

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is about maintaining a valuable relationship and trust with all the stakeholders. We consider stakeholders as partners in our success and remain committed to maximizing the stakeholders' value. We are committed to the principles of good governance and believe that good governance generates goodwill amongst the stakeholders.

Your Company continues to lay great emphasis on the highest standards of Corporate Governance. The Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fairness and independence in its decision making. Your Company has a strong legacy of conducting its business and operations in ethical, strong and transparent manner with due compliance of all the laws.

The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations. It is an upward-moving target that we collectively strive towards achieving. Your company confirms compliance of Corporate Governance as contained in chapter IV read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of which are given below:

1. BOARD OF DIRECTORS

Your Company believes that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. The Company has a balanced Board with optimum combination of Executive and Non-Executive Directors to ensure independent functioning and the current composition of the Board is in conformity with Regulation 17(1) of the Listing Regulations.

As at March 31, 2018 the Composition of the Board and category of Directors are as follows:

COMPOSITION OF THE BOARD:-

CATEGORY	NO. OF DIRECTORS	% TO TOTAL NO. OF DIRECTORS
Executive Directors	2	33.00%
Non-Executive Independent	2	33.00%
Non-Executive Non-Independent	2	33.00%
	6	100.00%

CATEGORY OF DIRECTORS:-

CATEGORY	NAME OF THE DIRECTOR
Executive Directors	Mr. Sanjay kumar Todi
	Mrs. Archana Todi
Non-Executive Independent	Mr. Laxmi Kant Shah
	Mr. Abhishek Modi
Non-Executive Non- Independent	Mr. Om Prakash Todi
	Mr. Krishna Kumar Todi

Certificates have been obtained from the Independent Directors confirming their position as 'Independent Director' on the Board of the Company in accordance with Section 149 of the Companies Act, 2013 read with Regulation 16(1) (b) of the SEBI (LODR) Regulations.

None of the Independent Directors of the Company serves as a whole-time director of any listed Company or hold directorship in more than seven listed companies. Also note that none of the Directors hold directorship in more than ten public companies and also none of them are members of more than ten committees or Chairperson of more than five committees across all the Companies in which they are Director.

Details of Board Meetings held during the financial year ended March 31, 2018:

During the financial year ended March 31, 2018, the Board Seven times (7) on April, 25, 2017, June, 20, 2017, August, 31, 2017, November 24, 2017, December 20, 2018, January 10, 2018, and March 26, 2018. The maximum gap between any two Board Meetings was less than 120 days. All material information was circulated to the directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board as prescribed under Regulation 17 of the Listing Regulations and as such the Company has complied with the Regulations of the Companies Act, 2013 and SEBI (LODR) Regulations, 2013.

The details of directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships / memberships held by the Directors during the year are as follows:

NAME OF DIRECTOR	NUMBER OF BOARD MEETINGS ATTENDED	ATTENDANCE AT THE	NO. OF DIRECTORSHIPS IN OTHER COMPANIES	NO. OF COMMITTEE MEMBERSHIPS IN OTHER COMPANIES	
				Chairman	Member
Mr. Sanjay Todi	8	Yes	8	Nil	Nil
Mr. Om Prakash Todi	8	Yes	20	Nil	Nil
Mrs. Archana Todi	8	Yes	5	Nil	Nil
Mr. Krishna Kumar Todi	8	Yes	19	Nil	Nil
Mr. Abhishek Modi	8	Yes	3	Nil	Nil
Mr. Lakshmi Kant Shah	8	Yes	2	Nil	Nil

Notes:

- I. As per Regulation 26 of SEBI (LODR) Regulations, 2015 Membership and Chairmanship of Audit Committee and Stakeholders Relationship Committee are only considered.
- II. The Executive Directors of the Company, Mr. Sanjay Kumar Todi and Mrs. Archana Todi are related to each other in terms of the definition of relative as per section 2(77) of the Companies Act, 2013. Declarations in this regard have been received by the Company. None of the Non-Executive Directors of the Company has any pecuniary relationships or transactions with the company.

