

DIRECTORS' REPORT

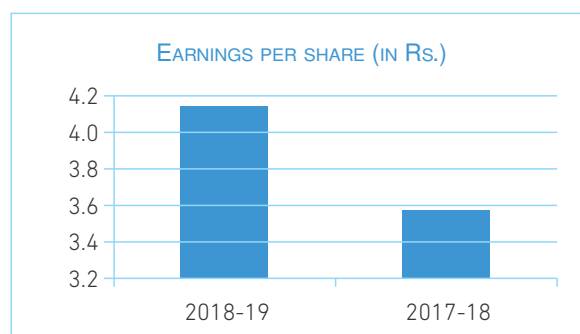
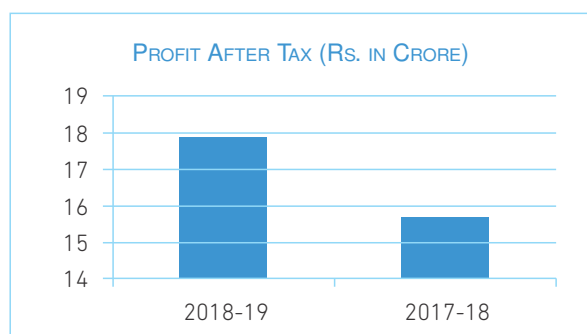
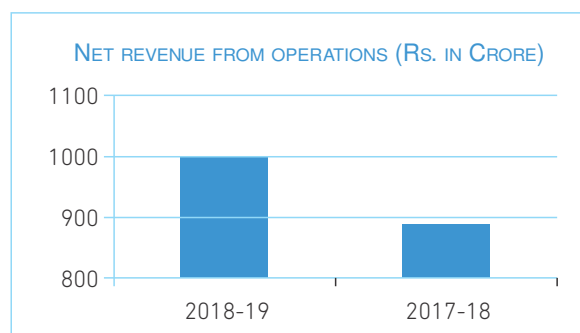
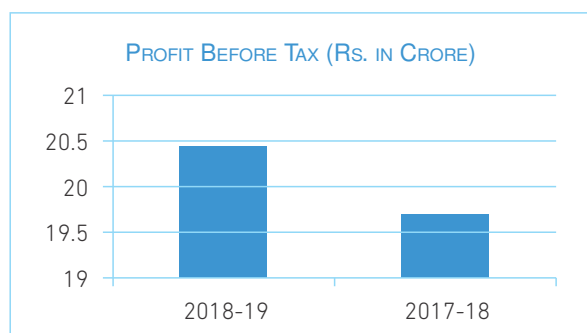
To,
The Members
Vishal Fabrics Limited

Your Directors are pleased to present the 34th Annual Report along with Audited Financial Statements for the financial year ended 31st March, 2019.

1. FINANCIAL HIGHLIGHTS

(Rs. in crores)

PARTICULARS	2018-19	2017-18
Net revenue from operations	998.49	890.94
Less : Expenditure	979.02	872.39
Profit Before Depreciation & Tax	49.75	33.34
Less : Depreciation	29.31	13.67
Profit Before Tax	20.45	19.68
Less : Provision for Taxation (Including Deferred Tax)	2.59	4.05
Profit After Tax	17.86	15.63
Earnings per share (in Rs.)	4.07	3.56



2. STATE OF COMPANY'S AFFAIRS AND PERFORMANCE OF THE COMPANY DURING THE YEAR

During the year under review, your Company has achieved a turnover of Rs. 998.49/- Crore as compared to a turnover of Rs. 890.94/- Crore over the previous financial year which shows increase of 12.07%. The profit before depreciation and tax was Rs. 49.75 /- crore which increased by 49.22 % as compared to previous year. Further the profit after tax was Rs. 17.86/- Crore as compared to net profit of Rs. 15.63/- Crore in the previous year, which increased by 14.27%.

The Performance of the Company has been comprehensively discussed in the Management Discussion and Analysis Report (forming part of the Annual Report) based on the reports of the each of the units of Company.

3. DIVIDEND

The Company concerned for organic growth and Capital expenditure therefor the Board of Director has not recommended any dividend during the year.

In pursuant to Regulation 43A of the SEBI (LODR) Regulations, 2015, the company has formulated a Dividend



Distribution Policy which was approved and adopted in the Board Meeting and the same is available on company's weblink as <https://vishalfabricsltd.com/wp-content/uploads/2018/11/Dividend-Distribution-Policy.pdf>.

4. TRANSFERS TO RESERVES

During the financial year under review, the company has transferred the entire amount of Profit to Reserve and surplus account as per detail provided in the note of the financial statement.

5. CHANGE IN CAPITAL STRUCTURE

The paid-up equity share capital of the Company as on 31st March, 2019 was Rs. 2195.67/- lacs (43913334 Equity Shares of Rs. 5/- each) During the year under review, the Company has not issued shares or convertible securities or shares with differential voting rights nor has granted any stock options or sweat equity or warrants. As on March 31, 2019, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

6. PERFORMANCE OF SUBSIDIARY COMPANY

The Company has no subsidiaries therefor not require to provide detail of performance of subsidiary Company.

