private Ltd. 8. Black Rose Industries Limited 9. Ambit Private Limited 10. Ambit Finvest Private Limited 11. Tranzmute Business Advisory LLP 12. Morphis Business Advisory LLP 13. Morphis Management Services LLP	1. Transversal E Networks Private Limited 2. Infobahn International Private Limited 3. Fin Curo Solutions Private Limited	1. Patel Urja Vyapaar Private Limited 2. Bayview Developments Private Limited 3. Partner in Ner Engineering LLP 4. Partner in Ner Solutions LLP	1. Banco Aluminium Limited 2. Patel Infrastructure Limited 3. Dholera Industrial City Development Limited
Chairman/member of the Committee of the Board of Directors of this Company	1. Member - Audit Committee 2. Member - CSR Committee 3. Member - Committee on Vigil Mechanism	1. Member & Chairman - Audit Committee 2. Member & Chairman - CSR Committee 3. Member - Nomination and Remuneration Committee 4. Member - Committee on Vigil Mechanism	1. Member - Audit Committee 2. Member & Chairman - Nomination & Remuneration committee	1. Member - Audit Committee 2. Member - Nomination & Remuneration committee 3. Member & Chairperson - Stakeholders Relationship Committee
Chairman/member of the Committee of the Board of Directors of other Companies	NIL	NIL	NIL	NIL
Relation with Key Managerial Personnel and Directors	Brother of Mr. Ajay Nalin Parikh, Executive Director	NIL	NIL	NIL
Justification for appointment	Excellent in accounting, finance, audit and risk management.	Excellent in accounting, finance, audit and information technology.	Excellent knowledge in business	Excellent knowledge in project management, financial management, risk management

By Order of the Board of Directors

Date : 27/05/2019

Place : Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat

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 31<sup>st</sup> MARCH, 2019**

[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: Nurpura,  
Ta. Halol, Dist. Panchmahal.

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

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 (audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2019 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, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the company during the audit period)
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (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, 2018; (Not applicable to the company during the audit period)
  - (i) The Securities and Exchange Board of India (Listing and Obligations Disclosure Requirements) 2015.
- (vi) As informed to us other laws specifically applicable to the company are as under:
  1. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
  2. The Factories Act, 1948
  3. The Industrial Employment (Standing Orders) Act, 1946
  4. The Maternity Benefit Act, 1961
  5. The Minimum Wages Act, 1948
  6. The Payment of Wages Act, 1936
  7. The Negotiable Instruments Act, 1881
  9. The Payment of Gratuity act, 1972
  10. The Workmen's Compensation Act, 1922
  11. The Contract Labour (Regulation & Abolition) Act, 1970
  12. The Industrial dispute Act, 1947
  13. The Payment of Bonus Act, 1965
  14. The Employment Exchange Act, 1959
  15. The Apprentice Act, 1961
  16. The Equal Remuneration Act, 1976
  17. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

In respect of above laws specifically applicable to the Company, we have relied on information /records produced by the company during the course of our audit on test check basis and limited to that extent, the company has complied with the above laws applicable to the company.

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 changes in the composition of the Board of Directors during the period under review mentioned as under:

1. Mrs. Anjali Harshvardhan Hegde resigned w.e.f. 26-09-2018.
2. Shri Nikhil Ramesh Parikh resigned w.e.f. 05-11-2018.
3. Shri Nimish Patel appointed w.e.f. 05-11-2018.
4. Mrs. Deepti Sharma appointed w.e.f. 05-11-2018.

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

Place: VADODARA  
Date: 18/05/2019

Dinesh Mehta  
Proprietor  
C.P.No.2127

#### Secretarial compliance report of Axtel Industries Limited for the year ended 31<sup>st</sup> March, 2019 under regulation 24A of the Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

I, Dinesh Mehta, Proprietor of M/s. Dinesh Mehta & Co, Company Secretaries have examined:

- (a) all the documents and records made available to us and explanation provided by Axtel Industries Limited,
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31<sup>st</sup> March, 2019 ("Review Period") in respect of compliance with the provisions of :
  - (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; - Not applicable as there was no issue of capital during the review period.
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - Not applicable as there was no buyback of securities during the review period.
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - Not applicable as there was no Share Based Employee Benefits during the review period.
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not applicable as there was no issue and listing of debt securities during the review period.
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; - Not applicable as there was no issue and listing of non-convertible and redeemable preference shares during the review period.
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(i) .....(other regulations as applicable)

and circulars/ guidelines issued thereunder;

and based on the above examination, I/We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

S.No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
NA	NA	NA	NA

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

S.No	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
NA	NA	NA	NA	NA

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

S.No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended... (The years are to be mentioned)	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
NA	NA	NA	NA	NA

For Dinesh Mehta & CO.  
Company Secretaries

Dinesh Mehta  
Proprietor  
C.P.No.2127

Place: VADODARA  
Date: 18/05/2019

**ANNEXURE - G**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31/03/2019

[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	Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat Telephone : 02676-247900 Email : info@axtelindia.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	
	Name of Registrar & Transfer Agents	Link Intime India Private Limited
	Address	B-102-103, Shangrila Complex, Near Radhakrishna Char Rasta, Akota
	Town / City	VADODARA
	State	GUJARAT
	Pin Code	390020
	Telephone	0265-2356573
	Fax Number	0265-2356791
	Email Address	vadodara@linkintime.co.in

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

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

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

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

There is no holding, subsidiary and associate companies

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

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

## (i) Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	1914307	0	1914307	11.85	1914307	0	1914307	11.85	0.00
b) Central Govt	0	0	0		0	0	0		
c) State Govt (s)	0	0	0		0	0	0		
d) Bodies Corp.	0	0	0		0	0	0		
e) Banks / FI	0	0	0		0	0	0		
f) Any Other....	0	6155000	6155000	38.10	6155000	0	6155000	38.10	0.00
<b>Sub-total (A) (1):-</b>	<b>1914307</b>	<b>6155000</b>	<b>8069307</b>	<b>49.95</b>	<b>8069307</b>	<b>0</b>	<b>8069307</b>	<b>49.95</b>	<b>0.00</b>
(2) Foreign									
a) NRIs - Individuals	0	0	0						
b) Other - Individuals	0	0	0						
c) Bodies Corp.	0	0	0						
d) Banks / FI	0	0	0						
e) Any Other....	0	0	0						
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>						
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>1914307</b>	<b>6155000</b>	<b>8069307</b>	<b>49.95</b>	<b>8069307</b>	<b>0</b>	<b>8069307</b>	<b>49.95</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0		0	0	0		
b) Banks / FI	0	0	0		0	0	0		
c) Central Govt	0	0	0		0	0	0		
d) State Govt(s)	0	0	0		0	0	0		
e) Venture Capital Funds	0	0	0		0	0	0		
f) Insurance Companies	0	0	0		0	0	0		
g) 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	0	0	0
<b>Sub-total (B) (1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	328790	214000	542790	3.36	118731	214000	332731	2.06	-1.30
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	1122522	1873610	2996132	18.55	1251724	1787505	3039229	18.81	+0.26
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2626328	0	2626328	16.26	2782749	0	2782749	17.23	+0.97
c) Others (specify)									
NRI including non-repatriation basis	1483710	338600	1822310	11.28	1486809	329500	1816309	11.24	-0.04
Clearing Member	35773	0	35773	0.22	10353	0	10353	0.06	-0.16
NBFC	0	0	0	0	2624	0	2624	0.02	+0.02
HUF	62160	0	62160	0.38	101498	0	101498	0.63	+0.25
<b>Sub-total (B) (2):-</b>	<b>5659283</b>	<b>2426210</b>	<b>8085493</b>	<b>50.05</b>	<b>5754488</b>	<b>2331005</b>	<b>8085493</b>	<b>50.05</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>5659283</b>	<b>2426210</b>	<b>8085493</b>	<b>50.05</b>	<b>5754488</b>	<b>2331005</b>	<b>8085493</b>	<b>50.05</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>7573590</b>	<b>8581210</b>	<b>16154800</b>	<b>100.00</b>	<b>13823795</b>	<b>2331005</b>	<b>16154800</b>	<b>100.00</b>	<b>0.00</b>

## (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	Meena Pathak	Individual	359462	2.23	359462	2.23
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	Anuradha Hardipsingh Bubber	Individual	169141	1.05	227591	1.41
8	Navroze Shiamak Marshall	Individual	133659	0.83	196956	1.22
9	Rajivsingh H Bubber	Individual	171800	1.06	171800	1.06
10	S M Finance Ltd.	Body Corporate	124400	0.77	124400	0.77

## (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	1550	0.01	2550	0.02
5	Prerna Bokil	Company Secretary	0	0	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
<b>Indebtedness at the beginning of the financial year</b>				
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
<b>Change in Indebtedness during the financial year</b>				
Addition	0	0	0	0
Reduction	-30933770	0	0	-30933770
Net Change	-30933770	0	0	-30933770
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	11586464	0	0	11586464
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	11586464	0	0	11586464

**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/WTD/ 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	14999100	900	0	0	0	0	0	0	15000000	15000000
2	Mr. Ajay Nalin Parikh	14980889	19111	0	0	0	0	0	0	15000000	15000000

**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	40,000	NIL	NIL	40,000	40,000	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	40,000	NIL	NIL	40,000	N.A.	N.A.	N.A.	NIL	40,000	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
7	Mr. Nimish Patel	30,000	NIL	NIL	30,000	N.A.	N.A.	N.A.	NIL	30,000	NIL	1,00,000 per meeting
8	Mrs. Deepthi Sharma	40,000	NIL	NIL	40,000	N.A.	NIL	NIL	NIL	40,000	NIL	1,00,000 per meeting

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (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	4498070	0	0	0	0	0	0	0	4498070
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)
<b>A. COMPANY</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>B. DIRECTORS</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
<b>C. OTHER OFFICERS</b>					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

By Order of the Board of Directors

Ajay Naishad Desai  
Executive Director  
DIN: 00452821

Ajay Nalin Parikh  
Executive Director  
DIN: 00453711

Date: 27/05/2019

Regd. Office: Vadodara-Halol Highway,  
Baska, Panchmahal-389350, Gujarat

## ANNEXURE-H

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This section shall include discussion on the following matters within the limits set by the listed entity's competitive position:

**a) 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

**b) 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.

**c) Segment-wise or product-wise performance:**

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

**d) Outlook:**

- ❖ The outlook for business is positive as the company continue to remain focused on risk management and mitigation.
- ❖ Total turnover during the year 2018-19 increased by Rs. 2769.10 lac (increase of 33.34%) compared to previous year 2017-18 and there is profit of Rs. 1295.92 lac (after tax) during the year 2018-19 against profit of Rs. 593.24 lac (after tax) during the year 2017-18.

**e) 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.

**f) Internal Control Systems and their adequacy:**

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.

