

ANNEXURE TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE MANDATORY REQUIREMENTS

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company continued to firmly be committed to adopting and adhering to all globally recognized corporate governance concepts and practices. The Company strives to meet the expectations of its stakeholders on matters related to transparency, integrity, accountability and trusteeship, on a continuous basis.

2. BOARD OF DIRECTORS:

The Company currently has 6 (Six) Directors comprising of 1 (One) Executive Director, 1 (One) Non-Executive Director and 4 (Four) Independent Directors.

After due circulation of agenda and notes thereon, the Board of Directors has met at reasonable periods of intervals to transact business on various Board's functions, responsibilities and accountabilities. Compliances of various Laws and Regulations along with the Corporate Philosophy, goal, plans and strategies have been dwelt at length by the Board at its various proceedings.

The Board of Directors confirms that all the Independent Directors of the Company are in compliance with the Companies Act, 2013 and fulfill the conditions specified under the Listing Regulations and are Independent of the Management of the Company

Declaration under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018:

All the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by Securities and Exchange Board of India / The Ministry of Corporate Affairs or any such statutory authority. The Company has obtained a Certificate to this effect from Mr. Vijayakrishna K.T., Practising Company Secretary, Bangalore as mandated under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

The details of the Directors' attendance at the Meetings of the Board of your Company during the financial year ended 31st March, 2019 are given below:

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Name of Director	DIN	Category of Directorship	No. of Board Meetings attended	Whether attended Last AGM	No. of Directorship in other Companies incorporated in India	No. of Committee membership Member/ chairman in other companies in India
*Mr. ARUNKUMAR BHUWANIA	00387445	Non Executive and Non-Independent Director	2	No	2	Nil
**Mr. VIVEK GUPTA	00025519	Independent & Non Executive	1	Yes	3	Nil
Mr. VITTAL MANGALORE SHETTY	00515711	Whole time Director	8	Yes	1	Nil
Ms. KUMKUM BHUWANIA	07160610	Independent & Non Executive	8	Yes	0	Nil
**Mr. RAKESH SHRIDAS DAMANI	07580652	Independent & Non Executive	2	Yes	1	Nil
**Mr. PRANAV VIKAS MAKHARIA	03587980	Independent & Non Executive	4	Yes	3	Nil
***MR. NANDKUMAR VENKAT RAO MASLEKAR	00904842	Independent & Non Executive	2	NA	4	Nil
***MR. PRAKASH HANGARKATTA RAO	00492187	Independent & Non Executive	1	NA	0	Nil
# MR. MADIREDDY V. NAGARAJ	00515419	Managing Director	4	Yes	6	Nil
## MR. K. PRAKASH	00542262	Non Independent & Non Executive Director	8	Yes	0	Nil

Notes:

*Mr. Arun Kumar Bhuwania resigned from the offices of is Chairman and Director w.e.f. 7th May, 2018 and appointed as Additional Directors of the Company who is categorized as Non-Executive and Non-Independent Director of the Company with effect from 11th July, 2018. Further, he was appointed as Director of the Company at the AGM held on 19th September, 2018 and he resigned from office of Chairman & Non Independent Director w.e.f. 11th July 2019.

**Mr. Rakesh Shridas Damani, Mr. Pranav Vikas Makharia and Mr. Vivek Gupta were appointed as Additional Directors of the Company who are categorized as Non-Executive and Independent Directors of the Company with effect from 11th July, 2018. Further, they were appointed as Directors of the Company at the AGM held on 19th September, 2018. Mr. Pranav Vikas Makaharia resigned as Non Executive Independent Director with effect from 5th April 2019.

***Mr. Nandkumar Venkat Rao Maslekar (holding DIN: 00904842) and Mr. Prakash Hangarkatta Rao (holding DIN: 00492187) resigned from the office of Independent Directors of the Company with effect from 11th July, 2018.

Mr. Madireddy V. Nagaraj (holding DIN: 00515419) resigned from the office of Managing Director of the Company with effect from 24th September, 2018.

Mr. K. Prakash (holding DIN: 00542262) resigned from the office of Director of the Company with effect from 20th December, 2018.

Skills, Expertise and Competence of the Board of Directors

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the board.