2. BOARD PROCEDURE

The Board Meetings of the Company are governed by a structured agenda. The Board meetings are generally held at the Administrative office of the Company at Kolkata. The Company Secretary in consultation with the Managing Director finalizes the agenda of the Board meetings. All major agenda items, backed up by relevant and comprehensive background information, are sent well in advance of the date of the Board meeting(s) to enable the Board members to take informed decision.

Senior management personnel are invited from time to time to the Board meetings to make presentations on relevant issues or provide necessary insights into the operations / working of the Company and corporate strategies. The decisions taken on the agenda are promptly communicated to the concerned departments. The Action Taken Report (ATR) on the decisions of the previous meetings is placed at the succeeding meeting of the Board for review/noting. A similar procedure is followed for each meeting of the Board committees.

The Board periodically reviews Compliance Reports in respect of various laws and regulations applicable to the Company.

3. MEETING OF INDEPENDENT DIRECTORS

The Company's Independent Directors met on 30th March, 2018. The meeting was held without the presence of the Executive Directors or any management personnel. They inter-alia reviewed the performance of Non-Independent Directors and the Board as a whole, the quality, quantity, timeliness of flow of information from the management to the Board of Directors. The Independent Directors found the performance of Non-Independent Directors and the Board as well as flow of information between the Management and the Board to be satisfactory. All independent directors were present in the meeting.

4. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

All Directors, including Independent Directors, on induction are apprised of the nature of industry and the business model of the Company and the roles, rights, responsibilities in terms of Companies Act and related rules, SEBI LODR Regulations etc. and are provided with necessary documents, reports and policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board and Committee meetings on of the business and financial performance of the Company, audit plans, updates on compliances, regulatory scenario and regulatory changes which affect/ concern the Company, company policies, internal controls, investor relations etc.

Site visits to plant location are organized for the Independent Directors to enable them to understand the operations of the Company.

The details of such familiarisation programmes for Independent Directors are put up on the website of the Company and can be assessed at:
<http://www.haritextilemillsltd.com>.

5. DETAILS OF SHARES HELD BY NON-EXECUTIVE DIRECTORS OF THE COMPANY AS ON MARCH 31, 2018

Name of the Director	Number of Shares held
Ms. Laxshmi Kant Shah	Nil
Mr. Abhishek Modi	Nil

6. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

For the year under review, all the Directors and senior management have affirmed compliance with the provisions of their Code of Conduct. A declaration from the Managing Director of the Company is annexed and forms a part of this Report of Directors.

In terms of the Code of Conduct of Independent Directors as per Schedule IV of the Companies Act, 2013 w.e.f. April 01, 2014, the Board has adopted the said Code and all the Independent Directors have affirmed that they abide by the said Code. The Code of Conduct of Board of Directors, Independent Directors and Management Personnel are made available in the Company's official website:
<http://www.haritextilemillsltd.com>.

7. COMMITTEES OF THE BOARD:

The Board has constituted various committees to support the Board in discharging its responsibilities. There are four committees constituted by the Board – Audit Committee, and Nomination and Remuneration Committee. The Board is authorized to constitute

additional functional committees, from time to time, depending on its business needs.

The Board fixes the terms of reference and also delegates powers from time to time to the committees. Various recommendations of the committees are submitted to the board for approval. The minutes of the meetings of all the committees are circulated to the board for its information.

A. AUDIT COMMITTEE

i. Composition of Audit Committee:

The Audit Committee comprises of followings Directors as members:

Name of the Director	Category	Position
Sanjay Kumar Todi	Executive Director	Member
Laxshmi Kant Shah	Independent Director	Chairman
Abhishek Modi	Independent Director	Member

All the members of the committee possess sound knowledge of accounts, audit and are financial management expertise.

ii. Meetings and Attendance during the year:

During the year four (4) Audit Committee meetings were held i.e. on April 25, 2017, June 20, 2017, November 24, 2017, January 10, 2018 and the time gap between two meetings were less than one hundred and twenty days.

The attendance record of the Members at the Audit Committee meetings held during the year ended 31st March, 2018 is as follows:

Name of Director	No. of Meetings	
	Held	Attended
Sanjay Kumar Todi	4	4
Laxshmi Kant Shah	4	4
Abhishek Modi	4	4

The Chief Financial Officer, Internal Auditors and Statutory Auditors were present in some Audit committee meetings as invitees.