**g) Discussion on Financial performance with respect to operational performance:**

Total turnover during the year 2018-19 increased by Rs. 2769.10 lac (increase of 33.34%) compared to previous year 2017-18 and there is profit of Rs. 1295.92 lac (after tax) during the year 2018-19 against profit of Rs. 593.24 lac (after tax) during the year 2017-18.

**h) Material developments in Human Resources / Industrial Relations front, including number of people employed:**

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 and total number of employees on payroll are 147.

**i) Details of significant changes in financial ratio:**

Details of significant changes as compared to the immediately previous financial year in key financial ratios, along with detailed explanations therefor, including:

Particulars	F.Y. 2018-19	F.Y. 2017-18
(i) Debtors Turnover	5.38	4.13
(ii) Inventory Turnover	5.10	4.65
(iii) Interest Coverage Ratio	105.79	44.96
(iv) Current Ratio	1.73	1.33
(v) Debt Equity Ratio	0.02	0.03
(vi) Operating Profit Margin (%)	16.42%	9.50%
(vii) Net Profit Margin (%)	11.70%	7.14%

**j) Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof:**

Particulars	F.Y. 2018-19	F.Y. 2017-18
Return on Net Worth	24.89	13.79

**k) Disclosure of Accounting Treatment:**

The financial statements for the year ended 31<sup>st</sup> March, 2019 have been prepared as prescribed in accounting standards and there is no change in treatment of the said accounting standards. Therefore, no explanation by the management is required for the same.

By Order of the Board of Directors

Ajay Naishad Desai  
Executive Director  
DIN: 00452821

Ajay Nalin Parikh  
Executive Director  
DIN: 00453711

Date : 27/05/2019

Place : Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat

## ANNEXURE – I

### REPORT ON CORPORATE GOVERNANCE

The Company has taken necessary steps to comply with all the requirement of the guidelines on Corporate Governance as would be applicable to it.

#### 1. Company's Philosophy On Corporate Governance

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

#### 2. Board of Directors as on 31<sup>st</sup> March, 2019.

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 01<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019:**

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
Shri Nimish Patel	Non-Executive Independent Director	NIL
Mrs. Deepti Sharma	Non-Executive Independent Director	NIL

Note:

1. Mrs. Anjali Harshvardhan Hegde resigned w.e.f. 26-09-2018.
2. Shri Nikhil Ramesh Parikh resigned w.e.f. 05-11-2018.
3. Shri Nimish Patel appointed w.e.f. 05-11-2018.
4. Mrs. Deepti Sharma appointed w.e.f. 05-11-2018.

#### Attendance of Directors:

Name of the Director	No. of Board Meetings held	No of Board Meetings Attended	Attendance at the last Annual General Meeting	No. of Directorship in the other Boards as on 31 <sup>st</sup> March, 2019 (excluding AXTEL) and names of the listed entities where the person is a director and the category of directorship	No. of Memberships in other Board Committees as on 31 <sup>st</sup> March, 2019 (i.e. committee of AXTEL)
Shri Kirit Kumar Pathak	6	2	Absent	2	0
Shri Ajay Naishad Desai	6	6	Present	2	3
Shri Ajay Nalin Parikh	6	6	Present	0	3
Shri Ameet Nalin Parikh	6	5	Absent	Director in 10 companies including Independent Director of Black Rose Industries Ltd.	4
Shri Ajit Singh Mohansingh Bubber	6	1	Absent	2	0
Shri Sandeep Gul Lalwani	6	3	Absent	3	4
Shri Nikhil Ramesh Parikh	6	3	Absent	5	0
Mrs. Anjali Harshvardhan Hegde	6	2	Absent	2	0
Shri Nimish Patel	6	1	Absent	2	2
Mrs. Deepti Sharma	6	1	Absent	3	3

### Board Meeting:

The meetings of the Board of Directors are scheduled well in advance. The notice convening the meeting and the detailed agenda is sent at least seven days in advance to all the Directors. The Board meets at least once a quarter to review the quarterly performance and financial results.

#### i. Number of Board Meeting :

During the year from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019 the Board of Directors met six times on the following dates:

Sr	Date	Board Strength	No. of Directors Present
1	22-05-2018	8	6
2	09-08-2018	8	6
3	26-09-2018	7	3
4	05-11-2018	7	6
5	07-02-2019	8	6
6	26-03-2019	8	3

#### • Disclosure of relationships between directors inter-se:

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

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

- Non-Executive Directors, including the Chairman, provide guidance to operating management on policy matters as well as in the monitoring actions of operating management. This involvement is formalized through constitution of designated committees of the Board. The Committees are intended to provide regular exchange of information and ideas between the Non-executive Directors and the operating management.
- The Board has accordingly formed Committees which comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Companies Act, 2013.

#### The list of core skills/expertise/competencies required under sub-clause h of clause 2 of part C of schedule V of SEBI (LODR) Regulations:

- The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business and sector for it to function effectively as per sub-clause h of clause 2 of part C of schedule v of the Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015;

Skill Area	Description
Strategy and planning	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company, relevant policies and priorities.
Policy Development	Ability to identify key issues and opportunities for the Company and develop appropriate policies to define the parameters within which the organisation should operate.
Governance, Risk and Compliance	Experience in the application of corporate governance principles as per law. Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance.
Financial Performance	Experience in the appointment and evaluation of a CEO and senior executive managers Qualifications and experience in accounting and/or finance and the ability to: <ul style="list-style-type: none"> <li>Analyze key financial statements;</li> <li>Critically assess financial viability and performance;</li> <li>Contribute to strategic financial planning;</li> <li>Oversee budgets and the efficient use of resources;</li> <li>Oversee funding arrangements and accountability</li> </ul>
Government Relations (policy & process)	Experience in managing government relations and industry advocacy strategies.
Marketing & Communications	Knowledge of and experience in marketing the product of the Company. Experience in, or a thorough understanding of, communication with industry groups and/or end users through a range of relevant communication channels.

Member and stakeholder engagement	High level reputation and established networks and the ability to effectively engage and communicate with key stakeholders.
Commercial Experience	A broad range of commercial/business experience, preferably in the small to medium enterprise context, in areas including communications, marketing, branding and business systems, practices and improvement.
Legal	Qualification and experience in legal practice with emphasis on: <ul style="list-style-type: none"> <li>• Commercial laws</li> <li>• Employment laws</li> <li>• Health &amp; Safety legislations</li> </ul>
Human Resource Management	Qualification and experience in human resource management with an understanding of: <ul style="list-style-type: none"> <li>• Engineering Industry</li> <li>• Employment laws</li> </ul>
Information Technology / Digital Skills	Qualification and experience in Information Technology and/or Digital industries with an ability apply new technology to the Company

**Confirmation as required under sub-clause i of clause 2 of part C of schedule V of SEBI (LODR) Regulations:**

- The Board of Directors confirm that the independent directors fulfill the conditions specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Companies Act, 2013 and are independent of the management of the Company. Further, the Board has obtained a certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of company by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

**Detailed reasons for the resignation of Independent Directors as required under sub-clause j of clause 2 of part C of schedule V of SEBI (LODR) Regulations:**

- Detailed reasons for the resignation of Mrs. Anjali Harshvardhan Hegde and Shri Nikhil Ramesh Parikh, independent directors, who resigned before the expiry of their tenure during the financial year 2018-19:
  - Mrs. Anjali Harshvardhan Hegde has tendered resignation for her personal reason.
  - Shri Nikhil Ramesh Parikh has tendered resignation due to time constraints and other commitments he was unable to continue as Director of the Company.

The above Directors have confirmed the above reasons in their letters of resignation dated 17-09-2018 and 03-11-2018 respectively and there are no other material reasons other than these reasons mentioned in their letters.

The Company has paid total fees of Rs.4,68,350 as under for various services provided by the statutory auditors M/s. VCA & Associates, Chartered Accountants, Vadodara, during the financial year 2018-19:

i. Audit fee:	Rs.3,34,000
ii. Taxation Matter:	Rs.1,30,000
iii. Out of pocket exp.:	Rs. 4,350
Total	Rs.4,68,350

**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 as on 31<sup>st</sup> March, 2019:

No.	Name of Director	Designation
1	Shri Sandeep Gul Lalwani	Non-Executive Independent Director
2	Shri Nimish Patel	Non-Executive Independent Director
3	Shri Ameet Nalin Parikh	Non-Executive Director
4	Mrs. Deepti sharma	Non-Executive Independent Director

Note:

- Mrs. Anjali Harshvardhan Hegde resigned as Director w.e.f. 26-09-2018 and accordingly ceased as member of audit committee w.e.f. 26-09-2018.
- Shri Nikhil Ramesh Parikh resigned as Director w.e.f. 05-11-2018 and accordingly ceased as member of audit committee w.e.f. 05-11-2018 after meetings were over.
- Shri Nimish Patel appointed as Independent Director and also as member of audit committee w.e.f. 05-11-2018.
- Mrs. Deepti Sharma appointed as Independent Director and also as member of audit committee w.e.f. 05-11-2018.
- Audit committee meeting was held four times during the year on 22-05-2018, 09-08-2018, 05-11-2018 and 07-02-2019 during the year ended 31<sup>st</sup> March, 2019.
- Attendance during the year 2018-19 in Audit Committee:

No.	Name of Director	Number of meetings held	Number of meetings entitled to attend	Number of meetings attended	% of Attendance
1	Shri Sandeep Gul Lalwani	4	4	3	75 %
2	Shri Nikhil Ramesh Parikh	4	3	3	100 %
3	Shri Ameet Nalin Parikh	4	4	4	100 %
4	Mrs. Anjali Hegde	4	2	1	50 %
5	Shri Nimish Patel	4	1	1	100 %
6	Mrs. Deepti Sharma	4	1	1	100 %

#### 4. Nomination and Remuneration Committee:

- Broad Terms of reference of the Nomination and Remuneration Committee:
  - To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees
  - To recommend and review remuneration package of Executive Directors, Chief Financial Officer and Company Secretary of the Company.
  - To formulate criteria for evaluation of performance of independent directors and the board of directors.
  - 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.
  - 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 as on 31<sup>st</sup> March, 2019:

No.	Name of Director	Designation
1	Shri Sandeep Gul Lalwani	Non-Executive Independent Director
2	Shri Nimish Patel	Non-Executive Independent Director
3	Mrs. Deepti sharma	Non-Executive Independent Director

Note:

- Mrs. Anjali Harshvardhan Hegde resigned as Director w.e.f. 26-09-2018 and accordingly ceased as member of Nomination and Remuneration committee w.e.f. 26-09-2018.
- Shri Nikhil Ramesh Parikh resigned as Director w.e.f. 05-11-2018 and accordingly ceased as member of Nomination and Remuneration w.e.f. 05-11-2018 after meetings were over.
- Shri Ajitsing Bubber was appointed as member of Nomination and Remuneration Committee w.e.f. 01-10-2018 and ceased as member of Nomination and Remuneration Committee w.e.f. 05-11-2018 on re-constitution of committee.

