

AXTEL INDUSTRIES LIMITED

Regd. Office & Works :
Village Nurpura, P.O. Baska,
Tal. Halol – 389 350,
Dist. Panchmahals, Gujarat, INDIA.
Tel # (02676) 247900
Fax # +91 (2676) - 247125
E-mail : factory@axtelindia.com
Website : www .axtelindia.com

CIN :-L91110GJ1991PLC016185

Ref: AXTEL/14-15/1-01
Dt : 01.09.2014

The Corporate Relationship Department
The Stock Exchange, Mumbai
Ground Floor,
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI – 400 023

Sub: Annual Report 2013 - 2014

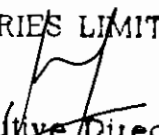
Sir,

We send herewith six copies of annual report for the year 2013 – 2014.

We also give hereunder Form-A as required.


FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	Axtel Industries Ltd.
2.	Annual financial statements for the year ended	31 st March,2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	repetitive
5.	To be signed by • CEO / Managing Director • CFO • Auditor of the Company • Audit Committee Chairman	For AXTEL INDUSTRIES LIMITED  Executive Director

Thanking you,

Yours faithfully
For AXTEL INDUSTRIES LIMITED


Authorised Signatory
sps.dmm

AXTEL INDUSTRIES LIMITED



Process Engineering Systems

Annual Report 2013-2014



AXTEL INDUSTRIES LIMITED**TWENTY SECOND ANNUAL REPORT 2013-2014**

BOARD OF DIRECTORS	:	Shri Kirit Kumar Pathak, Chairman Shri Ajay Naishad Desai, Executive Director Shri Ajay Nalin Parikh, Executive Director Shri Hardip Singh Bubber, Independent Director Shri Ajit Singh Bubber, Independent Director Shri Ameet Nalin Parikh, Director Shri Sandeep Lalwani, Independent Director Shri Neeraj Pathak, Alternate Director (to Shri Kirit Kumar Pathak)
AUDITORS	:	V. K. SHASTRI & CO., Chartered Accountants, Baroda
BANKERS	:	Bank of Baroda, Halol
REGISTERED OFFICE & WORKS	:	Plot No. 43 / 1, Village Nurpura, P.O. Baska, Taluka HALOL - 389 350, Dist: Panchmahals, Gujarat. Tel : [02676] 247900 Fax : [02676] 247125
Corporate Identification number(CIN)	:	L91110GJ1991PLC016185
E-mail address	:	info@axtelindia.com
website	:	www.axtelindia.com

NOTICE

NOTICE is hereby given that the twenty second annual general meeting of the members of AXTEL INDUSTRIES LIMITED will be held at 11.00 a.m. on Monday, the 29th September, 2014 at the Registered Office of the Company situated at Plot No. 43/1, Village Narpura, P.O. Baska, Tal. Halol – 389 350, Dist. Panchmahals, Gujarat to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the Profit & Loss Account of the Company for the year ended on that day together with the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Ajit Singh Bubber, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Hardip Singh Bubber, who retires by rotation and being eligible offers himself for re-appointment.
4. To Reappoint the Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following resolution as 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 Shri Sandeep Lalwani who retires by rotation 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 upto 31st March, 2019.
6. To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:
"RESOLVED that pursuant to section 197, 200 and other provisions applicable, if any and schedule V of the Companies Act, 2013 and subject to approval of central govt. or any other authority required, if any, consent of the members of the company is accorded to increase remuneration of Shri Ajay Naishad Desai, Executive Director of the Company with effect from the 1st April, 2014 within the limits prescribed hereunder from time to time:
 - [i] Salary:
Not exceeding Rs.7,00,000 (Rupees Seven Lac Only) per month [including perquisites and other allowance, if any]
 - [ii] Perquisites and other allowances:
Perquisites and other allowances shall also be allowed in addition to salary. However, total managerial remuneration by way of salary, perquisites and other allowances shall not exceed the overall limit of Rs.84,00,000 (Rupees Eighty Four Lac Only) per annum.
 - [iii] Contribution to provident fund, superannuation fund and annuity fund will not be included in the computation of the ceiling on managerial remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.
 - [iv] Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
 - [v] Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites/remuneration. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.
 RESOLVED FURTHER THAT where in any financial year, during the currency of tenure of Shri Ajay Naishad Desai as Executive Director, the Company has no profit or its profits are inadequate, it may pay him minimum remuneration by way of salary, perquisites and allowances not exceeding the limits specified above from 1st April, 2014 to 28th February, 2017
7. To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:
"RESOLVED that pursuant to section 197, 200 and other provisions applicable, if any and schedule V of the Companies Act, 2013 and subject to approval of central govt. or any other authority required, if any, consent of the members of the company is accorded to increase remuneration of Shri Ajay Nalin Parikh, Executive Director of the Company with effect from the 1st April, 2014 within the limits prescribed hereunder from time to time:
 - [i] Salary:
Not exceeding Rs.7,00,000 (Rupees Seven Lac Only) per month [including perquisites and other allowance, if any]
 - [ii] Perquisites and other allowances:
Perquisites and other allowances shall also be allowed in addition to salary. However, total managerial remuneration by way of salary, perquisites and other allowances shall not exceed the overall limit of Rs.84,00,000 (Rupees Eighty Four Lac Only) per annum.

- [iii] Contribution to provident fund, superannuation fund and annuity fund will not be included in the computation of the ceiling on managerial remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.
- [iv] Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- [v] Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites/remuneration. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.

*RESOLVED FURTHER THAT, where in any financial year, during the currency of tenure of Shri Ajay Parikh as Executive Director, the Company has no profit or its profits are inadequate, it may pay him minimum remuneration by way of salary, perquisites and allowances not exceeding the limits specified above for a period of three years i.e. from 1st April, 2014 to 31st March, 2017.

8. To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:

RESOLVED pursuant to section 180(1)(c) and other provisions applicable, if any, of the Companies Act, 2013 that the Board of Directors of the Company be and is hereby authorized to borrow money from bank, financial institutions, other companies / persons as may be required from time to time on such terms and conditions as may be considered suitable by the Board of Directors not exceeding Rs.30 crore (Rupees Thirty Crore only) notwithstanding that the money to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the company's banker in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and free reserves.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution.

9. To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:

RESOLVED that consent of the Company be and is hereby accorded pursuant to section 180(a) and other provisions applicable, if any, of the Companies Act, 2013 to the Board of Directors of the Company to mortgage and or charge all the immovable and movable properties where so ever situate, present and future of the Company as security with the bank, financial institutions, other companies as may be required to avail loans, various fund base and / or non-fund base credit facilities not exceeding Rs.30 crore (Rupees Thirty Crore only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution.

By the Order of the Board of Directors

Dated : 11.08.2014

Place : Registered Office :

Plot No.43/1, Village: Narpura,

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

Dist. Panchmahals, Gujarat

Ajay Naishad Desai
Executive Director

NOTES:

- [1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY FORM IS SENT HEREWITH.

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

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

- [2] Members should notify change in the address, if any, specifying full address in block letters with pin code of the post office.
- [3] Members seeking further information on the accounts or any other matter contained in the notice are requested to write to the Company at least 7 days before the meeting, so that relevant information can be kept ready at the meeting.
- [4] The register of members and share transfer book will remain closed from Tuesday, the 23rd September, 2014 to Monday, the 29th September, 2014 [both days inclusive].
- [5] Members attending the meeting are requested to bring their copy of the Annual Report.
- [6] Voting through electronic means : E-voting : The Company is pleased to provide E-voting facility through Central Depository Services (India) Limited (CDSL) as an alternative for all the members of the Company to enable them to cast their votes electronically. The instructions for E-voting are attached herewith.
- [7] Explanatory statement setting out all material facts concerning the special business u/s 102 of the Companies Act, 2013 is annexed hereto :

Explanatory statement in respect of the special business u/s 102 of the Companies Act, 2013**Item No.5**

Shri Sandeep Lalwani is Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 8th November,2011.He is member of Audit 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 24 years. Apart from his experience in the field of accounting, finance and audit, he has been associated with other companies.

Shri Sandeep Lalwani retires by rotation at the ensuing annual general meeting under the erstwhile applicable provisions of the Companies Act,1956. Pursuant to section 149 and any other applicable provisions of the Companies Act,2013 Shri Sandeep Lalwani being eligible for appointment, is proposed to be appointed as an Independent Director of the Company for five consecutive years for a term upto 31st March,2019. A notice has been received from a member proposing Shri Sandeep Lalwani as an Independent Director of the Company.

In the opinion of the Board Shri Sandeep Lalwani fulfils the conditions specified in the Companies Act,2013 and Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. A copy of the draft 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 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 Sandeep Lalwani is directly or indirectly concerned or interested in the above resolution.

This statement may also be regarded as a disclosure under Clause 49 of the listing agreement with the Stock Exchange.