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Skills/Expertise/Competencies	Explanation
Business operations	Knowledge of Business, Strategy formulation and deployment, Brand management Customer relationships, assessment of customer feedback and taking appropriate actions for the betterment of the company.
Governance & Board Service	Ability to provide appropriate governance for a publicly listed company, and to maintain board and management accountability to the shareholders, whilst acting responsibly towards other stakeholders in the business.
Financial Management	Ability to assess and interpret the financial statements and draw accurate conclusions from them.
Manufacturing operations	Knowledge of manufacturing operations with details of benchmarking the operational capability in the organization and industry context. Experience of handling complex supply chain environment.
Risk Management	Assessment, understanding and managing both Internal and external risks involved in the business.

DETAILS OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings.

The Board of Directors duly met Nine (9) times during the financial year on 30th May 2018, 11th July 2018, 24th July 2018, 31st July 2018, 19th September 2018, 26th September 2018, 31st October 2018, 7th December 2018 and 29th January 2019.

None of the Non-executive Directors has any material pecuniary relationship or transactions with the Company.

3. AUDIT COMMITTEE:

The Audit Committee is responsible for over view of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment and removal of the statutory and internal auditors, fixation of audit fees, the approval for payment for any other services and reviewing with the management the annual financial statements before submission to the Board.

As on 31st March, 2019, the Audit Committee comprised of Mrs. Kumkum Bhawania, Chairperson and Independent Director, Mr. Vivek Gupta, Independent Director, Mr. Rakesh Shridas Damani Independent Director and Mr. Pranav Vikas Makharia Independent Director (till 5th April 2019) as members of the Committee.

The terms of reference of this Committee includes the matters covered under SEBI (LODR) Regulations, 2015.

Meetings and the attendance during the financial year

The Committee met 6 (Six) times during the financial year on 30th May 2018, 24th July 2018, 31st July 2018, 31st October 2018, 7th December 2018 and 29th January 2019.

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The attendance of each member of the Committee is stated below:

Name of Directors	No. of Meetings attended	Remarks
Mr. Prakash H Rao*	1	Nil
Mr. M V Maslekar	1	Nil
Mr. K Prakash **	5	Nil
Mrs. Kumkum Bhawania	6	Nil
Mr. Vivek Gupta	0	Nil
Mr. Rakesh Shridas Damani	1	Nil
Mr. Pranav Vikas Makharia***	3	Nil

* Resigned w.e.f. 11th July 2018

** Resigned w.e.f. 20th December 2018

***Resigned w.e.f. 5th April 2019

4. NOMINATION AND REMUNERATION COMMITTEE:

The Company has set up a Nomination and Remuneration Committee to determine/review the remuneration, performance and related bonuses of management/compensation of the Directors and of senior management.

The Committee met 3 (Three) times during the financial year on 11th July 2018, 7th December 2018 and 29th January, 2019.

The Nomination and Remuneration Committee has the following objectives:

- Formulation of criteria for persons to become Directors and to senior management positions including KMPs and recommending to the Board for their appointments and removal.
- Continuous review and evaluation of the performance of the Board members.
- Broadly oversee the Administrative and Executive compensation programme.
- Any other functions as may be mandated by the Board or any Statutes or enactment

The details of remuneration paid to the Directors during the financial year 2018-19 are stated below:

a. Executive Directors

(Amount in Rs.)

Name	Salary	Fixed Commission	Perquisites	Sitting Fees	Total
*Mr. Madireddy V. Nagaraj	9,28,000	Nil	3,67,513	Nil	13,04,513
Mr. M. V. Shetty	18,00,000	Nil	7,78,992	Nil	25,78,992
Total	27,28,000	Nil	11,55,505	Nil	38,83,505

b. Non-executive Directors:

(Amount in Rs.)