- Shri Nimish Patel appointed as Independent Director and also as member of Nomination and Remuneration w.e.f. 05-11-2018.
- Mrs. Deepti Sharma appointed as Independent Director and also as member of Nomination and Remuneration w.e.f. 05-11-2018.
- 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 2018-19 in Nomination and Remuneration Committee:

No.	Name of Director	Number of meetings held	Number of meetings entitled to attend	Number of meetings attended	% of Attendance
1	Shri Sandeep Gul Lalwani	2	2	1	50 %
2	Shri Nikhil Ramesh Parikh	2	2	2	100 %
3	Mrs. Anjali Harshvardhan Hegde	2	1	1	100 %
4	Shri Ajitsing Bubber	2	1	1	100 %
5	Shri Nimish Patel	2	0	0	N.A.
6	Mrs. Deepti sharma	2	0	0	N.A.

- Meetings of Nomination and Remuneration Committee were held on 22-05-2018 and 05-11-2018 during the year 2018-19.
- Performance evaluation criteria for independent directors:
  - General understanding of the Company's business;
  - Educational back ground and experience;
  - Personal and professional ethics, integrity and values;
  - 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	1,49,99,100	900	1,50,00,000
Shri Ajay Nalin Parikh	1,49,80,889	19,111	1,50,00,000

##### Terms of Contract:

Name of the director	Date of appointment	Expiry of the contract
Shri Ajay Naishad Desai	1 <sup>st</sup> March, 2017	28 <sup>th</sup> February, 2022
Shri Ajay Nalin Parikh	1 <sup>st</sup> August, 2018	31 <sup>st</sup> July, 2023

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 :

Sitting fee paid to Non-Executive Directors during the year 2018-19 as under:

Name of the director	Sitting fee to attend Board meetings(Rupees)	Sitting fee to attend committee(Rupees)	Total (Rupees)
Shri Sandeep Gul Lalwani	20,000	20,000	40,000
Shri Nimish Patel	20,000	10,000	30,000
Mrs. Deepti sharma	20,000	20,000	40,000
Shri Ameet Nalin Parikh	20,000	20,000	40,000
Shri Kirit Kumar Pathak	NIL	NIL	NIL
Shri Ajitsing Bubber	NIL	NIL	NIL

Note: Sitting fee paid with effect from 07-02-2019.

# Key Managerial Personnel:

Name	Designation	Salary	Remarks
Mrs. Prerna Bokil	Company Secretary	Rs. 2,52,000	-
Mr. Rajendra K. Bhavsar	Chief Financial Officer	Rs. 44,98,070	-

# 6. Stakeholders relationship Committee:

- This committee, comprises of the following Executive Director and Non-Executive Independent Directors as on 31<sup>st</sup> March, 2019. This committee reviews 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	Mrs. Deepti Sharma	Independent Director

- Stakeholders relationship Committee Meeting was held on 22.05.2018, 09.08.2018, 05.11.2018 and on 07.02.2019 during the year ended 31<sup>st</sup> March, 2019.
- Attendance during the year in Stakeholders Committee meetings during the year 2018-19:

No.	Name of Director	Number of meetings held	Number of meetings entitled to attend	Number of meetings attended	% of Attendance
1	Shri Ajay Nalin Parikh	4	4	4	100 %
2	Shri Ajay Naishad Desai	4	4	4	100 %
3	Shri Ameet Nalin Parikh	4	3	3	100 %
4	Mrs. Deepti Sharma	4	1	1	100 %

# Other important details:

1.	Name of non-executive director heading the committee	Shri Ameet Nalin Parikh, non-executive director was Chairman of Stakeholders relationship Committee and he ceased to be a member and Chairman w.e.f. 05.11.2018. Mrs. Deepti Sharma was appointed as member and Chairperson of the Stakeholders relationship Committee w.e.f. 05.11.2018.
2.	Name and designation of compliance officer	Mrs. Prerna Bokil, Company Secretary
3.	Number of shareholders' complaints received so far during the year 2018-19	21
4.	Number of complaints not solved to the satisfaction of shareholders	0
5.	Number of pending complaints as on 31/03/2019	3

# Corporate Social Responsibility Committee:

- This committee, comprises of the following Executive Director and Non-Executive Independent Directors as on 31<sup>st</sup> March, 2019.

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

- Corporate Social Responsibility Committee Meeting was held on 05.11.2018 and 07.02.2019 during the year ended 31<sup>st</sup> March, 2019.

- Attendance during the year in Corporate Social Responsibility Committee meetings during the year 2018-19:

No.	Name of Director	Number of meetings held	Number of meetings entitled to attend	Number of meetings attended	% of Attendance
1	Shri Ajay Nalin Parikh	2	2	2	100 %
2	Shri Ameet Nalin Parikh	2	2	2	100 %
3	Shri Sandeep Gul Lalwani	2	2	2	100 %

## 7. General Body Meetings:

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

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

AGM	DAY AND DATE	TIME
24 <sup>th</sup> AGM	Friday, 30 <sup>th</sup> September, 2016	11.00 a.m
25 <sup>th</sup> AGM	Thursday, 28 <sup>th</sup> September, 2017	11.00 a.m
26 <sup>th</sup> AGM	Wednesday, 26 <sup>th</sup> September, 2018	11.00 a.m

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

YES

### [C] Whether special resolutions were put through postal ballot last year?

NO

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

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

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

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

## 8. Means of Communication:

- Quarterly / Half Yearly Financial Results of the Company are forwarded to the Stock Exchange, Mumbai, where the shares of the Company are listed. Further, the same are published in English and Gujarati Newspapers.  
Half yearly reports are not sent to each household of shareholders as the results of the Company are published in the Newspapers and kept on Company's website.
- Company has not made any presentations to any Institutional Investors / Analyst during the period.
- The Management Discussion & Analysis Report attached herewith forms part of Corporate Governance Report.
- Company has its own website and all the vital information relating to the Company and its products is displayed on the website.

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

## 9. General Shareholder Information:

### [A] Annual General Meeting

Day and Date

27<sup>th</sup> Annual General Meeting

Time

Wednesday, 25<sup>th</sup> September, 2019

Venue

11.00 a.m.

Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat

### [B] Financial Calender

[01<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019]

27<sup>th</sup> Annual General Meeting Wednesday, 25<sup>th</sup> September, 2019

1<sup>st</sup> Quarterly Result – by 14/08/2019

2<sup>nd</sup> Quarterly Result – by 14/11/2019

3<sup>rd</sup> Quarterly Result – by 14/02/2020

Audited result for the year ended 31/03/2020 by 30/05/2020

### [C] Dividend payment date which was declared at previous AGM

05/11/2018

- [D] Name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);  
The Stock Exchange, Mumbai Phiroze Jee Jeebhoy Towers, Dalal Street, Mumbai – 400 023  
Tel: [022] 22721234, 22721233  
Fax: [022] 22723719  
The payment of annual listing fees for FY 2018-19 is paid to BSE where shares are listed.

- [E] **Stock Code:**  
The Stock Exchange, Mumbai 523850  
ISIN for equity shares of the Company INE 767C01012

- [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 2018-19 are as under:

Month	High Price Rs.	Low Price Rs.	No of shares traded	No. of Trades
April-18	102.80	90.00	30,234.00	388.00
May-18	96.00	72.75	72,298.00	626.00
June-18	81.80	65.40	99,287.00	468.00
July-18	82.90	62.00	34,854.00	399.00
August-18	75.00	60.00	56,196.00	390.00
September-18	85.25	55.80	1,57,597.00	613.00
October-18	65.90	45.10	4,06,959.00	1,168.00
November-18	96.00	54.60	1,81,492.00	1,661.00
December-18	111.95	91.00	1,40,640.00	1,369.00
January-19	113.00	90.10	91,626.00	878.00
February-19	133.65	92.05	2,87,544.00	1,592.00
March-19	134.05	118.00	1,12,955.00	1,018.00

- [G] Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc  
As mentioned above
- [H] In case the securities are suspended from trading, the directors report shall explain the reason thereof;  
The securities are not suspended from trading. So no disclosures are mentioned explaining the reasons thereof.

- [I] **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 Fax: 0265-2356791

- [J] **Share Transfer System:**  
The Company's shares are traded in the Bombay Stock Exchange compulsorily in dematerialized 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.

- [K] **Distribution of shareholding as on 31<sup>st</sup> March, 2019:** Shareholding as per ownership is as under:

Category	No. of Shares	Percent
Promoter Group	80,69,307	49.95%
NRI/OCB	18,16,309	11.24%
Bodies Corporate	3,32,731	2.06%
Others	59,36,453	36.75%
Total	1,61,54,800	100.00%

- [L] **Dematerialization of share and liquidity:**  
As on 31<sup>st</sup> March, 2019, 85.57 % of the Company's total shares representing 1,38,23,795 shares were held in dematerialized form and the balance 14.43% representing 23,31,005 shares were held in paper form.

**[M] Outstanding GDR's /ADR's/ Warrants or any Convertible instruments, conversion date and likely impact on equity**

NIL

**[N] Commodity price risk or foreign exchange risk and hedging activities**

**Mentioned below:**

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.

Foreign exchange risk and hedging activities

Any volatility in the currency market can impact the overall profitability.

**[O] Plant Locations:**

The Company's Plant is located at: Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat  
Tel: [02676] 247900

**[P] Address for correspondence with Company**

Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat Tel: [02676] 247900

**[Q] List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad**

The Company has not issued debt instruments or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds

#### 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

- There is no materially significant related party transactions with its promoters, the Directors or the management, their subsidiaries or relatives etc. during the year. However, the details for payment of remuneration and professional fee is given here under:
- 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 up to 30.11.2018.
- Professional fees have been paid to Morphis Business Advisory LLP., in which Mr. Ameet Nalin Parikh is partner, from 01.12.2018 to 31.03.2019.

(b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets during the last three years

There was no instance of non-compliance by the company.

(c) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee

- The Board has appointed the following persons as members of vigil committee:
  1. Shri Ajay Naishad Desai, Whole time Director
  2. Shri Sandeep Gul Lalwani, Non-Executive Independent Director
  3. Shri Ameet Nalin Parikh, Non-Executive Director
- Whistle Blower Policy: The Company has adopted whistle blower policy
- There was no instance of denying access to audit committee by any personnel.

(d) Details of compliance with mandatory requirements and adoption of non-mandatory requirements

- i. The company has complied with all mandatory requirements and the company has not adopted any non-mandatory requirements.
- 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

	<p>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</p>
(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	Risk of price fluctuation on basic raw materials like steel, components, power as well as finished goods used in the process of manufacturing.
(h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).	NOT APPLICABLE
(i) a certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.	Certificate attached with the corporate governance report
(j) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:	NOT APPLICABLE
<p>Provided that the clause shall only apply where recommendation of / submission by the committee is required for the approval of the Board of Directors and shall not apply where prior approval of the relevant committee is required for undertaking any transaction under these Regulations.</p>	
(k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.]	<p>Total fees paid to the statutory auditor during the FY 2018-19: Rs. 4,68,350/-</p> <p>Bifurcation of the same is as under:            Audit fees: Rs. 3,34,000/-            Taxation Matters: Rs. 1,30,000/-            Out of Pocket Expense: Rs. 4,350/-</p>
(l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:	Mentioned below:
a. Number of complaints filed during the financial year	NIL
b. Number of complaints disposed of during the financial year	NIL
c. Number of complaints pending as on end of the financial year.	NIL
<p><b>11. Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof:</b></p>	
<p>There was no instance of any non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) specified.</p>	
<p><b>12. The company has not adopted any discretionary requirements as specified in Part E of Schedule II.</b></p>	

13. The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are made in this corporate governance report which is a part of the annual report.