Item No.6

Shri Ajay Naishad Desai was re-appointed as Executive Director of the Company for a period of five years w.e.f. 01st March, 2012 as per special resolutions passed by the members of the Company at the annual general meeting of the Company held on 19th September,2011. Subsequently his remuneration was increased to Rs.6,25,000 per month with effect from 1st November,2011 by passing special resolutions at the extra ordinary general meeting held on 8th November,2011 and necessary application to the Central Government was made for approval to increase his remuneration. The Central Government has given its approval for a total remuneration of Rs.75,00,000 (Rupees Seventy Five Lac only) per annum for a period of three years with effect from 1st March,2012 to 28th February,2015 as per letter dated 29th November,2013.

He is looking after the marketing and administration department of the Company. Looking to the responsibilities shouldered by Shri Ajay Naishad Desai , remuneration committee of the Company has recommended to increase his remuneration from Rs.6,25,000 per month to Rs.7,00,000 per month with effect from 1st April,2014.

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

I. General Information:

1. **Nature of Industry :** Engineering industry manufacturing food processing plant, machinery and equipment and dairy machinery since 1993.
2. **Financial Performance :** The Company's net profit after taxation is Rs.276.39 lacs for the year ended 31st March, 2014
3. **Export Performance:** The Company has made export of Rs.215.68 lacs during the year ended 31st March, 2014.

II. Information about Shri Ajay Naishad Desai, Appointee :

1. **Back Ground Details:** He is a 1st Class graduate in Electrical Engineering. He possesses over 30 years of wide and rich experience in the field of process and equipment design for food and pharmaceutical industries.
2. **Past remuneration :** He is paid remuneration of Rs.2,50,000 per month. He has been sanctioned remuneration of Rs.6,25,000 per month with effect from 1st March,2012 by the Central Government.
3. **Recognition or awards :** Nil
4. **Job profile and his suitability:**
 - Graduated from The Maharaja Sayjirao University at Vadodara in the year 1981 as an Electrical Engineer and having scored a first class.
 - 1981-83: Worked as a marketing and sales engineer with M/s Finex Sieves Pvt. Ltd., who were at that time a leading company for supply of knowhow and equipment for sieving and straining applications in food, pharmaceutical, chemical, paint, paper and other industries. Shri Ajai Naishad Desai was instrumental in increasing the turnover of the company manifold, which was achieved in a very short period.

- 1985-86: Together with others he formed a partnership company, Aro-Grad Engineering and set up a workshop to manufacture equipment for food and dairy industries. The first customer of Aro-Grad Engineering was Amul Dairy followed by the National Dairy & Development Board. Shri Ajai Naishad Desai worked closely with eminent personalities such as Dr.Verghese Kurien, Dr.V.H.Shah and others to develop various dairy and food equipment as import substitutes for many large dairies all over India. During this period he gained rich experience in the design, development, manufacture and use of GMP equipment for the dairy, food and pharmaceutical sectors.
- 1986-93: Promoted Age Technologies Pvt. Ltd. which was a larger version of Aro-Grad Engineering. This company continued the activities of Aro-Grad Engineering, with a substantially increased manufacturing facility. Age Technologies successfully commissioned various equipment and plants for dairies, food, animal feed and other similar industries. Many of these were import substitutes, eliminating the need for importing similar equipment from advanced countries.
- 1992-till date, as Executive Director – Sales with Axtel Industries Ltd. since its inception. Due to Mr.Desai's efforts Axtel today is the preferred supplier to Indian and MNC food processing companies such as Kraft Foods, Nestle, Cadbury, GlaxoSmithKline, Heinz, ITC, Unilever and several others in India and abroad. Axtel, under the leadership of Mr. Ajay Desai, has over the last 19 years designed processes/systems equivalent to the best in class. Axtel is represented in Western Europe by M/s AnuTec GmbH, Switzerland. Axtel also works very closely with M/s Wenger Inc., U.S.A. for Food and Feed Extrusion Systems and M/s Merk Process, Germany for Vacuum Drying Technologies.
- Shri Ajai Naishad Desai is also the Treasurer for the Heritage Trust in Vadodara, an NGO involved in the conservation of heritage sites and promotion of heritage awareness. Heritage Trust, Vadodara has been the driving force in winning a World Heritage status for Champaner, Gujarat.

5. **Remuneration proposed :** Rs.7,00,000 per month with effect from 1st April,2014.

6. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** Figure with respect to industry is not available. However, proposed remuneration payable to Shri Ajay Naishad Desai is low comparing his efforts and responsibility as Executive Director of the Company.

7. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:** Shri Ajay Naishad Desai has no pecuniary relationship directly or indirectly with the Company as managerial personnel except remuneration as Executive Director drawn by him and dividend on equity shares, declared if any, by the Company for his shareholding in the Company

III. Other information:

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

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

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

IV. Disclosures:

Other disclosures have been mentioned in the Board of Directors' report under the heading "Corporate Governance" attached to the annual report.

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

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

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

Item No.7

Shri Ajay Nalin Parikh was re-appointed as Executive Director of the Company for a period of five years w.e.f. 01st August, 2013 as per special resolutions passed by the members of the Company at the annual general meeting of the Company held on 31st July,2013. His remuneration was increased to Rs.6,25,000 per month with effect from 1st November,2011 by passing special resolutions at the extra ordinary general meeting held on 8th November,2011 and necessary application to the Central Government was made for approval to increase his remuneration and approval is expected within short period.

He is looking after the design and production departments of the Company. Looking to the responsibilities shouldered by Shri Ajay Nalin Parikh , remuneration committee of the Company has recommended to increase his remuneration from Rs.6,25,000 per month to Rs.7,00,000 per month with effect from 1st April,2014.

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

I. General Information:

1. **Nature of Industry :** Engineering industry manufacturing food processing plant, machinery and equipment and dairy machinery since 1993.
2. **Financial Performance :** The Company's net profit after taxation is Rs.276.39 lacs for the year ended 31st March, 2014
3. **Export Performance:** The Company has made export of Rs.215.68 lacs during the year ended 31st March, 2014.

II. Information about Shri Ajay Nalin Parikh, Appointee :

1. **Back Ground Details:** He is a Bachelor of Engg. (Mechanical) with distinction from The Maharaja Sayjirao University at Vadodara in the year 1980. He possesses over 30 years of experience in the field of design, engineering and manufacturing of high quality process equipment and plant for the food and pharmaceutical industries.
2. **Past remuneration :** He is paid remuneration of Rs. 2,50,000 per month and application to increase his remuneration to Rs.6,25,000 per month with effect from 1st November,2011 to the Central Government was made for approval.
3. **Recognition or awards :** Nil
4. **Job profile and his suitability:**

Shri Ajay Nalin Parikh is a Bachelor of Engg. (Mechanical) with distinction from The Maharaja Sayjirao University at Vadodara in the year 1980. He possesses over 30 years of experience in the field of design, engineering and manufacturing of high quality process equipment and plant for the food and pharmaceutical industries. A brief overview of his career profile is as follows:

- 1980-82 worked as a Design Engineer with M/s Vulcan Engineers Pvt. Ltd., Mumbai, who are engaged in providing complete heat treatment plant and furnaces for large steel manufacturers and for wheel and axle plants of the Indian Railways. As a design engineer, he was responsible for heat and mass transfer calculations, machine and equipment design, structural design, P & IDs and plant drawings and leading a team of draftsmen to produce detailed manufacturing drawings.
 - 1982-84 worked as Design Engineer for Finex Sieves Pvt. Ltd. at Vadodara, manufacturing rotary and gyratory sieving and straining equipment for the food, pharmaceutical and chemical industries.
 - 1984-85 He ventured out on his own and was partner in a company called Wynsales. Wynsales represented various engineering goods manufacturing companies for sales in the State of Gujarat. Here he was responsible in selling material handling equipment, non-destructive testing equipment and other engineered equipment.
 - 1985-86 He formed another company, Aro-Grad Engineering and set up a workshop to manufacture equipment for the food and dairy industry. The first customer of Aro-Grad Engineering was Amul Dairy followed by the National Dairy & Development Board. Mr. Parikh worked closely with eminent personalities such as Dr. V. H. Vyas, Dr. Kurien and others to develop various dairy and food equipment as import substitutes for many large dairies all over India. During this period he gained rich experience in the design, development, manufacture and use of GMP equipment for the dairy, food and pharmaceutical sectors.
 - 1986-92 Promoted and managed Age Technologies Pvt. Ltd. which continued the activities of Aro-Grad Engineering with a much larger manufacturing facility at Vadodara. Age Technologies successfully commissioned various cattle feed, dairy and powder handling plant and equipment. Many of these substituted the need for importing such equipment from Europe and other developed countries.
 - 1992-till date, as Executive Director with Axtel Industries Ltd. since its inception. He was involved in setting up the company, its manufacturing facilities and subsequent expansion of the same. During his tenure Shri Ajay Nalin Parikh has to his credit the development of a very large range of equipment, plant and machinery, most of which are import substitutes. Axtel today has a state-of-the-art manufacturing facility and is the preferred supplier to many multi-national and large FMCG and food processing companies in India and abroad. Axtel, under the leadership of Shri Ajay Nalin Parikh, has over the last 20 years developed and manufacture these equipment equivalent to the best in class that are made in the developed nations. Various innovative ideas have also been applied for indigenization and cost reduction. All of these have been completely developed in-house without any foreign collaboration. Axtel exports these equipment and machinery to Europe, Middle East, Far East and our neighbouring countries to the various food manufacturing companies there.
5. **Remuneration proposed :** Rs.7,00,000 per month with effect from 1st April,2014.
 6. **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** Figure with respect to industry is not available. However, proposed remuneration payable to Shri Ajay Nalin Parikh is low comparing his efforts and responsibility as Executive Director of the Company.

