

# **10<sup>th</sup> ANNUAL REPORT**



**HARISH TEXTILE ENGINEERS  
LIMITED**

**2019-2020**

**CIN: L29119MH2010PLC201521**

**Board of Directors**

Mr. Sandeep Gandhi  
Managing Director

Mr. Hitendra Desai  
Whole-time, Executive Director

Ms. Ratna Jhaveri  
Non- Executive, Independent Director  
(Resigned w.e.f November 14,2019)

Mr. Abhinav Anand  
Non- Executive, Independent Director  
(Resigned w.e.f December 11,2019)

Mr. Kirtikumar Gandhi  
Executive Director  
(Resigned w.e.f June 21,2019)

Mr. Darshit Parikh  
Non-Executive, Independent Director  
(Resigned w.e.f June 15,2019)

Mr. Ritesh Patel  
Non- Executive, Independent Director  
(Appointed w.e.f December 11,2019)

Mr. Sunil Bhirud  
Non- Executive, Independent Director  
(Appointed w.e.f December 11,2019)

Mr. Nainesh Trivedi  
Non- Executive, Independent Director  
(Appointed w.e.f. September 07,2020)

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**Corporate Information:**

Name: Harish Textile Engineers Limited  
CIN: U29119MH2010PLC201521  
Scrip Code: 542682  
Scrip Name: HARISH  
ISIN: INE01K301012  
Listing: BSE Limited

**Banker**

Corporation Bank  
HDFC Bank

**Company Secretary & Compliance Officer:**

Pooja Patwa

**Chief Financial Officer (CFO):**

Pinkesh Upadhyay

**Statutory Auditor:**

M/s. K.M. Swadia & Co.,  
Chartered Accountants  
314, Shriram Chambers,  
R. C. Dutt Road, Alkapuri,  
Vadodara-390 005.

**Registered Office:**

Harish Textile Engineers Limited  
19, Parsi Panchayat Road  
Andheri (East), Mumbai-400069  
Website: www.harishtextile.com

**Registrar & Share Transfer Agent:**

Bigshare Services Pvt.Ltd.,  
1<sup>st</sup> Floor, Bharat Tin Works Building  
Opp. Vasant Oasis, Makwana Road  
Marol, Andheri East  
Mumbai-400059

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF HARISH TEXTILE ENGINEERS LIMITED WILL BE HELD ON WEDNESDAY, SEPTEMBER 30, 2020 AT 11:30 A.M. INDIAN STANDARD TIME ("IST") BY MEANS OF VIDEO CONFERENCING ("VC") /OTHER AUDIO VISUAL MEANS ("OAVM") ON ACCOUNT OF OUTBREAK OF COVID-19 (CORONAVIRUS) PANDEMIC AND IN ACCORDANCE WITH THE RELEVANT CIRCULARS ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS, TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS

1. To consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2020, and the reports of the Board of Directors and Auditors thereon; and in this regard, pass the following resolution(s) as an Ordinary Resolution(s):

**"RESOLVED THAT** the audited financial statement of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To appoint a Director in place of Mr. Sandeep Gandhi (Din: 00941665), who retires from the office of Managing director by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

#### 3. Alteration of Articles of Association of the Company

To consider and if thought fit to pass, the following resolution as **Special Resolution**

**"RESOLVED THAT** pursuant to provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactments thereof for the time being in force, and subject to approvals, permissions and sanctions from the appropriate authority, if any, the Articles of Association of the Company be and are hereby altered in the manner set out herein below:

**RESOLVED FURTHER THAT** the existing Article No. II be and is hereby amended by insertion of new Clause II 1(i) and II 1(ii) after the existing Article No. II as under:

II 1(i) Subject to the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments thereof as may be applicable from time to time and with the consent of the Members of the Company at a General Meeting by way of Special Resolution, the Board of Directors of the Company or a Committee thereof duly authorised by the Board of Directors may issue and allot Warrants convertible into the Equity Shares on such rate, terms and conditions to the existing shareholders, general public, or on preferential basis to the promoters, directors, bodies corporate, banks, financial institutions, OCBs, NRIs or such other persons from time to time on receipt of at least 25% of the face value of the Warrants, as it may think fit. Board of directors of the Company shall be authorized to make provisions as to the allotment and issue of Warrants and in particular may determine to whom the same shall be offered whether at par or at premium subject to the provisions of the Companies Act, 2013 and all the applicable provisions of the SEBI Regulations.

II 1(ii) The Company may by special resolution authorise the Board to convert warrants into the equity shares at such rates (including premium), terms and conditions as may be determined by the Board and in accordance with the guidelines issued by the SEBI, Stock Exchange, Central Govt. or other authorities either on single trench or otherwise as per the discretion of the Board.

**RESOLVED FURTHER THAT** existing Article no. 58 under the head Board of Directors be and is hereby amended by the insertion of Clause No. 58 (1), 58(2) and 58(3) after the existing Article no. 58 as under:

1. At each annual general meeting of the Company, one-third of such of the directors for the time being as are liable to retire by rotation, or if their number is neither three nor a multiple of three, then, the number nearest to one-third, shall retire from office.
2. An individual may, at the same time, be appointed as the chairperson of the Company as well as the Managing Director or Chief Executive officer of the Company.

3. A Managing or Whole Time Director shall be liable to retirement by rotation (save as otherwise provided in a contract in terms of provisions of the Act or Rules made there under or in a resolution passed by Board or Shareholders of the Company). He shall, however, be subject to the same provisions as to resignation and removal as are applicable to the other Directors. He shall ipso facto immediately, cease to be a Managing or Whole Time Director if he ceases to hold the office of Director for any reason whatsoever save that if he shall vacate office whether by retirement, by rotation or otherwise under the provisions of the Companies Act, 2013 at any Annual General Meeting and shall be reappointed as a Director at the same meeting, he shall not, by reason only of such vacation, cease to be a Managing or Whole Time Director.

**RESOLVED FURTHER THAT** existing Article no. 79 be and is hereby amended by the insertion of Clause No. 79 (iii) after the existing Clause no. 79 (ii) as under:

79(iii) All the dividend if declared by the members shall be appropriated and paid proportionately to the amount paid or credited as paid on the shares on pari passu basis with the existing shareholders for whole of the year in which the shares have been issued and in subsequent years.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such act, deeds, matters and things which may deem necessary in this behalf.”

**4. Issuance of Equity Shares on a Preferential Basis to Non-promoters, and other outsider investors through cash.**

To consider and if thought fit to pass, the following resolution as **Special Resolution**

**“RESOLVED THAT** pursuant to the provisions of Sections 23(1)(b), 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of the Memorandum of Association and Articles of Association of the Company, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “SEBI ICDR Regulations”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “SEBI Listing Regulations”), as amended from time to time, the listing agreements entered into by the Company with BSE Limited on which the equity shares of the Company having face value of Rs.10 each (“Equity Shares”) are listed, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended (the “SEBI SAST Regulations”) and subject to any other rules, regulations, guidelines, notifications, circulars and clarifications issued thereunder from time to time by the Ministry of Corporate Affairs, the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India, BSE Limited (“Stock Exchange”) and/or any other competent authorities (hereinafter referred to as “Applicable Regulatory Authorities”), and subject to the approval of Reserve Bank of India (“RBI”), wherever applicable and subject to such approvals, consents and permissions as may be necessary or required and subject to such conditions as may be imposed or prescribed while granting such approvals, consents and permissions, which the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to mean and include one or more committee(s) constituted by the Board to exercise its powers including the powers conferred by this Resolution), is hereby authorized to accept, the consent and approval of the Members of the Company (“Members”) be and is hereby accorded to the Board to create, issue, offer and allot upto 10,00,000 Equity shares of face value of Rs. 10 each (Rupees Ten Only) fully paid up at an issue price of Rs. 30/- per Equity Share, including a premium of Rs. 20 per Equity share aggregating to Rs. 3,00,00,000 (Rupees Three Crores only), to the below mentioned allottees, for cash consideration on a preferential basis (“Preferential Issue”), and on such terms and conditions as may be determined by the Board in accordance with the SEBI ICDR Regulations and other applicable laws.

Sr. No.	Name of the Applicant	Number of Equity Shares applied	Category
1.	Mr. Hitesh Pomal	2,50,000	Non-Promoter
2.	Mr. Mehul Kothari	2,50,000	Non-Promoter
3.	Mr. Pathik Desai	2,00,000	Non-Promoter
4.	Ms. Kajal Shah	2,00,000	Non-Promoter
5.	Mr. Rasesh Trivedi	1,00,000	Non-Promoter
	<b>Total</b>	<b>10,00,000</b>	

**RESOLVED FURTHER** that in terms of the provisions of Chapter V of the SEBI ICDR Regulations, the relevant date for determining the issue price for the Preferential Issue of the Equity Shares is 31<sup>st</sup> August 2020, being the date 30 days prior to the date of this Annual General Meeting (“Relevant Date”).

**RESOLVED FURTHER THAT** the Equity Shares to be issued and allotted shall be fully paid up and rank pari passu with the existing Equity Shares of the Company in all respects (including with respect to dividend and voting powers) from the date of allotment thereof and, be subject to the requirements of all applicable laws and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company.

**RESOLVED FURTHER THAT** pursuant to the provision of the Companies Act 2013, the names of the Subscribers be recorded for the issue of invitation to subscribe to the Equity Shares and a private placement offer letter in Form No. PAS-4 together with an application form be issued to the Subscribers inviting the Subscribers to subscribe to the Equity Shares, as per the draft tabled at the Meeting and duly initialed by the Chairman for the purpose of identification and consent of the Company is hereby accorded to the issuance of the same to the Subscribers to the Equity shares.

**RESOLVED FURTHER THAT** the monies to be received by the Company from the Proposed Allottees towards application for subscribing to the Equity Shares pursuant to this Preferential Allotment shall be kept by the Company in a separate bank account opened by the Company and shall be utilized by the Company in accordance with Section 42 of the Companies Act.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept any modification(s) in the terms of issue of Equity Shares, subject to the provisions of the Act and the SEBI ICDR Regulations, without being required to seek any further consent or approval of the Members.

**RESOLVED FURTHER THAT** the Equity Shares shall be allotted in dematerialized form within a period of 15 (fifteen) days from the date of passing of this special resolution by the Members, provided that where the allotment of Equity Shares is subject to receipt of any approval from the Applicable Regulatory Authorities, the allotment shall be completed within a period of 15 (fifteen) days from the date of receipt of last of such approvals.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, including without limitation, issuing clarifications, resolving all questions of doubt, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the Preferential Issue) and to authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the Members and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Equity Shares and listing thereof with the Stock Exchange as appropriate and utilization of proceeds of the Preferential Issue, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing and the decision of the Board shall be final and conclusive.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, as it may deem fit in its absolute direction, to any committee of the Board or any one or more Director(s)/ Company Secretary/any Officer(s) of the Company to give effect to the aforesaid resolution."

#### **5. Appointment of Mrs. Meena Mistry (Din no.: 07142544) as an Independent Director:**

To consider and if thought fit to pass, the following resolution as **Ordinary Resolution**

**"RESOLVED THAT** Mrs. Meena Mistry (Din no.: 07142544) who was appointed by the Board of Directors as an Additional Director of the Company with effect from December 11, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("Act") and Article 64 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, the appointment of Mrs. Meena Mistry (Din no.: 07142544), who meets the criteria for independence as provided in Section 149(6) of the Act along with

the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years till the conclusion of the 15<sup>th</sup> Annual General meeting of the Company to be held in the year 2025, be and is hereby approved.”

**6. Appointment of Mr. Ritesh Patel (Din no.: 00700189) as an Independent Director:**

To consider and if thought fit to pass, the following resolution as **Ordinary Resolution**

**“RESOLVED THAT** Mr. Ritesh Patel (Din no.: 00700189) who was appointed by the Board of Directors as an Additional Director of the Company with effect from December 11, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (“Act”) and Article 64 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.”

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, the appointment of Mr. Ritesh Patel (Din no.: 00700189) who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years till the conclusion of the 15<sup>th</sup> Annual General meeting of the Company to be held in the year 2025, be and is hereby approved.”

**7. Appointment of Mr. Nainesh Trivedi (Din no.: 08816850), as an Independent Director:**

To consider and if thought fit to pass, the following resolution as **Ordinary Resolution**

**“RESOLVED THAT** Mr. Nainesh Trivedi (Din no.: 08816850) who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 07, 2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (“Act”) and Article 64 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.”

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, the appointment of Mr. Nainesh Trivedi (Din no.: 08816850) who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years till the conclusion of the 15<sup>th</sup> Annual General meeting of the Company to be held in the year 2025, be and is hereby approved.”

**By Order of the Board of Directors  
For Harish Textile Engineers Ltd.**

**Sandeep Gandhi  
Managing Director  
DIN No.: 00941665**

**Hitendra Desai  
Executive Director  
DIN No.: 0045248**

**Date:** September 07, 2020

**Place:** Mumbai

**Registered Office**

2<sup>nd</sup> Floor, 19 Parsi Panchayat Road,  
Andheri (East),  
Mumbai-400069

## NOTES:

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read together with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item No. 3 to 7 of the Notice, is annexed hereto. The relevant details as required under Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/reappointment at the Annual General Meeting for Item no. 2, 5, 6 and 7 is furnished as annexure to the Notice.
3. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
4. At the 9<sup>th</sup> AGM held on September 30, 2019 the members approved re-appointment of M/s. K. M. Swadia & Co., Chartered Accountants Firm (Firm Registration No. 110740W) as Statutory Auditors of the Company to hold office from the conclusion of 9<sup>th</sup> AGM till the conclusion of the 14<sup>th</sup> AGM, subject to ratification of their appointment by Members at every AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of auditors at the 10<sup>th</sup> AGM.
5. As per Regulation 40 of SEBI Listing Regulations, as amended and as per SEBI's press release dated December 03, 2018 had decided that securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019. In view of the above and to avail the benefits of dematerialization and ease portfolio management, Members are requested to consider dematerialize shares held by them in physical form.
6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc. authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Company by email through its registered email address to investor@harishtextile.com with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
7. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer books of the Company will remain closed from Thursday, the 24<sup>th</sup> day of September, 2020 to Wednesday, the 30<sup>th</sup> day of September, 2020. (both days inclusive).
8. The Members holding the shares in physical form may obtain the nomination form from the Company's Registrar & Share transfer agent- Bigshare Services Pvt. Ltd. (BSPL) and are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or BSPL for assistance in this regard.
9. Members desirous of getting any information in respect of the content of the annual report are requested to forward the queries to the Company at least 10 days prior to the annual general meeting so that the required information can be made available at the Company.
10. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or BSPL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

11. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
12. Pursuant to Rule 18(3) of the Companies (Management and Administration) Rules, 2014, the Members are requested to provide their e-mail id to the Company or Registrar and Share Transfer Agent in order to facilitate easy and faster dispatch of Notices of the general meetings and other communication by electronic mode from time to time.
13. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, BSPL in case the shares are held by them in physical form.
14. Members who hold shares in dematerialized form are requested to log in with their DP ID and Client ID numbers for easy identification of attendance at the meeting.
15. The Equity Shares of the Company are mandated for trading in the compulsory demat mode. The ISIN Number allotted for the Company's shares is INE01K301012.
16. Annual Listing fees for the year 2020-2021 has been paid to all stock exchange wherein shares of the Company are listed.
17. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members holding shares in physical form may submit the same to BSPL. Members holding shares in electronic form may submit the same to their respective depository participant.

**18. DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:**

1. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [www.harishtextile.com](http://www.harishtextile.com), website of the Stock Exchange, i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com).
2. For receiving all communication (including Annual Report) from the Company electronically:
  - a) Members holding shares in physical mode and who have not registered / updated their email address with the Company are requested to register / update the same by writing to the Company's Registrar & Share transfer agent- Bigshare Services Pvt. Ltd. (BSPL) with details of folio number and attaching a self-attested copy of PAN card to the at [info@bigshareonline.com](mailto:info@bigshareonline.com)
  - b) Members holding shares in dematerialized mode are requested to register / update their email addresses with the relevant Depository Participant.

19. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

20. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.

21. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.

**22. Voting through electronic means:**

- i. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), ), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic



means and the business may be transacted through e-Voting Services as provided by National Securities Depository Limited (NSDL).

- II. The remote e-voting period commences on Sunday, September 27, 2020 (9:00 a.m. IST) and ends on Tuesday, September 29, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Wednesday, September 23, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- III. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- IV. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- V. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- VI. The details of the process and manner for remote e-voting are explained herein below:

**A. How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

**Details on Step 1 is mentioned below:**

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.
4. Your User ID details are given below:

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in Demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in Demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your Demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your Demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your Demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [csshurutishah@gmail.com](mailto:csshurutishah@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and remote e-voting user manual for members, available at the downloads Section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or toll free no. 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [investor@harishtextile.com](mailto:investor@harishtextile.com).  
In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [investor@harishtextile.com](mailto:investor@harishtextile.com).

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

**C. Other Instructions:**

The remote e-voting period commences on Sunday, September 27, 2020 (9:00 am IST) and ends on Tuesday, September 29, 2020 (5:00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, September 23, 2020, may cast their vote by remote e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility

and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM

- i. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- ii. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. September 23, 2020, may obtain the login ID and password by sending a request at [www.evoting@nsdl.co.in](mailto:www.evoting@nsdl.co.in).  
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting@nsdl.com](http://www.evoting@nsdl.com) or contact NSDL at the following toll free no. 1800-222-990.
- iii. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 23, 2020.
- iv. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- v. Ms. Shruti H. Shah, Practicing Company Secretary (FCS No.8852) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner and she has consented to act as a scrutinizer.
- vi. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- vii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.harishtextile.com](http://www.harishtextile.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) within two days of the passing of the resolutions at the 10<sup>th</sup> AGM of the Company on September 30, 2020 and communicated to the BSE Limited, where the shares of the Company are listed.
- viii. Process for registration of email id for obtaining Annual Report and user id/password for e-voting and updation of bank account mandate for receipt of dividend:

Physical Holding	<p>Send a request to the Registrar and Transfer Agents of the Company, Bigshare Services Private Limited at <a href="mailto:info@bigshareonline.com">info@bigshareonline.com</a> providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) for registering email address.</p> <p>Following additional details need to be provided in case of updating Bank Account Details:</p> <ol style="list-style-type: none"> <li>a) Name and Branch of the Bank in which you wish to receive the dividend,</li> <li>b) the Bank Account type,</li> <li>c) Bank Account Number allotted by their banks after implementation of Core Banking Solutions</li> <li>d) 9 digit MICR Code Number, and</li> <li>e) 11 digit IFSC Code</li> <li>f) a scanned copy of the cancelled cheque bearing the name of the first shareholder.</li> </ol>
Demat Holding	Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP.

**D. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [investor@harishtextile.com](mailto:investor@harishtextile.com) from September 25, 2020 (9:00 a.m. IST) to September 28, 2020 (5:00 p.m. IST). The same will be replied by the company suitably. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
6. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
7. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in/](mailto:evoting@nsdl.co.in) 1800-222-990.

#### **Other Instructions**

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.harishtextile.com](http://www.harishtextile.com) and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to BSE Limited, where the shares of the Company are listed.

**By Order of the Board of Directors**  
For **Harish Textile Engineers Ltd.**

**Sandeep Gandhi**  
Managing Director  
DIN No.: 00941665

**Hitendra Desai**  
Executive Director  
DIN No.: 0045248

**Date:** September 07, 2020

**Place:** Mumbai

**Registered Office**

2<sup>nd</sup> Floor, 19 Parsi Panchayat Road,  
Andheri (East),  
Mumbai-400069

## EXPLANATORY STATEMENTS

As required under Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to business mentioned under Item No. 3,4,5,6 and 7 of the accompanying Notice

### ITEM NO. 3

The present Articles of Association of the Company is proposed to be amended suitably to reflect and to incorporate the provisions of Companies Act, 2013. Pursuant to Section 149 (13) of Companies, Act 2013, the independent directors are not liable to retire by rotation. Further, Section 152(6) stipulates that 2/3<sup>rd</sup> of the total number of directors of the public company should be liable to retire by rotation and out of such directors, 1/3<sup>rd</sup> should retire by rotation at every Annual General Meeting of the Company.

To meet the requirement of the Companies Act, 2013, Company has to modify the relevant articles of its Articles of Association, which restrict the retirement of Managing Director (MD)/ Whole Time Directors (WTD) by rotation. Accordingly, the existing Article no. 58 under the head Board of Directors is proposed to be amended by the insertion of Clause No. 58 (1), Clause 58(2) and Clause 58(3) after the existing Article no. 58 to provide that MD/ WTD will also be liable to retire by rotation (save as otherwise provided in a contract in terms of provisions of the Act or Rules made here under or in a resolution passed by Board or Shareholders of the Company).