Name	Sitting fees	Commission
* Mr. Arun Kumar Bhawania	24,000	Nil
**Mr. Vivek Gupta	6,000	Nil
Ms. Kumkum Bhawania	78,000	Nil
**Mr. Rakesh ShridasDamani	30,000	Nil
**Mr. Pranav Vikas Makharia	60,000	Nil
***Mr. NandkumarVenkat Rao Maslekar	24,000	Nil
***Mr. Prakash Hangarkatta Rao	12,000	Nil
# Mr. K. Prakash	84,000	Nil
Total	3,18,000	Nil

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*Mr. Arun Kumar Bhuvania resigned from the offices of Chairman and Director w.e.f. 7th May, 2018 and appointed as Additional Director of the Company who is categorized as Non-Executive and Non-Independent Director of the Company with effect from 11th July, 2018. Further, he was appointed as Director of the Company at the AGM held on 19th September, 2018 and he resigned from office of Chairman & Non Independent Director w.e.f. 11th July 2019.

**Mr. Rakesh Shridas Damani, Mr. Pranav Vikas Makharia and Mr. Vivek Gupta were appointed as Additional Directors of the Company who are categorized as Non-Executive and Independent Directors of the Company with effect from 11th July, 2018. Further, they were appointed as Independent Directors of the Company at the AGM held on 19th September, 2018. Mr. Pranav Vikas Makharia resigned w.e.f. 5th April 2019.

***Mr. Nandkumar Venkat Rao Maslekar (holding DIN: 00904842) and Mr. Prakash Hangarkatta Rao (holding DIN: 00492187) resigned from the office of Independent Directors of the Company with effect from 11th July, 2018.

Mr. K. Prakash (holding DIN: 00542262) resigned from the office of Director of the Company with effect from 20th December, 2018.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

This Committee looks into redressing of Shareholders' complaints like non-transfer of Shares, non-receipt of Annual Report. As of 31st March, 2019, the Committee comprised of Mr. Rakesh Shridas Damani and Mr. Pranav Vikas Makharia and Mr. Vivek Gupta.

The Committee met once during the financial year on 29th January 2019.

There were no pending share transfers as on the same date.

6. COMPLIANCE OFFICER AND ADDRESS FOR CORRESPONDENCE:

Ms. Shipra Vyas
Company Secretary and Compliance Officer
VXL Instruments Limited
1783, Sector -1 , Phoenix House , 19th Main ,HSR Layout,
Bengaluru ,Karnataka -560 102
Mobile :+91 9148971791
Email:cs@vxl.net Web:www.vxl.net

The Company has fulfilled all the compliance requirements under Regulation 20 of SEBI (LODR) Regulations, 2015 as regards the Stakeholders' Relationship Committee.

7. INDEPENDENT DIRECTORS' MEETING:

During the year under review, the Independent Directors met on 29th January 2019, *inter alia*, to discuss:

- Evaluation of the performance of the Non-Independent Directors and the Board as a whole
- Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non-Executive Directors
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Independent Directors viz., Mr. Rakesh Shridas Damani, Mrs. Kumkum Bhuvania and Mr. Pranav Vikas Makharia were present at the Meeting.

8. PERFORMANCE EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Listing Agreement, the Board has carried out the annual performance evaluation of its own performance and its Committee's and the Directors individually. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance etc.

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A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board/Committees, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Corporate Secretarial Department. The Board was satisfied with the evaluation results which reflected the overall engagement and effectiveness of the Board and its Committees.

9. GENERAL BODY MEETINGS:

Details of Annual General Meetings (AGM) of the Company held for the last three years:

Year	Date	Time	Venue
2015-16	30 th August, 2016	01.00 PM	Hall of Quest, Nehru Planetarium, Nehru Centre, Dr. Annie Beasant Road, Worli, Mumbai-400 018
2016-17	13 th September 2017	01.00 PM	Hall of Quest, Nehru Planetarium, Nehru Centre, Dr. Annie Beasant Road, Worli, Mumbai-400 018
2017-18	19 th September 2018	12.30PM	Hall of Quest, Nehru Planetarium, Nehru Centre, Dr. Annie Beasant Road, Worli, Mumbai-400 018

Particulars of Special Resolutions passed in the last three AGMs are given below:

30 th August, 2016	1. Appointment of Mr. Madireddy V Nagaraj as Managing Director of the Company 2. Appointment of Mr. M V Shetty as Whole Time Director of the Company
13 th September, 2017	1. Approval of Material Related Party Transactions with Priya Limited 2. Increase in borrowing powers and powers to hypothecate etc. 3. Fees for delivery of any document through a particular mode of delivery to a member
19 th September 2018	There were no items passed as Special Resolution at the Annual General Meeting (AGM) held on 19 th September, 2018

10. SUBSIDIARY COMPANY:

The Company does not have any subsidiaries during the period under report. The Company's erstwhile subsidiary VXL Instruments Ltd. UK was dissolved on 11-3-2018 and the Company has requested permission of Reserve Bank of India for write off of the investment made in it

11. RELATED PARTY TRANSACTIONS:

There were Related Party Transactions during the financial year. It has been disclosed in Annexure III.