7. **Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:** Shri Ajay Nalin Parikh has no pecuniary relationship directly or indirectly with the Company as managerial personnel except remuneration as Executive Director drawn by him and dividend on equity shares, declared if any, by the Company for his shareholding in the Company

III. Other information:

8. **Reasons for inadequate profit:** Due to recessionary trend prevailing in India and abroad the Company could not procure more orders and as a result sale and profit could not be increased as expected
9. **Steps taken or proposed to be taken for improvement:** The Company has expanded its production capacity by expansion of its existing factory shed and installed more machineries to cope with the rise in orders from the clients.
10. **Expected increase in productivity and profits in measurable terms:** As Company is manufacturing tailor made plants / machinery it is very difficult to give expected production and profits in measurable terms.

V. Disclosures:

Other disclosures have been mentioned in the Board of Directors' report under the heading "Corporate Governance" attached to the annual report.

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

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

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

Item No.8

As per section 180(c) of the Companies Act,2013 the Company can not borrow moneys in excess of its paid up capital and free reserves apart from temporary loans obtained from the company's banker in the ordinary course of business except with the consent of the members of the Company in general meeting by special resolution. Your Company intends to expand its business and will require more fund by way of loan from the bank, financial institutions, other companies/ persons. Since total loan of Rs.30 crore (Rupees Thirty Crores only) will exceed the aforesaid limit, prior approval by means of special resolution passed at the general meeting is necessary.

Your Board recommends the above special resolution.

No Directors and any key managerial persons are directly or indirectly interested or concerned in the above resolutions.

Item No. 9

Your Company requires to mortgage/ charge its immovable and movable properties as security to avail various credit facilities from the bank, financial institutions, other companies/ persons from time to time. As per section 180(a) of the Companies Act,2013 the Company can not mortgage/ charge its immovable and movable properties except with the consent of the members of the Company in general meeting by special resolution.

Your Board recommends the above special resolution.

No Directors and any key managerial persons are directly or indirectly interested or concerned in the above resolutions.

By the Order of the Board of Directors

Dated : 11.08.2014

Place : Registered Office :

Plot No.43/1, Village: Nurpura,

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

Dist. Panchmahals, Gujarat

Ajay Naishad Desai
Executive Director

The instructions for members for voting electronically are as under:-

(A) In case of members receiving e-mail:

- i) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website www.evotingindia.com.
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	

* Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: <Default Number> in the PAN field.

Please enter any one of the details in order to login.

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
- viii) Click on the relevant EVSN on which you choose to vote.
- ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(II) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:

- (B) Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- (D) The voting period begins on 23rd September, 2014 (9.00 a.m) and ends on 25th September, 2014 (6.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22nd August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (E) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the twenty second annual report together with the audited statement of accounts for the year ended 31st March, 2014.

[1] FINANCIAL RESULTS:

The financial results for the year are as under:

[Rupees in Lacs]

	Year Ended 31.03.2014	Year Ended 31.03.2013
Sales and other Income	4833.64	6072.50
Profit before depreciation	695.78	632.42
Less: Depreciation	279.82	131.57
Profit of the year	415.96	500.85
Less: Provision for current tax	84.87	149.02
Provision for deferred tax	54.71	13.89
Profit after taxation	276.38	337.94
Balance brought forward from previous year	1396.08	1058.14
Balance carried to balance sheet	1672.46	1396.08

[2] DIRECTORS:

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

The Company has received a notice under section 160 of the Companies Act, 2013 for the appointment of Shri Sandeep Lalwani, who retires by rotation at the ensuing annual general meeting, as Independent Director of the Company. The Board recommend to appoint him.

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

1. in the preparation of the annual accounts for the year ended 31st March, 2014, the applicable accounting standards had been followed and there had been no material departures from the said standards except mentioned in notes to the account.
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended on that day.
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting statement in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual account for the year ended 31st March, 2014 on a going concern basis.

[4] REPORT ON CORPORATE GOVERNANCE:

A detailed report on Corporate Governance as required under clause 49 of the listing agreement with the stock exchange has been included separately in the annual report.

[5] AUDITORS:

M/s. V.K. Shastri & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

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

[6] AUDITORS' REPORT:

The observations of the Auditors are explained, wherever necessary, in an appropriate notes to the Audited Statement of Accounts.

[7] PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of Section 217 [2A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules, 1975 is Nil.

[8] PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE INCOME AND OUTGO:

Information in accordance with the provision of Section 217 [1] [e] of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange income and outgo is given in Annexure-A attached herewith.

[9] ACKNOWLEDGEMENT:

The Board of Directors gratefully acknowledge the assistance and co-operation received from the Bank of Baroda and all other statutory and non-statutory agencies for their co-operation.

The Board of Directors also wish to place on record their gratitude and appreciation to the members for their trust and confidence shown in the Company.

The Board of Directors would like to especially thank all the employees of the Company for their dedication and loyalty.

On behalf of the Board of Directors

Date : 11.08.2014
 Registered Office :
 Plot No.43/1, Village: Nurpura,
 P.O. Baska, Tal. Halol - 389 350
 Dist. Panchmahals, Gujarat

[Ajay Desai]
 Executive Director

[Ajay Parikh]
 Executive Director

Annexure A

Sl. No.	Particulars	Amount
1.	Research carried out as a result of the above R&D	150.74
2.	Patents obtained as a result of the above R&D	150.74
3.	Patents pending at the end of the year	150.74
4.	Expenditure on R & D	150.74
5.	Capital	150.74
6.	Reserving	150.74

Name of the Director	No. of Meetings Attended
Shri. Ajay Desai	4
Shri. Ajay Parikh	4
Shri. Anand Parikh	4
Shri. Anand Parikh	4
Shri. Anand Parikh	4
Shri. Anand Parikh	4
Shri. Anand Parikh	4
Shri. Anand Parikh	4
Shri. Anand Parikh	4
Shri. Anand Parikh	4

ANNEXURE - A

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Income and Outgo

1.	Particulars regarding conservation of energy, power and fuel consumption	:	Not Applicable	
2.	Particulars regarding technology absorption	:	As per Form B given hereunder	
3.	Foreign exchange earning and outgo			
	[i] Activities relating to exports	:	Sale of food processing plants & machinery	
	[ii] Initiatives taken to increase export	:	The Directors visit clients abroad several times and the Company expects to receive several export orders from time to time.	
	[iii] Development of new export markets for products and services and export plans	:	Not Applicable	
	[Rupees in Lacs]			
			Current Year	Previous Year
[iv]	Total foreign exchange used	:	120.74	188.29
[v]	Total foreign exchange earned	:	215.68	618.54

FORM B

[A] Form for disclosure of particulars with respect to technology absorption, Research and development (R&D)

- | | | | |
|----|---|---|-----|
| 1. | Specific areas in which R&D was carried out by the Company | : | Nil |
| 2. | Benefits derived as a result of the above R&D | : | Nil |
| 3. | Future plan of action | : | Nil |
| 4. | Expenditure on R & D | | |
| | [a] Capital | : | Nil |
| | [b] Recurring | : | Nil |
| | [c] Total | : | Nil |
| | [d] Total R & D expenditure as a percentage of total turnover | : | Nil |

[B] Technology absorption, adaptation and innovation : Nil

- | | | | |
|----|--|---|-----|
| 1. | Efforts, in brief, made towards technology absorption, adaptation and innovation | : | Nil |
| 2. | Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. | : | Nil |
| 3. | In case of imported technology [imported during the last 5 years reckoned from the beginning of the financial year], following information may be furnished. | : | Nil |
| | [a] Technology imported | | |
| | [b] Year of import | | |
| | [c] Has the technology been fully absorbed? | | |
| | [d] If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action. | | |

REPORT ON CORPORATE GOVERNANCE

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

1. Board of Directors as on 31st March, 2014.

The Board comprised of seven Directors, of whom two were Executive Directors and five were Non-Executive Directors. The Chairman of the Board was a Non-Executive Director.