New Clause No. II 1(i) and II 1(ii) proposed to be inserted after the existing Article No. II and Article No. 79 is also proposed to be amended by insertion of Clause 79(iii) after the existing Clause 79(ii) of Articles of Association, suitably to reflect and to incorporate the provisions relating to the issuance of warrants convertible into the Equity Shares of the Company and to make provisions for *paripassu* rights of the new equity shares to participate in the dividend in the year of allotment with the existing share capital of the Company for which it is required to seek approval of members by way of Special Resolution.

A draft copy of the Memorandum and Articles of Association of the Company after making proposed amendments have been kept at the Registered Office for inspection.

Your Directors recommend passing the necessary Resolutions as set out in item No. 3 of the notice.

None of the directors of the Company is, in any way concerned or interested in these resolutions except, as a member of the Company.

### ITEM NO. 4

In view of the future outlook of the Company and its proposed plan to expand into new areas of business, the Company requires additional funding to inter alia augment its long term resources including for servicing and/ or repayment of indebtedness, capital expenditure, business purposes and for general corporate purposes as per Company's growth and business related plans from time to time.

In accordance with the above plan, the Board, pursuant to its resolution dated September 07 2020, has approved the proposed Preferential Issue to Non-Promoters and other outside investors at a price of Rs. 30 per Equity Share ("Issue Price"), and consequently, recommends the resolution as set out above to be passed by the Members through a special resolution. The price for the issue of the shares on a preferential basis under the applicable provisions of the SEBI ICDR Regulations is Rs. 25.00 per Equity Share.

Disclosure under Rule 13(2) of the Companies (Share Capital and Debentures) Rules, 2014 and Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the 'SEBI ICDR Regulations') are as under:

#### 1. Object of the issue

The object of this preferential issue is to utilize the proceeds of the Preferential Issue of Equity Shares to meet long term working capital, general corporate purpose and such other purpose as the Board may decide.

#### 2. The total number of shares to be issued

The Board of Directors at its meeting held on September 07, 2020 had, subject to the approval of the Members and such other approvals as may be required, approved the issuance and allotment of up to 10,00,000 Equity Shares at a price of Rs. 30 per Equity Share, aggregating to Rs. 3,00,00,000 (Rupees Three Crores only) to Non-Promoters and other outside investors, for cash consideration, on a preferential basis.

#### 3. Price at which the allotment is proposed

The Equity Shares to be issued and allotted for cash consideration will be of the face value of Rs.10/- each and will be issued at Rs. 30/- per share (including a premium of Rs.20/- per share)

#### 4. Basis on which the price has been arrived

The issue price is determined in accordance with the Regulations as applicable for Preferential Issue as contained in Chapter V of the SEBI (ICDR) Regulations, 2018 as amended till date. The Equity Shares of the Company are listed on BSE Limited ("BSE"). The Equity Shares are infrequently traded as per ICDR Regulations, hence the preferential issue price is determined taking into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares as decided by the Board of the Company. The Equity Shares issued and allotted in terms of the special resolution as set-out in item no. 4 of the accompanying notice, shall rank paripassu in all respect with the existing Equity Shares. The entire amount of Rs. 30/- per share will be payable on or prior to the date of allotment.

#### 5. Relevant Date with reference to which the price has been arrived

The "Relevant Date" in accordance with SEBI ICDR Regulations would be August 31, 2020, being the date 30 days prior to the date of passing of the Special Resolution by the Members of the Company for the proposed preferential issue of Equity Shares.

#### 6. The class or classes of persons to whom the allotment is proposed to be made

As stated earlier, it is proposed to allot 10,00,000 equity shares to non-promoters and other outside Investors and others on a preferential basis through cash.

#### 7. Intent of the Promoters, directors or key managerial personnel of the Company to subscribe to the Preferential Issue;

The Equity Shares shall be issued to Non-Promoters and Other outside Investors. None of the Directors or Key Managerial Personnel of the Company intends to subscribe to any of the Equity Shares proposed to be issued under the Preferential Issue.

#### 8. Names of the proposed allottees and the percentage of post-preferential offer capital that may be held by them

The details of the proposed allottees and the percentage of post preferential offer capital that will be held by them shall be:

Sr. No.	Name of the Applicant alongwith PAN and Address	Equity shares (No.)	Pre-Shar ehold ing	Post Shareholding	% of Shareholding	Category
1.	Mr. Hitesh Pomal PAN-ABYPP7034J Address- 704,Suraksha,19 Azad Nagar,Off- J.P. Road, Near Apna Bazaar, Andheri (West), Mumbai- 400053	2,50,000	-	2,50,000	5.76%	Non-Promoter
2.	Mr. Mehul Kothari PAN-AABPK0096R Address-6/51, Varma Nagar, Old Nagardas Road, Near Chinai College, Andheri (East), Mumbai- 400069	2,50,000	97	2,50,097	5.76%	Non-Promoter
3.	Mr. Pathik Desai PAN-AZLPD0691C Address-78/A, Ratan Terrace, 2 <sup>nd</sup> Floor, T.H. Katana Marg, Opp. Matunga Station, Matunga West, Mumbai-400016	2,00,000	-	2,00,000	4.61%	Non-Promoter

4.	Ms. Kajal Shah PAN- DMOPS1439G Address-103-A, Palan Sojpal Building, S.K. Bole Road, Near Dr. D'silva High School , Dadar (West), Mumbai-400028	2,00,000	-	2,00,000	4.61%	Non- Promoter
5.	Mr. Rasesh Trivedi PAN-AADPR5355G Address-D 61/62 PADMA nagar, Mohan Studio Compound, Andheri Kurla Road, Andheri East, Mumbai- 400099	1,00,000	-	1,00,000	2.32%	Non- Promoter
	<b>Total</b>	<b>10,00,000</b>	<b>97</b>	<b>10,00,097</b>	<b>23.06%</b>	

**9. Proposed time within which the allotment shall be completed**

As required under the SEBI ICDR Regulations, the Equity Shares shall be allotted by the Company within a period of 15 days from the date of passing of this Resolution, provided that where the allotment of the proposed Equity Shares is pending on account of receipt of any approval or permission from any regulatory or statutory authority, the allotment shall be completed within a period of 15 days from the date of receipt of last of such approvals or permissions.

**10. The change in control if any, of the Company that would occur consequent to preferential offer**

There shall be no change in control of the Company pursuant to the issue of Equity Shares.

**11. Number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price**

No allotment(s) has been made on a preferential basis from the beginning of the year to the date of issue of this notice.

**12. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.**

A report of registered valuer is not required for the Preferential Allotment, under the provisions of second proviso to Rule 13(1) of the Companies (Share Capital and Debentures) Rules, 2014

**13. Identity of the natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control;**

Not applicable since all the allottees are individuals

**14. Shareholding Pattern before and after preferential issue of the capital would be as follows:**

The pre issue and post issue shareholding pattern of the Company –

Sr. No.	CATEGORY	*PRE ISSUE		POST ISSUE	
		NO. OF SHARES HELD	% OF SHARE HOLDING	NO. OF SHARES HELD	% OF SHARE HOLDING
A	Promoters <sup>a</sup> holding –				
	1. Indian				
	Individual	2408144	72.19	2408144	55.54
	Body Corporate				
	<b>Sub Total</b>	<b>2408144</b>	<b>72.19</b>	<b>2408144</b>	<b>55.54</b>

	2. Foreign Promoters				
	<b>Sub Total (A)</b>	<b>2408144</b>	<b>72.19</b>	<b>2408144</b>	<b>55.54</b>
B	<b>Non-Promoters Holding-</b>				
	1. Institutional investors	1534	0.04	1534	0.04
	2. Non-Institution				
	Corporate Bodies	22735	0.68	22735	0.52
	Directors	-		-	
	Indian Public	856405	25.67	1856405	42.81
	Others(Including NRIs)	47182	1.42	47182	1.09
	<b>Sub Total (B)</b>	<b>927856</b>	<b>27.81</b>	<b>1927856</b>	<b>44.46</b>
	<b>GRAND TOTAL (A+B)</b>	<b>3336000</b>	<b>100.00</b>	<b>4336000</b>	<b>100.00</b>

Note- \*Pre-Shareholding pattern as on 30<sup>th</sup> June, 2020.

#### 16. Lock-in Period

The Equity Shares will be subject to applicable lock-in and transfer restrictions stipulated under Regulations 167 and 168 of the SEBI ICDR Regulations.

#### 17. Disclosures specified in Schedule VI of SEBI (ICDR) Regulations, 2018, if the issuer or any of its promoters or directors is a willful defaulter:

The Company and none of its Directors or Promoters have been declared as willful defaulter as defined under the SEBI ICDR Regulations. None of its Directors or Promoter is a fugitive economic offender as defined under the SEBI ICDR Regulations.

#### 18. Undertakings:

The Company hereby undertakes that:

- i. It would re-compute the price of the securities specified above in terms of the provisions of SEBI (ICDR) Regulations, where it is so required;
- ii. If the amount payable, if any, on account of the re-computation of price is not paid within the time stipulated in SEBI (ICDR) Regulations the above warrants/shares shall continue to be locked-in till the time such amount is paid by the allottees.

In accordance with the SEBI ICDR Regulations,

- i. all the Equity Shares held by the proposed allottees in the Company are in dematerialized form only;
- ii. No person belonging to the promoters / promoter group have sold/transferred any Equity Shares of the Company during the 6 (Six) months preceding the Relevant Date
- iii. No person belonging to the promoters / promoter group has previously subscribed to any warrants of the Company but failed to exercise them; and
- iv. valuation requirement is not applicable as the securities are proposed to be issued for cash consideration. The issue of warrants and resultant Equity Shares shall be made in accordance with the provisions of the Memorandum and Articles of Association of the Company and shall be made in a dematerialized format only.

#### 19. Auditors' Certificate

The certificate from M/s K M Swadia & Company, Chartered Accountants, being the Statutory Auditors of the Company certifying that the Preferential Issue is being made in accordance with the requirements contained in the SEBI ICDR Regulations shall be made available for inspection by the Members during the meeting.

#### 20. Other disclosures

In accordance with the provisions of Sections 23, 42 and 62 of the Act read with applicable rules thereto and relevant provisions of the SEBI ICDR Regulations, approval of the Members for issue and allotment of the said Equity Shares to Non-Promoters and other outside investors is being sought by way of a special resolution as set out in the said item of the Notice. Issue of the Equity Shares pursuant to the Preferential Issue would be within the Authorized Share Capital of the Company.



The Board of Directors believes that the proposed Preferential Issue is in the best interest of the Company and its Members and, therefore, recommends the Special Resolution at Item No.4 of the accompanying Notice for approval by the Members of the Company.

None of the Directors, Key Managerial Personnel of the Company or their respective relatives, is concerned or interested in the above said resolution; however they may be deemed to be concerned to the extent of change in the percentage of their voting rights in the post equity shareholding in the Company, if any.

#### **Item No. 5**

Pursuant to the provisions of Section 149 of Companies Act, 2013 (The Act), which came into effect from April 1, 2014, the Independent Directors are not liable to retire by rotation.

Mrs. Meena Mistry, Non-executive Director of the Company, has given a declaration to the board that she meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the board, the director fulfills the conditions specified in the Act and rules framed thereunder for appointment as an Independent Director. The board has recommended the appointment of Mrs. Meena Mistry, as an Independent, Non-Executive Director of the Company till the conclusion of the 15<sup>th</sup> Annual General Meeting of the Company to be held in the year 2025.

In compliance with the provision of Section 149 of the act, the appointment of Mrs. Meena Mistry, as an Independent director is now being placed before the members for their approval.

A brief profile of Mrs. Meena Mistry, nature of his expertise in specific functional areas and names of companies in which she hold Directorship and membership/chairmanship of Board Committee's as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges in India, is annexed hereto.

The Board recommends the resolution at item No. 5 for approval by member.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in item No. 5 of the Notice except Mrs. Meena Mistry.

#### **ITEM NO. 6**

Pursuant to the provisions of Section 149 of Companies Act, 2013(The Act), which came into effect from April 1, 2014, the Independent Directors are not liable to retire by rotation.

Mr. Ritesh Patel, Non-executive Director of the Company, has given a declaration to the board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the board, the director fulfills the conditions specified in the Act and rules framed thereunder for appointment as an Independent Director. The board has recommended the appointment of Mr. Ritesh Patel, as an Independent, Non-Executive Director of the Company till the conclusion of the 15<sup>th</sup> Annual General Meeting of the Company to be held in the year 2025.

In compliance with the provision of Section 149 of the act, the appointment of Mr. Ritesh Patel, as an independent director is now being placed before the members for their approval.

A brief profile of Mr. Ritesh Patel, nature of his expertise in specific functional areas and names of companies in which he hold Directorship and membership/chairmanship of Board Committee's as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges in India, is annexed hereto.

The Board recommends the resolution at item No. 6 for approval by member.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in item No. 6 of the Notice except Mr. Ritesh Patel.

#### **ITEM NO. 7**

Pursuant to the provisions of Section 149 of Companies Act, 2013(The Act), which came into effect from April 1, 2014, the Independent Directors are not liable to retire by rotation.

Mr. Nainesh Trivedi, Non-executive Director of the Company, has given a declaration to the board that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the board, the director fulfills the conditions specified in the Act and rules framed thereunder for appointment as an Independent Director. The board has recommended the appointment of Mr. Nainesh Trivedi, as an Independent, Non-

Executive Director of the Company till the conclusion of the 15<sup>th</sup> Annual General Meeting of the Company to be held in the year 2025.

In compliance with the provision of Section 149 of the act, the appointment of Mr. Nainesh Trivedi, as an independent director is now being placed before the members for their approval.

A brief profile of Mr. Nainesh Trivedi, nature of his expertise in specific functional areas and names of companies in which he hold Directorship and membership/chairmanship of Board Committee's as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges in India, is annexed hereto.

The Board recommends the resolution at item No. 7 for approval by member.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in item No. 7 of the Notice except Mr. Nainesh Trivedi.

**By Order of the Board of Directors**  
For **Harish Textile Engineers Ltd.**

**Sandeep Gandhi**  
**Managing Director**  
**DIN No.: 00941665**

**Hitendra Desai**  
**Executive Director**  
**DIN No.: 0045248**

**Date:** September 07, 2020

**Place:** Mumbai

**Registered Office**

2<sup>nd</sup> Floor, 19 Parsi Panchayat Road,  
Andheri (East),  
Mumbai-400069

**Details of Directors appointment/re-appointment/retiring by rotation, as required to be provided pursuant to the provisions of (i) Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India and approved by the Central Government are provided herein below:**

Particulars	Mr. Sandeep Gandhi	Mr. Ritesh Patel	Mrs. Meena Mistry	Mr. Nainesh Trivedi
Director Identification Number (DIN)	00941665	00700189	07142544	08816850
Date of Birth	02/06/1964	23/11/1981	13/04/1957	19/06/1966
Date of First Appointment on the Board	31/03/2010	11/12/2019	11/12/2019	07/09/2020
Experience in functional Area	Mr. Sandeep, has lead the diversification of the group. Under his leadership the group has diversified into polyester staple fibres, nonwoven and technical textile fabrics and auto interiors	Mr. Ritesh Patel, a graduate and has been overlooking business operations of Sadhna group of companies. He has overall experience of 9 years in the field of Real Estate, Financial planning and construction management.	Mrs. Meena Mistry has expertise of more than 30 years in the field of accounts and finance.	Mr. Nainesh Trivedi has expertise in General Management and Administration
Qualification	MBA	B.Com	B.Com	Secondary School Certificate
Directorship in other Companies (Public Limited Companies)	1	1	1	Nil
Membership of Committees of other public limited companies (Audit Committee and Shareholder’s/Investor’s Grievance Committee only)	0	2	2	Nil
No. of Shares held in the Company	23,83,344 shares	NIL	NIL	500
The number of Meetings of the Board attended during the F.Y. 2019-2020	12	4	4	Nil
Remuneration Proposed	Rs. 10,00,000 per month	N.A.	N.A.	N.A.
Remuneration Paid	Rs. 10,00,000 per month	Sitting Fees will be paid to Independent Directors	Sitting Fees will be paid to Independent Directors	Sitting Fees will be paid to Independent Directors
Disclosure of relationship with other Directors, Manager and other Key Managerial Personnel of the Company	The Directors, *Mr. Kirtikumar Gandhi & Mr. Sandeep Gandhi having father and son relationship are related to each other within the meaning of the term “relative” as per Section 2(77) of the Act and per SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.	There are no inter-se relationships between the Directors mentioned above, and Manager and other Key Managerial Personnel of the Company.	There are no inter-se relationships between the Directors mentioned above, and Manager and other Key Managerial Personnel of the Company.	There are no inter-se relationships between the Directors mentioned above, and Manager and other Key Managerial Personnel of the Company.

\*Note- Mr. Kiritkumar Gandhi, Executive Director, resigned from the post of Directorship w.e.f. June 21, 2019

**By Order of the Board of Directors  
For Harish Textile Engineers Ltd.**

**Sandeep Gandhi  
Managing Director  
DIN No.: 00941665**

**Hitendra Desai  
Executive Director  
DIN No.: 0045248**

**Date:** September 07, 2020  
**Place:** Mumbai  
**Registered Office**  
2<sup>nd</sup> Floor, 19 Parsi Panchayat Road,  
Andheri (East),  
Mumbai-400069

## Directors Report

Your Directors are pleased to present the **Tenth** Annual Report on the business and operations of the Company for the year ended March 31, 2020.

### 1. Financial Highlights

Particulars	(Rs. In Lakhs)	
	Year ended 31/03/2020	Year ended 31/03/2019
Gross Income	8852.46	3932.74
Profit Before Interest and Depreciation	497.86	316.50
Finance Charges	308.16	105.12
Gross Profit	189.70	211.38
Provision for Depreciation	242.77	78.32
Net Profit Before Tax	(53.07)	133.06
Provision for Tax	19.69	38.19
Net Profit After Tax	(72.77)	94.87
Balance of Retained Earning brought forward	472.36	458.59
Balance of Retained Earning carried forward	399.59	472.36

### 2. Management Analysis and Discussions

#### Covid-19

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers globally. From a highly centralized model consisting of work spaces set in office premises, the switch to work from home for employees was enabled to close to 90 percent of the employees to work remotely and securely. Following the progressive lifting of lockdowns and relaxations being announced in various states, the production volumes are picking up. The customers are also scaling up their businesses and hence the sales of all the businesses are gradually picking up. The Supply and logistic chains are also being gradually restored.

All the factories remained closed till mid of May'2020 and since then all the factories have opened and are now gaining momentum from Month to Month. This being an evolving situation, the Directors are keeping a constant vigil over operational performance, Debtors, Inventories, On Going Contracts and impairment, if any, to any of the assets. In these trying times, The Company has been able to raise funds by means of Debts from the Banks. The company also proposes to make a Preferential Allotment of shares to the tune of Rs. 3.25 crores. All these measures have been taken to bolster working capital to tide over these trying times. Company also taken various measures of cost rationalisation and optimisation. The company is hopeful that after a low key Q1 of 2020-21 where all the factories were closed till mid of May'2020 the things will be better from Q2 onwards.

#### Company performance:

Despite the slowdown in economy, the Company did fairly well compared to Peers till Q3 of FY: 2019-20. Q4 of any year is the most important Quarter for the Company as substantial sales are made in Q4. However, due to Global Pandemic of Covid 19, which started exerting its influence from February 2020, Q4 sales and lifting of finished goods suffered. Due to this adversity, the overall performance of the Company has suffered and the company has ended the FY: 2019-20 with total revenues of Rs. 8828.68 Lakhs as compared with Rs. 3932.74 Lakhs during the previous year and profit before tax stood at Rs. (53.07) Lakhs as compared to Rs. 133.06 Lakhs in the previous year. The Company has made a provision of tax totalling to Rs. 19.69 Lakhs and the profit after tax stood at Rs. (72.77) Lakhs for the year in report.

As explained above, after a lacklustre Q1 of 2020-21 caused by Lock Downs following Covid 19 measures, the Performance of Company is picking up and gathering strength from month to month in Q2 of 2020-21.

### **Brief Introduction of Your Company**

Your Company is one of the leading producers of textile processing and finishing machinery in India. The Machinery produced by your company has found acceptance by reputed clients in India and abroad. Your company has also exported its products to over 25 countries, including to a prestigious market like U.K.

Your company has manufacturing facilities spread over 120,000 square feet in Umbergam, Gujarat and another 65,000 square feet in Bhilad Gujarat.

With effect from April 1, 2019, the Businesses of Non-Woven Fabrics, Technical Textiles, Auto Interiors and Recycled Polyester Staple Fiber (which is an eco-friendly project) have also started contributing handsomely to the top-line and bottom line of your company. With all the business segments contributing from April 1, 2019. The Board is hopeful that once the Effects of Covid 19 are gone, the consolidated businesses will contribute handsomely to the top line and bottom line of the Company.