By Order of the Board of Directors

Ajay Naishad Desai  
Executive Director  
DIN: 00452821

Ajay Nalin Parikh  
Executive Director  
DIN: 00453711

Date : 27/05/2019

Place : Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat

### **CERTIFICATE**

To,  
Axtel Industries Limited,  
Village: Nurpura, P.O.: Baska  
Halol: 389 350,  
Dist. Panchmahal, Gujarat

On the verification of company information and directors details and records provided to us by the Company and after verifying the details and records of directors on Ministry of Corporate Affairs site, we hereby confirm that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

This certificate is issued specifically for disclosures to be required for Corporate Governance.

For Dinesh Mehta & Co.  
Company Secretaries

Place: Vadodara  
Date: 12.05.2019

Sd/-  
[Dinesh Mehta]  
Proprietor  
C.P NO. 2127

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

To,  
Axtel Industries Limited,  
Village: Nurpura, P.O.: Baska  
Halol: 389 350,  
Dist. Panchmahal, Gujarat

We have reviewed the records concerning the company's compliance of conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> March 2019.

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: 12.05.2019

[Dinesh Mehta]  
Proprietor  
C.P NO. 2127

## INDEPENDENT AUDITOR'S REPORT

To the members of  
**AXTEL INDUSTRIES LIMITED**

### Report on the Financial Statements

#### Opinion

We have audited the accompanying Financial Statements of **Axtel Industries Limited ("the Company")** which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('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, 2019, its profit and cash flows for the year ended on that date.

#### Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our Audit addressed the Key audit Matter
<p><b>1. Ind AS 115 "Revenue from Contracts with Customers"</b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period.</p> <p>Refer to Note(s) F to the Financial Statements.</p>	<p>Review Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the controls.</p> <ul style="list-style-type: none"> <li>Selecting a sample of continuing and new contracts</li> <li>Management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</li> <li>Read, analysed and identified the distinct performance obligations,</li> <li>Comparing these performance obligations with that identified and as recorded,</li> <li>The terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price.</li> <li>Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets</li> </ul>
<p><b>2. Indirect tax - compliance and evaluating uncertainties</b></p> <p>The applicability of GST Act, since July 2017, and evaluating its compliances, along with the appropriateness of the availing of credits and exemptions. Proposed annual compliances related to the act is not yet due and thus creating substantial uncertainty of the enumeration of the liability and credits, as available to the company. The reasonableness of the estimation and availability of its classification as identified by the company.</p>	<ul style="list-style-type: none"> <li>Selecting a sample of data and its reflection in regular filing,</li> <li>Controls relating to areas covered and reflection of carry forward of amounts from subsumed legislations,</li> <li>Contracts and related information used in recording and disclosing obligations relating to revenue in accordance with the new revenue accounting standard.</li> <li>The terms of the contracts to determine the transaction price including any variable consideration and its indirect tax implications to sampled contracts.</li> <li>Samples in respect of tax obligations revenue recorded for time and material contracts were tested using a combination</li> </ul>
<p><b>3. Onerous obligations in respect of contracts and its recoverability of assets.</b></p> <p>The company has varied duration of receivables based upon individual contracts and historic obligations. A review was undertaken to ascertain the reasonableness of the amounts expected to fulfil such obligations and recoverability of outstanding / financial assets.</p> <p>Refer to Note(s) 8 to the financial statements</p>	<ul style="list-style-type: none"> <li>Sample review of material contracts,</li> <li>Controls regarding review by management based upon function head feedback.</li> <li>Discussions with the management and responsible team members to evaluate the estimates</li> </ul>

#### Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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: 27/05/2019

## **"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, 2019:

- 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, 2019 for a period of more than six months from the date on when they become payable. As informed to us the provisions relating to Employee State Insurance are not applicable to the Company

- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute except for the Fringe Benefit Taxes. According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of Fringe Benefit Tax as at 31<sup>st</sup> March 2019 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: 27/05/2019

## “Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Axtel Industries Limited for year ended 31<sup>st</sup> March, 2019

### 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, 2019 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, 2019, 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: 27/05/2019

## BALANCE SHEET AS AT MARCH 31, 2019

Particulars		Note	As at 31st March,2019		As at 31st March,2018	
		No.	Rs. is Lacs	Rs. is Lacs	Rs. is Lacs	Rs. is Lacs
<b>(A) ASSETS :</b>						
<b>(1) Non - current assets</b>						
(a)	Property Plant and Equipment	1		1,549.91		1,689.76
(b)	Other Intangible Assets	1		34.36		25.57
(c)	Capital work in progress	1		20.25		-
<b>(d) Financial Assets</b>						
(i)	Investments	2	1,489.54		1,422.19	
(ii)	Trade receivables	-		-		-
(iii)	Loans and advances	3	412.43		410.75	
(iv)	Others	4	1.60	1,903.57	29.11	1,862.05
(e)	Deferred tax assets (Net)	5		35.04		20.57
(f)	Other non current assets	6		73.13		19.16
<b>Total Non-current Assets</b>				<b>3,616.25</b>		<b>3,617.13</b>
<b>(2) Current Assets</b>						
(a)	Inventories	7		2,171.13		1,784.84
<b>(b) Financial Assets</b>						
(i)	Investments	-		-		-
(ii)	Trade receivables	8	1,942.50		2,011.59	
(iii)	Cash and cash equivalents	9	549.71		439.62	
(iv)	Bank Balances other than above	-		-		-
(iv)	Loans and advances	3		-		-
(v)	Other financial Assets	4	3.66	2,495.87	22.14	2,473.36
(c)	Current Tax Assets (Net)	10		108.77		118.24
(d)	Other current assets	6		37.35		353.58
<b>Total Current Assets</b>				<b>4,813.11</b>		<b>4,730.02</b>
<b>Total Assets</b>				<b>8,429.36</b>		<b>8,347.15</b>
<b>(B) EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a)	Equity Share Capital	11		1,615.48		1,615.48
(b)	Other Equity	12		3,590.68		2,685.88
<b>Total Equity</b>				<b>5,206.16</b>		<b>4,301.36</b>
<b>Liabilities</b>						
<b>(1) Non - current liabilities</b>						
<b>(a) Financial Liabilities</b>						
(i)	Borrowings	13	92.22		115.86	
(ii)	Trade payables	-		-		-
(iii)	Other financial Liabilities	-		92.22		115.86
(b)	Provisions	17		403.41		352.00
(c)	Other Non-current liabilities	-		0.09		-
<b>Total Non-current Liabilities</b>				<b>495.73</b>		<b>467.86</b>
<b>(2) Current Liabilities</b>						
<b>(a) Financial Liabilities</b>						
(i)	Borrowings	13	23.64		309.34	
(ii)	Trade payables	14		-		-
<b>Dues to MSME Enterprise</b>			<b>538.13</b>		<b>726.43</b>	
<b>Dues to Other Than MSME Enterprise</b>			<b>849.32</b>		<b>1,189.70</b>	
(iii)	Other financial Liabilities	15	141.78	1,552.87	132.71	2,358.18
(b)	Other Current liabilities	16		1,069.90		1,164.32
(c)	Provisions	17		104.69		55.43
<b>Total Current Liabilities</b>				<b>2,727.47</b>		<b>3,577.93</b>
<b>Total Equity and Liabilities</b>				<b>8,429.36</b>		<b>8,347.15</b>
Significant Accounting policies		I				
Notes on Financial statements		1 to 30				

In Accordance with our Report of even date

For and on behalf of the Board

For VCA &amp; ASSOCIATES

Chartered Accountants

Firm number: 114414W

(CA ASHOK THAKKAR)

Partner/M.No. 048169

Date: 27.05.2019

(AJAY DESAI)

Executive Director

Date: 27.05.2019

(AJAY PARIKH)

Executive Director

(PRERNA BOKIL)

Company Secretary

(RAJENDRA BHAVSAR)

Chief Financial Officer

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rs. In Lacs)

Particulars	Note No.	For the year ended on 31st March, 2019		For the year ended on 31st March, 2018	
		Rs. is Lacs	Rs. is Lacs	Rs. is Lacs	Rs. is Lacs
<b>INCOMES</b>					
I. Revenue from Operations	18		11,075.08		8,305.98
II Other Income	19		275.12		68.13
III <b>Total Income (I + II)</b>			<b>11,350.20</b>		<b>8,374.11</b>
<b>IV EXPENSES</b>					
a Cost of materials consumed	20	5,528.65		4,278.93	
b Purchase of Stock-in-Trade					
c Changes in inventories of finished goods, Work in Progress and Stock in Trade	21	(92.65)	5,436.00	(223.98)	4,054.95
d Excise Duty					155.75
e Employee benefits expense	22		2,036.12		1,729.69
d Finance costs	23		48.08		50.39
e Depreciation and amortization expense	24		279.67		238.71
f Other expenses	25		1,615.03		1,355.96
<b>Total Expenses</b>			<b>9,414.90</b>		<b>7,585.43</b>
V Profit/(Loss) before exceptional and tax (III-IV)			1,935.31		788.68
VI Exceptional Items : Provision for Debtors W/off			(115.78)		
VII Profit before Tax (V-VI)			1,819.52		788.68
VIII Tax expense:					
(1) Current tax (Refer Note No. 9 in other notes)		538.06		199.64	
(2) Deferred tax		(14.46)	523.60	(4.20)	195.44
IX Profit/(Loss) for the year (IX - XII)			1,295.92		593.24
X Other Comprehensive Income					
(i) <b>Items that will be reclassified to profit or loss</b>					
Exchange Rate Fluctuation on conversion of Balances and Depreciation of P.P.E Revaluation					(0.07)
Re-measurement of gain/ Loss on gratuity Plan			(148.87)		(5.57)
(ii) <b>Income tax relating to items that will be reclassified to profit or loss</b>			43.35		1.55
XI Total Other Comprehensive Incomes for the period (XIII+XIV)			(105.52)		(4.09)
XII Total Comprehensive Income for the year (IX+XI)			1,190.40		589.15
XIII Earning per equity share:	28				
(1) Basic			8.02		3.67
(2) Diluted			8.02		3.67
Significant Accounting policies	I				
Notes on Financial statement	1 to 30				

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: 27.05.2019

Date: 27.05.2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

(Rs. In Lacs)

