

REPORT ON CORPORATE GOVERNANCE

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

1. Company’s Philosophy On Corporate Governance

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

2. Board of Directors as on 31st March, 2018.

The Board comprised of eight Directors comprising two Executive Directors, three Non-Executive Directors and three Non-Executive Independent Directors. The Chairman of the Board was a Non-Executive Independent Director.

Composition of the Board for the period from 1st April, 2017 to 31st March, 2018:

Name of the Director	Designation	Number of shares held
Shri Kirit Kumar Pathak	Non-Executive Director	7,65,144
Shri Ajay Naishad Desai	Executive Director	9,21,935
Shri Ajay Nalin Parikh	Executive Director	4,66,044
Shri Ameet Nalin Parikh	Non-Executive Director	NIL
Shri Ajit Singh Bubber	Non-Executive Director	NIL
Shri Sandeep Gul Lalwani	Chairman & Non-Executive Independent Director	NIL
Shri Nikhil Ramesh Parikh	Non-Executive Independent Director	NIL
Mrs. Anjali Harshvardhan Hegde	Non-Executive Independent Director	NIL

Attendance of Directors:

Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Attendance at the last Annual General Meeting	No. of Directorship in the other Boards as on 31 st March, 2017 (excluding AXTEL)	No. of Memberships in other Board Committees as on 31 th March, 2017 (i.e. committee of AXTEL)
Shri Kirit Kumar Pathak	5	3	Absent	2	0
Shri Ajay Naishad Desai	5	4	Present	2	2
Shri Ajay Nalin Parikh	5	5	Present	0	2
Shri Ameet Nalin Parikh	5	5	Present	7	4
Shri Ajit Singh Mohansingh Bubber	5	2	Absent	2	0
Shri Sandeep Gul Lalwani	5	5	Absent	3	4
Shri Nikhil Ramesh Parikh	5	5	Absent	5	2
Mrs. Anjali Harshvardhan Hegde	5	1	Absent	2	1

Board Meeting:

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

i. Number of Board Meeting :

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

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

- Disclosure of relationships between directors inter-se:
 - i. Shri Kirit Kumar Pathak is brother-in-law of Shri Ajay Naishad Desai.
 - ii. Shri Ajay Nalin Parikh and Shri Ameet Nalin Parikh are brothers.
 - iii. None of the other directors are related to any other Director on the Board.

The details of familiarization programmes imparted to independent directors is disclosed on the company's website i.e. www.axtelindia.com.

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

3. Audit Committee:

- Broad Terms of reference of the Audit Committee:
 - i) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
 - ii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
 - iii) Examination of the financial statement and the auditors' report thereon;
 - iv) Approval or any subsequent modification of transactions of the company with related parties;
 - v) Scrutiny of inter-corporate loans and investments;
 - vi) Valuation of undertakings or assets of the company, wherever it is necessary
 - vii) Evaluation of internal financial controls and risk management systems;
 - viii) Monitoring the end use of funds raised through public offers and related matters, if any.
- Audit Committee comprising of the following Directors of the Board:

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

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

- Audit committee meeting was held five times during the year on 22.05.2017, 31.07.2017, 09.10.2017, 01.11.2017 and 01.02.2018 during the year ended 31st March, 2018.
- Attendance during the year in Audit Committee:

No.	Name of Director	Number of meetings held	Number of meetings attended	% of Attendance
1	Shri Sandeep Gul Lalwani	5	5	100 %
2	Shri Nikhil Ramesh Parikh	5	5	100 %
3	Shri Ameet Nalin Parikh	5	5	100 %

4. Nomination and Remuneration Committee:

- Broad Terms of reference of the Nomination and Remuneration Committee:
 - a. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees
 - b. To recommend and review remuneration package of Executive Directors, Chief Financial Officer and Company Secretary of the Company.
 - c. To formulate criteria for evaluation of performance of independent directors and the board of directors.
 - d. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
 - e. to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

• Nomination and Remuneration Committee comprising of the following Directors of the Board:

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

□ Remuneration Policy:

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

□ Attendance during the year in Nomination and Remuneration Committee:

No.	Name of Director	Number of meetings held	Number of meetings attended	% of Attendance
1	Shri Sandeep Gul Lalwani	0	0	0 %
2	Shri Nikhil Ramesh Parikh	0	0	0 %
3	Mrs. Anjali Harshvardhan Hegde	0	0	0 %

- No remuneration committee meeting was held during the year.
- Performance evaluation criteria for independent directors:
 - i. General understanding of the Company's business;
 - ii. Educational back ground and experience;
 - iii. Personal and professional ethics, integrity and values;
 - iv. Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

5. Remuneration of directors:

□ Executive Directors :

Name of the director	Salary	Perquisites	Total
Shri Ajay Naishad Desai	83,65,287	34,613	83,99,900
Shri Ajay Nalin Parikh	83,95,220	4,630	83,99,850

Terms of Contract:

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

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

The above Executive Directors are required to give 3 months notice period for resignation as Executive Director. If before expiry of service contract, their tenure of office of the Executive Directors is determined, they will be entitled compensation as per section 202 of the Companies Act, 2013.

□ Non-Executive Directors :

No sitting fee is paid to Non-Executive Directors during the year 2017-18.

□ Key Managerial Personnel:

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

6. Stakeholders relationship Committee:

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

No.	Name of Director	Designation
1	Shri Ajay Naishad Desai	Executive Director
2	Shri Ajay Nalin Parikh	Executive Director
3	Shri Ameet Nalin Parikh	Non-Executive Director

- Stakeholders relationship Committee Meeting was held on 22.05.2017, 31.07.2017, 06.11.2017 and on 01.02.2018 during the year ended 31st March, 2018.

- Attendance during the year in Stakeholders Committee:

No.	Name of Director	Number of meetings held	Number of meetings attended	% of Attendance
1	Shri Ajay Nalin Parikh	4	4	100 %
2	Shri Ajay Naishad Desai	4	4	100 %
3	Shri Ameet Nalin Parikh	4	4	100 %

- Other important details:

1.	Name of non-executive director heading the committee	Shri Ameet Nalin Parikh
2.	Name and designation of compliance officer	Mrs. Prerna Bokil, Company Secretary
3.	Number of shareholders' complaints received during the year 2017-18.	5 (Five)
4.	Number of complaints not solved to the satisfaction of shareholders	0
5.	Number of pending complaints	0

7. CSR Committee:

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

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

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

- Attendance during the year in CSR Committee:

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

8. General Body Meetings:

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

[A] Details of last three AGMs held:

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

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

YES

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

NO

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

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

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

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

8a. Means of Communication:

1. Quarterly / Half Yearly Financial Results of the Company are forwarded to the Stock Exchange, Mumbai, where the shares of the Company are listed. Further, the same are published in English and Gujarati Newspapers.

Half yearly reports are not sent to each household of shareholders as the results of the Company are published in the Newspapers and kept on Company's website.

2. Company has not made any presentations to any Institutional Investors / Analyst during the period.

3. The Management Discussion & Analysis Report attached herewith forms part of Corporate Governance Report.

4. Company has its own website and all the vital information relating to the Company and its products is displayed on the website.

Address of the website : www.axtelindia.com

9. General Shareholder Information:

[A] Annual General Meeting
 Day and Date 26th Annual General Meeting
 Wednesday, 26th September, 2018
 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 26th Annual General Meeting Wednesday, 26th September, 2018
 [1st April, 2018 to 31st March, 2019]

1st Quarterly Result – by 14/08/2018

2nd Quarterly Result – by 14/11/2018

3rd Quarterly Result – by 14/02/2019

Audited result for the year ended 31/03/2019 by 30/05/2019

[C] Registered Office Plot No. 43/1, Village 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 info@axtelindia.com

website www.axtelindia.com

[D] Listing on Stock Exchanges The Stock Exchange, Mumbai Phiroze Jee Jeebhoy Towers, Dalal
 Street, Mumbai – 400 023
 Tel: [022] 22721234, 22721233, Fax: [022] 22723719

[E] Stock Code:
 The Stock Exchange, Mumbai 523850
 ISIN for equity shares of the Company INE 767C01012
 Listing fee for the year 2017-2018 Paid to the Bombay Stock Exchange

[F] Market price data: The equity shares of the Company were traded at the Stock Exchange, Mumbai. The high and low price, number of shares traded during the year 2017-18 are as under:

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

[G] Dematerialization of share and liquidity: As on 31st March, 2018, 46.88 % of the Company's total shares representing 75,73,590 shares were held in dematerialized form and the balance 53.12% representing 85,81,210 shares were held in paper form.