### **Review of operations**

Despite economic slow- down and severe liquidity constraints, Your Company fared better than the Peers in first three quarters of FY: 2019-20. The Global Pandemic of Covid 19, which started showing its adverse effects on businesses and global economies from February 2020 exerted very heavy toll of the Company's Performance in Q4 of 2019-20. Since Q 4 is the most important Quarter for the Company, the drastic slowdown and lifting of finished material in Q4 has pulled the overall performance of the Company for the Year. After a lacklustre Q1 of FY: 2020-21 due to the Lock Downs which resulted in closure of all the Factories of Company till mid of May'2020 the momentum is reviving from Q2 of current year. With several measures of cost rationalisation and other optimisations measures initiated, the Board is hopeful of regaining pre covid momentum soon.

### **Strengths**

Over the years your company has acquired Product and Domain Expertise in all the products manufactured. Your Company also has excellent technical and design team that can take up special tailor made projects even for non-textile applications. Your company has best in class infrastructure and plant and machinery in this business. The PSF business is green environmentally friendly business as it recycles Per Bottles and Other Scrap into PSF. Your Company has domain expertise and experience in this Business and best in class infrastructure. Your Company has ambitious Plans of Expansion in this Business.

Your Company has wide range of Products in its Non Woven Business which caters to a wide range of clients. With PSF plant providing assured raw material supply, Your Company is in a Unique position in the Business.

### **Quality**

Harish Machines are known and well respected for its Quality and productivity and command a premium valuation.

The PSF and Non-woven Products of Your Company are well known and respected for their Highest Quality Standards.

### **Outlook**

As explained earlier, after a low-key Q1 of 2020-21 arising largely due to all the factories of the Company being closed till mid of May'2020 due to Lock Downs, the performance of the company has started improving from Q2 of 2020-21 and is expected to reach pre-covid levels shortly.

### **Opportunities and threats**

#### **Opportunities:**

Export markets offer exciting opportunities. Specialised, tailor made non textile customers also offer excellent growth prospects.

For PSF business the markets have started picking up from Q2 of 2020-21 and Your Board has ambitious expansion Plans for this Business.

For Non Woven also the volumes have started reviving from Q2 of 2020-21 and there are good opportunities in Non-Auto applications.

**Threats:**

The threats are in relation to the economic slow-down, liquidity issues and any adverse government policies. Of late the unprecedented and unheard of Lock Downs and other fall outs of Global Pandemics Like Covid 19 are emerging Threats. However, since textile industry is one of the top-three employment generators, the government policies are expected to be conducive and supportive.

**Risks and Concerns**

The recent liquidity crunch and global economic down turn due to Global Pandemics are the risks and concerns being faced by the industry.

**Internal Financial control systems and their adequacy**

The company has adequate systems for Internal Financial Control Systems. The Company has also appointed a CA firm as Independent Internal Auditors.

**3. Dividend**

The Company has not declared any dividend during the year under review on account of loss.

**4. Transfer To Reserves**

The entire balance in Retained Earning is proposed to be carried forward.

**5. Transfer of Unclaimed Dividend to Investor Education and Protection Fund:**

The Provisions of Sec.125 (2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

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

Since the close of the Financial Year under review the Global Pandemic of Covid 19 exerted its full adverse impact on Businesses and Economies Globally. Your Company also suffered loss of production and sales till Second Week of May, 2020 due to the Lock Downs imposed. This being an evolving situation, the Board is constantly monitoring the emerging scenario.

On and with effect from April 01, 2019 the Non-Woven and PSF businesses have been integrated with the Company. These businesses will strengthen the Financial Position of the Company and will expand its Balance Sheet Size.

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

- There are no significant and material orders passed by the Regulators or courts or tribunals impacting the going concern status and company's operations in future.
- There was no change in the nature of business of the Company.

**7. Details of Holding/Subsidiary/Joint Ventures/Associate Companies:**

The Company does not have any Holding/Subsidiary/Joint Ventures/Associate Companies.

## **8. Directors and Key Managerial Personnel**

The Board of Directors appointed Mrs. Meena Mistry (DIN: 07142544), Mr. Ritesh Patel (DIN: 00700189) and Mr. Nainesh Trivedi (DIN: 08816850) as an Additional, Independent, Non-Executive Director of the Company. The Directors have given the declaration to the Board that they met the criteria of independence as provided under Section 149(6) of the said Act and also confirmed that they will abide by the provisions as mentioned in Schedule IV of the Companies Act, 2013.

Mr. Darshit Parikh has resigned from the post of Independent director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 15<sup>th</sup> June, 2019.

Mr. Kiritkumar Gandhi, Executive Director, resigned from the post of Directorship w.e.f. June 21, 2019.

Ms. Ratna Jhaveri has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 14<sup>th</sup> November, 2019.

Mr. Abhinav Anand has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 11<sup>th</sup> December, 2019.

The Board places on record its appreciation for their invaluable contribution and guidance and support which they rendered during their tenure.

Mr. Sandeep Gandhi, Managing Director, retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice.

Ms. Pooja Patwa, was appointed as Company Secretary and Compliance Officer of the Company w.e.f. January 16, 2020.

All the above appointments/re-appointments by the Board of Directors are based on the recommendation of the Nomination and Remuneration Committee, wherever possible. The resolutions for aforementioned appointment/re-appointments, together with requisite disclosures are set out in the Notice of the ensuing 10<sup>th</sup> AGM. The Board recommends all the resolutions for your approval.

Pursuant to the provisions of Section 149 of the Act, the Independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations.

There has been no change in the circumstances affecting their status as Independent directors of the Company.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission, if any and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committee of the Company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 are: Mr. Sandeep Gandhi, Managing Director, Mr. Hitendra Desai, Whole-Time Director, Mr. Pinkesh Upadhyay, Chief Financial Officer and Ms. Pooja Patwa, Company Secretary and Compliance Officer.

## **9. Remuneration to Director and Employees**

Details/Disclosures of ratio of remuneration to each Director to median employee's remuneration as required pursuant to Section 197(12) of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and details of remuneration paid to Employees vide Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given as Annexure- IV.



## 10. Nomination Remuneration Committee

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

Nomination remuneration and compensation committee policy (NRC Committee)

The NRC Committee of the Company shall be formed by the Board of Directors of the Company out of its Board members. The NRC Committee shall consist of minimum three non-executive directors out of which two shall be independent directors. The chairperson of the company may be appointed as a member of the NRC Committee but shall not chair the NRC Committee. The Chairman of the NRC Committee shall be an independent director. No member of the NRC Committee shall have a relationship that may interfere with his independence from management and the Company or with the exercise of his duties as a NRC committee member. The NRC Committee may invite such of the executives of the Company, as it considers appropriate (and particularly the Managing Director) to be present at the meetings of the NRC committee, but on occasions it may also meet without the presence of any executives of the company. The Company Secretary shall act as the secretary to the NRC Committee.

The Nomination Remuneration Committee is chaired by \*Mr. Ritesh Patel. The Committee comprises of #Mr. Darshit Parikh, Non-Executive, Independent Director, \$Mr. Abhinav Anand, Non-Executive, Independent Director, \*\*\*Ms. Ratna Jhaveri Non-Executive, Independent Director \*\*Mrs. Meena Mistry, Non-Executive, Independent Director, \*Mr. Ritesh Patel, Non-Executive, Independent Director, \*\$Mr. Nainesh Trivedi, Non-Executive, Independent Director.

Note #Mr. Darshit Parikh has resigned from the post of Independent director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 15<sup>th</sup> June, 2019.

\*\*\*Ms. Ratna Jhaveri has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 14<sup>th</sup> November, 2019.

\$Mr. Abhinav Anand has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 11<sup>th</sup> December, 2019.

\*Mr. Ritesh Patel was appointed as Additional director w.e.f. 11<sup>th</sup> December, 2019 and has been inducted as Chairman of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 17<sup>th</sup> January, 2020

\*\*Mrs. Meena Mistry was appointed as Additional director w.e.f. 11<sup>th</sup> December, 2019 and has been inducted as a member of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 17<sup>th</sup> January, 2020.

\*\$Mr. Nainesh Trivedi was appointed as as Additional director w.e.f. 07<sup>th</sup> September, 2020 and has been inducted as a member of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 07<sup>th</sup> September, 2020.

The Nomination and Remuneration committee met once during the year. Company Secretary of the Company acted as the Secretary to the Committee.

The terms of reference of the NRC, is uploaded on the Company's website.

### Remuneration Policy

The Remuneration policy of your Company is a comprehensive policy which is competitive, in consonance with the industry practices and rewards good performance of the employees of the Company. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance against set objectives. Remuneration of employees largely consists of basic remuneration and performance incentives. The Company while deciding the remuneration package takes into consideration the employment scenario, remuneration package of the industry and the remuneration package of other Industries.

The Remuneration of the Executive Directors is decided by the Nomination and Remuneration Committee based on criteria such as industry benchmarks, the company's performance vis-à-vis the industry performance, track record of the Executive Directors.

The members of the Nomination and Remuneration Committee and their attendance at committee meetings are as under:

<b>Name of the Director</b>	<b>Category</b>	<b>No. of Meetings attended</b>
*Mr. Ritesh Patel	Non-Executive & Independent Director	-
**Mrs. Meena Mistry	Non-Executive & Independent Director	-
#Mr. Darshit Parikh	Non-Executive & Independent Director	-
§Mr. Abhinav Anand	Non-Executive & Independent Director	1
***Ms. Ratna Jhaveri	Non-Executive & Independent Director	1

Note :

\*Mr. Ritesh Patel was appointed as Additional director w.e.f. 11<sup>th</sup> December, 2019 and has been inducted as Chairman of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 17<sup>th</sup> January, 2020

\*\*Mrs. Meena Mistry was appointed as Additional director w.e.f. 11<sup>th</sup> December, 2019 and has been inducted as a member of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 17<sup>th</sup> January, 2020.

#Mr. Darshit Parikh has resigned from the post of Independent director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 15<sup>th</sup> June, 2019.

§Mr. Abhinav Anand has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 11<sup>th</sup> December, 2019.

\*\*\*Ms. Ratna Jhaveri has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 14<sup>th</sup> November, 2019.

The Company has not issued any Stock options to the Directors. Independent Directors of the Company have disclosed that they do not hold any Equity Shares of the Company. There has been no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company during the year under review.

## **11. Auditors**

At the Ninth AGM held on September 30, 2019 the Members approved re-appointment of M/s. K.M. Swadia & Co. Chartered Accountants, (ICAI Firm Registration No. 110740W) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the fourteenth AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of re-appointment of statutory auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM.

Auditors have confirmed that they are not disqualified to act as Auditors and are eligible to hold office as Auditors of your Company. They have also confirmed that they hold a valid peer review certificate as prescribed under Listing Regulations.

## **12. Auditors' Report**

The Auditors' Report contains one Qualification regarding non provision of Gratuity Liability on actuarial basis as required by Ind AS 19. The company is in the process of getting the liability ascertained on actuarial basis and in the current year hopes to provide for the same. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

## **13. Corporate Governance**

### **Non-applicability of Corporate Governance provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

Pursuant to the provisions of Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, compliance with the provisions of Regulations 17,18,19,20,21,22,23,24,25,26,27, and clauses (b) to (i) of sub-regulation 2 of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, are not applicable to the Companies having paid up equity share capital not exceeding Rs. 10 Crore and Net Worth not exceeding Rs. 25 Crore, as on the last day of previous financial year.

In view of above, as per the latest Audited Financial Statement of the Company as at 31<sup>st</sup> March -2020, the paid-up Equity Share Capital and the Net Worth of the Company does not exceed the respective threshold limit of Rs. 10 Crore and Rs. 25 Crore, as aforesaid; hence corporate governance report has not been enclosed to directors since the same is not applicable to the Company.

## **14. Code of Conduct for Directors and Senior Management**

The Directors and members of Senior Management have affirmed compliance with the Code of Conduct for Directors and Senior Management of the Company. The copies of Code of Conduct as applicable to the Executive Directors (including Senior Management of the Company) and Non-Executive Directors are uploaded on the website of the Company.

## **15. Familiarization Program for Independent Directors**

The Independent directors of Harish Textile Engineers Limited are eminent personalities having wide experience in the field of business, finance, education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

The Company has practice of conducting familiarization program of the Independent directors. Independent Directors are appointed as per policy of the Company, with management expertise and wide range of experience. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations by having one-to-one meetings.

The new Board members are also requested to access the necessary documents / brochures, Annual Reports and internal policies available at our website [www.harishtextile.com](http://www.harishtextile.com) enable them to familiarize with the Company's procedures and practices.

Updates on relevant statutory changes encompassing important laws are regularly intimated to the Independent Directors. Their presence on the Board has been advantageous and fruitful in taking Business decisions.

Pursuant to Regulation 25(7) of the Listing Regulations, the Company has put in place a system to familiarize its Independent Directors about the Company, its financial products, the industry and business model of the Company and its subsidiary. Pursuant to Regulation 46 of Listing Regulations the details of Familiarization Programme is uploaded on the Company's website.

## **16. Relationship Between Directors Inter-Se**

The Directors <sup>###</sup>Mr. Kirti Gandhi and Mr. Sandeep Gandhi are related to each other within the meaning of the term "relative" as per Section 2(77) of the Act and per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Other than these, none of the Directors are related.

<sup>###</sup>Mr. Kirti Gandhi resigned from the post of directorship w.e.f. June 21, 2019

## **17. Documents placed on the Website of the Company:**

The following documents have been placed on the website in compliance with the Act:

- Financial statements of the Company and consolidated financial statements along with relevant documents as per third proviso to Section 136(1).
- Details of Vigil mechanism for directors and employees to report genuine concerns as per proviso to Section 177(10).
- The terms and conditions of appointment of independent directors as per Schedule IV to the act.
- Latest Announcements
- Annual Reports
- Shareholding Pattern
- Code of Conduct
- Nomination and Remuneration Policy
- Materiality Policy under Regulation 30 of SEBI(LODR) Regulations, 2015

## **18. Human Resource Management (Material developments in Human Resources / Industrial Relations front, including number of people employed)**

The Company offers a growth environment along with monetary benefits in line with industry standards. The Company has a number of employee initiatives to attract, retain and develop talent in the organization. The industrial relations during the year were cordial on all the fronts. The number of people employed in the year of report were 145.

## **19. Secretarial Audit Report**

Pursuant to Section 204 of the Companies Act, 2013, the Company had appointed, H B Upasani & Co, Practicing Company Secretary as its Secretarial Auditor to conduct the Secretarial Audit of the Company for the F.Y 2019-2020. The Company has provided all the assistance and facilities to the Secretarial Auditor for conducting their audit. Report of Secretarial Auditors for the F.Y 2019-2020 in Form MR-3 is annexed to this report as Annexure-II.

## **20. Explanation or comments on Qualifications, reservations or adverse remarks made by Auditors and the Practicing Company Secretary in their Reports:**

The Auditors' Report contains one Qualification regarding non provision of Gratuity Liability on actuarial basis as required by Ind AS 19. The company is in the process of getting the liability ascertained on actuarial basis and in the current year hopes to provide for the same. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

The Secretarial Audit Report, however contains the following observation from Secretarial Auditor-

*The Company had received notice from BSE Limited (BSE) dated February 12, 2020, for non-compliance with the provisions of Regulation 6(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pertaining to appointment of a qualified Company Secretary as the Compliance officer of the Company. The Company had paid penalty of Rs. 17,700 at BSE on February 26, 2020, and had taken adequate steps by appointing Ms. Pooja Patwa, as Company Secretary and Compliance Officer of the Company w.e.f. 16.01.2020 and complied with Regulation 6(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

## **21. Share Capital**

The Paid up Equity Share Capital as on 31<sup>st</sup> March 2020 was Rs 3,33,60,000 divided into 33,36,000 Equity shares of Rs. 10 each, which is same as at the previous year end.

The Company had allotted 92,780 Secured, Unlisted Non-Convertible Debentures of Rs. 100 each aggregating to Rs.92,78,000 on 14<sup>th</sup> February, 2020 to the creditors on conversion of their loan/trade payables.

## 22. Shares:

- a. Buyback of Securities: The Company has not bought back any of the securities during the year under review.
- b. Sweat Equity: The Company has not issued any sweat equity shares during the year under review.
- c. Employee Stock Option Plan: The Company has not provided any stock options to the employees.
- d. Non-Convertible Debentures: The Company had allotted 92,780 Secured, Unlisted Non-Convertible Debentures of Rs. 100 each aggregating to Rs.92,78,000 on 14<sup>th</sup> February, 2020 to the creditors on conversion of their loan/trade payables.

## 23. Credit Rating

Your Directors have pleasure to inform that Acuite had carried out a credit rating assessment of the Company for long term bank facilities in compliance with norms implemented by Reserve Bank of India for all banking facilities which enables the Company to access banking services at low costs. Acuite has assigned BB- rating to your Company for working capital facilities for a total amount of Rs. 15.00 Crores.

## 24. Deposits from public

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

## 25. Directors Responsibility Statement

Pursuant to the provisions of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the Directors confirm that, to the best of their knowledge and belief:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with no material departures;
- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the annual accounts on a going concern basis; and
- (e) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 26. Conservation of Energy, Technology Absorption, Research & Development and Foreign Exchange Earnings and Outgo

Information pursuant to Section 134(3)(m) of the Companies Act 2013 read with Rule 8(3) the Companies (Accounts) Rules, 2014 forming part of Directors' Report for the year ended 31<sup>st</sup> March, 2020 is as under :

**Conservation of Energy:** The Company's operations involve low energy consumption. However efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

**Technology Absorption:** The Technology available and utilized is continuously being upgraded to improve overall performance and productivity.

**Research & Development:** Your Company believes that research & development is a continuous process for sustained corporate excellence. Our research & development activities help us in product and service improvement, effective time management and are focused to provide unique benefits to our customers. Such methods do not involve any specific cost burden to the Company.

Foreign Exchange Earnings	: Rs. 2,13,92,655 (previous year Rs. 4,35,53,025)
Foreign Exchange Outgo	: Rs. 12,48,48,432 (previous year Rs. 7,86,52,297)

## 27. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committee.

Criteria for Performance Evaluation of Independent Directors includes:

1. Attendance and Participation.
2. Maintaining confidentiality.
3. Acting in good faith and in the interest of the company as a whole.
4. Exercising duties with due diligence and reasonable care.
5. Complying with legislations and regulations in letter and spirit.
6. Openness to ideas, perspectives and opinions and ability to challenge old practices and throwing up new ideas for discussion.
7. Capacity to effectively examine financial and other information on operations of the company and the ability to make positive contribution thereon.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

## 28. Number of Meetings of the Board

During the year, 12 Board Meetings were held.

The dates on which the Board Meetings were held alongwith attendance are as follows:

SR. NO.	BOARD MEETING DATE	DIRECTORS PRESENT
1	12.04.2019	Sandeep Gandhi, Hitendra Desai, Kirtikumar Gandhi, Abhinav Anand, Ratna Jhaveri and Darshit Parikh
2	27.05.2019	Sandeep Gandhi, Hitendra Desai, Kirtikumar Gandhi, Abhinav Anand, Ratna Jhaveri and Darshit Parikh
3	20.06.2019	Sandeep Gandhi, Hitendra Desai, Kirtikumar Gandhi, Abhinav Anand, and Ratna Jhaveri
4	21.06.2019	Sandeep Gandhi, Hitendra Desai, Kirtikumar Gandhi, Abhinav Anand, and Ratna Jhaveri
5	14.08.2019	Sandeep Gandhi, Hitendra Desai, Abhinav Anand, and Ratna Jhaveri
6	05.09.2019	Sandeep Gandhi, Hitendra Desai, Abhinav Anand, and Ratna Jhaveri
7	14.11.2019	Sandeep Gandhi, Hitendra Desai, Abhinav Anand, and Ratna Jhaveri
8	11.12.2019	Sandeep Gandhi, Hitendra Desai and Abhinav Anand
9	17.01.2020	Sandeep Gandhi, Hitendra Desai, Ritesh Patel, and Meena Mistry
10	14.02.2020	Sandeep Gandhi, Hitendra Desai, Ritesh Patel, and Meena Mistry
11	26.02.2020	Sandeep Gandhi, Hitendra Desai, Ritesh Patel, and Meena Mistry
12	18.03.2020	Sandeep Gandhi, Hitendra Desai, Ritesh Patel, and Meena Mistry

## 29. Internal Financial Control System

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which is a part of this report.

## 30. Composition of Audit Committee

The Audit Committee comprises of #Mr. Darshit Parikh, Non-Executive, Independent Director, \$Mr. Abhinav Anand, Non-Executive, Independent Director, \*\*\*Ms. Ratna Jhaveri, Non-Executive, Independent Director, \*\*Mrs. Meena Mistry, Non-Executive, Independent Director, \*Mr. Ritesh Patel, Non-Executive, Independent Director, \*\$Mr. Nainesh Trivedi, Non-Executive, Independent Director and Mr. Hitendra Desai, Executive Director. The Audit Committee is chaired by \*Mr. Ritesh Patel.