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
<b>Cash flows from operating activities</b>		
Profit before taxation - continuing operations	1,819.52	788.68
Adjustments for:		
Depreciation and amortization expense	279.67	238.71
Loss/(gain) on sale/W-off of Property Plant and Equipments /MF	1.31	-
Loss/(Gain) on Current Fin-Assets measured at FVTPL	2.36	3.04
Gain on Non-Current Fin-Assets measured at FVTPL	-	-
Dividends received	(65.22)	(24.96)
Interest received	(12.02)	(13.49)
Finance Costs	48.08	50.39
Provision for doubtful debts and advances (Net)	115.78	-
Bad debts Written off (Net of Provision)	-	-
Net Exchange differences	-	-
	<u>369.96</u>	<u>253.68</u>
Operating profit before working capital changes	2,189.48	1,042.36
Changes in Working Capital :		
(Increase)/ decrease in trade and other receivables	269.37	(483.67)
(Increase)/ decrease in inventories	(386.29)	(560.00)
Increase/(decrease) in trade payables and other Liabilities	(619.96)	1,379.74
	<u>(736.88)</u>	<u>336.06</u>
Cash generated from operations	1,452.60	1,378.42
Income taxes paid/refund (Net)	538.06	199.64
Cash flow before extraordinary item	914.54	1,178.78
Proceeds from extraordinary item	-	-
Net cash from operating activities	914.54	1,178.78
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (including Capital Work in Process)	(169.42)	(277.11)
Proceeds from sale of property, plant and equipment	2.50	-
Proceeds from Sale of Non - Current Investments	2,200.00	401.99
Purchase of Investments	(2,265.22)	(1,474.96)
Placement / Investment in Bank Deposits	-	-
Encashment/ Redemption of Bank deposits	-	-
Interest received	12.02	13.49
Dividend received	65.22	24.96
<b>Net cash from investing activities</b>	<u>(154.90)</u>	<u>(1,311.63)</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

(Rs. In Lacs)

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
<b>Cash flows from financing activities</b>		
Proceeds from Issuance of Equity Share capital	-	-
Proceeds from long term borrowings	(23.64)	139.51
Proceeds from short term borrowings	(285.70)	(210.33)
Repayment of long term borrowings	-	-
Repayment of finance lease obligation	-	-
Interest and Finance cost paid	(48.08)	(50.39)
Dividend paid and DDT	(292.13)	-
<i>Net cash from financing activities</i>	(649.55)	(121.21)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>110.08</b>	<b>(254.06)</b>
<b>Cash and cash equivalents at beginning of reporting period</b>	<b>439.62</b>	<b>693.69</b>
<b>Cash and cash equivalents at end of reporting period</b>	<b>549.71</b>	<b>439.62</b>

**Cash and 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	549.71	439.62
Short term investments	-	-
Cash and cash equivalents as reported	549.71	439.62
Effect on exchange rate changes	-	-
Cash and cash equivalents as restated	549.71	439.62

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: 27.05.2019

(AJAY DESAI)

Executive Director

Date: 27.05.2019

(AJAY PARIKH)

Executive Director

(PRERNA BOKIL)

Company Secretary

(RAJENDRA BHAVSAR)

Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019**

(Rs. In Lacs)

**(a) Equity Share Capital**

Particulars	Number of Shares	Amount (Rs.) (Rs. in Lacs)
Balance as at 1st April, 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
Changes in equity Share Capital during the year		
Balance as at 31st March, 2019	1,61,54,800	1,615.48

**(b) Other Equity**

(Rs. In Lacs)

Particulars	Reserves & Surplus					Total Other Equity (Rs.)
	Capital Reserve (Rs.)	Other Reserves (Rs.)	Retained Earnings (Rs.)	Share Based Payments (Rs.)	Other Comprehensive Incomes (Rs.)	
Balance as at 1st April, 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
Profit of the year	-	-	1,295.92	-	-	1,295.92
Adjustments to Comprehensive Income	-	-	-	-	-	-
Other Comprehensive Income - Net of Tax	-	-	-	-	(105.52)	(105.52)
Total Comprehensive Income of the year	-	-	-	-	(105.52)	(105.52)
Payment of Dividend including Corporate Dividend Tax	-	-	(242.32)	-	-	(242.32)
Balance as on 31st March, 2019	25.00	20.55	3,650.64	-	(105.52)	3,590.68

In Accordance with our Report of even date

For and on behalf of the Board

For VCA &amp; ASSOCIATES

Chartered Accountants

Firm number: 114414W

(CA ASHOK THAKKAR)

Partner/M.No. 048169

Date: 27.05.2019

(AJAY DESAI)

Executive Director

Date: 27.05.2019

(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. Nulpura, 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

### I. 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.

##### (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 to the nearest rupees in Lacs as per the requirement of Schedule III, unless otherwise stated

#### 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.

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is possible that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other items of repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred

##### 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, 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.

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**

The Company derives revenue primarily from sale of Machinery i.e. manufactured goods and the related services.

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, discounts, loyalty discount, value added taxes/Goods and Service Tax(GST). Since, the GST is collected by the seller on behalf of the Government, accordingly it is excluded from revenue.

Effective from 01<sup>st</sup> April, 2018, the Company applies Indian Accounting Standard 115 (Ind AS 115) – Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 for revenue. *The impact of the adoption of the standard on the financial statement of the Company is insignificant*

The Company recognizes revenue when the amount of revenue can be reliably measured upon performance of obligation(s), 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**

Revenue from 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.

The Performance Obligation in our contract are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms

##### **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 generally accounted in the year of export. However, Export incentive accruing under MEIS Scheme are accounted when sold.

#### **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.

#### **H Borrowings**

The 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 Derivatives:**

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts for trading or speculation purposes. The Company records the gain or loss on effective hedges in the Statement of Profit and Loss of that period when they arise

**M 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.

**N Leases :**

The company determines whether an arrangement contains a lease by assessing whether the fulfilment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset in return for payment. Where this occurs the arrangement is deemed to include a lease and is accounted for either as finance or an operating lease.

Leases are classified as finance lease whenever the terms of lease transfer substantially all the risks and rewards of ownership and/or the present value of minimum lease payment substantially cover fair value of the asset. All other leases are classified as operating leases

**O 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.

**P 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 2019

**Ind AS 116 – "Leases"**

Ind AS 116 is effective for annual periods beginning on or after 1<sup>st</sup> April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on Balance Sheet model similar to the accounting for finance lease under Ind AS-17. The standard includes two recognition exemptions for lessees- leases of "low – value" assets and short-term leases (i.e. for 12 months or less term). At commencement date of Lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is in the process of evaluating the impact of adoption of Ind AS 116 on its financial statements and is of opinion that there will be no significant impact on financial statement.

## 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 Equipments	Office Building	Electrification	Computer System	Total Tangible Assets	Computer Software	
<b>GROSS CARRYING VALUE (Deemed Cost)</b>												
Balance as on 1st April, 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	-
Additions	-	25.43	74.51	4.33	-	11.97	-	0.46	10.70	127.40	21.77	-
Disposals	-	-	-	-	(1.66)	-	-	-	-	(1.66)	-	-
Reclassification / Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on 31st March, 2019	152.13	868.95	632.90	64.19	187.76	57.00	130.13	118.29	93.61	2,304.96	79.31	20.25
<b>ACCUMALATED DEPRECIATION AND AMORTISATION</b>												
Balance as on 1st April, 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	-
Charge for the year	-	65.73	76.47	9.58	53.05	15.87	5.72	22.80	17.47	266.68	12.99	-
Disposals	-	-	-	-	(1.08)	-	-	-	-	(1.08)	-	-
Reclassification / Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on 31st March, 2019	-	218.50	253.51	33.58	67.14	33.99	18.39	52.97	76.97	755.05	44.95	-
<b>NET CARRYING VALUE</b>												
As At 1st April, 2017	149.86	759.59	446.52	35.68	19.57	12.91	123.47	49.47	30.90	1,627.96	27.97	-
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	-
As At 31st March, 2019	152.13	650.45	379.39	30.61	120.62	23.02	111.73	65.32	16.64	1,549.91	34.36	-
					As on 31st March, 2019	As on 31st March, 2018	As on 1st April, 2017					
NET CARRYING VALUE					Value	Depreciation	Value	Depreciation	Value	Depreciation		
Property Plant and Equipment					1,549.91	266.68	1,689.76	224.58	1,627.96	260.36		
Intangibles - Computer Software					34.36	12.99	25.57	14.12	27.97	17.84		
Capital Work In Process					20.25	-	-	-	23.07	0.00		
Total Rs.					1,604.51	279.67	1,715.34	238.71	1,679.01	278.21		

(Rs. In Lacs)

Particulars	As at 31.03.2019 (Rs.)		As at 31.03.2018 (Rs.)	
<b>2 INVESTMENTS</b>				
<b>Non - current Investment</b>				
<i>Investment in Mutual Funds (at FVTPL)</i>	<b>No of Units</b>	<b>Amount</b>	<b>No of Units</b>	<b>Amount</b>
(1) Kotak Low Duration Fund (Standard Growth-Dividend)	-	-	-	-
(2) ICICI Prudential Saving Fund - Daily Dividend	12,67,104.30	1,278.80	12,10,601.79	1,221.21
(3) ABSL- Short Term Opportunities Fund - Quarterly Dividend - Regular Reinvestment	20,67,253.32	210.74	19,79,127.29	200.99
<b>Total - NON- Current Investment</b>		<b>1,489.54</b>		<b>1,422.19</b>
<b>Current Investment</b>	-	-	-	-
<b>Total - Current Investment</b>		-		-
<b>3 LOANS &amp; ADVANCES</b>				
<b>Non - current</b>				
Loans/Advance to employees				
Earmarked Funds	405.09	-	403.41	-
Deposits	7.33	-	7.33	-
Advance Given Against Orders	-	-	-	-
<b>Total Non-Current</b>	<b>412.43</b>		<b>410.75</b>	
<b>Current</b>				
Loans/Advance to employees	-	-	-	-
Deposits	-	-	-	-
Advance Given Against Orders	-	-	-	-
<b>Total Current</b>	-	-	-	-
<b>4 OTHER FINANCIAL ASSETS</b>				
<b>Non - current</b>				
Duty Drawback receivable	1.60	-	29.11	-
<b>Total Non-Current</b>	<b>1.60</b>		<b>29.11</b>	
<b>Current</b>				
Duty Drawback receivable	3.66	-	22.14	-
Interest Accrued on Deposit	-	-	-	-
<b>Total Current</b>	<b>3.66</b>		<b>22.14</b>	
<b>5 DEFERRED TAX (NET) AND MOVEMENT OF DEFERED TAX ASSET/LIABILITIES</b>				
Deferred Tax Asset on at beginning of year	20.57	-	16.37	-
<b>Add : Property, Plant and Equip</b>	<b>14.67</b>	-	<b>6.97</b>	-
: 43B Disallowance and Allowances	(0.20)	-	(2.77)	-
<b>Total : Deferred Tax Assets on 31.03.2018</b>			<b>20.57</b>	
<b>Total : Deferred Tax Assets on 31.03.2019</b>	<b>35.04</b>			
<b>LESS :</b>				
Deferred Tax Liabilities	-	-	-	-
<b>Net Deferred Tax Assets</b>	<b>35.04</b>		<b>20.57</b>	