[H] Address of Registrars and Share transfer agent: Link Intime India Private Limited,
 B-102-103, Shangrila Complex, First Floor,
 Near Radhakrishna Char Rasta, Akota, VADODARA - 390 020
 Telephone No. 0265- 2356573 / 2356794
 E-mail : vadodara@linkintime.co.in
 Website: www.linkintime.co.in

[I] Share Transfer System: The Company's shares are traded in the Bombay Stock Exchange compulsorily in dematerializes mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated time by the share transfer agent Link Intime India Private Limited, Vadodara.

[J] Distribution of shareholding as on 31st March, 2018: Shareholding as per ownership is as under

Category	No. of Shares	Percent
Promoter Group	80,69,307	49.95%
NRI/OCB	1818351	11.26%
Bodies Corporate	542790	3.36%
Others	57,24,352	35.43%
Total	1,61,54,800	100.00%

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

[L] Plant Locations:

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

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

10. Other Disclosures:

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(a) Disclosures on materially significant related party :
Naishad 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</p> | <p><input type="checkbox"/> Managerial Remuneration is paid to Shri Ajay Desai, Executive Director and Shri Ajay Nalin Parikh, Executive Director.</p> <p><input type="checkbox"/> Professional fees have been paid to Tranzmute Capital & Management Pvt. Ltd. in which Mr. Ameet Nalin Parikh is Director.</p> |
| <p>(b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets during the last three years</p> | <p>There was no instance of non-compliance by the company.</p> |
| <p>(c) Details of establishment of vigil mechanism, whistle :
blower policy and affirmation that no personnel has been denied access to the audit committee</p> | <p><input type="checkbox"/> The Board has appointed the following persons as members of vigil mechanism:</p> <ol style="list-style-type: none"> 1. Shri Ajay Naishad Desai, Whole time Director 2. Shri Sandeep Gul Lalwani,
Non-Executive Independent Director 3. Shri Ameet Nalin Parikh, Non-Executive Director <p><input type="checkbox"/> Whistle Blower Policy: The Company has adopted whistle blower policy.</p> <p><input type="checkbox"/> There was no instance of denying access to audit committee by any personnel.</p> |
| <p>(d) Details of compliance with mandatory :
requirements and adoption of non-mandatory requirements</p> | <p>i. The company has complied with all mandatory requirements and the company has not adopted any non-mandatory requirements.</p> <p>ii. The Executive Director has signed declaration stating that members of the Board of Directors and senior management personnel have affirmed compliance with code of conduct of Board of Directors and senior management as required as per para D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015</p> <p>iii. The Executive Director and CFO have given appropriate certification as required under regulation 17(8) read with Schedule II part B of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 to the Board of Directors</p> |
| <p>(e) Web link where policy for determining material :
subsidiaries is disclosed</p> | <p>Not applicable as there is no subsidiary company of the company</p> |
| <p>(f) Web link where policy on dealing with related :
party transactions</p> | <p>www.axtelindia.com</p> |
| <p>(g) Disclosure of commodity price risks and :
commodity hedging activities</p> | <p>NOT APPLICABLE</p> |

11. Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof:

There was no instance of any non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) specified.

12. The company has not adopted any discretionary requirements as specified in Part E of Schedule II.

On behalf of the Board of Directors

Date: 22/05/2018

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

[Ajay Naishad Desai]
Executive Director
DIN: 00452821

[Ajay Nalin Parikh]
Executive Director
DIN: 00453711