The audit committee met prior to the finalization of the accounts for the year ended 31st March, 2018.

The chairman of the Audit Committee, Mr. Laxshmi Kant Shah was present in the last Annual general Meeting held on 25.09.2017.

iii. Terms of Reference:

The terms of reference, role and scope of the Audit Committee are in line with Regulation 18(3) read with Part C of Schedule II of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013 which inter alia include:

- Overseeing the Company's financial reporting process, and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the appointment, remuneration and term of appointment of the Auditors;
- Approval for payment to the Auditors for any other services rendered by them;
- Reviewing with the management the quarterly/ annual financial statements and the limited liability/auditor's report thereon including report on adequacy of internal financial control before submission to the Board for approval;

- e) Reviewing performance of the statutory and internal auditors, adequacy of the internal control systems, discussion with Internal Auditors of any significant findings and follow up there on;
- f) Approval of related party transactions and subsequent modification of transactions, if any;
- g) Reviewing the findings of any internal investigations by the Internal Auditors, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- h) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- i) Other matters as set out in Section 177 of the Companies Act, 2013 and the rules made thereunder and under Part C of Schedule II read with Regulation 18(3) of the SEBI (LODR) Regulations, 2015 and referred to it by the Board of Directors.

B. NOMINATION & REMUNERATION COMMITTEE:

i. Composition of Nomination & Remuneration Committee:

The Nomination & Remuneration Committee comprises of followings Directors as members:

Name of the Director	Category	Position
Abhishek Modi	Independent Director	Member
Laxmi Kant Shah	Independent Director	Member

ii. Meetings and Attendance during the year:

During the year ended 31st March, 2018, two (2) Nomination & remuneration committee meetings were held on May 22, 2017 and March 30, 2018.

The attendance record of the Members at the Nomination & remuneration committee meetings held during the year ended 31st March, 2018 is as follows:

Name of Director	No. of Meetings	
	Held	Attended
Abhishek Modi	2	2
Laxmi Kant Shah	2	2

iii. Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee are in line with Regulation 19(4) read with Part D of Schedule II of the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013 and the rules framed thereunder which inter-alia includes:

- a) To identify persons who are qualified to become directors and who may be appointed in senior management and recommend their appointment and / or removal to the Board of Directors of the Company;
- b) To formulate a criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- c) To formulate a criteria for evaluation of Independent Directors and the Board;
- d) To devise a policy on diversity of Board of Directors;

- e) To review and recommend remuneration of Managing Directors / Whole time directors based on their performance and defined assessment criteria.
- f) Other matters as set out in Section 178 of the Companies Act, 2013 and the rules made thereunder and under Part D of Schedule II read with Regulation 19(4) of the SEBI (LODR) Regulations, 2015 and referred to it by the Board of Directors.

iv. Performance Evaluation Criteria for Independent Directors

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as business understanding, communication skills, ability to exercise objective judgment in the best interests of the Company, attendance at the meetings and on specific criteria which include commitment, guidance to Management, deployment of knowledge and expertise, management of relationship with various stakeholders, independence of behavior and judgment, maintenance of confidentiality and contribution to corporate governance practices within the Company.

The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation process, the Directors who are subject to evaluation had not participated.

C. Remuneration to directors:

In terms of the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR), the Nomination and Remuneration Committee (NRC) is responsible for formulating the criteria for determining qualification, positive attributes and independence of Directors. The NRC is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management. In line with this requirement, the Board had adopted the Nomination

and Remuneration Policy. The Policy is annexed and forms a part of the report.

Details of remuneration paid to the Executive Director(s) for the financial year 2017-18 are as follows:

Name of the Director	Remuneration (Rs.)
Mrs. Archana Todi	1,20,000
Mr. Sanjay Todi	1,20,000

The compensation paid to the Director is within the scale approved by the shareholders. The compensation is determined based on the level of responsibility and scales prevailing in the industry. The executive directors are not paid sitting fees for any board/committee meetings attended by them.

The Company does not have any stock option plan or performance-linked incentive for the Director(s).