		(Rs.in Lacs)	
Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)	
<b>6 OTHER ASSETS</b>			
<b>Non - current</b>			
Advance given			
Deposit/balance with Statutory Authorities	73.13	4.16	
Advance Given Against Orders		15.00	
<b>Total- Non-Current</b>	<b>73.13</b>	<b>19.16</b>	
<b>Current</b>			
Prepaid Expenses	28.61	76.58	
Loans/Advance to employees	1.93	1.69	
Advance Given Against Orders	5.71	108.35	
Deposit/balance with Statutory Authorities	1.11	166.95	
<b>Total - Current</b>	<b>37.35</b>	<b>353.58</b>	
<b>7 INVENTORIES</b>			
(at lower of the cost and Net realisable Value)			
Raw Materials and Componentes	1,373.78	1,080.14	
Work - in - Progress	797.35	704.70	
<b>Total</b>	<b>2,171.13</b>	<b>1,784.84</b>	
<b>8 TRADE RECEIVABLES</b>			
(Unsecured unless otherwise stated)			
<b>Non - current Receivables</b>			
<b>Current Receivables</b>			
Considered Good	2,058.29	2,011.59	
Considered Doubtful			
Less : Allowance for Doubtful Debts	(115.78)		
<b>Total</b>	<b>1,942.50</b>	<b>2,011.59</b>	
<b>Movement in the expected Credit Loss Allowance</b>			
Balance at the Beginning of the year	-	-	
Changes in expected Credit Loss Allowance	-	-	
<b>Note :</b>			
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. <b>Ageing</b>	(%)	(Rs.in Lacs)	(%)
Within 01 - 90 days	94.456%	1,944.18	71.47%
Within 90 -180 days	2.693%	55.43	2.73%
Within 180 -365 days	0.001%	0.02	9.72%
Above 365 days	2.850%	58.66	16.08%
<b>Total</b>		<b>2,058.29</b>	

(Rs.in Lacs)

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
<b>9 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents		
- Cash on hand	0.42	0.95
Balance with Banks		
- In Current Account	232.33	20.81
- In EEFC Account	98.03	281.60
- In Fixed Deposit Account (with Original Maturity of less than 12 months )	218.93	136.27
<b>Total</b>	<b>549.71</b>	<b>439.62</b>

<b>10 CURRENT TAX ASSETS /LIABILITES(NET)</b>		
<b>Current</b>		
Advance Tax/Tax deducted At Source	846.47	487.46
<b>Less : Current Tax Liabilities</b>		
Provision for taxes	(737.70)	(369.22)
<b>Total Current Tax Assets (NET)</b>	<b>108.77</b>	<b>118.24</b>

<b>11 EQUITY SHARE CAPITAL</b>				
	<b>As at 31.03.2019</b>		<b>As at 31.03.2018</b>	
	<b>Number</b>	<b>AMOUNT (₹)</b>	<b>Number</b>	<b>AMOUNT (₹)</b>
<b>Authorized:</b>				
2,00,00,000 Equity shares of Rs.10 /- each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
		2,000		2,000
<b>Issued, subscribed and fully paid up:</b>				
161,54,800 Equity shares of Rs.10 /- each				
<b>Reconciliation of Equity Shares Outstanding at the begining and at the end of the reporting year</b>				
At the beginning of the reporting period	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
<b>Total</b>		<b>1,615.48</b>		<b>1,615.48</b>

The company has issued only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

**Other Information:**

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

Particulars	As at 31.03.2019 Nos	As at 31.03.2018 Nos	
1 Ajay Desai	9,21,935	9,21,935	5.71%
2 Shivash Business Advisory LLP	31,00,000	31,00,000	19.19%
3 Chaykar Business Advisory LLP	30,55,000	30,55,000	18.91%

(Rs.in Lacs)

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
<b>12 OTHER EQUITY</b>		
Other Equity		
<b>Reserves and Surplus (*)</b>		
Capital Reserve	25.00	25.00
Other Reserves	20.55	20.55
Retained earnings	3,650.64	2,646.85
<b>Other Comprehensive Income Reserve</b>		
OCI	(105.52)	(6.53)
<b>Total</b>	<b>3,590.68</b>	<b>2,685.88</b>
(*) Refer Note 32(3)		
<b>13 BORROWINGS</b>		
<b>(A) Secured</b>		
<b>Term Loans</b>		
<b>Non - current</b>		
- from banks	92.22	115.86
- from Others	-	-
<b>Total Non-Current</b>	<b>92.22</b>	<b>115.86</b>
<b>Current</b>		
- from banks		
Working Capital Loan - Cash Credit	-	285.70
Current Maturities of Long Term Borrowings	23.64	23.64
- from Others	-	-
<b>Total Current</b>	<b>23.64</b>	<b>309.34</b>
<b>(B) Unsecured</b>		
<b>Non - current</b>		
<b>Total Non-Current</b>		
<b>Current</b>		
<b>Total Current</b>		
<b>Additional Information:</b>		
<b>Details of security for secured loans</b>		
a. Rs. NIL (P.Y. Rs. 285.70 ) 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. 92.22 (P.Y. Rs. 115.86) 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.		
<b>14 TRADE PAYABLES</b>		
<b>Non - current</b>		
Trade Deposits -Customers		
Balance with Statutory Authorities		
<b>Total- Non-Current</b>		
<b>Current</b>		
Total outstanding dues to Micor and Small Enterprise Creditors	538.13	726.43
Total outstanding dues to Other Creditors (except referred above)	849.32	1,189.70
<b>Total - Current</b>	<b>1,387.46</b>	<b>1,916.13</b>

(Rs.in Lacs)

Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
<b>15. OTHER FINANCIAL LIABILITIES</b>		
Non - current	-	-
<b>Total- Non-Current</b>	-	-
<b>Current</b>		
Interest Accrued but not due	-	-
Trade Deposits	10.00	5.00
Employee Related Liabilities	10.75	19.58
Liabilities for Expenses	121.03	108.13
Liability for Capital goods	-	-
<b>Total Current</b>	<b>141.78</b>	<b>132.71</b>
<b>16 OTHER CURRENT LIABILITIES</b>		
Non - current		
Advance from customers	-	-
Statutory Dues/liabilities	0.09	-
<b>Total- Non-Current</b>	<b>0.09</b>	-
<b>Current</b>		
Advance from customers	906.04	1,142.79
Statutory Dues/liabilities	163.86	21.53
<b>Total Current</b>	<b>1,069.90</b>	<b>1,164.32</b>
<b>17 PROVISIONS</b>		
Non - current		
Provision for Employee benefits	403.41	352.00
<b>Total- Non-Current</b>	<b>403.41</b>	<b>352.00</b>
<b>Current</b>		
Provision for Employee benefits	104.69	55.43
Provision for Indirect Taxes	-	-
<b>Total Current</b>	<b>104.69</b>	<b>55.43</b>

(Rs.in Lacs)

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
<b>18 REVENUE FROM OPERATIONS:</b>		
<b>a) Sale of products</b>		
i) Machines Manufactured	10,352.86	7,986.01
<b>Sub -Total (a)</b>	<b>10,352.86</b>	<b>7,986.01</b>
<b>b) Other Revenue Income</b>		
i) Scrap	52.63	53.03
ii) installation Commissioning Others Services	669.59	266.94
<b>Sub -Total (b)</b>	<b>722.22</b>	<b>319.97</b>
<b>Grand -Total (a+b)</b>	<b>11,075.08</b>	<b>8,305.98</b>
Less:		
Excise duty	-	155.75
<b>Total</b>	<b>11,075.08</b>	<b>8,150.23</b>

# AXTEL INDUSTRIES LIMITED

(Rs.in Lacs)

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
<b>19 OTHER INCOME:</b>	-	-
i) Interest income	12.02	13.49
ii) Excise Duty Drawback/Export Incentive	97.49	22.11
iii) Trade discount/Insurance Claims	3.59	-
iv) Dividend	65.22	24.96
v) Rental /Other Incomes	12.00	2.80
vi) Gain on Foreign Exchange realisation	24.11	7.81
vii) Profit on Sale of Mutual Fund / Assets	1.31	1.99
viii) Net gain on financial assets designated at fair value through profit and loss	2.36	(5.03)
ix) Order Cancellation Charges	57.03	-
<b>Total</b>	<b>275.12</b>	<b>68.13</b>
<b>20 COST OF MATERIALS CONSUMED:</b>	-	-
a) i) Consumption of raw materials	5,528.65	4,278.93
<b>Total</b>	<b>5,528.65</b>	<b>4,278.93</b>
b) Consumption of major raw materials	-	-
i) S.S./M.S. Steel	2,091.46	1,521.11
ii) Others	3,437.18	2,757.82
<b>21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE:</b>	-	-
Stocks at the end of the year	-	-
<u>Work in progress</u>	-	-
Various Machinery and Components	797.35	704.70
<b>Total</b>	<b>797.35</b>	<b>704.70</b>
<u>Less:</u>	-	-
Stocks at the beginning of the year	-	-
<u>Work in progress</u>	-	-
Various Machinery and Components	704.70	480.72
<b>Total</b>	<b>704.70</b>	<b>480.72</b>
<b>(Increase )/Decrease in stock</b>	<b>(92.65)</b>	<b>(223.98)</b>
<b>22 EMPLOYEE BENEFIT EXPENSES:</b>	-	-
i) Salaries and Wages, Allowances	1,638.86	1,472.39
ii) Contribution to provident and other funds	67.50	62.02
iii) Remuneration to whole time directors	300.00	168.00
iv) Staff welfare expenses	29.75	27.28
<b>Total</b>	<b>2,036.12</b>	<b>1,729.69</b>
<b>23 FINANCE COSTS:</b>	-	-
i) Interest expense	17.35	17.94
ii) Other borrowing costs	30.73	32.45
<b>Total</b>	<b>48.08</b>	<b>50.39</b>
<b>24 DEPRECIATION AND AMORTIZATION:</b>	-	-
i) Depreciation	279.67	238.71
<b>Total</b>	<b>279.67</b>	<b>238.71</b>

(Rs.in Lacs)

