

Board's Report

**To,
The Members,
Hawa Engineers Limited**

Your Directors have pleasure in presenting the Twenty Seventh Annual Report together with the Audited Statements of Accounts for the Year ended 31st March, 2020.

FINANCIAL HIGHLIGHTS AND PERFORMANCE OF THE COMPANY:

(Amounts in rupees)

Particulars	Year Ended 31/03/2020	Year Ended 31/03/2019
Revenue from Operations	47,19,55,265	50,50,26,568
Other Income	32,01,992	45,70,919
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	3,01,34,191	3,76,60,384
Less: Depreciation/ Amortisation/ Impairment	85,27,920	92,06,138
Profit /loss before Finance Costs, Exceptional items and Tax Expense	2,16,06,271	2,84,54,246
Less: Finance Costs	1,29,68,602	1,79,82,566
Profit /loss before Exceptional items and Tax Expense	86,37,669	1,04,71,680
Add/(less): Exceptional items	0	0
Profit /loss before Tax Expense	86,37,669	1,04,71,680
Less: Tax Expense (Current & Deferred)	1,66,776	31,15,712
Profit /loss for the year (1)	84,70,893	73,55,968
Total Comprehensive Income/loss (2)	0	0
Total (1+2)	84,70,893	73,55,968
Balance carried forward	10,41,41,944	9,63,18,643

OPERATIONAL OVERVIEW:

During the Year under review, the total revenue from operations (gross) of your Company stood at Rs. 4,71,955,265 as against Rs. 50,50,26,568 for FY 2018-19. However, Earnings before interest, tax, depreciation and amortization (EBITDA) were Rs. 3,01,34,191 registering a growth as against Rs. 3,76,60,384, in 2018-19. Profit after tax (PAT) for the year was Rs. 84,70,893 over the PAT of Rs. 73,55,968 in 2018-19. The movement of finished products from factory, arrangement of raw materials etc. was satisfactory in comparison to previous financial year. The staff and workers put their sincere effort in the operation of the plant and achieving efficiency in the production level.

Your Directors have taken appropriate remedial action to mitigate the adverse circumstances and are hopeful of better performance and results during the current year.

Your Company has taken effective steps to improve its production and sales during the year under review.

AMOUNT, IF ANY, WHICH THE BOARD PROPOSES TO CARRY TO ANY RESERVES:

The Company proposes to transfer Rs. 75,00,000 to the general reserve out of the amount available for appropriation and an amount of Rs. 75,00,000 is proposed to be retained in the profit and loss account.

DIVIDEND:

The Company has made the profits during the year, but to conserve the resources, the Directors do not recommend Dividend this year.

CHANGE IN THE NATURE OF BUSINESS:

There is no change in the nature of the business of the company.

COVID 19 IMPACT:

Due to the outbreak of Coronavirus Disease 2019 (COVID-19), declared a pandemic by the World Health Organization, the nationwide lockdown was imposed by the Central and State Government(s) to control the spread of the disease. Accordingly, the manufacturing facilities of the Company remained closed from 25th March, 2020 to 2nd June, 2020. In compliance with the directives issued by the Government, the Company resumed partial operations on 3rd June, 2020 in a phased manner. The Company ensured the health and safety of all involved stakeholders by enforcing all publish Government guidelines for social distancing and safety. As per the resumption plan of the Company, operations will be ramped-up gradually aligned with the market outlook.

The aforesaid lockdown has disturbed the economic activity through interruption in manufacturing process, disruption in supply chain, etc. The Company believes that due to strong business fundamentals, this pandemic may not have a significantly adverse impact on the operations and performance of the Company in the long term. Furthermore, the Company has also constituted an internal cross-functional COVID task force that is monitoring the situation on a real time basis for immediate course corrections and stabilising business operations.

MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR:

“There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.”

SHARE CAPITAL:

The Paid-up Equity Share Capital of the Company as on 31st March, 2020 is Rs. 3,52,64,000/- comprising of 35,26,400 shares of Rs. 10/- each. During the year under review, the Company has not issued any equity shares.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

DIN/DPID/ PAN	FULL NAME	DESIGNATION	DATE OF APPOINTMENT
00006879	Mr. Aslam Kagdi	Managing Director and CFO	01/06/2000
00006898	Mr. AsadKagdi	Jt. Managing Director	26/03/1999
00006940	Mr. Mohammedkhan Pathan	Whole Time Director	30/04/2004
01989939	Mr. Shad MdafzalRanginwala	Independent Director	31/01/2008
06487724	Mr. Anwarahmed Mohammed Javid Daruwala	Independent Director	15/02/2013
06967822	Mrs. Sabana Amjad Rehmani	Independent Woman Director	30/09/2014

Pursuant to the provisions of Section 152 (6) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) Mr. Mohammedkhan Pathan, (DIN: 00006940) Director of the Company is liable to retire by rotation at the ensuing AGM and being eligible offers himself for reappointment.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of section 164 of the Companies Act, 2013.