A. Composition of the Board for the period from 01st April, 2013 to 31st March, 2014 :

Name of the Director	Status
Shri Kirit Kumar Pathak Chairman	Non-Executive Director
Shri Ajay Desai	Executive Director
Shri Ajay Parikh	Executive Director
Shri Ameet Parikh	Professional Director
Shri Hardip Singh Bubber	Non-Executive Independent Director
Shri Ajit Singh Bubber	Non-Executive Independent Director
Shri Sandeep Lalwani	Non-Executive Independent Director
Shri Neeraj Pathak	Alternate Director (to Shri Kirit Kumar Pathak)

B. Board Meeting :

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

i. Number of Board Meeting :

During the year from 01st April, 2013 to 31st March, 2014 the Board of Directors met four times on the following dates :

Sr	Date	Board Strength	No.of Directors Present
1	23-05-2013	7	6
2	31-07-2013	7	5
3	21-10-2013	7	5
4	12-02-2014	7	3

ii. Attendance of Directors :

Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Attendance at the last Annual General Meeting	No. of Directorship in the other Boards as on 31 st March, 2014	No. of Memberships in other Board Committees as on 31 st March, 2014
Shri Kirit Kumar Pathak	4	0	Absent	2	--
Shri Ajay Desai	4	4	Present	1	1
Shri Ajay Parikh	4	4	Present	1	1
Shri Ameet Parikh	4	4	Absent	2	1
Shri Hardip Singh Bubber	4	2	Absent	2	2
Shri Ajit Singh Bubber	4	3	Absent	1	2
Shri Sandeep Lalwani	4	2	Absent	3	2
Shri Neeraj Pathak	4	0	Absent	1	0

2 Committees of Directors :

Non-Executive Directors, including the Chairman, provide guidance to operating management on policy matters as well as in the monitoring actions of operating management. This involvement is formalized through constitution of designated committees of the Board. The Committees are intended to provide regular exchange of information and ideas between the Non-executive Directors and the operating management.

The Board has accordingly formed Committees which comply with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and other applicable provisions of the Companies [Amendment] Act, 2000.

[A] Audit Committee :

Audit Committee comprises of the following Executive Director and Non-Executive Directors of the Board as per section 292 A of the Companies Act, 1956:

	Name of Director	Status
1	Shri Sandeep Lalwani	Non-Executive Independent Director
2	Shri Ajay Desai	Executive Director
3	Shri Ameet Parikh	Professional Director

Audit committee meeting was held on 23rd May, 2013 and 21st October, 2013 during the year ended 31st March, 2014.

[B] Remuneration Committee :

i. Remuneration Committee comprises of the following Non-Executive Directors and Non-Executive Independent Directors of the Board :

	Name of Director	Status
1	Shri Hardip Singh Bubber	Non-Executive Independent Director
2	Shri Ajit Singh Bubber	Non-Executive Independent Director
3	Shri Sandeep Lalwani	Non-Executive Independent Director

ii. Remuneration Policy :

The Company follows a market linked remuneration policy, which is aimed at enabling the Company to attract and retain the best talent. The Company does not have an Employee Stock Option Policy.

iii. Broad Terms of reference of the Remuneration Committee :

- To recommend and review remuneration package of Executive Directors and Company Secretary of the Company.
- To present report to the Board on remuneration package of Executive Directors and Company Secretary.

iv. Details of remuneration paid to the Executive Directors during the year ended 31st March, 2014 :

a Executive Directors :

Name of the Director	Salary	Perquisites	Total
Shri Ajay Desai	27,71,500	2,28,350	29,99,850
Shri Ajay Parikh	28,97,257	1,02,543	29,99,800

Terms of Contract :

Name of the Director	Date of Appointment	Expiry of the Contract
Shri Ajay Desai	01 st March, 2012	28 th February, 2017
Shri Ajay Parikh	01 st August, 2013	31 st July, 2018

The above Executive Directors are required to give 3 months notice period for resignation as Executive Director. If before expiry of service contract, their tenure of office of the Executive Directors is determined, they will be entitled compensation as per section 318 of the Companies Act.

b Non-Executive Directors :

No sitting fee is paid to Non-Executive Directors.

No Remuneration committee meeting was held during the year.

[C] Shareholders/Investors' Grievances Committee :

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

	Name of Director	Status
1	Shri Ajay Parikh	Executive Director
2	Shri Hardip Singh Bubber	Non-Executive Independent Director
3	Shri Ajit Singh Bubber	Non-Executive Independent Director

No Shareholders / Investors' Grievances Committee Meeting was held during the year ended 31st March, 2014 as there was no major complaint from shareholders/investors.

3 General Body Meetings :

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

[A] Details of last three AGMs held :

AGM	Day and Date	Time
19 th AGM	Monday, 19 th September, 2011	11.00 a.m.
20 th AGM	Monday, 3 rd September, 2012	11.00 a.m.
21 st AGM	Wednesday, 31 st July, 2013	11.00 a.m.

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

Generally, all the resolutions in the General Body Meetings are passed through show of hands.

[C] Details of resolutions passed through Postal Ballot : NIL**[D] Area proposed to be conducted through postal ballot and procedure ?**

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

4 Disclosure :

[A] Disclosures on materially significant related party transactions i.e. Transaction of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large :

- a.
 - i) Managerial Remuneration is paid to Shri Ajay Desai, Executive Director and Shri Ajay Parikh, Executive Director.
 - ii) Professional fees have been paid to Tranzmute Capital & Management Pvt. Ltd.
- b. Details of non-compliance by the Company, penalties, stricture imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. : NO

5 Means of Communication :

[A] Quarterly / Half Yearly Financial Results of the Company are forwarded to the Stock Exchange, Mumbai, where the shares of the Company are listed. Further, the same are published in English and Gujarati News Papers.

Half yearly reports are not sent to each household of shareholders as the results of the Company are published in the newspapers.

[B] Company has not made any presentations to any Institutional Investors / Analyst during the period.

[C] The Management Discussion & Analysis Report attached herewith forms part of Corporate Governance Report.

[D] 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

- 6 General Shareholder Information :**
- [A] Annual General Meeting : 22nd Annual General Meeting
 Day and Date : Monday, 29th September, 2014
 Time : 11.00 a.m.
 Venue : Plot No. 43/1, Village Nulpura, P.O. Baska, Tal. HALOL – 389 350,
 Dist. Panchmahals, Gujarat
- [B] Financial Calender : i. 22nd Annual General Meeting
 [01st April, 2014 to : Monday, 29th September, 2014
 31st March, 2015] : ii. 1st Quarterly Result – 14/08/2014
 : 2nd Quarterly Result – 14/11/2014
 : 3rd Quarterly Result – 14/01/2015
 : audited result for the year ended 31/03/2015 in the month of May, 2015
- [C] Registered Office : Plot No. 43/1, Village Nulpura, P.O. Baska, Tal. HALOL – 389 350,
 Dist. Panchmahals, Gujarat
 Tel. : [02676] 247900, Fax : [02676] 247125
 Corporate Identification number(CIN) : L91110GJ1991PLC016185
 E-mail address : factory@axtelindia.com
 website : www.axtelindia.com
- [D] Listing on Stock Exchanges : The Stock Exchange, Mumbai
 Phiroze Jee Jeebhoy Towers,
 Dalal Street, Mumbai – 400 023
 Tel : [022] 22721234, 22721233
 Fax : [022] 22723719
- [E] Stock Code :
 The Stock Exchange, Mumbai : 523850
 ISIN for equity shares of the Company : INE 767C01012
 Listing fee for the year 2014 – 2015 has been paid to the Stock Exchange, Mumbai.
- [F] Market price data :
 The equity shares of the Company were traded at the Stock Exchange, Mumbai at price between Rs.4.97 to Rs.8.88 per share during last one year.
- [G] Dematerialization of share and liquidity
 As on 31st March, 2014, 74.32 % of the Company's total shares representing 74,32,285 shares were held in dematerialized form and the balance 25.68% representing 25,67,515 shares were held in paper form.
- [H] Address of Registrars and Share transfer agent : Link Intime India Private Limited,
 B-102-103, Shangrila Complex, First Floor,
 Near Radhakrishna Char Rasta, Akota, BARODA - 390 02
 Telephone no. 0265- 2356573/2356794
- [I] Share Transfer System :
 The Company's shares are traded in the Bombay Stock Exchange compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated time by the share transfer agent Link Intime India Private Limited, Baroda

[J] Distribution of shareholding as on 31st March, 2014 :

Category	No. of Shares	Percent
Pramoter Group [including NRI Director]	48,67,976	48.68%
NRI/OCB	4,00,832	4.01%
Bodies Corporate	2,64,001	2.64%
Others	44,66,991	44.67%
Total	99,99,800	100.00%

[K] Outstanding GDR's/ADR's/Warrants or any Convertible instruments, conversion date and likely impact on equity : 61,55,000 warrants of Rs.10 each for cash at par have been issued on preferential basis on 05th December,2012 to be converted into equity shares within 18 months from the date of allotment as on 31st March,2014 and the said 61,55,000 warrants of Rs.10 each have been converted in to 61,55,000 equity shares of Rs.10 on 4th June,2014.

[L] Plant Locations :

The Company's Plant is located at : Plot No. 43/1, Village Nurpura,
P.O. Baska, Tal. HALOL – 389 350
Dist. Panchmahals, Gujarat
Tel : [02676] 247900
Fax : [02676] 247125

[M] Address for correspondence : Plot No. 43/1, Village Nurpura,
with the Company P.O. Baska, Tal. HALOL – 389 350
Dist. Panchmahals, Gujarat
Tel : [02676] 247900
Fax : [02676] 247125

On behalf of the Board of Directors

Date : 11.08.2014
Registered Office : Plot No.43/1, Village : Nurpura,
P.O. Baska, Tal. Halol - 389 350
Dist. Panchmahals, Gujarat

[Ajay Naishad Desai]
Executive Director

[Ajay Nalin Parikh]
Executive Director

Management Discussion and Analysis

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

The global market for food processing machinery & equipment is forecast to reach US\$47 billion by the year 2015. 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.