8. Reconciliation of Share Capital Audit

In line with the requirements stipulated by Securities Exchange Board of India (SEBI), Reconciliation of Share Capital Audit is carried out on a quarterly basis by a practicing Company Secretary to confirm the aggregate number of equity shares in National Securities Depository Limited (NSDL), Central Securities Depository Limited (CSDL) and in physical form tally with the total number of issued, paid up, listed and admitted capital of the Company.

9. Subsidiary Company

As on 31st March, 2018, the Company has no subsidiary Companies.

10. General Body Meetings

During the preceding three years, the company's Annual General Meetings were held at 19, Amratolla Street, Kolkata – 700 001.

The date and time of Annual General Meetings held during last three years and special resolution passed thereat, are as follows:

Year	Date	Time	Special Resolution Passed
2016-17	25.09.2017	11.00 a.m.	Nil
2015-16	26.09.2016	11.00 a.m.	Nil
2014-15	30.09.2015	11.00a.m.	Nil

No Extra-ordinary general meeting of the Members was held during the Financial Year ended March 31, 2018.

There was no special resolution requiring voting through postal ballot during the Financial Year ended March 31, 2018.

There is no special resolution proposed to be conducted through postal ballot till the holding of the AGM. However one Special resolution is proposed regarding the sale of the land as specified in the notice.

Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of the Companies (Management and Administration) Rules, 2014, including any amendment thereof.

11. MEANS OF COMMUNICATION

Quarterly results: The Company immediately after conclusion of the meetings of the Board of Directors, within the prescribed time, uploads the quarterly/Annual financial results on the website "Listing Centre" of CSE Limited and simultaneously uploads the same on the Company's website <http://www.haritextilemillsltd.com>.

a) **Website:** The Company's website (<http://www.haritextilemillsltd.com>) contains a separate dedicated section "Investor Relations" where shareholders' information is available. The Company's Annual Report is also available in a downloadable form. All official news releases and filings made to the Stock Exchanges are updated on the Company's website.

b) **Presentations to institutional investors/ analysts:** Will be complied with whenever applicable/made.

c) **Annual Report:** The Annual Report containing, inter alia, Audited Standalone Financial Statement, Consolidated Financial Statement, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Directors' Report in the Annual Report.

d) **SEBI Complaints Redress System (SCORES):**

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are - Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

e) **Designated Exclusive email-id:**

The Company has designated the following email-id exclusively for investor servicing: haritexltd@gmail.com;

12. GENERAL SHAREHOLDER INFORMATION

a) **Annual General Meeting :**

Date : September 25, 2018
Day : Tuesday
Time : 11:30 AM

Venue: 19, Amratolla Street
Kolkata – 700 001

b) Book Closure Period

The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, September, 18, 2018 to Tuesday, September 25, 2018 (both days inclusive) for the purpose of the 44th Annual General Meeting.

c) Dividend Payment Date

Your Directors have not recommended any dividend for the FY 2017-18.

d) Listing on Stock Exchange & Stock Code

The Company's shares are listed on the following Stock Exchanges:

Name of the Stock Exchange	Address	Stock Code
Calcutta Stock Exchange Limited (CSE)	7, Lyons Range, Kolkata – 700 001	18095

The listing fees for the year 2017-18 and 2018-19 have been paid to the above Stock Exchanges where the securities of the Company are listed.

e) Stock Market Price Data

Month	CSE Limited (CSE)	
	Month's High Price	Month's Low Price
Apr – 17	0 (specify there is no trading). Zero giving	0

	confusing message	
May – 17	0	0
June – 17	0	0
July – 17	0	0
Aug – 17	0	0
Sep – 17	0	0
Oct – 17	0	0
Nov – 17	0	0
Dec – 17	0	0
Jan – 18	0	0
Feb – 18	0	0
Mar – 18	0	0

f) The shares of the Company have not been suspended from trading.

13. DISCLOSURES

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

None of the transactions with related parties were in conflict with the interests of the Company at large. However all related party transactions have been reported and forms part of notes to accounts of the Balance Sheet. The Company has adopted a policy for dealing with the related party transactions and the same has been disclosed at www.rsdfinancelimited.com

B. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets, during the last three years:

None, All reports/ returns have been filed within the stipulated time with the Stock Exchange/ regulatory authorities.