Note #Mr. Darshit Parikh has resigned from the post of Independent director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 15<sup>th</sup> June, 2019.

\*\*\*Ms. Ratna Jhaveri has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 14<sup>th</sup> November, 2019.

\$Mr. Abhinav Anand has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 11<sup>th</sup> December, 2019.

\*Mr. Ritesh Patel was appointed as Additional director w.e.f. 11<sup>th</sup> December, 2019 and has been inducted as Chairman of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 17<sup>th</sup> January, 2020

\*\*Mrs. Meena Mistry was appointed as Additional director w.e.f. 11<sup>th</sup> December, 2019 and has been inducted as a member of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 17<sup>th</sup> January, 2020.

\*\$Mr. Nainesh Trivedi was appointed as as Additional director w.e.f. 07<sup>th</sup> September, 2020 and has been inducted as a member of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 07<sup>th</sup> September, 2020.

## 31. Stakeholders Relationship Committee:

The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with Section 178 of the Act.

Terms of reference

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to attending and redressal of the grievances of the security holders of the Company.

Functions

The Shareholders Relationship Committee is chaired by \*Mr. Ritesh Patel. The Committee comprises of #Mr. Darshit Parikh, Non-Executive, Independent Director, \$Mr. Abhinav Anand, Non-Executive, Independent Director, Mr. Hitendra Desai, Executive Director, \*\*Mrs. Meena Mistry, Non-Executive, Independent Director, \*Mr. Ritesh Patel, Non-Executive, Independent Director, \*\$Mr. Nainesh Trivedi, Non-Executive, Independent Director and \*\*\*Ms. Ratna Jhaveri Non-Executive, Independent Director composition of the committee constituted and details of the meetings attended by the Directors are given below:

Note: #Mr. Darshit Parikh has resigned from the post of Independent director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 15<sup>th</sup> June, 2019.

\*\*\*Ms. Ratna Jhaveri has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 14<sup>th</sup> November, 2019.

§Mr. Abhinav Anand has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 11<sup>th</sup> December, 2019.

\*Mr. Ritesh Patel was appointed as Additional director w.e.f. 11<sup>th</sup> December, 2019 and has been inducted as Chairman of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 17<sup>th</sup> January, 2020

\*\*Mrs. Meena Mistry was appointed as Additional director w.e.f. 11<sup>th</sup> December, 2019 and has been inducted as a member of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 17<sup>th</sup> January, 2020.

\*§Mr. Nainesh Trivedi was appointed as as Additional director w.e.f. 07<sup>th</sup> September, 2020 and has been inducted as a member of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 07<sup>th</sup> September, 2020.

The Committee in particular looks into:

1. To oversee and review redressal of shareholder and investor grievances, on matters relating to transfer of securities, non-receipt of annual report, non-receipt of dividends/interests.
2. To review the measures taken for effective exercise of voting rights by shareholders.
3. To review the adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
5. To issue duplicate share/debenture certificate(s) reported lost, defaced or destroyed as per the laid down procedure and to resolve the grievances of security holders of the Company, if any.
6. Attending to complaints of security holders routed by SEBI (SCORES)/Stock Exchanges/RBI or any other Regulatory Authorities.
7. Taking decision on waiver of requirement of obtaining the Succession Certificate/Probate of Will on case to case basis within the parameters set out by the Board of Directors.
8. To monitor transfer of the amounts/shares transferable to Investor Education and Protection Fund.
9. To list the securities of the Company on Stock Exchanges.
10. Any other matters that can facilitate better investor services and relations.

During the year under review, 1 complaint was received from shareholder/investor of which Nil complaints were unreplaced/unresolved as on 31.03.2020, The numbers of pending share transfers as on March 31, 2020 were Nil.

### **32. Vigil Mechanism (Whistle Blower Policy):**

Your Company has established a mechanism called 'Vigil Mechanism' for directors and employees to report the unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The Vigil Mechanism Policy has been uploaded on the website of the Company.

### **33. Risk Management Policy:**

Risk Management Policy identifies, communicate and manage material risks across the organization. The policy also ensures that responsibilities have been appropriately delegated for risk management. Key Risk and mitigation measures are provided in the Management Discussion and Analysis annexed to the Annual Report.

### **34. Corporate Social Responsibility:**

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within the purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.



### **35. Extract of Annual Return:**

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT-9 as a part of this Annual Report annexed as Annexure-I. The same is also available on the website of the company at the website- [www.harishtextile.com](http://www.harishtextile.com)

### **36. Particulars of Employee:**

The information as required under Section 197 of the Act and rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made there-under is not applicable as none of the employees are in receipt of remuneration which exceeds the limits specified under the said rules.

### **37. Particulars of Loans, Guarantees or investments:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### **38. Particulars of contracts or arrangements with related parties:**

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto have been disclosed in Form No. AOC-2 as Annexure-III.

### **39. Policy for Prohibition of Insider Trading**

Vide notification No.EBI/LAD-NRO/GN/2018/59 Securities and Exchange Board of India (SEBI) has notified SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The Company has accordingly amended its Prohibition of Insider Trading Code and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. The Code also provides for pre-clearance of transactions by designated persons, whenever required.

### **40. Prevention of Sexual Harassment at Workplace:**

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act") and Rules made thereunder, the Company has formed an Internal Committee to address complaints pertaining to sexual harassment in the workplace. The Company policy mandates prevention of sexual harassment and to ensure a free and fair enquiry process with clear timelines for resolution. During the year under review, there were no cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **41. Acknowledgements**

Your Directors thank the Company's Investors, Clients, Vendors, Bankers, Business and various governmental as well as regulatory agencies for their continued support and confidence in the management.

Your Directors wish to place on record their deep sense of appreciation of the dedicated and sincere services rendered by employees at all levels during the year. Your Company's consistent growth was made possible by their hard work, solidarity, cooperation and support.

**For and on behalf of the Board of Directors**

**Sandeep Gandhi**  
Managing Director  
Din no. 00941665

**Hitendra Desai**  
Executive Director  
Din no.: 00452481

**Date:** September 07, 2020

**Place:** Mumbai

**Annexure I**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2020**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U29119MH2010PLC201521
2.	Registration Date	31/03/2010
3.	Name of the Company	HARISH TEXTILE ENGINEERS LIMITED
4.	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES/ INDIAN NON-GOVERNMENT COMPANY
5.	Address of the Registered office & contact details	2 <sup>ND</sup> FLOOR, 19 PARSI PANCHAYAT ROAD, ANDHERI (EAST), MUMBAI- 400069
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	1 <sup>ST</sup> FLOOR BHARAT TIN WORKS BUILDING, OPP. VASANT OASIS, MAKWANA ROAD, MAROL,ANDHERI EAST, MUMBAI- 400059
8.	E-mail Id	<a href="mailto:skq2664@gmail.com">skq2664@gmail.com</a>
9.	Telephone number	+91-22-40373000

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Textile Processing and Machineries	1313	16.21%
2	Non Ferrous Metal	4662	15.49%
3	Needle Loom felt/ fabrics	5603	44.47%
4	Polyester staple fibre	3252	23.83%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES [No. of Companies for which information is being filled]**

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
1	N.A.	N.A.	N.A.

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

##### Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/HUF	2406887	1257	2408144	72.19	2406887	1257	2408144	72.19	0
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
<b>Total shareholding of Promoter (A)</b>	2406887	1257	2408144	72.19	2406887	1257	2408144	72.19	0
(2) <b>Foreign</b>									
a) Individuals (Non-Resident Individuals /Foreign Individuals)	0	0	0	0	0	0	0	0	0
b) Bodies Corporate									
c) Institutions									
d) Any Other (Specify)									
Sub Total A2	0	0	0	0	0	0	0	0	0
<b>Total Shareholding of Promoter Group A(1+2)</b>	2406887	1257	2408144	72.19	2406887	1257	2408144	72.19	0



Non Resident Indians	40245	0	40245	1.20	40317	0	40317	1.20	(0.00)
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	4004	0	4004	0.12	2463	0	2463	0.07	0.05
Hindu Undivided Family (HUF)	20374	0	20374	0.61	6022	0	6022	0.18	0.43
Trusts									
Foreign Bodies - D R									
<b>Sub-total (B)(2):-</b>	664619	261703	926322	27.77	669260	257062	926322	27.77	0.00
Total Public Shareholding (B)=(B)(1) + (B)(2)	664632	263224	927856	27.81	669273	258583	927856	27.81	0.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	3071519	264481	3336000	100	3076160	259840	3336000	100	0.00

**B) Shareholding of Promoter (including Promoter Group):**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year 31.03.2020			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Sandeep Gandhi	2383344	71.44	0	2383344	71.44	0	0.00
2	###Mr. Kirti Gandhi	23102	0.69	0	23796	0.71	0	0.02
3	Sandeep Gandhi (HUF)	1	0.00	0	1	0.00	0	0.00
4	Kirtikumar Gandhi (HUF)	1	0.00	0	1	0.00	0	0.00
5	Mr. Shovan Gandhi	261	0.01	0	261	0.01	0	0.00
6	Mr. Shaiv Gandhi	1	0.00	0	1	0.00	0	0.00
7	Mrs. Saher Gandhi	157	0.01	0	157	0.01	0	0.00
8	Mrs. Shaila Gandhi	1	0.00	0	1	0.00	0	0.00
9	Mr. Niranjana Gandhi	1276	0.04	0	582	0.02	0	(0.02)
	<b>Total</b>	<b>2408144</b>	<b>72.19</b>	<b>0</b>	<b>2408144</b>	<b>72.19</b>	<b>0</b>	<b>0.00</b>

Note: The Company had allotted 9,36,000 equity shares on October 29,2018 pursuant to the Scheme of Amalgamation between Corporate Courier and Cargo Limited("CCCL" or the Transferor Company) and Harish Textile Engineers Private Limited (Now Harish Textile Engineers Limited) ("HTEPL" or "Transferee Company" No. 1) and Mahesh Developers Private Limited (Now Mahesh Developers Limited) ("MDL" or "Transferee Company" No. 2) their respective shareholders and creditors (The "Scheme") and Trading approval for the same had been received from BSE Limited on June 06, 2019.

### Mr. Kirtikumar Gandhi resigned from the post of directorship w.e.f. June 21, 2019.

**C) Change in Promoters' (including Promoter Group) Shareholding:**

SN	Name of Promoter	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Sandeep Gandhi	At the beginning of the year	23,83,344	71.44	23,83,344	71.44
		Increase/Decrease	0	0	0	0
		At the end of the year	23,83,344	71.44	23,83,344	71.44
2	##Mr. Kirti Gandhi	At the beginning of the year	23,102	0.69	23,102	0.69
		Increase/Decrease	694	0.02	694	0.02
		At the end of the year	23,796	0.71	23,796	0.71
3	Sandeep Gandhi (HUF)	At the beginning of the year	1	0.00	1	0.00
		Increase /Decrease	0	0	0	0
		At the end of the year	1	0.00	1	0.00
4	Kirtikumar Gandhi (HUF)	At the beginning of the year	1	0.00	1	0.00
		Increase/Decrease	0	0	0	0
		At the end of the year	1	0.00	1	0.00
5	Mr. Shovan Gandhi	At the beginning of the year	261	0.01	261	0.01
		Increase/Decrease	0	0	0	0
		At the end of the year	261	0.01	261	0.01
6	Mr. Shaiv Gandhi	At the beginning of the year	1	0.00	1	0.00
		Increase/Decrease	0	0	0	0
		At the end of the year	1	0.00	1	0.00
7	Mrs. Saher Gandhi	At the beginning of the year	157	0.00	157	0.00
		Increase/Decrease	0	0	0	0
		At the end of the year	157	0.00	157	0.00
8	Mrs. Shaila Gandhi	At the beginning of the year	1	0.00	1	0.00
		Increase/Decrease	0	0	0	0
		At the end of the year	1	0.00	1	0.00
9	Mrs. Niranjana Gandhi	At the beginning of the year	1276	0.04	1276	0.04
		Increase/Decrease	694	0.02	694	0.02
		At the end of the year	582	0.02	582	0.02

**Note-** The Company had allotted 9,36,000 equity shares on October 29,2018 pursuant to the Scheme of Amalgamation between Corporate Courier and Cargo Limited ("CCCL" or the Transferor Company) and Harish Textile Engineers Private Limited (Now Harish Textile Engineers Limited) ("HTEPL" or "Transferee

Company” No. 1) and Mahesh Developers Private Limited (Now Mahesh Developers Limited) (“MDL” or “Transferee Company” No. 2) their respective shareholders and creditors (The “Scheme”) and Trading approval for the same had been received from BSE Limited on June 06, 2019.

### Mr. Kirtikumar Gandhi resigned from the post of directorship w.e.f. June 21, 2019.

**D) Shareholding Pattern of top ten Shareholders: -  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Name of top ten Shareholder	Shareholding at the beginning of the year as on 1.4.2019		Change in share-Holding during the year		Shareholding at the end of the year as on 31.3.2020	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Sharad Desai	0	0.00	90492	2.71	90492	2.71
2	Dineshbhai Patel	66950	2.01	66800	(2.01)	150	0.00
3	Renaud Infracons Limited Partnership	56069	1.68	55940	(1.68)	129	0.00
4	Mayur Rajendrabhai Patel	17171	0.51	26513	0.80	43684	1.31
5	Giridhar Gupta Somisetty	3	0.00	36853	1.10	36856	1.10
6	Manoj Parikh	13260	0.40	17758	0.53	31018	0.93
7	Priya Prakash	26466	0.79	14	0.00	26452	0.79
8	Anilkumar	20956	0.63	20956	(0.63)	0	0.00
9	Vikrant Shailesh Jadhav	0	0.00	20000	0.60	20000	0.60
10	Mona Ketan Shah	0	0.00	19065	0.57	19065	0.57
11	Ketankumar V Patel	18460	0.55	0	0.00	18460	0.55

Note: The Company had allotted 9,36,000 equity shares on October 29,2018 pursuant to the Scheme of Amalgamation between Corporate Courier and Cargo Limited(“CCCL” or the Transferor Company) and Harish Textile Engineers Private Limited (Now Harish Textile Engineers Limited) (“HTEPL” or “Transferee Company” No. 1) and Mahesh Developers Private Limited (Now Mahesh Developers Limited) (“MDL” or “Transferee Company” No. 2) their respective shareholders and creditors (The “Scheme”) and Trading approval for the same had been received from BSE Limited on June 06, 2019.

**E) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year as on 1.4.2019		Change in share-Holding during the year		Shareholding at the end of the year as on 31.3.2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Mr. Sandeep Gandhi (Managing Director)	2383344	71.44	-	-	2383344	71.44
2	### Mr. Kirtikumar Gandhi (Executive Director)	23102	0.69	694	0.02	23796	0.71
3	# Mr. Darshit Parikh (Independent Director)	-	-	-	-	-	-
4	* Mr. Ritesh Patel (Independent Director)	-	-	-	-	-	-
5	** Ms. Meena Mistry (Independent Director)	-	-	-	-	-	-
6	\$ Mr. Abhinav Anand (Independent Director)	-	-	-	-	-	-
7	*** Ms. Ratna Jhaveri (Independent Director)	-	-	-	-	-	-



8	*\$Mr. Nainesh Trivedi (Independent Director)	-	-	-	-	-	-
9	Mr. Pinkesh Upadhyay (Chief Financial Officer)	-	-	-	-	-	-
10	\$\$Ms. Pooja Patwa (Company Secretary and Compliance Officer)	-	-	-	-	-	-

Note: The Company had allotted 9,36,000 equity shares on October 29,2018 pursuant to the Scheme of Amalgamation between Corporate Courier and Cargo Limited("CCCL" or the Transferor Company) and Harish Textile Engineers Private Limited (Now Harish Textile Engineers Limited) ("HTEPL" or "Transferee Company" No. 1) and Mahesh Developers Private Limited (Now Mahesh Developers Limited) ("MDL" or "Transferee Company" No. 2) their respective shareholders and creditors (The "Scheme") and Trading approval for the same had been received from BSE Limited on June 06, 2019.

##Mr. Kirtikumar Gandhi resigned from the post of Directorship w.e.f. 21<sup>st</sup> June,2019.

#Mr. Darshit Parikh has resigned from the post of Independent director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 15<sup>th</sup> June, 2019.

\*\*\*Ms. Ratna Jhaveri has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 14<sup>th</sup> November, 2019.

\$Mr. Abhinav Anand has resigned from the post of Independent Director and as a member of Audit committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 11<sup>th</sup> December, 2019.

\*Mr. Ritesh Patel was appointed as Additional director w.e.f. 11<sup>th</sup> December, 2019 and has been inducted as Chairman of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 17<sup>th</sup> January, 2020

\*\*Mrs. Meena Mistry was appointed as Additional director w.e.f. 11<sup>th</sup> December, 2019 and has been inducted as a member of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 17<sup>th</sup> January, 2020.

\*\$Mr. Nainesh Trivedi was appointed as as Additional director w.e.f. 07<sup>th</sup> September, 2020 and has been inducted as a member of Audit Committee, Nomination and Remuneration committee and Stakeholder Relationship Committee w.e.f. 07<sup>th</sup> September, 2020.

\$\$Ms. Pooja Patwa has been appointed as company Secretary and Compliance Officer w.e.f. January 16, 2020.

**F) INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
<b>i) Principal Amount</b>	616.80	535.30		1152.10
<b>ii) Interest due but not paid</b>	3.19	-	-	3.19
<b>iii) Interest accrued but not due</b>	-	-	-	-
<b>Total (i+ii+iii)</b>	619.99	535.30	-	1155.29
<b>Change in Indebtedness during the financial year</b>				
<b>* Addition</b>	681.44	612.31	-	1293.75
<b>* Reduction</b>	-	-	-	-

<b>Net Change</b>	681.44	612.31	-	1293.75
<b>Indebtedness at the end of the financial year</b>				
<b>i) Principal Amount</b>	1290.24	1147.61	-	2437.86
<b>ii) Interest due but not paid</b>	-	-	-	-
<b>iii) Interest accrued but not due</b>	11.19	-	-	11.19
<b>Total (i+ii+iii)</b>	1301.43	1147.61	-	2449.04

#### XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

##### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name	Total
		*Sandeep Gandhi	*Hitendra Desai
1	<b>Gross salary</b>	1,20,00,000	19,80,000
	(a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b)Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c)Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	<b>Stock Option</b>	-	-
3	<b>Sweat Equity</b>	-	-
4	<b>Commission</b> - as % of profit - others, specify...	-	-
5	<b>Others, please specify (Reimbursement of Expenses)</b>	3,30,000	-
	<b>Total (A)</b>	1,20,00,000	19,80,000
	<b>Ceiling as per the Act</b>	84,00,000	84,00,000
			1,68,00,000

Note- \* The Company had passed a special resolution at the Annual General Meeting held on 30<sup>th</sup> September 2019 for payment of remuneration alongwith perquisites and allowances Managing Director and Whole-time Director

##### B. REMUNERATION TO OTHER DIRECTORS- Sitting fees-

The details of sitting fees/remuneration paid to the Directors for the year 2019-2020 are as under: Nil

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	<b>Gross salary</b>	-	1,20,000	26,00,000	27,20,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	<b>Stock Option</b>	-	-	-	-
3	<b>Sweat Equity</b>	-	-	-	-
4	<b>Commission</b>	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	<b>Others, please specify</b>	-	-	-	-
	<b>Total</b>	-	1,20,000	26,00,000	27,20,000

Note- <sup>\$\$</sup>Ms. Pooja Patwa was appointed as Company Secretary and Compliance Officer of the Company w.e.f. January 16, 2020.

**XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

## **Annexure II to the Directors' Reports**

### **Form No. MR-3**

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2020

To,

The Members,

**HARISH TEXTILE ENGINEERS LIMITED**

CIN: **U29119MH2010PLC201521**

2<sup>ND</sup> FLOOR, 19 PARSI PANCHAYAT ROAD,

ANDHERI (EAST),

MUMBAI 400069

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

Due to spread of Novel Covid-19 Pandemic and the resultant nationwide lockdown since 24<sup>th</sup> March, 2020, normal functioning of the Company has been severely affected and also made the commuting difficult for the staff of the company and also of the Auditors.

However, we have verified and examined the records which were made available by the Company on line.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. During the audit period, there were no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit Period);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. (Not Applicable to the Company during the Audit Period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);
- (vi) Other laws applicable specifically to the Company namely:
  1. Factory Act, 1948
  2. Employees Compensation Act, 1923.
  3. Payment of Wages Act, 1936

4. Payment of Gratuity Act, 1972
5. Minimum Wages Act, 1948.
6. Payment of Bonus Act, 1965.
7. The Employees Provident Funds & Miscellaneous Provisions Act, 1952
8. Employees State Insurance Act, 1948
9. Maharashtra State Tax on Professions / Trades Act, 1975
10. Goods and Service Tax Act, 2017,
11. Sexual Harassment Act, 2013
12. Income Tax Act, 1961,
13. Industrial Employment (Standing Order Act) 1946
14. Environmental Management and Pollution Control Act, 1994

We have examined compliance of SEBI (Listing Obligations and Disclosure requirements) Regulation 2015 for the financial year ended 31/03/2020.