Internal Control Systems

The Company has strengthened its internal control and audit aspects by appointing outside agency for internal audit of certain important aspects of operations, apart from usual transactional verifications. There are adequate checks and controls to ensure compliance of various statutes.

Financial performance

On the net sale of Rs.4813.47 lacs (previous year Rs.6038.87 lacs), the profit before depreciation and tax is Rs. 695.78 lacs (previous year Rs. 638.42 lacs - increase of 9.02 % over previous year) and profit after tax is Rs. 276.38 lacs (previous year 337.94 lacs - decrease of 18.21 % over previous year), Thus the performance has been encouraging comparing recessionary trend in overall economy. The improvement in the profitability has strengthened financial position of the Company.

Expansion of Existing Facilities

In anticipation of increasing its overall business in an industry (food processing) experiencing substantial growth , the Company has made an expansion of its existing manufacturing facilities at total project cost of Rs.21.54 crores.

To finance this expansion the company has utilised term loan of Rs.13.50 crores from Bank of Baroda; the balance has been funded through internal accruals.

Human resource

The Company considers its employees as its valuable assets. The Company focuses on building an organisation through induction and development of talent to meet current and future needs. Various HR initiatives have been taken to align HR policies of the Company with the growth projections of the company.

During the year under review, the Company continued to have cordial and harmonious relations with its employees.

CERTIFICATE ON COMPLIANCE OF CLAUSE 49 OF THE LISTING AGREEMENT

To,
AXTEL INDUSTRIES LIMITED
 Village: Narpura, 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 Clause 49 of the Listing Agreement entered in to by the company with the Stock Exchanges, for the financial year ended 31st March 2014.

The compliance of conditions on Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions on the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for the review and the information and explanations given to us by the company.

Based on such review, in our opinion, the company has complied with the conditions on Corporate Governance, as stipulated in Clause 49 of the said Listing Agreement.

We further state that such compliance is neither an assurance to the future viability of the company nor as the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For DINESH MEHTA & CO.
 COMPANY SECRETARIES**

PLACE : Baroda
 DATE : 11.08.2014

[DINESH MEHTA]
 Proprietor
 C.P NO. 2127

INDEPENDENT AUDITOR'S REPORT

To,
The Members,
AXTEL INDUSTRIES LIMITED

We have audited the accompanying financial statements of **AXTEL INDUSTRIES LIMITED**, which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Place: Vadodara
Date: 30/05/2014

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of AXTEL INDUSTRIES LIMITED. on the accounts of the company for the year ended 31st March, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken unsecured loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) As per information & explanations given to us and in our opinion, in respect of the transaction entered into by the company with parties covered u/s 301 of the Act which exceed five lacs rupees in a financial year in respect of each party, have been made at prices which appear reasonable as per information available with the company.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the internal audit of the Company has been conducted by independent firm of Chartered Accountants. In our opinion, the internal audit system is commensurate with its size of the company and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 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.

9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes except the following:

Name of Statute	Name of Dues	Amount (₹)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	FBT	1,93,150/-	P.Y. 05-06 A.Y. 06-07	Income Tax Appellate Tribunal, Ahmedabad

10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The nature of company's activities during the year is such that, clause (xiii) and (xiv) of paragraph 4 of the companies (Auditor Report) order 2003 are not applicable to the company for the year.
14. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
15. Based on our audit procedures and on the information and explanations given by the management, we report that the term loans availed by the company were prime facie applied by the company for the purpose for which the loans were obtained.
16. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
17. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any allotment of shares during the previous year on preferential basis.
18. The Company has no outstanding debentures during the period under audit.
19. The Company has not raised any money by public issue during the year.
20. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

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

Membership No. : 042774

Place: Vadodara

Date: 30/05/2014

BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	As at 31st March,2014 Rs.	As at 31st March,2013 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	99,998,000	99,998,000
(b) Reserves and Surplus	2	172,423,912	145,110,106
(c) Money received against share warrants (Pending Allotment)		-	-
(d) ShareWarrants Alloted	3	15,387,500	15,387,500
		287,809,412	260,495,606
(2) Share application money pending allotment			
(3) Non - current liabilities			
(a) Long term borrowings	4	82,500,000	79,956,043
(b) Deferred tax liabilities (Net)	5	6,771,339	1,300,264
(c) Other long term liabilities	6	34,741,949	27,344,027
(d) Long Term provisions		-	-
		124,013,288	108,600,334
(4) Current Liabilities			
(a) Short term borrowings	7	84,913,503	69,165,738
(b) Trade payables	8	93,021,308	88,534,988
(c) Other current liabilities	9	18,822,230	48,297,536
(d) Short term provisions	10	57,121,091	47,669,203
		253,878,132	253,667,465
TOTAL		665,700,832	622,763,404
II. ASSETS			
(1) Non - current assets			
(a) Fixed Assets			
(i) Tangible assets	11	242,638,950	167,896,869
(ii) Intangible assets	11	1,243,863	2,673,105
(iii) Capital work in progress	12	3,538,130	29,088,111
(iv) Intangible assets under development		-	-
		247,420,943	199,658,084
(b) Non - current investments	13	-	-
(c) Deferred tax assets (Net)	4	-	-
(c) Long term loans and advances	14	28,584,728	21,005,177
(d) Other non current assets		-	-
		276,005,671	220,663,261
(2) Current Assets			
(a) Current investments		-	-
(b) Inventories	15	108,225,298	76,529,719
(c) Trade receivables	16	175,715,025	171,872,657
(d) Cash and cash equivalents	17	16,690,796	12,706,562
(e) Short term loans and advances	18	89,064,043	140,991,205
(f) Other current assets		-	-
		389,695,162	402,100,143
TOTAL		665,700,833	622,763,404

Significant Accounting policies
Notes on Financial statement

1 to 29

In Accordance with our Report of even date

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

Firm number: 113325W

(V. K. SHASTRI)

Sole Proprietor

Date: 30/05/2014

For and on behalf of the Board

(AJAY DESAI)

Executive Director

Date : 30/05/2014

(AJAY PARIKH)

Executive Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Note No.	2013-14		2012-13	
		Rs.	Rs.	Rs.	Rs.
I. Revenue from Operations	19		481,347,458		603,887,173
II. Other Income	20		2,016,601		3,362,734
III. Total revenue (I + II)			<u>483,364,059</u>		<u>607,249,907</u>
IV Expenses					
a Cost of materials consumed	21	237,071,962		307,639,329	
b Changes in inventories of finished goods, work in progress and stock in trade	22	(30,312,516)	206,759,446	50,623,898	358,263,227
c Employee benefits expense	23		96,004,570		85,027,472
d Finance costs	24		21,839,921		7,087,786
e Depreciation and amortization expense	25		27,982,418		13,756,883
f Other expenses	26		89,181,217		93,029,304
Total Expenses			<u>441,767,572</u>		<u>557,164,672</u>
V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			41,596,487		50,085,235
VI Exceptional Items			-		-
VII Profit/(Loss) before extraordinary items and tax (V-VI)			41,596,487		50,085,235
VIII Extraordinary Items					
IX Profit before tax (VII-VIII)			41,596,487		50,085,235
X Tax expense:	27				
(1) Current tax (Refer Note No. 9 in other notes)		8,487,271		14,902,368	
(2) Deferred tax		5,471,075		1,388,538	
			13,958,346		16,290,906
XI Profit/(Loss) for the period from continuing operations (VII-VIII)			27,638,141		33,794,329
XII Profit/(loss) from discontinuing operations			-		-
XIII Tax expense of discontinuing operations			-		-
XIV Profit/(loss) from discontinuing operations (after tax) (XII-XIII)			-		-
XV Profit/(Loss) for the period (XI + XIV)			27,638,141		33,794,329
XVI Earning per equity share:	29				
(1) Basic			2.76		3.38
(2) Diluted			-		-
Significant Accounting policies					
Notes on Financial statement	1 to 29				

In Accordance with our Report of even date

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

Firm number: 113325W

(V. K. SHASTRI)