Particulars	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018
<b>25 OTHER EXPENSES:</b>		
i) Power and fuel	65.20	71.27
ii) Labour & job work charges	391.12	340.54
iii) Erection & commissioning	414.26	314.92
iv) Repairs to buildings	1.90	11.92
v) Repairs to machinery	11.73	3.25
vi) Other Manufacturing Expense	26.62	12.16
vii) Selling expenses		
- Freight Outward (Net)	79.63	39.66
- Other Selling expenses	17.49	16.80
viii) Legal and professional charges	193.01	144.74
ix) Other office Expenses	44.19	43.98
x) Insurance	118.68	147.07
xi) Rates and taxes	0.10	10.74
xii) Repairs others	7.42	14.36
xiii) Travelling Expenses	54.24	27.25
xiv) Conveyance Expenses	88.39	84.09
xv) Payment to the auditors		
- as auditor	3.34	1.20
- for taxation and other matters	1.30	-
- for reimbursement of expenses	0.04	0.06
xvi) CSR Activity expenses	14.62	4.10
xvii) Donations	0.50	0.70
xviii) Freight Inward & Octroi	49.08	38.98
xix) Printing & Stationery	16.37	13.40
xx) Postage & Communication	15.81	14.78
<b>Total</b>	<b>1,615.03</b>	<b>1,355.96</b>

**26 ADDITIONAL INFORMATION:**

**a) Value of Imports calculated on CIF basis:**

i) Raw Materials	137.43	174.06
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**b) Expenditure in foreign currency: (net of withholding tax)**

i) For Purchase of Raw Material and Travel Expenses	192.17	194.06
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c) Particulars	% to total	Amount(Rs.)	% to total	Amount(Rs.)
i) Value of imported raw materials, spare parts and components consumed	2.70%	149.40	4.22%	180.65
ii) Value of indigenous raw materials, spare parts and components consumed	97.30%	5,379.24	95.78%	4,098.28
<b>Total</b>	<b>100%</b>	<b>5,528.65</b>	<b>100%</b>	<b>4,278.93</b>

**d) Earnings in foreign exchange:**

Export of goods calculated on FOB.basis	1,882.26	1,691.96
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(Rs.in Lacs)		
Particulars	As at 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
<b>27 CONTINGENT LIABILITIES AND COMMITMENTS:</b>		
(to the extent not provided for)		
a) Contingent Liabilities:		
i) Claims against the Company not acknowledged as debts		
ii) Guarantees (Bank)	677.28	900.63
iii) Bills receivable discounted with the bank not matured	-	-
iv) Tax demands under disputes including FBT	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 31.03.2019 (Rs.)	As at 31.03.2018 (Rs.)
<b>28 EARNINGS PER SHARE:</b>		
<b>Profit After Tax item:</b>		
Profit for the year after tax expense	1,295.92	593.24
Less:		
Preference dividend payable including dividend tax	-	-
	<u>1,295.92</u>	<u>593.24</u>
Weighted average number of equity shares	161.55	161.55
Basic Earning per share	8.02	3.67
Diluted Earning per share	8.02	3.67
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 buildup the final obligation

(Rs.in Lacs)				
I) Reconciliation of Opening and Closing balances of Defined Benefit	For the year ended March 2019		For the year ended March 2018	
	Gratuity benefit	Leave Benefits	Gratuity benefit	Leave Benefits
Defined Benefit Obligation at Beginning of the year	360.55	315.03	336.12	292.48
Liability transferred in/ Acquisitions	-	-	-	-
Current Service Cost	26.24	9.09	24.50	8.48
Interest Cost	23.61	22.37	15.35	21.50
Actuarial (Gain)/loss	-	-	-	-
- Due to Change in financial assumptions	(20.38)	(11.98)	2.35	0.45
- Due to experience adjustments	167.33	2.82	(8.31)	(0.84)
Benefit Paid	(16.19)	(7.74)	(9.46)	(7.04)
Defined Benefit Obligation at the end of the year	541.17	329.58	360.55	315.03

(Rs.in Lacs)

	For the year ended March 2019		For the year ended March 2018	
	Gratuity benefit	Leave Benefits	Gratuity benefit	Leave Benefits
<b>II) Reconciliation of Opening and Closing balances of Fair value of plan Assets</b>				
Defined Benefit Obligation at Beginning of the year	397.48	278.56	370.00	250.61
Expected return on Plan Assets	-	-	-	-
Assets transferred in/ Acquisitions	-	-	-	-
Interest Income	27.16	20.10	27.22	(18.78)
Actuarial (Gain)/loss	1.41	(1.14)	(0.39)	36.92
Employers contribution	0.68	1.00	0.65	9.82
Benefit Paid	-	-	-	-
Fair value of Plan Assets at year end	426.73	298.52	397.48	278.56
Actual return on Plan Assets	28.57	18.96	26.83	18.14
<b>III) Reconciliation of fair value of Assets and Obligations</b>				
Fair value of Plan Assets	426.73	329.58	397.48	315.03
Present Value of Obligation	(541.17)	(298.52)	(360.55)	(278.56)
Amount Recognised in Balance Sheet [Surplus/(Deficit)]	(114.44)	31.06	36.92	36.47
<b>IV) Expenses recognised during the year</b>				
In Income Statement				
Current Service Cost	26.24	9.09	24.50	8.48
Net Interest Cost	(3.55)	2.27	(11.87)	40.28
Return on Plan Assets	27.16	20.10	27.22	(18.78)
Net Cost	23.61	22.37	15.35	21.50
In Other Comprehensive Income				
Actuarial (Gain)/ Loss				
- Due to Change in financial assumptions	(20.38)	(11.98)	2.35	0.45
- Due to experience adjustments	167.33	2.82	(8.31)	(0.84)
Return on Plan Assets	(1.41)	1.14	0.39	(36.92)
Net (Income)/Expense for the period recognised in OCI	145.54	(5.57)	-	-
Net (Income)/Expense for the period Not recognised in OCI (as per IND AS - 19)	-	(8.02)	-	(37.30)
<b>V) Investment Details</b>				
Insurance Fund	426.73	298.52	397.48	278.56
<b>VI) Actuarial Assumption</b>				
Financial Assumptions				
- Discount rate	7.60%	7.60%	7.10%	7.10%
- Salary Escalation Rate #	7.00%	7.00%	7.00%	7.00%
- Rate of Employee Turnover	10% at younger ages reducing to 2% at younger ages	2% at Older ages increasing to 10% at younger ages	10% at younger ages reducing to 2% 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

(Rs.in Lacs)

		For the year ended March 2019		For the year ended March 2018	
		Gratuity Benefit	Leave Benefit	Gratuity Benefit	Leave Benefit
<b>IV) Sensitivity Analysis</b>					
<b>Discount rate Sensitivity :</b>	Increase by 0.50%	521.84	318.17	355.94	314.15
	(% Change)	-3.57%	-3.46%	-1.28%	-0.28%
	Decrease by 0.50%	561.55	341.56	365.51	315.99
	(% Change)	3.77%	3.64%	1.37%	0.31%
<b>Salary Growth rate Sensitivity :</b>	Increase by 0.50%	561.55	341.57	365.49	315.99
	(% Change)	3.77%	3.64%	1.37%	0.30%
	Decrease by 0.50%	521.66	318.06	355.91	314.14
	(% Change)	-3.60%	-3.50%	-1.29%	-0.28%
<b>Withdrawal rate (WR) Sensitivity :</b>	Increase by 10% (WRx110%)	541.70	329.97	360.37	315.04
	(% Change)	0.10%	0.12%	-0.05%	0.001%
	Decrease by 10% (WRx90%)	540.60	329.17	360.73	315.02
	(% Change)	-0.11%	-0.12%	0.05%	-0.001%

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. 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.

Financial Assets and Liabilities	As at 31st March, 2019				As at 31st March, 2018			
	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
<b>At Amortised Cost Financial Assets</b>								
Loans & Advance	412.43	-	-	412.43	410.75	-	-	410.75
Trade Receivables	1942.50	-	-	2011.59	2011.59	-	-	2011.59
Other Financial Assets	5.26	-	-	5.26	51.26	-	-	51.26
Cash & Cash Equivalents	549.71	-	-	549.71	439.62	-	-	439.62
Other Bank Balances	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2909.90</b>			<b>2909.90</b>	<b>2913.22</b>			<b>2913.22</b>
<b>At FVTPL Financial Assets</b>								
Investment in Mutual Funds	1489.54	-	-	1489.54	1422.19	-	-	1422.19
<b>At FTOCI Financial Assets</b>								
	-	-	-	-	-	-	-	-
<b>At Amortised Cost Financial Liabilities</b>								
Borrowings	115.86	-	-	115.86	425.20	-	-	425.20
Other Financial Liabilities	141.78	-	-	141.78	132.71	-	-	132.71
Trade Payables	1387.46	-	-	1387.46	1916.13	-	-	1916.13
<b>Total</b>	<b>1645.10</b>	-	-	<b>1645.10</b>	<b>2474.04</b>	-	-	<b>2474.04</b>
<b>At FVTPL Financial Liabilities</b>								
	-	-	-	-	-	-	-	-

**Fair value measurements using significant unobservable inputs (level 3)**

The following Table presents the change in level 3 items for the year ended 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 (Rs. In Lakhs)

The following table presents the changes in level 3 items for the year ended 31st March, 2019 and 31st March, 2018 :	
	Mutual Fund Instrument
As at 1 April 2017	352.26
Acquisitions	1475.00
Disposal	403.08
Gain/losses recognised in profit or loss	1.99
As at 31st March, 2018	1422.19
Acquisitions	2265.22
Disposal	2200.00
Gain/losses recognised in profit or loss (net)	2.13
As at 31st March, 2019	1489.54

**(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 Lacs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
Total Borrowings	115.86	425.20
% of Borrowings out of above bearing variable rate of interest	0.00%	67.19%

**Interest rate Sensitivity**

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

(Rs. In Lacs)

Particulars	As at 31st March, 2019	As at 31st March, 2018
50 bp increase would decrease the profit before tax by	Nil	1.43
50 bp decrease would Increase the profit before tax by	Nil	1.43

**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 Lacs)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	USD	EUR	USD	EUR
Loans availed	-	-	-	-
Trade and Other Payables	-	-	-	-
Trade and Other Receivables	64.39	70.07	23.72	36.65
Derivatives - Forwards	-	-	-	-
Net Exposure	64.39	70.07	23.72	36.65

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

Foreign Currency Exposure

(Rs. In Lacs)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	USD	EUR	USD	EUR
5% Depreciation in INR				
Impact on P&L	3.127	3.504	1.186	1.832
<b>Total</b>	<b>3.127</b>	<b>3.504</b>	<b>1.186</b>	<b>1.832</b>
5% Appreciation in INR				
Impact on P&L	(3.127)	(3.504)	(1.186)	(1.832)
<b>Total</b>	<b>(3.127)</b>	<b>(3.504)</b>	<b>(1.186)</b>	<b>(1.832)</b>

**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. Investment in Mutual Funds are taken at fair value

**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 party wise 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
<b>As on 31st March 2019</b>			
Borrowings	23.64	92.22	115.86
Trade and other Payables	1387.46	--	1387.46
Other Financial Liabilities	141.78	--	141.78
<b>As on 31st March 2018</b>			
Borrowings	309.34	115.86	452.20
Trade and other Payables	1916.13	--	1916.13
Other Financial Liabilities	132.71	--	132.71