We have examined compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India with respect to the Board Meetings and General Meetings.

We have not examined compliance by the Company with the applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review and as per the explanations and representations made by the management and subject to clarifications given to us, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc., mentioned above subject to the following observation:

*The Company had received notice from BSE Limited (BSE) dated February 12, 2020, for non-compliance with the provisions of Regulation 6(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pertaining to appointment of a qualified Company Secretary as the Compliance officer of the Company. The Company had paid penalty of Rs. 17,700 at BSE on February 26, 2020, and had taken adequate steps by appointing Ms. Pooja Patwa, as Company Secretary and Compliance Officer of the Company w.e.f. 16.01.2020 and complied with Regulation 6(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

We further report that:

The Board of Directors and KMP of the Company are constituted as follows:

1. Mr. Sandeep Kirtikumar Gandhi -Executive -Managing Director.
2. Mr. Hitendra Chimanlal Desai - Executive -Whole Time Director
3. Mr. Ritesh Harshad Patel -Non-Executive -Independent Director w.e.f 11/12/2019.
4. Smt. Meena Ramesh Mistry- Non-Executive- Independent Woman Director w.e.f. 11/12/2009.
5. Mr. Nainesh Trivedi- Non-Executive -Independent Director w.e.f. 07/09/2020.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Mr. Pinkesh Hasmukhlal Upadhyay is Chief Financial Officer (CFO) w.e.f. 30.12.2018

Ms. Pooja Girish Patwa is Company Secretary & Compliance Officer w. e. f 16/01/2020.

Ms. Khoosbu N Desai was Company Secretary & Compliance Officer for the period from 10/12/2018 to 11/04/2019.

Mr. Sachin Mishra was Company Secretary & Compliance Officer for the period from 27/05/2019 to 17/06/2019.

Audit Committee, Nomination & Remuneration Committee, and Stakeholder Relationship Committee the Company are constituted as follows:

i) Members of Audit Committee:

1. Mr. Ritesh Harshad Patel -Non-Executive -Independent Director w.e.f 11/12/2019.
2. Smt. Meena Ramesh Mistry Non-Executive - Independent Woman Director w.e.f. 11/12/2009.
3. Mr. Nainesh Trivedi Non-Executive -Independent Director w.e.f 07/09/2020.
4. Mr. Hitendra Chimanlal Desai - Executive -Whole Time Director w.e.f. 15/06/2019

Following named persons were members of the Audit Committee during the year

1. Smt. Ratna Vikram Jhaveri-Non-Executive- Independent Woman Director up to 14/11/2019
2. Mr. Darshit Parikh – Non Executive – Independent Director up to 15/06/2019
3. Mr. Abhinav Anand -Non-Executive -Independent Director 11/12/2019

ii) Members of Nomination and Remuneration Committee:

1. Mr. Ritesh Harshad Patel -Non-Executive -Independent Director w.e.f. 11/12/2019.
2. Smt. Meena Ramesh Mistry Non-Executive - Independent Woman Director w.e.f. 11/12/2009.
3. Mr. Nainesh Trivedi Non-Executive -Independent Director w.e.f. 07/09/2020.

Following named persons were members of the Nomination and Remuneration Committee during the year

1. Smt. Ratna Vikram Jhaveri-Non-Executive- Independent Woman Director up to 14/11/2019
2. Mr. Darshit Parikh – Non Executive – Independent Director up to 15/06/2019
3. Mr. Abhinav Anand -Non-Executive -Independent Director 11/12/2019

iii) Members of Stakeholder Relationship Committee:

1. Mr. Ritesh Harshad Patel -Non-Executive -Independent Director w.e.f. 11/12/2019.
2. Smt. Meena Ramesh Mistry Non-Executive Independent Woman Director w.e.f. 11/12/2019.
3. Mr. Nainesh Trivedi- Non-Executive -Independent Director w.e.f. 07/09/2020.
4. Mr. Hitendra Chimanlal Desai - Executive -Whole Time Director

Following named persons were members of the Stakeholder Relationship Committee during the year

1. Smt. Ratna Vikram Jhaveri-Non-Executive- Independent Woman Director up to 14/11/2019
2. Mr. Darshit Parikh – Non Executive – Independent Director up to 15/06/2019
3. Mr. Abhinav Anand -Non-Executive -Independent Director 11/12/2019

The Board Directors of the Company should be constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors.

Adequate notice is given to all directors and committee members to schedule the Board Meetings, and committee meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that:

- i) During the year under audit the Company had allotted 92,780 Secured, Unlisted Non-Convertible Debentures of Rs. 100 each aggregating to Rs.92,78,000 on 14<sup>th</sup> February, 2020 to the creditors on conversion of their loan/trade payables.

- ii) The Company has filed the forms and returns with register of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and rules made there under. Wherever the forms were not filed within prescribed time, had been filed along with the additional fee.

**For H B Upasani & Co.  
Company Secretaries**

**H B Upasani  
Proprietor  
FCS No:4891  
C. P. No.: 5966  
UDIN: F004891B000672712**

**Date :** September 07, 2020

**Place:** Dombivali, Mumbai

This report is to be read with our letter of even date which is annexed as ANNEXURE-A- and forms an integral part of this report.

## **Annexure A to the Secretarial Audit Report**

To,  
The Members,  
**HARISH TEXTILE ENGINEERS LIMITED**  
CIN: **U29119MH2010PLC201521**  
2<sup>ND</sup> FLOOR, 19 PARSI PANCHAYAT ROAD,  
ANDHERI (EAST),  
MUMBAI 400069

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For H B Upasani & Co.**  
**Company Secretaries**

**H B Upasani**  
**Proprietor**  
FCS No:4891  
C. P. No.: 5966  
UDIN: **F004891B000672712**

**Date:** September 07, 2020  
**Place:** Dombivali, Mumbai



**Annexure III to the Directors' Reports**

**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2020, which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at Arm's length basis.

There were no material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2020.

**For and on behalf of the Board of Directors**

**Sandeep Gandhi**  
Managing Director  
**Din no.: 00941665**

**Hitendra Desai**  
Executive Director  
**Din no.: 00452481**

**Date:** September 07, 2020

**Place:** Mumbai

## **ANNEXURE IV to the Directors' Reports**

### **PARTICULARS OF REMUNERATION**

The information required under Section 197 of the Act and the Rules made there-under, in respect of employees of the Company, is follows:-

**(a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;**

Executive Directors	Ratio to Median Remuneration
Sandeep Gandhi	6.97
Hitendra Desai	2.42

**(b) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year;**

Name of Person	% Increase in remuneration
Sandeep Gandhi	136%
Hitendra Desai	Nil
Pinkesh Upadhyay	500%

**(c) The percentage increase in the median remuneration of employees in the financial year: 8%**

Note: Percentage in bracket represents negative percentage.

**(d) The number of permanent employees on the rolls of company: 145**

**(e) The explanation on the relationship between average increase in remuneration and company performance;**

On an average, employees received an increase of 6%. The increase in remuneration is in line with the market trends. In order to ensure that remuneration reflects company performance, the performance pay is linked to organization performance.

**(f) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:**

Particulars	Rs. In lakhs
Remuneration of Key Managerial Personnel (KMP) during financial year 2019-2020 (aggregated)	170.30
Revenue from operations	8363.59
Remuneration (as % of revenue)	2.04%
Profit before tax (PBT)	(53.07)
Remuneration (as % of PBT)	321%

(g) variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year;

Particulars	Unit	As at	As at	Variation %
		31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019	
Closing rate of share at BSE	Rs.	23.95	-	
Closing rate of share at NSE	Rs.	N.A.	N.A.	N.A.
EPS (consolidated)	Rs.	(2.18)	3.39	(164.10)
Market capitalization	Rs./Lakhs			
BSE		798.97	N.A.	N.A.
NSE		N.A.	N.A.	N.A.
Price Earnings Ratio	Ratio			
BSE		N.A.	N.A.	N.A.
NSE		N.A.	N.A.	N.A.

Note- The Company got listed on June 06,2019 pursuant to the Scheme of Arrangement for the Demerger under Sections 230 to 232 of the Companies Act, 2013 between Corporate Courier and Cargo Limited("CCCL" or the Transferor Company) and Harish Textile Engineers Private Limited (Now Harish Textile Engineers Limited) ("HTEPL" or "Transferee Company" No. 1) and Mahesh Developers Private Limited (Now Mahesh Developers Limited) ("MDL" or "Transferee Company" No. 2) their respective shareholders and creditors (The "Scheme"). Hence data as on March 31, 2019 is not available.

(h) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The average increase in salaries of employees other than managerial personnel in 2018-19 was 10%. Percentage increase in the managerial remuneration for the year was Nil.

(i) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company

Particulars	Chief Executive Officer	Chief Financial Officer	Company Secretary
	Rs. /Lac	Rs./Lac	Rs./Lac
Remuneration	-	26.00	1.20
Revenue from operations	-	8363.59	8363.59
Remuneration (as % of revenue)	-	0.31%	0.01%
Profit before Tax (PBT)	-	(53.07)	(53.07)
Remuneration (as % of PBT)		136%	2.04%

(j) The key parameters for any variable component of remuneration availed by the directors;

No Variable Component in the Remuneration availed by Directors

(k) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

Not applicable.

**(I) Affirmation that the remuneration is as per the remuneration policy of the Company**

The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. Through its compensation package, the Company endeavours to attract, retain, develop and motivate a high performance staff. The Company follows a compensation mix of fixed pay, benefits and performance based variable pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process. The Company affirms remuneration is as per the remuneration policy of the Company.

(2)The statement to the board's report shall include a statement showing the name of every employee of the company-

who-

(i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore two lakh rupees;- **Not Applicable to the Company**

(ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh fifty thousand rupees per month;- **Not Applicable to the Company**

(iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company;- **Not Applicable to the Company.**

**For and on behalf of the Board of Directors**

**Sandeep Gandhi**  
Managing Director  
Din no.: 00941665

**Hitendra Desai**  
Executive Director  
Din no.: 00452481

**Date:** September 07, 2020

**Place:** Mumbai

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of Harish Textile Engineers Limited.**

### **Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

We have audited the accompanying financial Statements of **Harish Textile Engineers Limited** ("the Company") which comprises the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, the loss and total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

#### **Basis for Qualified Opinion**

The Company has not provided for gratuity liability of employees as required by Ind AS 19 on "Employee Benefits" (Refer Note No. 30.1). The impact of the same could not be quantified in the absence of actuarial valuation/management estimate. Our audit opinion on the financial statements for the year ended 31 March 2020 is qualified in respect of the said matter.

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Financial Statements.

#### **Emphasis of Matters**

We draw attention to Note 41 of the financial statement in which the Company describes the uncertainties arising from the COVID 19 pandemic. Our report is not modified in respect of this matter.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **Report on Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in Board's Report including Annexure to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

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

### **Responsibilities of Management and those charged with governance for the financial Statements**

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

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

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

The Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of financial statement**

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

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

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

We communicate with those charged with governance regarding, among other matters, the

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the Internal Financial Control over financial reporting of



## **INDEPENDENT AUDITOR'S REPORT (Continued)**

the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of the section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial Statements;
  - ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

*For K. M. Swadia and Company*  
Chartered Accountants  
(Firm's Registration No. 110740W)

**Archit Antani**  
Partner  
(Membership No. 149221)  
UDIN:20149221AAAABV1358

Place: Vadodara  
Date: September 07, 2020

**ANNEXURE – A TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1 under “Report on the Other Legal and Regulatory Requirements’ section of our report of even date)

- i.
- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The Company has a regular program of physical verification of fixed assets by the management in a phased periodical manner, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain assets were verified by the management during the year and no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following properties.

Sr. No.	Description Property	Amount in Rs.
01	Freehold Agricultural Land*	Rs. 6,50,00,000/-

\* The said land is presently registered in the name of Mr. Sandeep Gandhi, Director of the Company.

- ii. As explanations given to us, the management has conducted physical verification of inventories at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liabilities Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of Para 3 (iii) [(a) to (c)] of the Companies (Auditor’s Report) Order, 2016 are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 and 185 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed there under and therefore, reporting under clause (V) of the order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the order of the Central Government for maintenance of cost records under sub section (1) of the Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

**ANNEXURE – A (Continued)**

**vii.**

- a. In our opinion and according to the information and explanations given to us, the Company has been regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, GST, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, cess and any other statutory dues applicable to it and there are no such outstanding dues as at the year end for a period of more than six months from the date they became payable except the following:

Statement of arrears of statutory dues outstanding for more than six months:

Months	Name of the Statute	Nature of the Dues Amount (Rs.)	Period to which the amount relates	Remarks, if any
12 months	Tax Deducted at Source	56,19,348	Apr-19 to March 2020.	
4 months	Professional Tax	23,060	Dec-19 to March 2020	
F.Y. 2018-19	Income tax	38,56,796	F.Y. 2019-20	

- b. According to the information and explanations given to us there are no dues outstanding of Income-tax, Sales-tax, GST, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax on account of any dispute.
- viii.** Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks, dues to debenture holder and financial institutions. The Company does not have any loans or borrowings from any government or debenture holders.
- ix.** In our opinion and according to the information and explanations given to us, the term loans (including debt instruments)/ have been applied for the purpose for which raised. The Company has not raised any money by way of initial public offer or further public offer during the year.
- x.** In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
- xi.** In our opinion and according to information and explanation given to us, the company has complied with the provisions of section 197 read with schedule 5 to the Companies Act, 2013 with respect to managerial remuneration.
- xii.** In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company and therefore, reporting under clause (xii) of the order is not applicable to the Company.

**ANNEXURE – A (Continued)**

- xiii.** In our opinion and according to information and explanation given to us the Company's transactions with its related party are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv.** According to information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv.** In our opinion and according to information and explanation given to us, the company has not entered in to any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause (XV) of the order are not applicable to the Company.
- xvi.** According to the information and explanation given to us, the company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

*For K. M. Swadia and Company*  
Chartered Accountants  
(Firm's Registration No. 110740W)

**Archit Antani**

Partner

(Membership No. 149221)

UDIN:20149221AAAABV1358

Place: Vadodara

Date: September 07, 2020

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2(f) under "Report on the Other Legal and Regulatory Requirements' section of our report of even date)**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Harish Textile Engineers Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **1. Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of internal financial controls with reference to financial statements of the Company that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **2. Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statement of the Company were established and maintained and if such controls operated effectively in all material respects.

## **ANNEXURE B (continued)**

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to Financial Statement of the Company and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **3. Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **4. Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**ANNEXURE B (continued)**

**5. Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an internal financial controls with reference to Financial Statements of the Company and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India.

*For K. M. Swadia and Company*  
Chartered Accountants  
(Firm's Registration No. 110740W)

**Archit Antani**

Partner

(Membership No. 149221)

UDIN:20149221AAAABV1358

Place: Vadodara

Date: September 07, 2020

**HARISH TEXTILE ENGINEERS LIMITED**

Balance Sheet as at 31st March 2020

(Currency: INR)

Particulars	Notes	As at	
		31st March 2020	31st March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	237,757,301	172,984,940
Capital work-in-progress	5	-	29,939,717
Right-of-use assets	6	21,127,536	
Financial assets			
Other financial assets	7	21,919,724	64,943,341
Other assets	8	2,191,347	11,828,416
<b>Current assets</b>			
Inventories	9	178,426,937	92,908,701
Financial assets			
Trade receivables	10	178,690,962	37,482,622
Cash and cash equivalents	11	2,149,161	3,301,678
Other bank balances	12	4,820,246	-
Other financial assets	7	39,335,433	-
Other assets	8	39,271,625	27,438,771
<b>Total Assets</b>		<b>725,690,272</b>	<b>440,828,186</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	33,360,000	33,360,000
Other equity	14	39,959,356	47,236,174
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial liabilities			
Borrowings	15	104,949,769	46,930,661
Lease liabilities	16	8,967,834	
Other financial liabilities	17	924,000	-
Deferred tax liabilities (Net)	18	12,653,132	10,883,490
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	19	112,778,346	60,318,912
Current maturities of long term borrowings	20	30,492,986	8,279,862
Trade payables	21		
Due to micro enterprises and small enterprises		-	-
Due to others		279,549,380	173,324,867
Lease liabilities	16	2,514,971	
Other financial liabilities	17	8,367,402	874,417
Other current liabilities	22	84,729,360	55,368,044
Short term provisions	23	3,252,927	1,398,213
Current Tax liabilities (Net)	24	3,190,809	2,853,545
<b>Total Equity and Liabilities</b>		<b>725,690,272</b>	<b>440,828,186</b>

See accompanying notes to the financial statements

As per our report attached

For K M Swadia &amp; Co.

Chartered Accountants

FRN - 110740W

CA. Archit D Antani

Partner

M. No. - 149221

For HARISH TEXTILE ENGINEERS LIMITED

(CIN:L29119MH2010PLC201521)

Sandeep Gandhi

DIN : 00941665

Managing Director

Hitendra Desai

DIN : 00452481

Executive Director

Pooja Patwa

Company Secretary

&amp; Compliance Officer

Place : Mumbai

Date : September 07, 2020

Pinkesh Upadhyay

Chief Financial Officer

Place : Vadodara

Date : September 07, 2020



**HARISH TEXTILE ENGINEERS LIMITED**

Statement of Profit and Loss for the year ended on 31st March 2020

Particulars	Note No.	(Currency: INR)	
		Year ended 31st March 2020	Year ended 31st March 2019
<b>Revenue</b>			
Revenue from operations	25	836,358,966	379,922,859
Other income	26	48,886,918	13,350,754
<b>Total Income</b>		<b>885,245,884</b>	<b>393,273,613</b>
<b>Expenses</b>			
Cost of materials consumed	27	467,062,340	159,219,564
Changes in inventories of finished Goods, work-in-progress and stock in Trade	28	(20,240,386)	(3,199,145)
Purchase of stock in trade	29	130,139,381	82,750,417
Employee benefits expenses	30	83,516,104	35,052,550
Finance costs	31	30,815,450	10,512,048
Depreciation and amortization expenses	4 & 6	24,276,554	7,832,318
Other expenses	32	174,983,617	87,799,804
<b>Total Expenses</b>		<b>890,553,060</b>	<b>379,967,555</b>
<b>Profit Before Tax</b>		<b>(5,307,176)</b>	<b>13,306,057</b>
<b>Tax expense:</b>			
Current tax	33	200,000	3,856,796
Adjustment for earlier tax expense	33	-	-
Deffered tax	33	1,769,642	(37,638)
<b>Profit for the year</b>		<b>(7,276,818)</b>	<b>9,486,899</b>
<b>Other comprehensive income</b>			
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(7,276,818)</b>	<b>9,486,899</b>
Earnings per equity share of FV of Rs. 10 each		3,336,000	2,556,000
Basic	34	(2)	3.39
Diluted	34	(2)	3.39

See accompanying notes to the financial statements

As per our report attached

For K M Swadia &amp; Co.