Sole Proprietor

Date: 30/05/2014

For and on behalf of the Board

(AJAY DESAI)
Executive Director

Date : 30/05/2014

(AJAY PARIKH)
Executive Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Particulars	2013-14		2012-13	
	Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities				
Profit before taxation		41,596,487		50,085,235
Adjustments for:				
Depreciation and amortization expense	27,982,418		13,756,883	
Interest received	(998,668)		(2,128,241)	
Loss/(gain) on sale of Assets/Investments	41,839		143,041	
Interest expenses	22,003,018		6,415,480	
		49,028,608		18,187,163
		90,625,094		68,272,398
(Increase)/ decrease in trade and other receivables	40,505,243		(124,151,136)	
(Increase)/ decrease in inventories	(31,695,579)		44,240,744	
Increase/ (decrease) in trade payables and other payables	(2,668,101)		40,533,974	
		6,141,563		(39,376,418)
		96,766,657		28,895,980
Income taxes paid	13,958,346		16,290,906	
		13,958,346		16,290,906
Net cash from operating activities		82,808,311		12,605,074
Cash flows from investing activities				
Purchase of property, plant and equipment	(76,158,449)		(108,218,793)	
Proceeds from sale of property, plant and equipment	47,000		65,219	
Purchase of investments	-		-	
Proceeds from sale of investments	-		102,750	
Interest received	998,668		2,128,241	
Net cash from investing activities		(75,112,781)		(105,922,583)
Cash flows from financing activities				
Proceeds from share Warrants refund	-		(2,360,000)	
Proceeds from long term borrowings	2,543,957		64,070,777	
Repayment of short term borrowings	15,747,765		5,171,398	
Interest paid	(22,003,018)		(6,415,480)	
Net cash from financing activities		(3,711,296)		60,466,695
Net increase/(decrease) in cash and cash equivalents		3,984,234		(32,850,814)
Cash and cash equivalents at beginning of reporting period		12,706,562		45,557,377
Cash and cash equivalents at end of reporting period		16,690,796		12,706,563
Cash & Cash equivalents:				
Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the balance sheet:				
Cash on hand and bank balances		16,690,796		12,706,563
Short term investments		-		-
Cash and cash equivalents as reported		16,690,796		12,706,563
Effect on exchange rate changes				
Cash and cash equivalents as restated		16,690,796		12,706,563

In Accordance with our Report of even date

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

Firm number: 113325W

(V. K. SHASTRI)

Sole Proprietor

Date: 30/05/2014

For and on behalf of the Board

(AJAY DESAI)
Executive Director

Date : 30/05/2014

(AJAY PARIKH)
Executive Director

NOTES TO FINANCIAL STATEMENTS

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number	Rs.	Number	Rs.
1 Share Capital:				
Authorized:				
2,00,00,000 Equity shares of Rs.10 /- each	20,000,000	200,000,000	20,000,000	200,000,000
		200,000,000		200,000,000
Issued, subscribed and fully paid up:				
9999800 Equity shares of Rs.10 /- each			-	-
At the beginning of the reporting period	9,999,800	99,998,000	9,999,800	99,998,000
Issued during the reporting period	-	-	-	-
Bought back during the reporting period	-	-	-	-
At the close of the reporting period	9,999,800	99,998,000	9,999,800	99,998,000
Total		99,998,000		99,998,000
Other Information:				
1 Particulars of equity share holders holding more than 5% of the total number of equity share capital:				
1 Ajay Desai	921,935		921,935	
2 Kiritkumar Pathak	765,144		765,144	
2 Reserves and Surplus:				
Capital Reserve				
As per last Balance Sheet				
- State Capital subsidy	2,500,000	2,500,000	2,500,000	2,500,000
Revaluation Reserve				
As per last Balance Sheet	3,001,958		3,370,856	
Less: Transferred to profit & loss account	324,334		368,898	
		2,677,624		3,001,958
Profit and Loss Account				
As per last Balance Sheet	139,608,148		105,813,819	
Add: Profit for the year	27,638,141		33,794,329	
		167,246,288		139,608,148
TOTAL		172,423,912		145,110,106
3 Warrants:				
Issued and subscribed :				
61,55,000 Warrants of Rs. 10.00 each	6,155,000	61,550,000	6,155,000	61,550,000
		61,550,000		61,550,000
Called And Paid up :				
25% Amount of Warrants called and paid up @ of Rs. 2.50 per warrant of Rs.10 each	6,155,000	15,387,500	6,155,000	15,387,500
Total		15,387,500		15,387,500

Particulars	As at 31st March,2014	As at 31st March,2013
4 Long term Borrowings		
1) Secured Loans:		
Term Loans		
- from Banks - ICICI Bank(Vehicle loan)	-	789,376
- from banks - Bank of Baroda	82,500,000	79,166,667
TOTAL	82,500,000	79,956,043
2) Unsecured Loans:	-	-
3) Total long term borrowings (1+2)	82,500,000	79,956,043
Additional Information:		
a Details of security for secured loans		
Rs. Nil (P.Y. 7,89,376/-) are secured by way of Hypothecation of vehicles Rs. 8,25,00,000 (P.Y. 791,66,667/-) secured Term loan from bank Secured by first charge on hypothecation of Plant and machinery, Book debts and stock and equitable mortgage of land and building.		
b Terms of repayment of term loans and others Vehicle loan is repayable in 36 monthly instalments at interest rate of 10.26% p.a. Term Loan from bank is repayable in 18 Quarterly instalments at interest rate of 13.50% p.a.		
5 Deferred Tax Assestes/Liabilities.		
i) Deferred tax liability:		
a) On account of depreciation on fixed assets	6,960,390	1,489,315
b) On account of timing differences in recognition of expenditure	-	-
Total	6,960,390	1,489,315
ii) Deferred tax asset:		
On account of Unabsorbed losses and depreciation under the Income Tax Act, 1961	189,051	189,051
Total	189,051	189,051
Net Deferred tax (liability)/asset	(6,771,339)	(1,300,264)
6 Other Long term liabilities		
Trade Payables	8,389,000	3,389,000
Employees Benefits	26,352,949	23,955,027
Total	34,741,949	27,344,027
7 Short term Borrowings		
1) Secured Loans:		
a) Loans repayable within next 12 Months		
- from banks - ICICI Bank(Vehicle Loan)	789,376	1,762,890
- from Banks - Bank of Baroda	30,000,000	15,833,333
b) Other Loans and advances		
- For working Capital	44,124,127	32,454,390
- For Bill discounting Account	10,000,000	19,115,125
Total	84,913,503	69,165,738

Particulars	As at 31st March,2014	As at 31st March,2013
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Additional Information:

a Details of security for secured loans

- 1 Rs. 441,24,127/- (P.Y. 324,54,390/-) secured loan from bank for working Capital Facilities and Rs 3,00,00,000/- (P.Y. 1,58,33,333/-) Secured loan from bank for Expansion are Secured by first charge on hypothecation of Plant and machinery, Book debts and stock and equitable mortgage of land and building.
- 2 Rs. 7,89,376/- (P.Y. 17,62,890/-) are secured by way of Hypothecation of vehicles

b Terms of repayment of term loans and others Vehicle loan is repayable in 36 monthly instalments at interest rate of 10.26% p.a.

Loan for Expansion is repayable in 18 Quarterly instalments at interest rate of 13.50% p.a.

8 Trade Payables

a) To Micro, Small and Medium Enterprises	-	-
b) Others	93,021,308	88,534,988
Total	93,021,308	88,534,988

Additional Information:

The details of amounts outstanding to Micro, Small and Medium Enterprises under Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

SI No.	Particulars	As at 31.03.2014	As at 31.03.2013
1	Principal amount due and remaining unpaid	-	-
2	Interest due on (1) above and the unpaid interest	-	-
3	Interest paid on all delayed payments under the MSMED Act	-	-
4	Payment made beyond the appointed day during the year	-	-
5	Interest due and payable for the period of delay other than (3) above	-	-
6	Interest accrued and remaining unpaid	-	-
7	Amount of further interest remaining due and payable in succeeding years	-	-

NOTE : Refer Note No. 7 in other notes on Accounts

9 Other current liabilities:

a) Deductions Payable	13,997	13,997
b) Advances from customers	17,103,225	41,421,175
c) Outstanding liability for expenses	538,824	394,238
d) Statutory liabilities	1,166,184	6,468,126
Total	18,822,230	48,297,536

10 Short term provisions:

a) Provision for employee benefits	4,966,692	4,002,075
b) Others		
Provision for taxation	52,154,399	43,667,128
Total	57,121,091	47,669,203

(Note: Rs.571,21,091/- (P.Y. Rs. 436,87,406/-) includes Rs. 142,86,660/- (P.Y. Rs.149,02,368/-) being the provision for taxation for current year F.Y. 13-14)