7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note to the financial statements.

8. EXTRACT OF ANNUAL RETURN

In pursuant to Section 92 of the Companies Act, 2013 the Extract of the Annual Return in Form MGT - 9 is available on company website at <https://vishalfabricsltd.com/annual-reports/> and also annexed as **Annexure - I**.

9. RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties for the year under review were on arm's length basis and there are no material related party transactions thus a disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required. All related party transactions are mentioned in the notes to the accounts.

All Related Party Transactions are placed before the Audit Committee for approval. Omnibus approval was obtained on a yearly basis for transactions which are of repetitive nature. A statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and approval on a quarterly basis.

The Policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of

the Company and can be seen at the link <https://vishalfabricsltd.com/wp-content/uploads/2018/11/Related-Party-Policy.pdf>. None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company except remuneration and sitting fees.

10. CREDIT RATING

The Credit Rating of your Company is strengthened. It is BWR BBB+ (pronounced Triple B Plus) for long term facilities and BWR A2 (pronounced A Two) for short term bank loan facilities respectively. The said ratings are being provided by Brickwork Ratings India Pvt. Ltd.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Composition of the Board is in accordance with the statutory provision and following changes occurred in the Board of Directors and Key Managerial Personnel:

DIRECTOR

- Mr. Ponnusamy Shanmugaraja (DIN: 08013737) who was appointed as Whole Time Director of the Company in the category of Executive Non-Independent Director has resigned from office with effect from 20th March, 2019.
- Mr. Ravindra Bajaj (DIN: 08243855) has appointed as an Additional Director in the category of Executive Non-Independent Director w.e.f. 25th May, 2019

KEY MANAGERIAL PERSONNEL (KMP)

- Mrs. Tanushree Dave has resigned from the post of the Company Secretary & Compliance Officer w.e.f. 09th April, 2018.
- Mr. Deepak Vyas was appointed as Company Secretary & Compliance Officer w.e.f. 29th May, 2018.
- Mr. Mahesh Kawat, has resigned from the post of Chief Financial Officer (CFO) of the Company w.e.f. 5th April, 2019.
- Mr. Vinay Thadani was appointed as Chief Financial Officer (CFO) of the Company w.e.f. 25th May, 2019.

The composition of the Board of Directors and its Committees are provided in the Corporate Governance Report, which forms part of the Annual Report.

12. NUMBER OF BOARD AND COMMITTEE MEETINGS

The Board meets once in every quarter to review the quarterly financial results and other items of the agenda and if necessary, additional meetings are held as and when required. The intervening gap between the meetings was within the period prescribed under SEBI (LODR) Regulations, 2015 & Companies Act, 2013. The agenda is circulated well in advance to the Board members. The items in the agenda are backed by comprehensive background information to enable the Board to take



appropriate decisions. The details of the Board and its Committees meetings and attendance of Directors at such meetings are provided in the Corporate Governance Report, which forms part of the Annual Report.

13. MEETING OF INDEPENDENT DIRECTORS

During the year under review, the Independent Directors met on 13th February, 2019 inter alia, to discuss:

- Review of the performance of Non-independent Directors and the Board of Directors as a whole.
- Review of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Assess the quality, content and timeliness of flow of information between the management and
- To ensure the Board effectively and reasonably perform its duties.

All Independent Directors were present at the meeting.

14. DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received necessary declarations from each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (LODR) Regulations, 2015.

15. CRITERIA FOR APPOINTMENT OF INDEPENDENT DIRECTORS

An Independent Director shall be a person of integrity and possess appropriate balance of skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing and technical operations or any other discipline related to the Company's business. The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the year ended 31st March, 2019 except for payment of sitting fees.

16. CRITERIA FOR APPOINTMENT OF MANAGING DIRECTORS / WHOLE - TIME DIRECTORS.

The appointment is made pursuant an established procedure which includes assessment of managerial skills, professional behavior, technical skills and other requirements as may be required and shall take into consideration recommendation, if any, received from any member of the Board.

In compliance with Section 178(3) of the Companies Act, 2013 and Regulation 19(4) of the SEBI (LODR) Regulations, 2015 the company has formulated Nomination and Remuneration Policy for determining qualifications, positive attributes and independence of directors and other matters related to appointment of Directors.

The Nomination and Remuneration Policy as approved by

the Board of Directors has been uploaded on the website of the Company and can be seen at the link <https://vishalfabricsltd.com/wp-content/uploads/2018/11/Nomination-and-Remuneration-Policy.pdf>.

17. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company has a Policy on Corporate Social Responsibility and the same has been posted on the website of the Company at <https://vishalfabricsltd.com/wp-content/uploads/2018/11/CSR-Policy.pdf>. The Annual Report on CSR activities in terms of the requirements of Companies(Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure - II**, which forms part of this Report.