FRN - 110740W

Chartered Accountants

For HARISH TEXTILE ENGINEERS LIMITED

(CIN: L29119MH2010PLC201521)

CA. Archit D Antani

Partner

M. No. - 149221

Sandeep Gandhi

DIN : 00941665

Managing Director

Hitendra Desai

DIN :00452481

Executive Director

Pooja Patwa  
Company Secretary  
& Compliance OfficerPinkesh Upadhyay  
Chief Financial Officer

Place : Vadodara

Date : September 07, 2020

Place : Mumbai

Date : September 07, 2020

**HARISH TEXTILE ENGINEERS LIMITED**  
**CASHFLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020**

(Currency: INR)

Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax	(5,307,176)	13,306,057
<b>Adjustments for:</b>		
Depreciation and amortisation	24,276,554	7,832,318
(Profit) / Loss on sale of Property, plant and equipment and Capital WIP	(24,960,436)	16,915
Provision for expected credit loss	1,987,995	-
Interest Income	(3,619,335)	(3,675,213)
Interest Paid	30,815,450	9,751,997
<b>Operating Profit before Working Capital Changes</b>	<b>23,193,052</b>	<b>27,232,074</b>
<b>Adjustments for changes in Working Capital</b>		
(Increase)/Decrease in Trade Receivables	(143,196,336)	3,685,531
(Increase)/Decrease in Other - Non Current Assets	9,637,069	3,314,893
(Increase)/Decrease in Non Current financial assets	32,293,576	(22,032,840)
(Increase)/Decrease in Other Current Assets	(11,832,854)	19,302,012
(Increase)/Decrease in Other Current financial assets	(39,335,433)	-
(Increase)/Decrease in Inventories	(85,518,236)	(4,437,644)
<b>Changes in Trade and Other Receivables</b>	<b>(237,952,215)</b>	<b>(168,048)</b>
Increase/(Decrease) in Trade Payables	106,224,513	(15,330,796)
Increase/(Decrease) in Other current Liabilities	29,361,316	(48,737,301)
Increase/(Decrease) in Short-term provisions	1,854,714	(296,454)
Increase/(Decrease) in Other Current financial Liabilities	7,492,985	-
Increase/(Decrease) in Other Non-current financial Liabilities	924,000	-
<b>Changes in Trade and Other Payables</b>	<b>145,857,528</b>	<b>(64,364,551)</b>
<b>Cash Generated from Operations</b>	<b>(68,901,635)</b>	<b>(37,300,525)</b>
Income tax paid ( Net of refunds)	137,264	250,569
<b>Net Cash from Operating Activities</b>	<b>(68,764,371)</b>	<b>(37,551,094)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Increase/(Decrease) in Investments	-	64,679,225
Proceeds from sale of Assets	40,962,217	25,336,990
Purchase of Assets	(102,963,045)	(70,346,780)
Capital Work-in-process	29,939,717	(668,092)
Investments in fixed deposits with bank	(4,820,246)	-
Interest Received	3,619,335	3,675,213
<b>Net Cash used in Investing Activities</b>	<b>(33,262,022)</b>	<b>22,676,556</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-term borrowings (incl. current maturities of long term borrowing)	187,813,189	55,355,922
Repayment of Long term loans borrowings (incl. current maturities of long term borrowing)	(106,317,558)	(27,823,426)
lease liabilities	(3,600,000)	-
Change in Short-term borrowings	52,459,434	(240,791)
Interest Paid	(29,481,190)	(9,751,997)
<b>Net Cash from Financing Activities</b>	<b>100,873,875</b>	<b>17,539,707</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(1,152,517)</b>	<b>2,665,169</b>
Cash and Cash Equivalents at the beginning of the year	3,301,678	636,509
Cash and Cash Equivalents at the end of the year	2,149,161	3,301,678
<b>Closing Cash and Cash Equivalents comprise:</b>		
Cash in hand	1,834,053	199,216
Balance in Current Account	315,108	3,102,462
<b>Total</b>	<b>2,149,161</b>	<b>3,301,678</b>
<b>Notes to Cash Flow Statement:</b>		
Cash and Cash equivalents comprise of:		
Cash on Hands	1,834,053	199,216
Balance with Scheduled Banks in Current Accounts	315,108	3,102,462
Closing Cash and Cash Equivalents	2,149,161	3,301,678

**Reconciliation of movements of cash flows arising from financing activities**

Particulars	April 01, 2019	Cash Flows		March 31, 2020
		Receipts	Payments	
Non-Current Borrowings(Includes Current maturities)	55,210,524	187,813,189	(106,317,558)	135,442,755
Change in Short Term borrowing	60,318,912	52,459,434	-	112,778,346
<b>Total</b>	<b>115,529,436</b>	<b>240,272,623</b>	<b>(106,317,558)</b>	<b>248,221,101</b>

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard IND AS - 7 on Cash Flow Statements.

Previous year figures have been regrouped wherever necessary.

As per our report attached

For **KM Swadia & Co.**

FRN - 110740W

Chartered Accountants

For **HARISH TEXTILE ENGINEERS LIMITED**  
(CIN: L29119MH2010PLC201521)

**Sandeep Gandhi**  
DIN : 00941665  
Managing Director

**Hitendra Desai**  
DIN : 00452481  
Executive Director

**CA. Archit D Antani**  
Partner  
M. No. - 149221

**Pooja Patwa**  
Company Secretary  
& Compliance Officer

**Pinkesh Upadhyay**  
Chief Financial Officer

Place : Vadodara

Date : September 07, 2020

Place : Mumbai  
Date : September 07, 2020

**HARISH TEXTILE ENGINEERS LIMITED**

Notes to financial statements for the year ended 31st March 2020

**(a) Equity share capital***(Currency: INR)*

Equity share capital	As at 31st March 2020	As at 31st March 2019
	Amount	Amount
Balance at the beginning of the reporting period	33,360,000	24,000,000
Additions/(Reductions)	-	9,360,000
Balance at the end of the reporting period	33,360,000	33,360,000

**(b) Other equity***(Currency: INR)*

Other equity	Reserves and Surplus	
	Retained earnings	Total Other Equity
Opening balance as 01.04.2018	45,859,275	45,859,275
Add: Profit during the Period	9,486,899	9,486,899
Less: Transfer on account of Demeger	(8,110,000)	(8,110,000)
Balance at March 31, 2019	47,236,174	47,236,174
Add: Profit during the Period	(7,276,818)	(7,276,818)
Balance at March 31, 2020	39,959,356	39,959,356

As per our report attached  
For K M Swadia & Co.  
Chartered Accountants  
FRN - 110740W

For HARISH TEXTILE ENGINEERS LIMITED  
(CIN: L29119MH2010PLC201521)

Sandeep Gandhi  
DIN : 00941665  
Managing Director

Hitendra Desai  
DIN :00452481  
Executive Director

CA. Archit D Antani  
Partner  
M. No. - 149221

Pooja Patwa  
Company Secretary  
& Compliance Officer

Pinkesh Upadhyay  
Chief Financial Officer

Place : Vadodara  
Date : September 07, 2020

Place : Mumbai  
Date : September 07, 2020

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

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### 1. Company overview

Harish Textile Engineers Limited ("Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The registered office of the Company is located 2nd Floor 19, Parsi Panchayat Road, Andheri (East), Mumbai- 400069, India.

Harish Textile Engineers Limited ("the Company") is manufacturing organization engaged in manufacturing of Textile Processing, Finishing Machineries, Non-Textile Projects and Regenerated Polyester Staple Fibre. The Company is also engaged in trading of non-ferrous metals.

### 2. Basis of preparation

#### a. Statement of Compliance

The Ind AS Financial Statements of the Company for the year ended March 31, 2020 have been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

#### b. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All amounts have been rounded-off to the nearest rupees, unless otherwise indicated.

#### c. Basis of measurement

The financial statements have been prepared on the historical cost convention.

#### d. Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

- Note 4- Estimates of Useful life and residual value of Property, plant and equipment and other intangible assets
- Note 33 - Current / Deferred tax expense
- Note 10 – Provision for Expected credit loss on Trade receivables

### 3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in the financial statements.

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

#### a. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the date of the transaction or at an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

#### b. Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 – Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

#### c. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from customers in its capacity as an agent. In determining the transaction price, the Company considers below, if any:

- a) **Variable consideration** – This includes bonus, incentives, discounts etc. It is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.
- b) **Significant financing component** - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.
- c) **Consideration payable to a customer** – Such amounts are accounted as reduction of transaction price and therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

In accordance with Ind AS 37, the Company recognizes a provision for onerous contract when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

#### Contract modifications

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to the existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if additional services are priced at the standalone selling price, or as a termination of existing contract and creation of a new contract if not priced at the standalone selling price.

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer e.g. unbilled revenue. If the Company performs its obligations by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset i.e. unbilled revenue is recognised for the earned consideration that is conditional. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the Customer.

#### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

#### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

The accounting policies for the specific revenue streams of the Company as summarized below:

#### Sale of goods

Revenue from sale of goods is recognised when control of the goods is transferred to the customer which usually is on delivery of the goods under the terms of contract at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Sales are inclusive of excise duty but are net of sales returns, sales tax, goods and service tax and rate difference adjustments if any.

#### Service income

Revenues from services is recognised based on the services rendered in accordance with the terms of the contract and there are no uncertainties involved to its ultimate realization.

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

#### Others

Export incentives are accrued in the year when the right to receive credit is established in respect of exports made and are accounted to the extent there is no significant uncertainty about the measurability and ultimate realization/ utilization of such benefits/ duty credit.

#### d. Recognition of interest income or expense

Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

Commission income is recognised on accrual basis.

#### e. Property, plant and equipment and Depreciation

##### Recognition and measurement

Property, Plant & Equipment's (PPE) comprises of Tangible assets and Capital Work in progress. PPE are stated at cost, net of tax/duty credit availed, if any, after reducing accumulated depreciation until the date of the Balance Sheet.

The Cost of PPE comprises of its purchase price or its construction costs (net of applicable tax credit, if any), any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management. It includes professional fees and, for qualifying PPE, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Parts of an item of PPE having different useful lives and material value and subsequent expenditure on PPE arising on account of capital improvement or other factors are accounted for as separate components. Critical spares of PPE having life of more than one year are capitalized as a separate component in PPE. Capital work in progress includes the cost of PPE that are not yet ready for the intended use.

##### Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### Depreciation

In respect of Property, Plant and Equipment, depreciation is charged on a straight line basis so as to write off the cost of the assets over the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

##### Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

#### Capital work-in-progress

Cost of assets not ready for intended use, as on balance sheet date is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as other non-current assets.

#### f. Impairment of Assets

##### Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Twelve months expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.



# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

#### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

#### Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### Impairment of non-financial instruments

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### g. Financial instruments

##### Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### Classification and subsequent measurement

Financial assets on initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At present, the Company does not have investments in any debt securities classified as FVOCI.

#### h. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

#### i. Financial assets: Business model assessment

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss
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Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### Derecognition

##### Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

##### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### j. Borrowing costs

Borrowing cost includes interest expense as per Effective Interest Rate (EIR), other costs incurred in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

assets are substantially ready for their intended use i.e. when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Capitalisation of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

#### k. Inventories

The inventories are valued at cost or net realizable value whichever is lower. The provision for inventory obsolescence is assessed at regular intervals and is provided as considered necessary. The basis of determining the value of each class of inventory is as follows:

Inventories	Cost Formula
Raw Material	At cost on first in first out basis.
Work in Process	Raw material cost plus conversion cost, wherever applicable.
Finished Goods	Raw material cost plus conversion cost, wherever applicable.
Traded Goods	At cost on first in first out basis.

#### l. Taxation

Tax expense comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income

##### Current tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

##### Deferred Taxes

Deferred tax is provided, using the balance sheet method, on all deductible temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and on carry forward of unused tax credits and unused tax loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized outside profit or loss is recognised outside profit or loss (either in other comprehensive income or equity).

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company reassesses unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternative Tax ("MAT") credit is recognised an item in deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

#### **Presentation of current and deferred tax:**

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss or Equity, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income or Equity.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

#### **m. Provisions, Contingent Liabilities and Contingent Assets**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed.

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

#### n. Cash and Cash equivalent

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash, drafts and cheques in hand, bank balances, unencumbered demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of Cash Flow Statement.

#### o. Employee benefits

##### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

##### Defined contribution plans

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period.

##### Defined Benefit Plans

The company has not made provision for gratuity liability as per requirement of IndAS -19 "Employee Benefits".

#### p. Operating segments

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

#### q. Leases

##### Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation

# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies (Continued)

and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospective, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration

#### Company as Lessee

Right-of-Use (ROU) assets are recognised at inception of a contract or arrangement for significant lease components at cost less lease incentives, if any. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the lease commencement date. ROU assets are generally depreciated over the shorter of the lease term and estimated useful lives of the underlying assets on a straight line basis. Lease term is determined based on consideration of facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease payments associated with short-term leases and low value leases are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

The Company recognises lease liabilities measured at the present value of lease payments to be made on the date of recognition of the lease. Such lease liabilities do not include variable lease payments (that do not depend on an index or a rate), which are recognised as expense in the periods in which they are incurred. Interest on lease liability is recognised using the effective interest method. Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is also remeasured upon modification of lease arrangement or upon change in the assessment of the lease term. The effect of such remeasurements is adjusted to the value of the ROU assets.

#### Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment or investment property and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the term of the lease.

#### r. Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or



# HARISH TEXTILE ENGINEERS LIMITED

## Notes on the Financial Statements

for the year ended 31st March 2020.

### 3. Significant Accounting Policies *(Continued)*

income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

**HARISH TEXTILE ENGINEERS LIMITED**

Notes to financial statements for the year ended 31st March 2020

**4 Property, Plant and Equipment**

Particulars	Gross Block				Depreciation and Amortization				Net Block			
	As at 1st April 2019	Addition 14.2019 (refer note 4.1)	Addition during the year	Disposal/ Adjustment	As at 31st March 2020	As at 1st April 2019	Transferred in Business Transfer	For the year	Disposal/ Adjustment	As at 31st March 2020	As at 31st March 2020	As at 31st March 2019
Freehold land (Refer Note 4.2)	122,567,480	-	-	-	122,567,480	-	-	-	-	-	122,567,480	122,567,480
Building	29,444,495	3,355,060	-	9,234,709	23,564,846	4,104,617	-	1,775,428	684,194	5,195,851	18,368,995	25,339,878
Plant & Machinery	24,086,643	76,242,965	1,330,697	-	101,660,305	2,848,979	-	15,506,187	-	18,355,166	83,305,139	21,237,664
Computers	3,255,660	83,887	40,282	-	3,379,828	2,401,796	-	428,538	-	2,830,336	549,492	853,862
Furniture and fixtures	2,806,334	722,330	31,831	-	3,560,495	596,080	-	364,879	-	960,959	2,599,536	2,210,254
Vehicles	7,381,252	12,539,045	7,353,549	16,094,048	11,179,798	6,805,450	-	2,850,471	8,642,782	813,139	10,366,659	775,802
	<b>189,541,864</b>	<b>92,943,286</b>	<b>8,756,359</b>	<b>25,328,757</b>	<b>265,912,752</b>	<b>16,556,924</b>	<b>-</b>	<b>20,925,504</b>	<b>9,326,976</b>	<b>28,155,451</b>	<b>237,757,301</b>	<b>172,984,940</b>

- 4.1 The board of directors of the Company at its meeting held on September 29, 2018 has considered and approved purchase of slump sale transaction with M/s Pacific Harish Industries Limited with effect from April 01, 2019. Refer note. 35
- 4.2 Land amounting to Rs. 6,50,00,000/- is presently registered in the name of Mr. Sandeep Gandhi, Director of the Company.
- 4.3 Vehicles (Net block as at March 31, 2020 INR 100,14,986) are received under slump sale and these are presently registered in the name of Pacific Harish Industries Limited.
- 4.4 Impairment of Assets : There is no impairment of any assets in terms of Ind AS - 36 on "Impairment of Assets". Based on the review, the management is of the opinion that there are no impairment indicators that necessitate any adjustments to the carrying value of PPE.
- 4.5 Security Pledge of Assets : Refer to Note 15 on borrowings for details in terms of pledge of assets as security.

**5 Capital work in progress**

Particulars	(Currency: INR)	
	31st March 2020	31st March 2019
Opening Balance	29,939,717	29,271,625
Addition:	-	668,092
Less: Sale*	29,939,717	-
<b>Closing Balance</b>	<b>-</b>	<b>29,939,717</b>

\*During the year, the Company had sold Capital work in progress amounting to Rs. 2,99,39,717 and building amounting to 76,49,459 to Related Party Sanish Investment and Trading Co P Limited for a consideration of Rs. 6,51,00,000.

**6 Right-of-use assets**

Particulars	Gross Block			Depreciation and Amortization			Net Block		
	As at 1st April 2019	Addition during the year	As at 31st March 2020	As at 1st April 2019	For the year	As at 31st March 2020	As at 31st March 2020	As at 31st March 2019	
Factory Buildings	24,478,586	-	24,478,586	-	3,351,050	3,351,050	21,127,536	-	
	<b>24,478,586</b>	<b>-</b>	<b>24,478,586</b>	<b>-</b>	<b>3,351,050</b>	<b>3,351,050</b>	<b>21,127,536</b>	<b>-</b>	

Notes to financial statements for the year ended 31st March 2020

7 Other financial assets

(Currency: INR)		
Particulars	As at 31st March 2020	As at 31st March 2019
<b>Non-Current</b>		
Deposits		
-Related Parties*	18,324,411	64,943,341
-Others	3,595,313	
	<u>21,919,724</u>	<u>64,943,341</u>
<b>Current</b>		
	-	-
- To Related Parties#	-	-
Advances recoverable	906,076	
Advances recoverable		
Receivable against sale of assets from Related Party ##	36,633,818	
Advance to staff	1,795,539	
	<u>39,335,433</u>	<u>-</u>
<b>* Deposits to related party</b>		
Harish Enterprise Private Limited.	18,324,411	64,943,341
<b>## Receivable against sale of assets</b>		
Sanish Investment and Trading Co P Limited.	36,633,818	

8 Other assets

(Currency: INR)		
Particulars	As at 31st March 2020	As at 31st March 2019
<b>Non-Current</b>		
Other Deposits including balance with government authority	2,047,314	417,307
Prepaid expenses	144,033	11,411,109
	<u>2,191,347</u>	<u>11,828,416</u>
<b>Current</b>		
Advance to suppliers#	25,126,335	14,958,756
Advance recoverable in cash or kind	651,561	7,437,195
Balance with government authority	12,225,390	1,391,392
Prepaid expenses	1,268,339	3,601,426
Security Deposit	-	50,002
	<u>39,271,625</u>	<u>27,438,771</u>
<b># includes advance suppliers to related party:</b>		
1. Harish Enterprise Private Limited.	2,047,288	
2. Everys Health Care Private Limited.	6,116,850	5,889,835

9 Inventories

(Currency: INR)		
Particulars	As at 31st March 2020	As at 31st March 2019
Finished Goods	54,035,397	-
Work in Process	67,282,189	79,984,500
Raw Materials	57,109,351	12,924,201
	<u>178,426,937</u>	<u>92,908,701</u>

10 Trade receivables

(Currency: INR)		
Particulars	As at 31st March 2020	As at 31st March 2019
<b>Unsecured , Considered Good*</b>		
Outstanding for a period less than Six Months	152,031,519	23,883,134
Others	28,617,942	14,779,887
	<u>180,649,461</u>	<u>38,663,021</u>
Less: Provision for Doubtful Receivables (Including Expected credit loss allowance)	<u>1,958,499</u>	<u>1,180,399</u>
	<u>178,690,962</u>	<u>37,482,622</u>

\*The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a Provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking informations. The expected credit loss allowance is based on ageing of the days the receivables are over/past due and the rates as given in the provision matrix.

<b>Provision for Adjusted Expected Credit Loss Allowance:</b>		(Currency: INR)
<b>Particulars</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>
Opening Balance	1,180,399	1,401,439
Additions/(Reversal) during the year	778,100	(221,040)
<b>Closing Balance</b>	<b>1,958,499</b>	<b>1,180,399</b>

Note: The fair value of Trade Receivables is not materially different from the carrying value presented.

#### 11 Cash and cash equivalents

		(Currency: INR)
<b>Particulars</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>
Bank Balances: Current accounts	315,108	3,102,462
Cash on hand	1,834,053	199,216
	<b>2,149,161</b>	<b>3,301,678</b>

#### 12 Other bank balances

		(Currency: INR)
<b>Particulars</b>	<b>As at 31st March 2020</b>	<b>As at 31st March 2019</b>
Deposits with maturity less than 12 months from reporting date *	4,820,246	-
	<b>4,820,246</b>	<b>-</b>

#### **Note**

The fair value of Bank Balances (Other than Cash and Cash Equivalents) is not materially different from the carrying value presented.

\*Deposits held as margin money with bank against LC Limit. Bank has lien on the said deposits.

## HARISH TEXTILE ENGINEERS LIMITED

Notes to financial statements for the year ended 31st March 2020

(Currency: INR)

### 13 Share capital

Authorised, issued, subscribed, fully paid up share capital (Currency: INR)				
Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised</b>				
Equity Shares of Rs.10 each	10,000,000	100,000,000	10,000,000	100,000,000
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of Rs.10 each fully paid up	3,336,000	33,360,000	3,336,000	33,360,000
	<b>3,336,000</b>	<b>33,360,000</b>	<b>3,336,000</b>	<b>33,360,000</b>

### 13.1 Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March 2020		As at 31st March 2019	
	Equity Shares of Rs. 10 each fully		Equity Shares of Rs. 10 each fully	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the	3,336,000	33,360,000	2,400,000	24,000,000
Add: Shares issued during the period (Refer	-	-	936,000	9,360,000
<b>Shares outstanding at the end of the</b>	<b>3,336,000</b>	<b>33,360,000</b>	<b>3,336,000</b>	<b>33,360,000</b>

13.2 Pursuant to clause 5.2 of Part VI of the Scheme of Arrangement between Corporate Courier & Cargo Limited (the Transferor Company) and Harish Textile Engineers Private Limited (Now Harish Textile Engineers Limited - the transferee company No. 1) and Mahesh Developers Private Limited (Now Mahesh Developers Limited - the transferee company No. 2) and their respective shareholders and creditors, the Company issued 13 Equity Shares of Rs 10 each of the Company for every 100 fully paid up equity share held in Corporate Courier Cargo Limited.

### 13.2 Terms/ rights attached to equity shares

For all matters submitted to vote in a shareholders' meeting of the Company, every holder of an equity share as reflected in the records of the Company on the date of the shareholders' meeting shall have one vote in respect of each share held. Any dividend declared by the company shall be paid to each holder of Equity shares in proportion to the number of shares held to total equity shares outstanding as on that date. In the event of liquidation of the Company, all preferential amounts if any shall be discharged by the Company. The remaining assets of the Company shall be distributed to the holders of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date.