11 Fixed Assets:

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			NET BLOCK			
	As at 1st April 2013	Additions for the year	Deductions during the year	As at 31st March 2014	As at 1st April 2013	For the year	Depreciation on Revaluation charged to Revaluation Reserve	Deductions	As at 31st March 2014	As at 31st March 2013
Tangible Assets										
Own assets										
Land	14,985,703	-	-	14,985,703	-	-	-	-	-	14,985,703
Buildings (Factory)	136,063,281	5,237,679	-	141,300,960	27,136,041	11,253,415	72,661	-	38,462,117	108,927,240
Plant & Machinery	50,074,180	66,414,157	-	116,488,337	35,125,989	8,225,194	213,366	-	43,564,549	14,948,191
Furniture & Fixtures	4,910,646	5,635,471	-	10,546,117	2,878,577	919,937	-	-	3,798,514	2,032,069
Vehicles	15,352,382	-	-	15,352,382	9,329,457	1,559,335	-	-	10,888,792	6,022,925
Office equipment	5,430,768	5,380,915	-	10,811,683	2,508,019	623,963	-	-	3,131,982	2,922,749
Others (Specify nature)	-	-	-	-	-	-	-	-	-	-
Buildings (office)	18,566,059	2,752,502	-	21,318,561	4,919,404	773,957	38,307	-	5,731,668	13,646,655
Electrification	4,798,108	11,620,453	721,680	15,696,881	3,142,601	1,270,622	-	632,842	3,780,382	1,655,507
Computer Systems	15,356,552	4,667,253	-	20,023,805	12,600,721	1,926,753	-	-	14,527,474	2,755,831
	265,537,679	101,708,430	721,680	366,524,429	97,640,810	26,553,176	324,334	632,842	123,885,479	167,896,869
Intangible Assets										
Own assets										
Software	3,213,104	-	-	3,213,104	1,139,999	829,242	-	-	1,969,241	2,073,105
Technical Knowhow fees	3,000,000	-	-	3,000,000	2,400,000	600,000	-	-	3,000,000	600,000
	6,213,104	-	-	6,213,104	3,539,999	1,429,242	-	-	4,969,241	2,673,105
	271,750,783	101,708,430	721,680	372,737,533	101,180,810	27,982,418	324,334	632,842	128,854,720	170,569,973
Previous year figures	159,226,283	113,621,290	1,096,790	271,750,783	88,090,808	13,756,885	368,998	1,035,781	17,056,993	71,135,475

Particulars	As at 31st March,2014	As at 31st March,2013
12 Capital work in progress:		
i) Plant and Machinery under installation	975,682	17,006,267
ii) Electrification under installation	42,448	8,318,080
iii) Furniture in progress	-	1,170,264
iv) Office Equipments under installation	-	73,500
v) Software under development	2,520,000	2,520,000
	3,538,130	29,088,111
Less:		
Provision for impairment	-	-
Total	3,538,130	29,088,111
13 Non Current Investments:		
Details of Investments	As at 31.03.2014	As at 31.03.2013
a) Investments in debentures or bonds	-	-
Total	-	-
Additional Information:		
1) Aggregate value of unquoted investments:		
Cost		
14 Long term loans and advances:		
Other loans & advances		
Earmarked Funds	26,352,950	20,386,091
Other Deposits	731,778	619,086
Advances given against order	1,500,000	-
Total	28,584,728	21,005,177
15 Inventories:		
i) Raw materials	70,067,756	68,684,693
ii) Work in progress	38,157,542	7,845,026
iii) Goods in transit:		
Raw materials	-	-
Total	108,225,298	76,529,719
16 Trade receivables:		
(Unsecured and considered Good)		
i) Trade receivables exceeding six months	41,604,574	23,738,948
ii) others	134,110,450	148,133,709
Total	175,715,025	171,872,657
17 Cash and cash equivalents:		
i) Balances with banks		
- in other accounts (Current account)	16,403,747	12,643,991
ii) Cash on hand	287,049	62,571
Total	16,690,796	12,706,562

Particulars	As at 31st March,2014	As at 31st March,2013
Additional information:		
The details of balances as on Balance Sheet dates with banks are as follows:		
State Bank of India-Nahava Sheva	12,001	12,114
SBI-Halol-Current account	29,175	29,175
SBI-Vadodara-Current Account (old CC)	32,590	126,012
Bank of Baroda-Halol-CC-Balance Current A/c	106,615	5,096,450
Bank of Baroda Current A/c	10,015,000	15,000
Bank of Baroda- Euro	-	2,348,306
Bank of Baroda- USD	367,463	3,092,567
Bank of Baroda- SFR	5,638,771	1,786,712
Citi Bank	84,788	11,439
ABN -AMRO Overdraft A/c	105,037	105,037
SBI-Alkapuri-current Account	12,307	21,179
Total	16,403,747	12,643,991
18 Short term loans and advances:		
(Unsecured and considered Good)		
i) Advances to Staff & Suppliers	4,056,837	56,275,554
ii) Prepaid Expenses and Interest Accrued	4,552,317	5,298,126
iii) Margin Money and other Deposits	4,793,557	15,877,179
iv) Foreign Exchange Fluctuations Unrealized	-	45,192
iii) Balance with Government Authorities		
Excise and Sevice Tax	5,307,419	4,939,700
Income Tax,T.D.S & Other Taxes paid	68,162,343	55,760,452
Sales Tax, Purchase Tax Recoverable	2,191,571	2,795,001
Total	89,064,043	140,991,205
Particulars	2013-14	2012-13
19 Revenue from operations:		
Sale of products		
i) Machines Manufactured	521,956,275	656,574,995
ii) Others	11,234,765	12,916,945
Total	533,191,040	669,491,940
Less: Excise duty	51,843,582	65,604,767
Total	481,347,458	603,887,173
20 Other Income:		
i) Interest income	998,668	2,128,241
ii) Excise Duty Drawback	173,332	873,954
iii) Profit on sale of Assets	-	4,209
iv) Trade discount	54,559	173,541
v) Discount/Kasar	40,098	-
vi) Frieght & Export charges recovered	-	182,789
vii) Late payment charges	749,944	-
Total	2,016,601	3,362,734
21 Cost of materials consumed:		
a) i) Consumption of raw materials	237,071,962	307,639,329
Total	237,071,962	307,639,329
b) Consumption of major raw materials		
i) S.S./M.S. Steel	97,225,926	122,068,616
ii) Others	139,846,036	185,570,713

Particulars	2013-14	2012-13
22 Changes in inventories of finished goods, work in progress and stock in trade:		
Stocks at the end of the year		
Work in progress		
Various Machinery and Components	38,157,542	7,845,026
Total	38,157,542	7,845,026
Less: Stocks at the beginning of the year		
Work in progress		
Various Machinery and Components	7,845,026	58,468,924
Total	7,845,026	58,468,924
(Increase)/Decrease in stock	(30,312,516)	50,623,898
23 Employee Benefit Expenses:		
i) Salaries and wages	85,572,501	75,546,618
ii) Contribution to provident and other funds	2,480,102	2,404,581
iii) Remuneration to whole time directors	5,999,650	5,999,689
iv) Staff welfare expenses	1,952,317	1,076,584
Total	96,004,570	85,027,472
24 Finance Costs:		
i) Interest expense	22,003,018	6,415,480
ii) Other borrowing costs	1,091,815	2,509,028
iii) Net (gain)/loss on foreign currency transaction and translation	(1,254,912)	(1,836,722)
Total	21,839,921	7,087,786
25 Depreciation and amortization:		
i) Depreciation	27,382,418	13,156,883
ii) Amortization of intangible assets	600,000	600,000
Total	27,982,418	13,756,883
26 Other expenses:		
i) Power and fuel	5,209,411	3,316,611
ii) Repairs to buildings	5,779,003	328,316
iii) Repairs to machinery	384,630	165,682
iv) Repairs others	2,282,624	684,403
v) Insurance	4,948,452	3,490,252
vi) Rates and taxes	137,688	171,349
vii) Payment to the auditors		
– as auditor	90,000	79,750
– for taxation matters	–	11,000
– for other services	–	19,250
– for reimbursement of expenses	3,285	–
viii) Freight Inward & Octroi	4,658,247	8,186,953
ix) Labour & job work charges	21,852,990	33,340,246
x) Erection & commissioning	12,986,478	11,802,185
xi) Selling expenses		
– Freight Outward	722,923	817,492
– Other Selling expenses	2,281,882	3,096,072
xii) Travelling Expenses	2,109,518	3,581,073
xiii) Conveyance Expenses	6,463,147	3,311,198
xiv) Printing & Stationery	1,355,913	1,542,010

Particulars	2013-14	2012-13		
26 Other expenses (Contd.):				
xv) Postage & Telegram	876,250	874,097		
xvi) Discount, Kasar & Debts written off	1,340,254	3,584,481		
xvii) Loss on sale of Mutual Fund	-	147,250		
xviii) Donations	30,000	37,501		
xix) Legal and professional charges	10,011,755	8,983,982		
xx) Other Manufacturing Expense	1,174,584	857,079		
xxi) Loss on sale of Asset	41,839	-		
xxii) Other office Expenses	4,440,344	4,601,072		
Total	<u>89,181,217</u>	<u>93,029,304</u>		
27 Tax Expense				
Current Tax				
Income tax for the year	8,487,271	14,902,368		
Income Tax of earlier years	-	-		
Deferred Taxes	5,471,075	1,388,538		
Total	<u>13,958,346</u>	<u>16,290,906</u>		
28 Additional Information:				
a) Value of Imports calculated on CIF basis:				
i) Raw Materials	7,359,531	19,532,080		
ii) Components and spare parts	-	-		
iii) Capital goods	-	-		
b) Expenditure in foreign currency: (net of withholding tax)				
i) For Purchase of Raw Material	9,634,682	17,741,123		
ii) Knowhow/Royalty	-	-		
iii) Professional and consultancy fees	-	397,544		
iv) Interest	-	-		
v) Other matters	2,439,545	690,101		
c) Sr No Particulars	Amount	% to total	Amount	% to total
i) Value of imported raw materials, spare parts and components consumed	7,359,531	3.17%	19,532,080	6.35%
ii) Value of indigenous raw materials, spare parts and components consumed	229,712,431	96.83%	288,107,249	93.65%
Total	237,071,962	100%	307,639,329	100%
d) Earnings in foreign exchange:				
Export of goods calculated on FOB basis	21,567,746	61,853,810		
29 Contingent liabilities and Commitments: (to the extent not provided for)				
a) Contingent Liabilities:				
i) Claims against the Company not acknowledged as debts	-	-		
ii) Guarantees (Bank)	20,429,880	54,697,198		
iii) Bills receivable discounted with the bank not matured	10,000,000	19,115,125		
iv) Tax demands under disputes including FBT	191,350	4,097,890		
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)	-	-		