C. Accounting treatment in preparation of Financial Statements:

The guidelines/ accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) and prescribed under Section 133 of the Companies Act, 2013, have been followed in preparation of the financial statements of the Company.

D. Whistle Blower Policy/Vigil Mechanism:

The Company has a Vigil Mechanism/ Whistle-Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. A facility is available to report to the management, on a confidential basis, any practices or actions believed to be inappropriate or illegal under the Company's Code of Conduct. The Code provides for adequate safeguards against victimization of director(s)/employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

This mechanism has been communicated to all concerned and posted on the Company's website <http://www.haritextilemillsltd.com>.

During the year under review, no employee was denied access to the Audit Committee.

E. The Company has complied with the mandatory requirements of listing regulations. Further, the

Company has also put its best endeavor to comply non mandatory requirements.

F. The Company has framed a Material Subsidiary Policy and the same is placed on the Company's website and the web link for the same is www.haritextilemillsltd.com.

G. During the FY ended March 31, 2018 the Company did not engage in commodity price risk and commodity hedging activity.

14. Compliance with the Code of Conduct

The Company has adopted the "Code of Conduct for Directors & Senior Management Personnel" and "Code of Conduct for Independent Directors". The Code incorporates the duties of Directors and Employees. The Codes are available on the website of the Company at <http://www.haritextilemillsltd.com>.

The Managing Director of the Company has given a declaration that he members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of conduct of Board of Directors and senior management during the FY17-18. The said declaration has been made as an annexure to the Report of Directors forming part of this Annual Report.

15. Certificate on Corporate Governance:

Pursuant to Schedule V of the SEBI LODR, the Certificate from Statutory Auditors on Corporate Governance is annexed hereinafter.

16. Certificate by Managing Director:

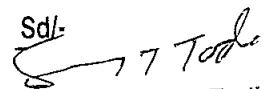
In terms of Regulation 17(8) and Part B of Schedule II of SEBI (Listing Obligations and Disclosure requirements) Regulation, 2015, a certificate from the Chief Executive Officer (CEO) of the Company confirming, amongst other aspects, the correctness of the financial statements, adequacy of internal control measures and

“ :
matters to be reported to the Audit Committee, were taken on record at the Board meeting held on 31st July, 2018 convened for approval of the audited financial results of the Company for the year under review and the same is annexed to the financial statements and forms a part of this Annual Report.

Place: Kolkata
Date: 31st July, 2018

For and on behalf of BOD

Sd/-



Sanjay Kumar Todi
Managing Director

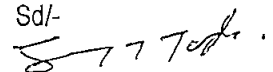
CERTIFICATE ON COMPLIANCE WITH CODE OF CONDUCT

To,
The Members of Hari Textile Mills Limited

Sub: Declaration by the Managing Director under Para D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, Sanjay Kumar Todi, Managing Director of M/s. Hari Textile Mills Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended March 31st, 2018.

Sd/-



Sanjay Kumar Todi
Managing Director

Place: Kolkata
Date: 31st July, 2018

MANAGING DIRECTOR (MD) CERTIFICATION

To,

The Board of Directors
Hari Textile Mills Limited

1. We have reviewed financial statements and the cash flow statement of Hari Textile Mills Limited for the year ended 31st March, 2018 and that to the best of our knowledge and belief:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and Fairview of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

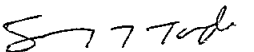
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across and are not aware of any reportable deficiencies in the design or operation of such internal controls.

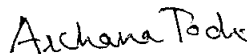
4. We have indicated to the Auditors and the Audit Committee:

- (a) that there are no significant changes in internal control over financial reporting during the year;
- (b) that there are no significant changes in accounting policies during the year; and
- (c) that there are no instances of significant fraud of which we have become aware.

Sd/-


SANJAY KUMAR TODI
Managing Director

Sd/-


Archana Todi
Director

Place: Kolkata
Date: 31st July, 2018

HARI TEXTILE MILLS LIMITED