### 13.3 Shareholders holding more than 5 % of total share capital

Name of Shareholder	As at 31st March 2020		As at 31st March 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
<b>Equity Shares of Rs. 10 each fully paid</b>				
Sandeep K Gandhi	2,383,344	71.44%	2,383,350	71.49%
	<b>2,383,344</b>	<b>71.44%</b>	<b>2,383,350</b>	<b>71.49%</b>

### 14 OTHER EQUITY

Particulars	(Currency: INR)	
	As at 31st March 2020	As at 31st March 2019
<b>Retained Earnings</b>		
Opening balance	47,236,174	45,859,275
Add: Profit during the Period	(7,276,818)	9,486,899
Less: Transfer on account of Demerger		(8,110,000)
	<b>39,959,356</b>	<b>47,236,174</b>

**HARISH TEXTILE ENGINEERS LIMITED**  
Balance Sheet as at 31st March 2020

Particulars	As at 31st March 2020		As at 31st March 2019		Security and other details	Terms of Original Repayment
	Non-Current	Current	Non-Current	Current		
<b>15 Borrowings</b> <span style="float: right;">(Currency: INR)</span>						
<b>A. Secured</b>						
a Term Loan from Banks	-	-	-	4,097,336	From HDB financial services limited rate of interest 12% 10 years and it secured against mortgage of of Kolkata Office - 2nd Floor, Sikara.	
b Vehicle Loans	5,695,044	2,391,913	1,227,882	452,514	Term loans (vehicle Loans) from HDFC Bank and Bank of India for acquisition of vehicles are secured by the 5 years hypothecation of the respective Vehicle financed. Rate of interest is in range of 8 to 8.5% p.a.	
c 6% Non Convertible Debentures	9,278,000	-	-	-	- Secured against second charge over plant and machinery of the non woven division of the Company. 13, 2023 Rate of interest 6% p.a.	
<b>Total secured borrowing [A]</b>	<b>14,973,044</b>	<b>2,391,913</b>	<b>1,227,882</b>	<b>4,549,850</b>		
<b>B. Unsecured</b>						
a From Banks and NBFC	4,629,956	7,938,016	5,525,479	3,730,012	Business loan from ICICI Bank, HDFC Bank, RBL Bank, Duesch Bank, Kotak Mahindra Bank, HDB Financial Services Limited and ECL Commercial Limited. Rate of interest is in range of 17 to 18.5% p.a.	
<b>C. Unsecured from Related Party</b>						
a From Director (Interest free)	15,610,118	6,291,454	36,577,300	-	Interest Free and unsecured from Directors and Shareholder	Repayable within 2 years
b Inter Corporate Loan (Interest free)	-	-	3,600,000	-	Interest Free and unsecured from related party	Repayable within 3 years
c Pacific Harish Industries Limited (Reliance Commercial Finance Limited) (The Company has assumed this liability as part of consideration payable to Pacific Harish Industries Limited towards slump sale.)	69,736,651	13,871,603	-	-	Loan from Reliance Commercial Finance Limited. Rate of interest 12% p.a. Borrower: Pacific Harish Industries Limited. Co-Borrower: Harish Textile Engineering Limited, Sandip Gandhi (Director) and Kasha Textile Private Limited. Secured against mortgage of land and building of PSF division owned by Pacific Harish Industries Limited. Further secured personal guarantee of Sandip Gandhi.	Repayable within 7 years.
<b>Total unsecured borrowing [B]</b>	<b>89,976,725</b>	<b>28,101,073</b>	<b>45,702,779</b>	<b>3,730,012</b>		
<b>TOTAL [A+B]</b>	<b>104,949,769</b>	<b>30,492,986</b>	<b>46,930,661</b>	<b>8,279,862</b>		

## 16 Lease liabilities

Particulars	(Currency: INR)	
	As at 31st March, 2020	As at 31st March, 2019
<b>Non-Current</b>		
Lease liabilities	8,967,834	-
	<u>8,967,834</u>	<u>-</u>
<b>Current</b>		
Lease liabilities	2,514,971	-
	<u>2,514,971</u>	<u>-</u>

## 17 Other financial liabilities

Particulars	(Currency: INR)	
	As at 31st March, 2020	As at 31st March, 2019
<b>Non-Current</b>		
Security deposits	924,000	-
	<u>924,000</u>	<u>-</u>
<b>Current</b>		
Consideration payable towards Slump Sale -Related Party*	1,463	-
Others- Related Party#	1,030,398	-
Salaries, wages, and other employee benefit payable	7,335,541	874,417
	<u>8,367,402</u>	<u>874,417.00</u>

\* Consideration payable towards Slump Sale to Pacific Harish Industries Limited.

# Payable to Agratha Enterprise-Partnership Firm

## 18 Deferred tax liabilities (Net)

Particulars	(Currency: INR)	
	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liabilities	12,653,132	10,883,490
	<u>12,653,132</u>	<u>10,883,490</u>

### (a) Deferred tax balances and movement for FY 2019-20

Particulars	Net balance April 1, 2019	Recognised in profit or loss
Difference between WDV of PPE as per books and income tax	11,211,878	1,840,295
Borrowings		59,834
Right of use assets		5,493,159
Lease Liability		(2,985,529)
Trade Receivables - provision for doubtful debts	(328,388)	(180,821)
Other timing difference		(2,457,296)
<b>Net deferred tax liabilities/(assets)</b>	<u>10,883,490</u>	<u>1,769,642</u>

### (b) Deferred tax balances and movement for FY 2018-19

Particulars	Net balance April 1, 2018	Recognised in profit or loss
Difference between WDV of PPE as per books and income tax	11,312,209	(100,331)
Income Tax 43B	(30,210)	30,210
Trade Receivables - provision for doubtful debts	(360,871)	32,483
<b>Net deferred tax liabilities/(assets)</b>	<u>10,921,128</u>	<u>(37,638)</u>

## 19 Borrowings

Particulars	(Currency: INR)	
	As at 31st March, 2020	As at 31st March, 2019
<b>Short Term Loan From Bank</b>		
Working Capital Loan	112,778,346	60,318,912
	<u>112,778,346</u>	<u>60,318,912</u>
<b>Term of Repayment: Repayable Demand:</b>		
<b>1. Engineering Division</b>	<b>Sanction Limit</b>	
Union Bank of India (Corporation Bank) -Overdraft Rate of Interest 11.85%	60,000,000	60,000,000
<b>Security:</b>		
Secured against Hypothecation of Stocks and receivables of engineering division of the Company and mortgage of factory, land and building at Bhilard of Engineering Division of the Company.		
Further secured by personal guarantee of Director, Sandip Gandhi.		
<b>2. Non woven and Techncl Textile Division</b>	<b>Sanction Limit</b>	
Bank of India- Cash Credit Limit Rate of Interest 11.25%	80,000,000	
- LC Limit	6,000,000	
<b>Security:</b>		
Security: Secured against Hypothecation of Stocks and receivables, plant and machinery of non woven division of the Company and collaterally secured over mortgage of factory, land and building belonging to Kasha textile private limited ( related party).		
Further secured by personal guarantee of Director, Sandip Gandhi.		

**20 Current maturities of long term borrowings**

(Currency: INR)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
<b>Secured</b>		
<b>Term Loan from Banks</b>		
Vehicle Loan	1,128,513	452,514
Term Loan	-	4,097,336
<b>Unsecured</b>		
From Bank and NBFC	7,938,016	3,730,012
From Director Interest free	7,554,854	
Reliance Commercial Finance Limited	13,871,603	
	<b>30,492,986</b>	<b>8,279,862</b>

For security and repayment details refer note 15.

**21 Trade payables**

(Currency: INR)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Due to micro enterprises and small enterprises*	-	-
Due to others		
Trade payables for goods	237,223,750	154,726,734
Trade payables for Expenses	41,317,313	17,504,205
Trade payables for Capital goods	1,008,317	1,093,928
	<b>279,549,380</b>	<b>173,324,867</b>

\* The Company is in the process of determining the list of undertaking covered under MSMED. Therefore, the required information could not be furnished.

**22 Other current liabilities**

(Currency: INR)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Advance from customers	68,797,966	51,979,235
Statutory dues (including provident fund, tax deducted at source and others)	15,931,394	3,388,809
	<b>84,729,360</b>	<b>55,368,044</b>

**23 Short term provisions**

(Currency: INR)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Provision for Expenses	3,252,927	1,398,213
	<b>3,252,927</b>	<b>1,398,213</b>

**24 Current Tax liabilities (Net)**

(Currency: INR)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
(a) Income tax assets	2,415,987	2,553,250
(b) Current income tax liabilities	5,606,796	5,406,795
Current Tax Liabilities (Net off Advance Tax and TDS)	<b>3,190,809</b>	<b>2,853,545</b>



**25 Revenue from operations**

(Currency: INR)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Revenue from Operations</b>		
Sale of products	692,488,245	287,914,476
Sale of traded Goods	131,623,903	83,845,068
Sale of services	1,973,443	5,404,377
Job work income	4,735,404	
Other operating revenue	4,700,250	
Duty draw back / Export incentive	837,721	2,758,938
	<b>836,358,966</b>	<b>379,922,859</b>

**26 Other income**

(Currency: INR)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest	3,619,335	3,675,213
Other interest on lease deposit	1,278,897	
Gain on sale of property, plant and equipment and Capital work in progress - Net	24,960,436	
Discount received /Sundry bal w.back	12,813,610	1,369,458
Liquidated damages	5,449,290	-
Net Gain on Foreign Currency Transactions and Translation	-	246,446
Insurance claim receipt	80,102	7,828,597
Rent income	462,000	
Other miscellaneous income	223,248	231,040
	<b>48,886,918</b>	<b>13,350,754</b>

**27 Cost of materials consumed**

(Currency: INR)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Raw Material and Packing Material</b>		
Opening Stock Raw Material	12,924,201	11,685,702
Inventory received on Slump Sale	72,030,628	
Add : Purchase Raw Material	439,217,015	160,458,063
	524,171,844	172,143,765
Less: Closing Stock Raw Material	57,109,504	12,924,201
	<b>467,062,340</b>	<b>159,219,564</b>

**28 Changes in inventories of finished Goods, work-in-progress and stock in Trade**

(Currency: INR)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Changes in inventories of finished goods and stock in trade</b>		
Inventory at the beginning of the year		
Work in Process	79,984,500	76,785,355
Inventory received on Slump Sale		
Finished Goods	3,754,697	
Work in Process	17,338,004	
<b>sub total (a)</b>	<b>101,077,201</b>	<b>76,785,355</b>
Less: Inventory at the end of the year		
Finished Goods	2,997,190	-
Work in Process	118,320,397	79,984,500
<b>sub total (b)</b>	<b>121,317,587</b>	<b>79,984,500</b>
	<b>(20,240,386)</b>	<b>(3,199,145)</b>

**29 Purchase of stock in trade**

(Currency: INR)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Purchases	130,139,381	82,750,417
	<b>130,139,381</b>	<b>82,750,417</b>

### 30 Employee benefits expenses

(Currency: INR)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries, wages and allowances (Refer note below 30.1)	64,405,322	18,064,941
Contribution to provident fund	679,466	528,121
Directors' remunerations	16,010,000	15,336,000
Welfare expenses	2,421,316	1,123,488
	<b>83,516,104</b>	<b>35,052,550</b>

#### Note 30.1

The company has not made provision for gratuity liability as per requirement of IndAS -19 " Employee Benefits".

### 31 Finance costs

(Currency: INR)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense:		
– Debentures	71,683	
– On financial liabilities measured at amortised cost	27,235,705	9,751,997
– On Lease Liabilities	1,334,260	
Other borrowing cost	650,356	603,164
Other Interest	1,523,446	156,887
	<b>-</b>	<b>-</b>
	<b>30,815,450</b>	<b>10,512,048</b>

### 32 Other expenses

(Currency: INR)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Job work / Labour Charges	20,592,350	23,389,669
Power and fuel	39,289,482	1,830,000
Repairs to Building and Plant and Machinery	2,956,377	447,917
Hire Charges	2,298,582	314,411
Testing Expenses	728,671	8,810
Rates & Taxes	1,972,705	879,927
Payment to auditors*	1,025,220	738,250
Insurance	3,121,948	1,097,570
Professional Fees / Menpower Expenses	45,105,401	30,946,553
Printing and Stationery	759,405	389,163
Rent	3,585,928	5,144,330
Tours and Travelling expense	4,040,974	2,385,364
Conveyance	550,962	374,147
Vehicle expenses	2,729,154	2,778,907
Computer Expenses	285,421	208,475
Security Charges	3,736,579	1,950,049
Postage & Telephone Charges	928,362	668,514
General Expenses	1,004,091	549,021
Electricity charges	543,316	184,176
Car/ Bus Hire Charges	202,574	336,760
Net Loss on Foreign Currency Transactions	1,404,308	237,663
Repairs and Maintenance	1,021,407	2,597,278
Bank Charges	5,980,899	826,355
Provision for Expected Credit Loss and write off	1,987,995	
Loss on sale of property, plant and equipment- Net	-	16,915
Advertisement & Sales Promotion Expenses	922,040	106,077
Commission and Brokerage	931,892	768,947
Exhibition cum Seminar Expenses	1,153,050	45,229
Outward Freight, Forwarding ,Transport, Octroi etc. (Net)	23,459,219	6,172,051
Travelling, Lodging and Boarding expenses	1,159,643	673,634
Other Expenses	1,505,662	1,733,642
	<b>174,983,617</b>	<b>87,799,804</b>
<b>*Payment to auditors includes</b>		
- Audit Fees	750,000	375,000
- Tax Audit/Certifications etc.,	187,771	317,500
- Reimbursement of Expenses	87,449	45,750
	<b>1,025,220</b>	<b>738,250</b>

**33 Current tax****(a) Amounts recognised in profit and loss**

Particulars	(Currency: INR)	
	For the Year ended 31st March 2020	For the Year ended 31st March 2019
<b>Current Tax</b>		
(a) Current income tax	200,000	3,856,796
(b) Deferred Tax	1,769,642	(37,638)
(b) Short/(Excess) provision of income tax in respect of previous years		-
<b>Tax expense for the year ( a+b)</b>	<b>1,969,642</b>	<b>3,819,158</b>

**(c) Reconciliation of effective tax rate**

The following is a reconciliation of the Company's effective tax rates for the years ended 31 March 2020 and 31 March 2019

Particulars	(Currency: INR)	
	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Profit before income tax as per Statement of Profit and Loss	(5,307,176)	13,306,057
Enacted tax rate in India in Percentage	26.00%	27.82%
Computed expected tax expense	(1,379,866)	3,701,745
Other difference On account of:		
Timing difference	832,239	(38,338)
Expense not deductible and Income not taxable, others, change in tax rate	1,854,168	155,751
Loss on sale of assets not eligible for deduction	663,101	
<b>Income Tax Expense</b>	<b>1,969,642</b>	<b>3,819,158</b>
<b>Effective tax rate</b>	<b>-37%</b>	<b>28.70%</b>

**34 Earning per Share -(EPS)****Earnings per equity share of FV of Rs. 10 each**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

**The following reflects the income and share data used in the basic and diluted EPS computations:**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit for the year (Profit attributable to equity shareholders) (Amount In USD.)	(7,276,818)	9,486,899
Weighted average number of ordinary equity shares for Basic EPS (in Nos.)	3,336,000	2,794,915
Weighted average number of ordinary equity shares for Diluted EPS (in Nos.)	3,336,000	2,794,915
Face Value of equity share ( RS)	10	10
Basic EPS ( RS.)	(2)	3.39
Diluted EPS ( RS)	(2)	3.39

**35 The Board of Directors of the Company at its meeting held on September 29, 2018 has considered and approved transaction of purchase of**

two business segments namely "Non-woven, Technical Textile and Auto Interior Division" and "Polyester Staple Fiber Division" of M/s Pacific Harish Industries Limited on a going concern basis by way of "slump sale" with effect from April 01, 2019.

The effect of the transaction on the accounts of the Company as at April 01, 2019 is set out below:

Details of Assets and Liabilities taken in Slump Sale :

Particulars	Amount in INR
<b>ASSETS</b>	
Property, plant and equipment	92,946,882
Inventories	93,123,329
Financial assets	
Trade receivables	154,218,771
Cash and cash equivalents	6,627,861
Other bank balances	5,492,959
Other financial assets	5,873,386
Other assets	10,649,316
<b>Total Assets</b>	<b>368,932,504</b>
<b>Liabilities</b>	
Financial liabilities	
Borrowings	58,810,204
Trade payables	107,069,932
Other current liabilities	31,254,453
Short term provisions	12,282,326
<b>Total Liabilities</b>	<b>209,416,915</b>
<b>Net Assets/consideration</b>	<b>159,515,589</b>

## HARISH TEXTILE ENGINEERS LIMITED

Notes to financial statements for the year ended 31st March 2020

### 36 Fair Value Measurement

#### Accounting classification and fair values

As at 31 March 2020

(Currency: INR)

Particulars	FVTPL	FVTOCI	Amortised Cost	Total
Trade receivables	-	-	178,690,962	178,690,962
Cash and cash equivalents	-	-	2,149,161	2,149,161
Other bank balance	-	-	4,820,246	4,820,246
Other financial assets	-	-	61,255,157	61,255,157
<b>Total Financial assets</b>	<b>-</b>	<b>-</b>	<b>246,915,526</b>	<b>246,915,526</b>
Borrowings (incl. current maturities)	-	-	248,221,101	248,221,101
Lease Liabilities	-	-	11,482,805	11,482,805
Trade payable	-	-	279,549,380	279,549,380
Other financial liabilities	-	-	9,291,402	9,291,402
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>548,544,688</b>	<b>548,544,688</b>

As at 31 March 2019

(Currency: INR)

Particulars	FVTPL	FVTOCI	Amortised Cost	Total
Trade receivables	-	-	37,482,622	37,482,622
Cash and cash equivalents	-	-	3,301,678	3,301,678
Other bank balance	-	-	-	-
Loans	-	-	-	-
Other financial assets	-	-	64,943,341	64,943,341
<b>Total Financial assets</b>	<b>-</b>	<b>-</b>	<b>105,727,640</b>	<b>105,727,640</b>
Borrowings (incl. current maturities)	-	-	115,529,436	115,529,436
Lease Liability	-	-	-	-
Trade payable	-	-	173,324,867	173,324,867
Other financial liabilities	-	-	874,417	874,417
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>289,728,720</b>	<b>289,728,720</b>

## HARISH TEXTILE ENGINEERS LIMITED

### Notes to financial statements for the year ended 31st March 2020

#### 36 Financial instruments – Fair values and risk management (continued)

##### Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprises of trade and other payables. The Company's financial assets include trade and other receivables, and cash & cash equivalents that it derives directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company. This provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

##### (i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, investments, and loans given. The Company is having majority of the receivables from private sector. The Company does not have significant credit risk exposure to any single counterparty.

The carrying amount of following financial assets represents the maximum credit exposure:

##### Cash and Cash equivalent and Other Bank Balances

The company maintains its Cash and cash equivalents and Bank deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

##### Trade and other receivables

The Company's exposure to credit Risk is the exposure that Company has on account of goods sold or services rendered to a contractual counterparty or counterparties, whether with collateral or otherwise for which the contracted consideration is yet to be received.

The Company provides for allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

Assets are written off when there are no reasonable expectation of recovery such as debtor declaring bankruptcy or failing to engage in a repayment plan with group. Where receivables have been written off the company continues to engage in enforcement activity to attempt to recover the receivables. where recoveries are made, these are recognised in profit and loss.

The following year end trade receivables, though overdue, are expected to be realised in the normal course of business and hence, are not considered impaired as at March 31, 2020 and March 31, 2019:

Particulars	(Currency: INR)	
	As at 31st March 2020	As at 31st March 2019
Neither impaired nor past due	171,799,477	24,885,374
<b>Past due but not impaired</b>		
0-3 Months	2,484,103	3,297,123
3-6 Months	850,995	2,381,992
6-12 Months	3,556,387	4,479,758
more than 365 days	-	2,438,376
	<b>178,690,962</b>	<b>37,482,622</b>

## HARISH TEXTILE ENGINEERS LIMITED

### Notes to financial statements for the year ended 31st March 2020

#### 36 Financial instruments – Fair values and risk management (continued)

##### (ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between working capital of the company. The Company generates sufficient cashflow from operations to maintain a healthy working capital balance.

##### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

<i>(Currency: INR)</i>				
As at 31st March 2020	Carrying amount	Total	Contractual maturities	
			Less than 12 months	More than 12 months
<b>Non-derivative financial liabilities</b>				
Borrowings (incl. current maturities)	248,221,101	248,221,101	143,271,332	104,949,769
Trade payables	279,549,380	279,549,380	279,549,380	-
Lease Liability	11,482,805	11,482,805	2,514,971	8,967,834
Other financial liabilities	9,291,402	9,291,402	8,367,402	924,000
<b>Total</b>	<b>548,544,688</b>	<b>548,544,688</b>	<b>433,703,085</b>	<b>114,841,603</b>
<hr/>				
As at 31st March 2019	Carrying amount	Total	Contractual maturities	
			Less than 12 months	More than 12 months
<b>Non-derivative financial liabilities</b>				
Borrowings (incl. current maturities)	115,529,436	115,529,436	68,598,774	46,930,661
Trade payables	173,324,867	173,324,867	173,324,867	-
Lease Liability	-	-	-	-
Other financial liabilities	874,417	874,417	874,417	-
<b>Total</b>	<b>289,728,720</b>	<b>289,728,720</b>	<b>242,798,058</b>	<b>46,930,661</b>

## HARISH TEXTILE ENGINEERS LIMITED

### Notes to financial statements for the year ended 31st March 2020

#### 36 Financial instruments – Fair values and risk management (continued)

##### (iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans, borrowings and deposits.

##### (a) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises out of various imports of raw materials and trading goods and exports of its finished goods. The Company follows netting principle for managing the foreign exchange exposure. The Carrying Amounts of the Company's Foreign Currency Denominated Monetary Assets and Liabilities based on Gross Exposure at the end of the Reporting Period is as under.

#### Net Open Exposures Outstanding as at the Balance Sheet Date (Currency: INR)

Particulars	Year ended March 31, 2020			Year ended March 31, 2019	
	Foreign Currency Denomination	Foreign Currency Amount	Amount in Rs.	Foreign Currency Amount	Amount in Rs.
Trade Payables	USD	407,648	30,704,067	88,725	6,161,064
Trade Receivables	USD	44,210	3,329,897	107,525	7,466,536

##### (b) Price risk

###### i) Sensitivity analysis

Profit or loss is sensitive to higher/lower Exchange rate of currency. A possible 3% change in exchange rate would affect profit/loss at the reporting date by amount shown below:

Particulars	Profit or (Loss)		Equity (net of tax)	
	3% Increase	3% decrease	3% Increase	3% decrease
<b>31st March 2020</b>				
Trade Payables	921,122	(921,122)	681,630	(681,630)
Trade Receivables	99,897	(99,897)	73,924	(73,924)
<b>Total</b>	<b>821,225</b>	<b>(821,225)</b>	<b>607,707</b>	<b>(607,707)</b>
<b>31st March 2019</b>				
Trade Payables	184,832	(184,832)	133,412	(133,412)
Trade Receivables	223,996	(223,996)	161,680	(161,680)
<b>Total</b>	<b>408,828</b>	<b>(408,828)</b>	<b>295,092</b>	<b>(295,092)</b>

##### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risks is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company's interest rate exposure is mainly related to debt obligation.

###### Exposure to interest rate risk

The interest rate profile of the Company's interest - bearing financial instruments is as follows:

Particulars	31st March 2020		31st March 2019	
<b>Fixed-rate instruments</b>				
Financial assets	4,820,246	-	-	-
Financial liabilities	113,541,183	15,033,224		
<b>Variable-rate instruments</b>				
Financial assets	-	-	-	-
Financial liabilities	112,778,346	60,318,912		
<b>Non-interest bearing instruments</b>				
Financial assets	242,095,280	105,727,640		
Financial liabilities	322,225,159	214,376,584		

###### Sensitivity analysis

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates.

Based on the composition of debt a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) Equity and Profit or Loss by the amount shown below:

Particulars	Profit or (Loss)		Equity (net of tax)	
	100 bp Decrease	100 bp Increase	100 bp Decrease	100 bp Increase
<b>31st March 2020</b>				
Borrowings	(2,263,195)	2,263,195	(1,674,765)	1,674,765
<b>Total</b>	<b>(2,263,195)</b>	<b>2,263,195</b>	<b>(1,674,765)</b>	<b>1,674,765</b>
<b>31st March 2019</b>				
Borrowings	(753,521)	753,521	(543,892)	543,892
<b>Total</b>	<b>(753,521)</b>	<b>753,521</b>	<b>(543,892)</b>	<b>543,892</b>

##### (d) Commodity Price Risk

The Company is affected by price volatility of certain commodities. Its operating activities require the on-going purchase or continuous supply of such commodities. Therefore the Company monitors its purchases closely to optimise the prices.

##### (e) Equity Price Risk

The Company do not have any investment in quoted equity shares hence not exposed to equity price risk.

## HARISH TEXTILE ENGINEERS LIMITED

### Notes to financial statements for the year ended 31st March 2020

#### 37 Capital Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company determines the amount of capital required on the basis of the annual business plan coupled with long term and short term strategic investments and expansion plans. The funding needs are met through equity, cash generated from operations, long terms and short term bank borrowings/other borrowings.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity.

**The Company's adjusted net debt to equity ratio is as follows.**

Particulars	(Currency: INR)	
	As at 31st March 2020	As at 31st March 2019
Total borrowings*	248,221,101	115,529,436
Less: Cash and bank balances	-6,969,407	-3,301,678
<b>Adjusted net debt</b>	<b>241,251,694</b>	<b>112,227,758</b>
<b>Total equity</b>	<b>73,319,356</b>	<b>80,596,174</b>
<b>Debt equity ratio</b>	<b>3.39</b>	<b>1.43</b>
<b>Adjusted net debt to equity ratio</b>	<b>3.29</b>	<b>1.39</b>

\* Includes non-current borrowings, current borrowings and current maturities of non-current borrowings.



## HARISH TEXTILE ENGINEERS LIMITED

### Notes to financial statements for the year ended 31st March 2020

#### 38 Leases

##### The Company as a Lessee

The Company's significant leasing/ licensing arrangements are mainly in respect of factory building. Leases typically run in a range from 1 years to 6 years, with an option to renew the lease after that date. The Company previously used to classify leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company.

The company has adopted Ind AS 116 effective 1st April, 2019, using the modified retrospective method. Accordingly, previous period information has not been restated.

In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for interest accrued on lease liability. The adoption of this standard did not have any significant impact on the profit for the year and earnings per share. The Incremental borrowing rate of 8% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

The Company used following practical expedients when applying Ind AS 116 :

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

#### A Amount recognised in Statement of Profit and Loss

Particulars	(Currency: INR)	
	31 March 2020	31 March 2019
Interest on lease liabilities	1,334,260.00	-
Amortisation of right of use assets	3,351,050.00	-
Expenses relating to short term and low value leases charged as Rent	3,585,928.00	5,144,330.05

#### B Amount recognised in the Statement of Cash Flows

Particulars	31 March 2020
Interest component	1,334,260.00
Lease component	3,600,000.00
	<u>4,934,260.00</u>

#### C Maturity Analysis of Lease Liabilities

Particulars	31 March 2020
<b>Maturity Analysis - Undiscounted</b>	
Less than one year	3,600,000
One to five years	10,800,000
More than five years	-
	<u>14,400,000.00</u>
<b>Lease liabilities included in Balance Sheet</b>	
- Current	2,514,971.00
- Non Current	8,967,834.00
	<u>11,482,804.99</u>

#### D Movement of Right of Use Assets

Forming part of note to "Right of Use Assets" (refer note 6).

#### E Movement of Lease Liability

Particulars	31 March 2020
Balance as at the beginning	13,748,546
Addition during the year	
Finance cost accrued	1,334,260
Payment of lease liabilities	(3,600,000)
<b>Balance as at the end</b>	<u>11,482,805</u>

## HARISH TEXTILE ENGINEERS LIMITED

### Notes to financial statements for the year ended 31st March 2020

39 Scheme of Arrangement between Corporate Courier & Cargo Limited, The Transferor Company and Harish Textile Engineers Private Limited (Now Harish Textile Engineers Limited), The transferee Company No.1 and Mahesh Developers Private Limited (Now Mahesh Developers Limited) The Transferee Company No.2 and their respective shareholders and creditors :

The aforesaid Scheme was sanctioned by the National Company Law Tribunal ('NCLT') vide Order dated August 09, 2018. The Scheme became effective on October 06, 2018 on filing with the Registrar of Companies (RoC) with effect from April 01, 2017 i.e. Appointed Date. Pursuant to the Scheme, the Engineering Service Business of Corporate Courier Cargo Limited has been transferred to Harish Textile Engineers Limited (the Company). Hence, in accordance with the Scheme:

- a On Scheme becoming effective with effect from Appointed Date, the Company has recorded all the assets aggregating to Rs. 12,50,000/- as appearing in the books of Corporate Courier & Cargo Limited related to Engineering Service Business at their respective book value as on Appointed Date.
- b The difference between value of assets and liabilities of Corporate Courier & Cargo Limited 's Engineering Service business and the value of the shares allotted to the shareholders of Corporate Courier & Cargo Limited, amounting to Rs. 81,10,000/- has been transferred to Retained Earnings.
- c There are no inter-company balances and transactions between the Company and Corporate Courier & Cargo Limited on appointed date.
- d As the financial statements for previous year ended March 31, 2018 have been already approved by the shareholders of the Company, the previous year accounts have not been reopened and all the relevant accounting entries with respect to the Scheme have been accounted during the current financial year.
- e The appointed date of the scheme is April 01, 2017 as approved by the NCLT, though it has become effective on October 06, 2018. Therefore, all transactions from April 01, 2017 to October 06, 2018 of the Engineering Service Business were carried on behalf of Harish Textile Engineers Limited and the same are recorded as receivable or payable on account of demerger from the Corporate Courier Cargo Limited as at October 06, 2018.

### 40 CONTINGENT LIABILITIES & CONTINGENT ASSETS AND CAPITAL COMMITMENTS

#### A) Contingent Liabilities not provided for in respect of:

Particulars	As at 31st March 2020	As at 31st March 2019
Contingent Liabilities	Nil	Nil

The Honourable Supreme Court of India vide its order dated 28th February, 2019 held that 'Basic Wages' for the contribution towards Provident Fund (PF) should only exclude [in addition to specific exclusions under Section 2(b)(ii) of the Employees Provident Fund Act, 1952]:

- a) amounts that are payable to the employee for undertaking work beyond the normal work which he/she is otherwise required to put in and;
- b) allowances which are either variable or linked to any incentive for production resulting in greater output by an employee and that the allowances are not paid across the board to all employees in a particular category or were being paid especially to those who avail the opportunity.

With reference to the above mentioned judgment, The Company's management is of the view that there is considerable uncertainty around the timing, manner and extent in which the judgment will be interpreted and applied by the regulatory authorities. Further, a review petition has been filed with the Honourable Supreme Court with reference to the aforementioned judgement and the same is pending disposal. Management is of the view that any incremental outflow in this regard can only be determined once the position being taken by the regulatory authorities in this regard is known and the Management is able to evaluate all possible courses of action available. Accordingly, no provision has been currently recognized in Financial Statements in this regard.

#### B) Commitments

Particulars	(Currency: INR)	
	As at 31st March 2020	As at 31st March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	50,060,283
	-	<b>50,060,283</b>

# HARISH TEXTILE ENGINEERS LIMITED

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## Notes to financial statements for the year ended 31st March 2020

### 41. Estimation of uncertainties relating to the global health pandemic from COVID-19:

#### 1. Estimation of the future impact of Covid 19 on the operations:

- a. There has been adverse impact on the productions, sales and hence profitability of the Company during the lock down period.
- b. Following the progressive lifting of lockdowns and relaxations being announced in various states, the production volumes are picking up. The customers are also scaling up their businesses and hence the sales of all the businesses are gradually picking up. The Supply and logistic chains are also being gradually restored.
- c. HTEL has also embarked upon cost optimisation.
- d. The adverse impact of the Shut Downs and Covid related shut downs and disruptions may be felt in the First Two Quarters of the Current Year.

#### 2. Details of impact of Covid 19 based on certain performance parameters

- a. **Capital and financial resources and other assets-** As per the current assessment there is some impact on company's financial resources due to lock down in the April and May months of current financial year. However, the company is in the process of raising funds from its bankers and other sources to ensure that the company has adequate financial resources to overcome the adverse impact caused by the present global pandemic. There has been no adverse impact on the assets of the company.
- b. **Profitability-** There could be an adverse impact in the period during which the factories of the company were totally shut down. However, the operations of the company are gradually scaling up. Company has also taken several cost optimisations measures and couple with the funds that the company is in the process of raising, the company is hopeful of restoring normalcy of operations and profitability in the next few weeks.
- c. **Liquidity-** the Company is in the process of raising additional working capital facilities pursuant to the schemes announced for MSME sector. The company is also in the process of raising various other funds. Pursuant to completion of these exercises, the Company is fairly expected not to have much liquidity issues.
- d. **Ability to service debts-** Pursuant to the company raising the funds as outlined above, and banks and other financial institutes offering moratoriums, the company will be in a position to service all its debts.
- e. **Assets-** No assets of the company are adversely impacted.
- f. **Internal Financial Controls-**The financial control systems are in place and there has been no adverse impacts on the same due to the pandemic.
- g. **Supply chain-** Supply chain are gradually getting back to normal levels.
- h. **Demand-** Demand for all the business segments are witnessing gradual improvement and are expected to come back to normal levels in the next few weeks.

#### 3. Impact on contracts/agreements- The Company does not expect any significant impact on the existing contracts/agreements except that some of the clients have slowed down taking of Machines.

The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the carrying amounts of property, plant & equipment, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of these financial statements, including related information, economic forecasts etc. Based on the current estimates, the Company does not expect any further significant impact on such carrying values. The Company will continue to monitor the future economic conditions and update its assessment. The impact of COVID -19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.



Segment Assets and Liabilities

(Currency: INR)

Particulars	Textile Engineering	Non-Woven	PSF	Trading	Unallocable	Inter-segment balances	Total
<b>Segment Assets</b>							
- 31 March 2020	388,396,473	227,595,494	160,574,871	59,827,372		(110,703,939)	725,690,272
- 31 March 2019	438,404,105	-	-	2,424,081			440,828,186
<b>Segment Liabilities</b>							
- 31 March 2020	345,964,590	229,502,493	157,509,699	30,098,075		(110,703,939)	652,370,915
- 31 March 2019	359,562,719	-	-	669,293			360,232,012
<b>Unallocable Assets</b>							
- 31 March 2020	-	-	-	-	-	-	-
- 31 March 2019	-	-	-	-	-	-	-
<b>Unallocable Liabilities</b>							
- 31 March 2020	-	-	-	-	-	-	-
- 31 March 2019	-	-	-	-	-	-	-
<b>Capital Employed</b>							
	42,431,884	(1,906,999)	3,065,172	29,729,297	-	-	73,319,356
	78,841,386		-	1,754,788	-	-	80,596,174

## HARISH TEXTILE ENGINEERS LIMITED

### Notes to the financial statements (continued)

for the year ended 31 March 2020

#### 43 Related party disclosure:

a Related party disclosure as required by AS-18, "Related Party Disclosure", is given below:

##### Key Management Personnel:

Name		Designation
Sandeep K Gandhi	<i>(with effect from December 30, 2018)</i>	Managing Director
Hitendra Desai	<i>(with effect from December 30, 2018)</i>	Whole Time Director
Pinkesh Upadhyay	<i>(with effect from December 30, 2018)</i>	Chief Financial Officer
Khusboo N. Desai	<i>(from December 10, 2018 till April 11, 2019)</i>	Company Secretary
Sachin Mishra	<i>(from May 27, 2019 till June 17, 2019)</i>	Company Secretary
Pooja Patwa	<i>(From 16th January 2020)</i>	Company Secretary

##### Non-Executive Directors

Name	
Kirtikumar S Gandhi	<i>(upto June 21, 2019)</i>
Rajesh Kumar Sahu	<i>(upto February 05, 2019)</i>
Sunil Bhirud	<i>(upto February 05, 2019)</i>

##### Independent Director

Name	
Abhinav Anand	<i>(with effect from December 10, 2018 till 11th December 2019)</i>
Ratna Vikram Jhaveri	<i>(with effect from December 10, 2018 till 14th November 2019))</i>
Darshith Parikh	<i>(from December 10, 2018 till June 06, 2019)</i>
Ritesh Patel	<i>(with effect from December 11, 2019)</i>
Meena Mistry	<i>(with effect from December 11, 2019)</i>

##### Relative of Directors/KMP

Vaishali Bhirud	<i>(upto February 05, 2019)</i>
Anshu Sahu	<i>(upto February 05, 2019)</i>
Shovan S Gandhi	
Kuntal Upadhyay	

##### Entities where Directors/Close family members of Directors having control/significant influence

Harish Enterprise Private Limited.	Common Directors and Common Shareholders
Pacific Harish Industries Limited.	Common Directors and Common Shareholders
Every's Health Care Private Limited.	Common Directors and Common Shareholders
Technofield Marketing Private Limited.	Common Shareholders
Sanish Investment and Trading Co P Limited.	Common Directors and Common Shareholders
Kasha Textile Pvt. Ltd.	Common Shareholders
Agratha Enterprise-Partnership Firm	KMP is partner in the firm
The UES Agratha Trust.	KMP are trustees in the trust.

b Transactions with Related Parties

During the year, the following transactions were carried out with Related Parties:

		(Currency: INR)	
Sr. No.	Name of Related Party and nature of transactions	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Entities where Directors/Close family members of Directors having control/significant influence</b>			
1	<b>Harish Enterprise Private Limited.</b>		
	Rent expense	1,200,000	1,200,000
	Rent deposit given		
	- Undiscounted value	27,500,000	79,500,000
	- Discounted value	18,324,411	64,943,341
	other receivable	2,047,288	-
2	<b>Pacific Harish Industries Limited.</b>		
	Purchase of assets under Slump Sale.	159,515,589	-
	Payable on A/c. of Slump Sale Considerations		
	- Other Financial Liabilities	1,463	-
	- Financial Liabilities -Reliance Loan	83,608,254	-
	Trade Receivable	-	727,901
3	<b>Everys Health Care Private Limited.</b>		
	Interest Income	662,475	637,888
	Advance to supplier	6,183,098	5,315,736
4	<b>The UES Agratha Eductaion Trust</b>		
	Reimbursement expense	232,189	-
5	<b>Technofield Marketing Private Limited.</b>		
	Inter corporate loan received	-	2,100,000
6	<b>Sanish Investment &amp; Trading Co P Limited.</b>		
	Sale of Property Plant and Equipment and Capital WIP	65,100,000	-
	Consideration receivable-Closing	36,633,818	-
	Inter corporate loan received	-	1,500,000
7	<b>Agratha Enterprise-Partnership Firm</b>		
	Receipt of Land in lieu of Capital Account Balance	-	65,000,000
	Other payable	1,030,388	30,398
8	<b>Sunil Bhirud</b>		
	Professional Fees	-	1,320,000
9	<b>Rajesh Kumar Sahu</b>		
	Professional Fees	-	1,716,000
10	<b>Kirtikumar S Gandhi</b>		
	Professional Fees	1,700,000	5,100,000
	Interest Free Loan Received -Balance as period end	-	4,276,300
11	<b>Vaishali Bhirud</b>		
	Professional Fees	-	660,000
12	<b>Shovan S Gandhi</b>		
	Professional Fees	300,000	765,000
13	<b>Shaila S. Gandhi</b>		
	Professional Fees	4,416,000	-
14	<b>Anshu Sahu</b>		
	Professional Fees	-	1,100,000
15	<b>Kuntal Upadhyay</b>		
	Salary	804,000	804,000

**Director and Key management Personnel**

<b>16 Sandeep K Gandhi</b>			
Director Remuneration (including reimbursement of expense)	<b>12,000,000</b>		5,220,000
Reimbursement of expense	<b>330,000</b>		
Financial Liabilities (Interest Free Loan) Closing Balance.	<b>18,585,142</b>		32,301,000
<b>17 Hitendra Desai</b>			
Professional Fees	-		1,485,000
Director Remuneration	<b>1,980,000</b>		495,000
<b>18 Pinkesh Upadhyay</b>			
Remuneration	<b>2,600,000</b>		150,000
<b>19 Khusboo N. Desai</b>			
Remuneration Paid	-		25,000
<b>20 Pooja Patwa</b>			
Remuneration Paid	<b>120,000</b>		-

**44 Previous year figures**

Previous year's figures have been regrouped or reclassified wherever necessary to confirm to the current period's presentation.

For K M Swadia & Co.  
Chartered Accountants  
FRN - 110740W

CA. Archit D Antani  
Partner  
M. No. - 149221

Place : Vadodara  
Date : September 07, 2020

For HARISH TEXTILE ENGINEERS LIMITED  
(CINL29119MH2010PLC201521)

Sandeep Gandhi  
DIN : 00941665  
Managing Director

Hitendra Desai  
DIN :00452481  
Whole Time Director

Pooja Patwa  
Company Secretary  
& Compliance Officer  
Place : Mumbai  
Date : September 07, 2020

Pinkesh Upadhyay  
Chief Financial Officer