

BOARD'S REPORT

To,  
The Members,

Your Directors have pleasure in presenting their 26th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31<sup>st</sup> March, 2018.

1. Financial summary or highlights/Performance of the Company

The financial results for the year are as under:

[Rupees in Lacs]

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

2. Dividend

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

3. Reserves

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

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

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

5. Change in the nature of business, if any

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

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

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

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

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

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

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

9. Details of Subsidiary/Joint Ventures/Associate Companies

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

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

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

11. Deposits

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

12. Statutory Auditors

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

**13. Auditors' Report**

The observations of the Auditors are explained, wherever necessary, in an appropriate note to the Audited Statement of Accounts. No qualification, reservation or adverse remark or disclaimer has been made by the auditor in their auditors' report for the year 2017-18.

**14. Share Capital**

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

**15. Annual return**

As per latest amendment in section 92 of the Companies Act, 2013 a copy of annual return will be displayed on Company's web site i.e. www.axtelindia.com after filing annual return, after completion of ensuing annual general meeting with the Registrar of Companies within the time stipulated in said section 92 of Act. However, extract of annual return in Form MGT-9 is attached (Annex-G)

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

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

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

The Company has made provision of Rs.4.10 lakh (Rupees Four Lakh Ten Thousands Only) towards corporate social responsibility during the year 2017-18 as required under section 135 of the Companies Act, 2013. Report on CSR activities in terms of section 135 of the Companies Act, 2013 is annexed to this report (Annexure-D).

**18. Directors & Key Managerial Personnel**

A) Shri Ajitsingh Mohansingh Bubber (DIN 00454111) Director, retires by rotation at the ensuing annual general meeting and being eligible offered himself for re-appointment as Director.

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

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

Shri Ajitsingh Mohansingh Bubber (DIN 00454111) Director of the Company retiring by rotation and eligible for re-appointment has given his consent and declaration under form DIR-8 pursuant to Section 164(2) read with Rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014. Details of Shri Ajitsingh Mohansingh Bubber (DIN 00454111), Director seeking re-appointment as per Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 with the Bombay stock exchange is attached herewith (Annexure- E)

C) Formal Annual Evaluation

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

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

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

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

During the year from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018 the Board of Directors met five times on the following dates:

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

20. Audit Committee

The members of the Audit Committee of the Company as on 31<sup>st</sup> March, 2018 are as under:

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

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

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

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

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

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

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

22. Nomination and Remuneration Committee

The members of Nomination and Remuneration Committee of the Company as on 31<sup>st</sup> March, 2018 are as under:

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

The policy formulated by nomination and remuneration committee:

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

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

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

24. Particulars of contracts or arrangements with related parties:

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

25. Managerial Remuneration

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

26. Secretarial Audit Report

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

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

27. Corporate Governance Certificate

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

28. Code of Conduct

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

29. Risk management policy

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

Interest Rate Risk	Any increase in interest rate can affect the finance cost.	Dependence on debt is very minimum and Company has enough funds to meet the need arises.
Foreign Exchange Risk	Any volatility in the currency market can impact the overall profitability.	The Company has potentiality in domestic market. In case of major fluctuation either upwards or downwards, the effect will be minimal.
Human Resources Risk	Your Company's ability to deliver value is dependent on its ability to attract, retain and nurture talent. Attrition and non-availability of the required talent resource can affect the overall performance of the Company	By continuously benchmarking of the best HR practices and carrying out necessary improvements to attract and retain the best talent. Company does not anticipate any major issue for the coming years.
Competition Risk	Every company is always exposed to competition risk. The increase in competition can create pressure on margins, market share etc.	By continuous efforts to enhance the brand image of the Company by focusing on quality, cost, timely delivery and customer service. By introducing new product range commensurate with demands your company plans to mitigate the risks so involved.
Compliance Risk - Increasing regulatory Requirements.	Any default can attract penal provisions.	By regularly monitoring and review of changes in regulatory framework.
Industrial Safety, Employee Health and Safety Risk.	The engineering industry is exposed to accidents and injury risk due to human negligence.	By development and implementation of critical safety standards across the various departments of the factory, establishing training need identification at each level of employee.

30. Directors' Responsibility Statement

Your Directors state that—

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

- e. the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
31. Compliance with Secretarial Standards and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015:  
The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India and SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 from time to time.
32. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:  
The Company has been employing about 7 women employees in various cadres within the factory premises. The Company has in place an anti-harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee has been set up to redress complaints received regularly and are monitored by women line supervisors who directly report to the Executive Director. All employees (permanent, contractual, temporary, trainees) are covered under the policy. There was no complaint received from any employee during the financial year 2017-18 and hence no complaint is outstanding as on 31.03.2018 for redressal.
33. Acknowledgements  
The Board of Directors gratefully acknowledge the assistance and co-operation received from the Bank of Baroda and all other statutory and non-statutory agencies for their co-operation. The Board of Directors also wish to place on record their gratitude and appreciation to the members for their trust and confidence shown in the Company. The Board of Directors would like to especially thank all the employees of the Company for their dedication and loyalty.

By Order of the Board of Directors

Ajay Naishad Desai  
Executive Director  
DIN: 00452821

AjayNalin Parikh  
Executive Director  
DIN: 00453711

Dated : 22/05/2018

Registered Office:

Plot No.43/1, Village: Nurpura,

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

Dist. Panchmahals, Gujarat