The register of Contracts containing the transactions, in which Directors are interested, is placed before the Board as and when necessary.

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12. COMPLIANCES:

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

13. MEANS OF COMMUNICATION:

The quarterly and half yearly results are published in national and local dailies such as the Financial Express (in English) and Navashakthi (in Marathi) and hence are not individually sent to the Shareholders. The Company's financial results and shareholding pattern are also displayed in the Company's website. The Company does not make any representations to the Institutional investors or to the Analysts.

14. REPORTING OF INTERNAL AUDITOR:

The Internal Auditor reports to the Audit Committee.

15. CEO AND CFO CERTIFICATION:

The CEO and CFO of the Company have certified to the Board of Directors, *interalia*, the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under SEBI Regulations, for the period ended 31st March, 2019.

16. CODE OF CONDUCT:

The Company has adopted Code of Conduct which has been implemented. The Code of Conduct is made applicable to the Directors and Senior Management Team. The Code of Conduct is available on the website of the Company at www.vxl.net. Requisite annual affirmations of compliance with respective codes have been made by the Directors and Senior Management of the Company for the period 1st April, 2018 to 31st March, 2019.

The Certificate by the CEO of the Company concerning compliance with the Code of Conduct for Directors and Senior Management is given below:

Code of Conduct for Directors and Senior Management
CEO Confirmation

I hereby confirm that:

The Company has obtained from the Directors and Senior Management personnel affirmation that they have complied with the above code for, and in respect of, the year ended 31st March, 2019.

Place: Bangalore

M V Shetty

Date: 29th July, 2019

Wholetime Director

DIN: 00515711

17. GENERAL SHAREHOLDERS' INFORMATION:

AGM: Date	27 th September 2019
Time	12.00 Noon
Venue	"City Light Banquets Hall" Ashford Chambers, 4th Floor, C/o City Light Cinema, Lady Jamshedji Road, Mahim, Mumbai – 400016.
Financial calendar	April to March
Date of Book Closure	21st September 2019 to 27 th September, 2019
Dividend payment(s)	Nil
Listing on Stock Exchange	BSE Limited
Scrip code is	517399 in the BSE Limited

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18. STOCK MARKET (BSE) PRICE DATA FOR THE YEAR Amount in Rupees

Month	High	Low
May 2018	9.16	9.16
June 2018	9.16	9.16
July 2018	8.71	7.87
August 2018	8.26	8.00
September 2018	8.40	7.60
October 2018	9.67	8.78
November 2018	11.00	10.15
December 2018	10.45	10.45
January 2019	11.28	9.70
February 2019	11.05	10.68
March 2019	10.50	9.98

19. REGISTRAR AND TRANSFER AGENTS:

Big Share Services Private Limited is the Company's Registrar and Share Transfer Agent.

Their address is furnished below:

Big Share Services Private Limited
 1st Floor | Bharat Tin Works Building | Opp. Vasant Oasis |
 Makwana Road | Marol | Andheri East | Mumbai 400072 | Maharashtra | India.
 Board No: 022 – 62638200, DID : 022 62638268
 Fax No: +91 22 62638299 | 7045454391
 E-mail: info@bigshareonline.com

20. SHARE TRANSFER SYSTEM:

The Company's Share Transfer Committee meets if required and expeditiously handles the procedures related to application for transfer of shares.

The Company's Shares are compulsorily traded in the demat form and the ISIN No. allotted is INE756A01019.