18. FORMAL ANNUAL EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee has laid down the criteria for evaluation of the performance of individual directors and the Board as a whole. Based on the criteria the exercise of evaluation was carried out through a structured process covering various aspects of the Board functioning such as composition of the Board and committees, experience & expertise, performance of specific duties & obligations, attendance, contribution at meetings, etc. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Director. The performance evaluation of the Independent Directors was carried out by the entire Board (excluding the Director being evaluated). The Directors expressed their satisfaction with the evaluation process.

19. AUDITORS AND AUDITORS' REPORT

A. STATUTORY AUDITORS

M/s. Nahta Jain & Associates, Chartered Accountants (FRN: 101801W) was appointed as Statutory Auditors of the Company for a period of five consecutive years at the Annual General Meeting (AGM) of the Members held on September 20, 2018 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors and the requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 07, 2018.

The Auditors' Report for F.Y. 2018-19 forms part of this Annual Report and do not contain any qualification, reservation or adverse remark.

B. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment



and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Jatin Kapadia, Practising Company Secretary, (M.No.: 26725) to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report is annexed herewith as **Annexure - III**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

C. COST AUDITORS

In accordance with the provisions of Section 148 of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company has appointed M/s. A.G. Tulsian and Co., Cost Accountants (FRN: 100629) as the Cost Auditor of the Company for the financial year 2018-19.

The Board has re-appointed M/s. A.G. Tulsian and Co., Cost Accountants (FRN: 100629) as Cost Auditor to conduct the audit of cost records of your Company for the financial year 2019-20. The payment of remuneration to Cost Auditor requires the approval/ratification of the members of the Company and necessary resolution in this regard, has been included in the notice convening 34th AGM of the Company.

The Company maintains necessary cost records as specified by Central Government under sub-section 1 of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014.

The Cost Audit Report, in Form No. CRA-4 (XBRL mode), for the year ended March 31, 2018 was filed with the Central Government within the prescribed time.

D. INTERNAL AUDITOR

In accordance with the provisions of Section 138 of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company has appointed two Internal Auditors for the F.Y. 2019-20.

1. M/s. Haribhakti & Co. LLP, Chartered Accountants.
2. M/s. Jhaveri Shah & Co., Chartered Accountants.

20. CODE OF CONDUCT

The Board of Directors of the Company has laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company. The Board Members and the Senior Management personnel have affirmed compliance with the code for the year 2018 - 19. The said Code of Conduct has been posted on the website of the Company. A declaration to this effect is annexed and forms part of this report.

21. MANAGEMENT DISCUSSION AND ANALYSIS & CORPORATE GOVERNANCE REPORT

Pursuant to the provisions of the SEBI (LODR) Regulations

2015, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

22. PREVENTION OF INSIDER TRADING

Pursuant to the provisions of the regulations, the Board has formulated and implemented a Code of Conduct to regulate, monitor and report trading by its employees and other connected persons and Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information.

During the year under review, the Company has revised the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" ("Code of Fair Disclosure") to give effect to the SEBI [Prohibition of Insider Trading] (Amendment) Regulations, 2018 and the same is available on the Company's at <https://vishalfabricsltd.com/wp-content/uploads/2019/04/Code-on-Insider-Trading-updated-as-on-30.03.2019.pdf>

23. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has framed a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The said policy has been disseminated within the organization and has also been posted on the Company's website at <https://vishalfabricsltd.com/wp-content/uploads/2018/11/Vigil-Mechanism.pdf>

24. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT 2013

The Company has always believed in providing a safe and harassment free workplace for every individual working in its premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal), ACT 2013. An appropriate complaint mechanism in the form of "Complaints Committee" has been created in the Company for time-bound redressal of the complaint made by the victim All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year the Company has not received any complaints of sexual harassment.

25. PUBLIC DEPOSITS

Your company has not accepted any Deposits from the public during the year under review.

26. RISK MANAGEMENT



The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

27. INTERNAL CONTROL SYSTEM

The Company has adequate internal control systems for business processes, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations etc. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The system is improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

28. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (C) of the Companies Act, 2013, the Directors confirm that:

- (i) that in the preparation of the accounts for the financial year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2019 and of the profit of the company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the Directors have prepared the accounts for the financial year on going concern basis;
- (v) the Directors have laid down internal financial controls, which are adequate and were operating effectively;
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

29. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, required to be disclosed by Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, are provided in the **Annexure - IV** to this report.

30. PARTICULARS OF EMPLOYEES

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure - V** to this Report.

31. INSURANCE

All assets of the company including inventories, building, plant and machineries are adequately insured.

32. LISTING OF SHARES

Your Company's shares are listed at BSE Limited and the listing fee for the year 2019-20 has been duly paid.

33. APPRECIATION AND ACKNOWLEDGMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from the Banks, customers, business associates and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, employees, staff and workers of the Company.

For and on behalf of the Board

Brijmohan D. Chiripal

Managing Director

DIN:00290426

Amit Kadmwala

Whole-time Director

DIN: 07016454

Date: 13th August, 2019

Place: Ahmedabad