Particulars	2013-14	2012-13
30 Earnings per share:		
After extraordinary item:		
Profit for the year after tax expense	27,638,141	33,794,329
Less: Preference dividend payable including dividend tax	27,638,141	33,794,329
Weighted average number of equity shares	9,999,800	9,999,800
Earning per share	2.76	3.38
Before extraordinary item:		
Profit for the year after tax expense	27,638,141	33,794,329
Adjustment for Extraordinary item (net of tax)	-	-
	27,638,141	33,794,329
Less: Preference dividend payable including dividend tax	27,638,141	33,794,329
Weighted average number of equity shares	9,999,800	9,999,800
Earning per share	2.76	3.38

SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention:

The financial statements are prepared under historical cost convention on an accrual basis, in accordance with the applicable accounting standards.

b) Fixed Assets:

Fixed Assets are stated at cost inclusive of freight, duties, taxes and installation expenses.

c) Depreciation:

Depreciation has been provided on all assets except Land on written down value method at the rates specified in Schedule XIV inserted by the Companies (Amendment) Act,1988, pro-rata depreciation is calculated for all additions made during the year.

d) Valuation of Stock:

Valued at lower of the cost or net realisable value.

e) Recognition of Income and Expenditure:

Income and Expenditure are generally recognized on accrual basis.

f) Excise Duty:

The Company has followed a system whereby the Excise Duty is included in the Sales Value and the Value of Closing Stock as required by the Guidance Note of the Institute of Chartered Accountants of India. The actual excise duty paid is shown as expenditure as deduction from Sales and the excise duty if it is unpaid and included in finished goods is shown as liability payable under the head other current liabilities.

g) Foreign Exchange Transaction:

The Company has followed a system whereby the transactions involving Foreign Exchange on revenue account i.e. for foreign travel, import of materials and for export of goods, are accounted at the rate of exchange, which is prevailing on the date of transaction. Gains and/or losses arising out of fluctuations in the exchange rates are accounted for on actual realisation into Indian Rupees.

h) Gratuity and Leave Encashment:

The Company has provided for Gratuity, Leave Encashment and other retirement benefits, on accrual basis, as per the requirements of AS-15 of the Institute of Chartered Accountants of India The Company has subscribed to an insurance policy of L.I.C. of India under their approved scheme in respect of Gratuity and Leave Encashment liability and the premiums paid are charged to expenses as per payment made to L.I.C. of India

i) Miscellaneous Expenditure:

Share Issue Expenses along with the preliminary expenses are being amortized by the Company in ten equal installments.

j) Technical Knowhow fees:

Technical Knowhow fees are being amortized by the company in five equal installments.

OTHER NOTES ON ACCOUNTS

- (1) The Company has provided for leave encashment and gratuity liability as per the payment made to L.I.C. of India in respect of Premiums of Policy to cover the liability of Leave Encashment and gratuity, for which provision for current year is charged to Profit & Loss account, is as per details given hereunder:

	Leave Encashment	Gratuity
Premium Paid during period-ended 31.03.2014	Rs. 3,24,630/-	Rs.20,73,292/-

The Actuarial liability is equal to the fund value along with the accrued appreciation with L.I.C. of India hence the Company has not provided for any further liability except payment of the premium as required under policy to L.I.C. of India

- (2) In the opinion of the Management and to the best of their knowledge and belief, the value on realisation of loans and advances, debtors and other current assets in the ordinary course of the business will not be less than the amount at which they are stated in Balance Sheet.

- (3) Figures have been rounded off to the nearest rupee.
- (4) Claims against the Company not acknowledged as debts Rs. NIL (previous year Rs. NIL).
- (5) Debtors and Creditors Balance Confirmation have not been obtained.
- (6) Estimated amount of contracts remaining to be executed on capital account and not provided Rs. NIL (Previous year Rs. NIL).
- (7) The Company has initiated the process to identify the status of its suppliers and asked them to inform the Company if they are a Micro, Medium and Small Enterprise under Micro, Medium and Small Enterprise Act,2006 (MSMED), so that the information regarding dues to MSMED Enterprise could be stated. However, since no response have been received from the suppliers, due to which it is not possible for the Company to disclose exactly, the dues to S.S.I. units included in the Sundry Creditors.
- (8) Remuneration to Directors:-
The Company has paid remuneration to its Executive Directors, in accordance with the provision of Schedule XIII of the Companies Act, 1956 and as per the resolution passed by the Company in the Annual general meeting,
- (9) Current Tax: During the year the income tax provision is made for taxes payable for the year ended 31st March, 2014 based on Computation of Income as per provisions of Income Tax Act, 1961. Moreover, no tax is payable on the book profit (i.e. MAT) U/s 115JB of the Income tax Act, 1961.
- (10) Additional information Pursuant to para 4 & 5 of part II of Schedule VI of the Companies Act 1956.

B. Particulars of Expenditure on Employees :-

Item	Current Period	Previous Year
1. In case of employees who were in employment with the Company for the whole year and getting remuneration aggregating to Rs. 60,00,000/- or more per annum		
- No. of Employees.	Nil	Nil
- Amount of Salary and Allowances.(Rs.)	Nil	Nil
2. In case of employees who were in employment with the Company for the whole year and getting remuneration aggregating to Rs. 5,00,000/- or more per month.		
- No. of Employees.	Nil	Nil
- Amount of Salary and Allowances.(Rs.)	Nil	Nil

(11) In accordance with Accounting Standard – 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the transactions with related parties are given below.

SR. NO.	NAME OF PARTY	NATURE OF RELATION	NATURE OF TRANSACTION	VALUE (Rs.)
1.	Ajay N. Desai	Director	Director's Remuneration	29,99,850/-
2.	Ajay N. Parikh	Director	Director's Remuneration	29,99,800/-
3.	Tranzmute Capital & Management Pvt. Ltd.	Relative of Director	Professional Fees	30,00,000/-

In Accordance with our Report of even date

For and on behalf of the Board

For V. K. SHASTRI & CO.,
Chartered Accountants
Firm number: 113325W

(V. K. SHASTRI)
Sole Proprietor

(AJAY DESAI)
Executive Director

(AJAY PARIKH)
Executive Director

Place : Nurpura
Date: 30/05/2014

Place : Nurpura
Date : 30/05/2014

AXTEL INDUSTRIES LIMITED

CIN: L91110GJ1991PLC016185

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

E-mail ID: info@axtelindia.com, website: www.axtelindia.com

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.

NAME & ADDRESS OF THE SHAREHOLDER _____

No. of shares held : _____ L.F. No. (s) / DP ID-CLIENT ID: _____

I hereby record my presence at the 22nd ANNUAL GENERAL MEETING of the Company being held on **Monday, 29th September, 2014** at the Registered Office at Plot No. 43 / 1, Village Narpura, P.O. Baska, Tal. Halol - 389 350, Dist. Panchmahals, Gujarat.

SIGNATURE OF THE SHAREHOLDERS/PROXY * _____

*Strike whichever is not applicable.

AXTEL INDUSTRIES LIMITED

CIN: L91110GJ1991PLC016185

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

E-mail ID: info@axtelindia.com, website: www.axtelindia.com

PROXY FORM

TWENTY SECOND ANNUAL GENERAL MEETING, Monday, 29th September, 2014 at 11.00 a.m.

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 Second Annual General Meeting of the Company, to be held on **Monday, 29th September, 2014 at 11.00 a.m.** at registered office of the company at Plot No. 43/1, Village Narpura, P.O. Baska, Halol - 389 350, Dist. Panchmahals, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
	Ordinary business		
1.	Adoption of Accounts		
2.	Appointment of Shri Shri Ajit Singh Bubber as Director		
3.	Appointment of Shri Hardip Singh Bubber as Director		
4.	Appointment of Statutory Auditors		
	Special business		
5.	Appointment of Shri Sandeep Lalwani as Independent Director		
6.	To increase remuneration of Shri Ajay Naishad Desai, Executive Director		
7.	To increase remuneration of Shri Ajay Nalin Parikh, Executive Director		
8.	To borrow money exceeding paid up capital and free reserve		
9.	To mortgage/charge properties of the company to secure borrowing.		

Signed this _____ day of _____ 2014

Member's Folio/DP ID - Client ID No. _____

Signature of shareholder(s) _____

Signature of proxy holder(s) _____

Affix
Revenue
Stamp
Re. 1/-

Note:

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

**AXTEL
INDUSTRIES
LIMITED**

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

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