**(3) 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, 2019 GST is applicable for full year and is Not added to turnover

**(4) Current Tax:** During the year the income tax provision is made for taxes payable for the year ended 31st March, 2019 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, 2019

Particulars	For year ended 31st March, 2019 (Rs.)	For year ended 31st March, 2018 (Rs.)
Profit and Loss	18,19,52,330	78,867,906
Current Tax	5,38,06,439	19,964,034
Deferred Tax	(14,46,322)	(419,890)
Total Income Tax Expense	5,23,60,117	19,544,144

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

Particulars	For year ended 31st March, 2019 (Rs.)	For year ended 31st March, 2018 (Rs.)
Profit before Income Tax expenses	18,19,52,330	78,867,906
Taxes at the Indian Tax rate i.e. @ 29.12% (P.Y. 27.5525 %)	5,29,84,518	21,730,080
Items giving rise to difference in tax		
- Earlier Tax Credits/B/f Loss	--	(1,946,308)
- Timing Difference and Others	18,73,125	(419,890)
- Effect of Non-deductible items	(10,74,110)	567,228
- Tax on Other Capital Gain Incomes	22,906	32,924
Deferred Tax Expenses/(Income)	(14,46,322)	(419,890)
<b>Total Income Tax Expense</b>	<b>5,23,60,117</b>	<b>19,544,144</b>

- (5) 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.
- (6) Figures have been rounded off to the nearest rupees in lacs.
- (7) Previous year Figures have been regrouped and rearranged wherever necessary to confirm to current years classification.
- (8) Claims against the Company not acknowledged as debts Rs. NIL (previous year Rs. NIL).
- (9) Estimated amount of contracts remaining to be executed on capital account and not provided Rs. NIL (Previous year Rs. NIL).
- (10) **Dues to Micro and Small Enterprises:**

The Company has certain dues payable to suppliers registered under Micro, Medium and Small Enterprise Act, 2006 (MSMED ACT). The disclosures pursuant to the said MSMED ACT are as follows :

(Rs. In Lacs)

Sr. No.	Particulars	Amount (Rs) Current Year	Amount (Rs) Current Year
a.	Principal amount remaining unpaid to any suppliers as at 31st March	538.13	726.43
b.	Interest due thereon remaining unpaid to any suppliers as at 31st March	--	--
c.	The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006	--	--
d.	The amount of the payment made to the supplier beyond the appointed day during each accounting year in terms of section 16 of the MSMED Act, 2006	--	--
e.	The amount of interest due and payable for the period of delay in making payments	--	--
f.	The amount of interest accrued and remaining unpaid as at 31st March	--	--
g.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	--	--

- (11) 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.

- (12) Payment to Auditors (excluding taxes)

Particulars	Current Year	Previous Year
For Audit & Tax Audit Fees	3,34,000	1,20,000
For Other Matters	1,30,000	--
<b>TOTAL Rs.</b>	<b>4,64,000</b>	<b>1,20,000</b>

- (13) Expenditure on CSR Activities

Particulars	Current Year	Previous Year
Amount Spent/ Provided	14,62,000	4,10,000
For Other Matters	-	-
<b>TOTAL Rs.</b>	<b>14,62,000</b>	<b>4,10,000</b>

- (14) 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.)	
				Current Year	Previous Year
1.	Ajay N. Desai	Executive Director	Director's Remuneration	1,50,00,000	83,99,875
2.	Ajay N. Parikh	Executive Director	Director's Remuneration	1,50,00,000	83,99,875
3.	Tranzmute Capital & Management Pvt. Ltd.	One of the Director is Director in said company	Professional Fees	20,00,000	30,00,000
4.	Mophis Business Advisory LLP	One of the Director is Partner in said LLP	Professional Fees	22,00,000	Nil
5.	Directors	Directors	Sitting Fees	1,50,000	60,000

- (15) Event occurring after Balance Sheet Date :

The Board of Directors of the Company has recommended a Final Dividend @ 15 % i.e. Rs. 1.50 per equity share of Rs.10/ each for the financial year 2018-19

- (16) In accordance with Ind AS-108 - there are no separate segments. However, Operating segments are reported in a manner consistent with the internal reporting provided by the management who are assessing performance of the operating segments of the Company.

The Company has integrated its organization structure with respect to its Machinery and Equipment manufacturing business and all products being similar there are no predominantly distinct segments and hence Company's reportable business segment consists of a single segment "Machinery and Equipment in terms of Ind AS-108. The management has disclosed the growth in Export and domestic segment as under.

Information of Geographies	VALUE (Rs. In Lacs)	VALUE (Rs. In Lacs)
	Current Year	Previous Year
<b>Revenue from Operations</b>		
-Within India	9,061.21	7,118.23
-Outside India	2,013.87	1,187.75
<b>Total</b>	<b>11,075.08</b>	<b>8,305.98</b>
<b>Non – Current Assets</b>		
- Receivables Within India	1,808.04	1,951.22
- Receivable Outside India	134.46	60.37
<b>Total</b>	<b>1942.50</b>	<b>2011.59</b>

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

Place: Nurpura

Date : 27.05.2019

(AJAY DESAI)

Executive Director

Place: Nurpura

Date : 27.05.2019

(AJAY PARIKH)

Executive Director

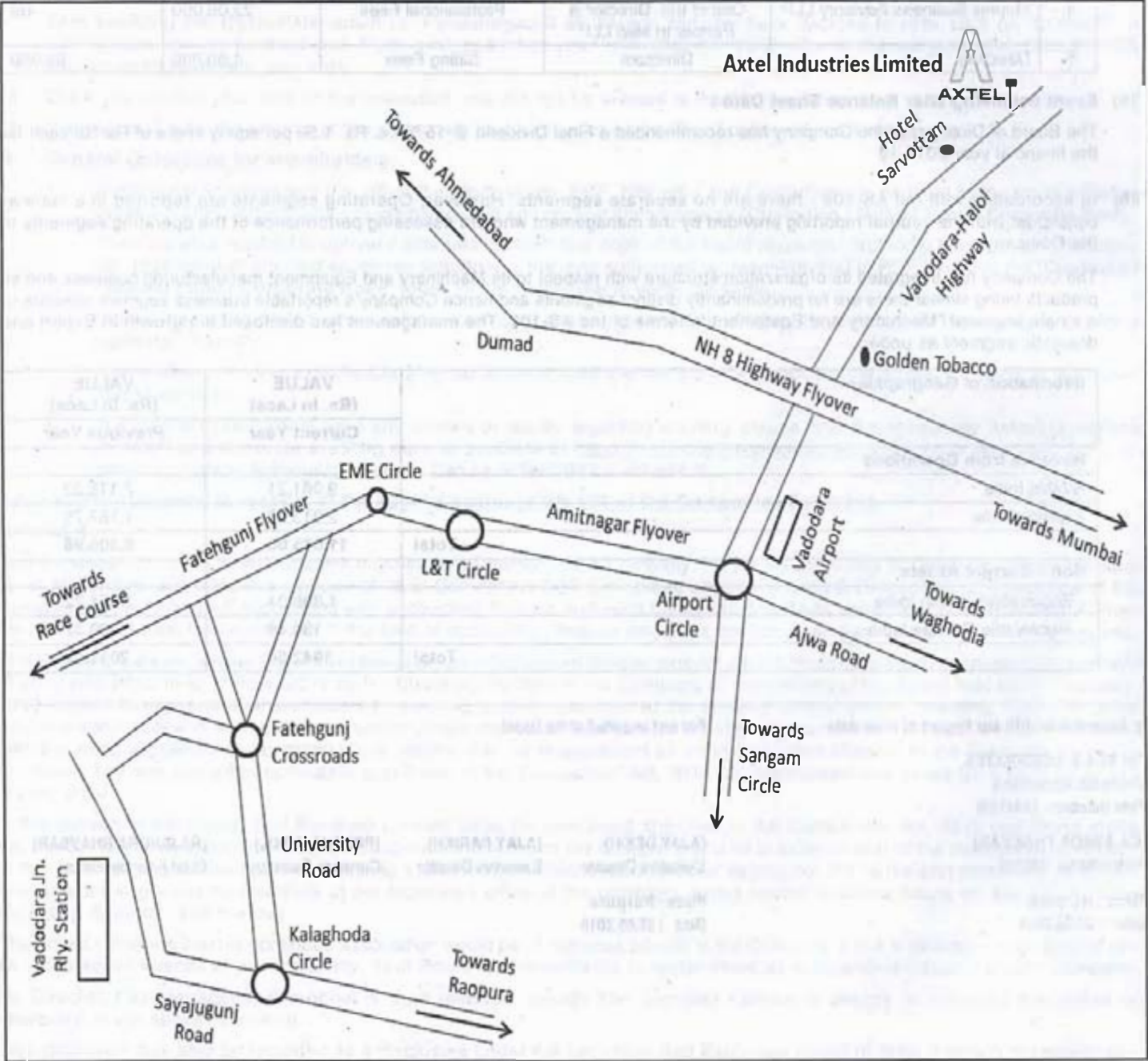
(PRERNA BOKIL)

Company Secretary

(RAJENDRA BHAVSAR)

Chief Financial Officer

ROUTE MAP



AXTEL INDUSTRIES LIMITED

CIN: L91110GJ1991PLC016185

REGISTERED OFFICE: Vadodara-Halol Highway,Baska, Panchmahal-389350, Gujarat

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

ATTENDANCE SLIP

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 27<sup>th</sup> ANNUAL GENERAL MEETING of the Company being held on Wednesday, 25<sup>th</sup> September, 2019 at the Registered Office at Vadodara-Halol Highway, Baska, Panchmahal-389350, 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: Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat

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

## TWENTY SEVENTH ANNUAL GENERAL MEETING

Wednesday, 25<sup>th</sup> September, 2019 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 Seventh Annual General Meeting of the Company, to be held on **Wednesday, 25<sup>th</sup> September, 2019 at 11.00 a.m.** at the registered office of the company at **Vadodara-Halol Highway, Baska, Panchmahal-389350, Gujarat** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
	<b>Ordinary business</b>		
1.	Adoption of audited financial statements		
2.	Re-appointment of Shri Ameet Nalin Parikh as Director		
3.	To declare dividend for the financial year ended 31 <sup>st</sup> March, 2019		
	<b>Special business</b>		
4.	Re-appointment of Shri Sandeep Lalwani as an Independent Director		
5.	Appointment of Shri Nimish Patel as an Independent Director		
6.	Appointment of Mrs. Deepti Sharma as an Independent Director		
7.	Ratification of remuneration of Cost Auditor		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

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

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

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

Affix  
Revenue  
Stamp  
Re. 1/-

## Note:

1. 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.
2. For the resolutions, explanatory statement and notes, please refer to the notice of twenty seventh Annual General Meeting.
3. 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.
4. Please complete all details including details of member(s) in above box before submission.

To,

**AXTEL  
INDUSTRIES  
LIMITED**

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

Tel: +91 2676 247900  
Fax: +91 2676 247125

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