Distribution of shareholding as on 31st March, 2019:

Face Value Rs.10/-

Range in Rs.	No. of Shareholders	% of Total Share Holders	Total Holding in Rs.	% of Total Capital
1 - 5,000	4058	89.9180	5166870	3.8776
5,001 - 10,000	196	4.3430	1607890	1.2067
10,001 - 20,000	109	2.4152	1640400	1.2311
20,001 - 30,000	40	0.8863	1009810	0.7578
30,001 - 40,000	15	0.3324	531530	0.3989
40,001 - 50,000	12	0.2659	562580	0.4222
50,001 - 1,00,000	34	0.7534	2276840	1.7087
1,00,001 & above	49	1.0858	120450080	90.3954
				100.0000

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Shareholding pattern as on 31st March, 2019:

Category	No. of Shares	% Holding
Directors	29,920	0.22
Promoter but not Director	11,33,130	8.51
Directors ' and Promoters' Relatives	2,79,980	2.10
Total A	14,43,030	10.83
Mutual Funds	3,000	0.02
Financial Institutions	900	0.01
Body Corporate	12,96,371	9.73
NRI	47,46,539	35.62
ForeignPortfolio Investors	42,645	0.32
Shares in Transit	-	-
Clearing Member	202	0.00
Overseas Bodies Corporate	37,10,600	27.85
General Public	20,81,513	15.62
Total B	1,18,81,770	89.17
Total A + B	1,33,24,800	100.00

21. DEMATERIALIZATION OF SHARES AND LIQUIDITY:

A significant quantum of the Company's Shares are held in the demat form and the Company handles request for dematerializing of the shares in two weeks' time.

22. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

Company has no GDR/ADR/Warrants or any convertible instruments.

23. ANNUAL CUSTODY / ISSUER CHARGES:

The Company has paid the Annual Custody / Issuer charges for the financial year 2018-19 to NSDL and CDSL.

24. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS:

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Corporate Governance Report of the Company for the financial year 2018-19 is in compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

25. ADOPTION OF THE NON-MANDATORY REQUIREMENTS:

- i. Nomination and Remuneration Committee has duly been constituted.
- ii. The Company consistently trains its Board members, on an on-going basis, in the business model of the Company as well as the risk profile of the business parameters of the Company, their responsibilities as Directors, and the best ways to discharge them.
- iii. The Company has a procedure of bringing to the notice of management, any matter/s regarding concerns about unethical behavior, actual or suspected fraud or violation of Company's code of conduct or ethics policy.
- iv. Independent Directors of the Company have the option and freedom to meet Company Management regularly. They are provided with all information sought by them to perform their duty effectively and efficiently.
- v. Audit Committee has duly been constituted, and its scope and functions has already detailed elsewhere in this report.

- vi. Matters referred to Audit Committee, as detailed elsewhere in the report include, *interalia*, recommendation to Board, on appointment of Statutory, Internal and Cost Auditor/s.
- vii. Reconciliation of Share Capital Audit Report is conducted every financial quarter and placed before the Audit Committee and the Board for review.

26. CERTIFICATION ON CORPORATE GOVERNANCE:

Compliance certificate from a Practicing Company Secretary regarding compliance of conditions of corporate governance is attached to the Board's Report and is a part of this Annual Report.

27. PLANT LOCATION:

VXL Instruments Limited
74/B, KEONICS Electronics City,
Hosur Road, Bengaluru,
Karnataka- 560100

28. ADDRESS FOR CORRESPONDENCE:

VXL Instruments Limited
1783, Sector -1 , Phoenix House
19th Main ,HSR Layout,
Bengaluru ,Karnataka -560 102
URL : www.vxl.net
CIN : L85110MH1986PLC272426
Email : cfo@vxl.net

29. REGISTERED OFFICE:

VXL Instruments Limited
No. 252, 5th Floor, Building No. 2
Solitaire Corporate Park
Chakala, Andheri (East)
Mumbai-400 093
Phone: +91 22 2824 5210
Fax: +91 22 4287 2197

For and on behalf of the Board of Directors

Place: Bangalore
Date : 29th July, 2019

Vivek Gupta
Independent Director
DIN: 00025519
Address: 87, Dariya Mahal A, 80
Nepean Sea Road, Malbar Hill,
Mumbai - 400006

M. V. Shetty
Whole Time Director
DIN: 00515711
Address: No 317, 5th Main,
1st Block, Koramangala
Bangalore-560 034