Mr. Aslam Kagdi, Chief Financial Officer and Ms. Shital Dalavadi, Company Secretary were Key Managerial Personnel on 31st March, 2020.

A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:

The Company has received Declaration from Mr. Shad Mdafzal Ranginwala, Mr. Anwarahmed Mohammed Javid Daruwala and Mrs. Sabana Amjad Rehmani, Independent Directors of the Company that they meet with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013 and Reg. 25 (8) & (9) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

NUMBER OF MEETINGS OF THE BOARD:

The Board met Five times during the Financial Year on 27th May 2019, 27th June, 2019, 9th August 2019, 13th November 2019 and 11th February 2020 the details of which are mentioned below the intervening gap between any two meetings was within the period prescribed under Companies Act, 2013.

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE:

The Audit Committee consists of the following members:

1. Mr. Anwarahmed Mohammed Javid Daruwala, Chairman
2. Mr. AsadKagdi, Member
3. Mr. Shad MdafzalRanginwala, Member

No. of Meeting of Audit Committee held during the year: 4

The Audit Committee met (4) Four times during the financial year on 27th May 2019, 9th August 2019, 13th November 2019 and 11th February 2020.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION:

The Current Policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board, and separate its functions of Governance and Management. As on 31st March, 2020, the Board consists of 6 Directors, 3 of whom are Executive, Managing Director or Whole-time Directors, and 3 are Non-Executive Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of directors, and other matters provided under Sub-section (3) of Section 178 of the Companies Act, 2013, adopted by Board, is available on Company website: www.hawaengltd.com.

FORMAL EVALUATION OF THE PERFORMANCE OF THE BOARD, COMMITTEES OF THE BOARD AND INDIVIDUAL DIRECTORS:

Pursuant to the provisions of 134(3)(p) the Companies Act, 2013 the Board has carried out the annual evaluation of the performance of the Board, its Committees and of individual directors has been made. The Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out

through a structured evaluation process covering various aspects of the Board's functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, contribution at the meetings and otherwise, independent judgment, governance issues etc.

PARTICULARS OF EMPLOYEES:

The ratio of remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as **Annexure-I**.

The details as required under Section 197 (12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel), 2014 there is no employee (except Managing Director, CFO, CEO and CS) in the Company employed throughout the financial year who has salary above Rs. 1 Crore 2 lacs per annum or employed in part of the financial year with average salary above Rs. 8.5 lacs per month.

The statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

INTERNAL FINANCIAL CONTROLS:

The Companies Act, 2013 read with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. The Company has devised proper system of internal financial control which is commensurate with size and nature of Business.

FRAUDS REPORTED BY THE AUDITOR:

During the Year under review, no frauds were reported by the Auditors (Statutory Auditor, Secretarial Auditor) to the Audit Committee/ Board.

SUBSIDIARIES AND ASSOCIATES:

No disclosure under the provisions of the Companies Act, 2013 and Rules made there under, is required by the Company as there is no Subsidiary, Associate or Joint Venture Company.

DEPOSITS:

Pursuant to Section 73 and 74 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rule, 2014, the Company has not accepted or renewed any Public Deposits during the year.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Loans, Guarantees and investments covered under Section 186 of the Companies Act, 2013 forms part of the notes to the financial statements provided in this Annual Report.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

CORPORATE SOCIAL RESPONSIBILITY:

Section 135 of the Companies Act, 2013 and framed Rules thereunder provides that certain Companies are required to spend 2% of its average net profit during 3 preceding years on CSR activities. It also provides formation of CSR committee of the Board. The Rules prescribe the activities qualify under CSR and the manner of spending the amount. The company is not covered under section 135 of the Companies Act, 2013 and the Rules framed thereunder for the financial year under report. CSR Committee of the Board will be constituted at the time of applicability, of section 135 of the Act. Hence CSR report is no required to be annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

A) CONSERVATION OF ENGERGY:

i. Steps taken or impact on conservation of energy:

Though the company is not a power intensive unit, it has always emphasized the importance of energy conservation at each stage of operation and is in the process of implementing all possible measures of minimizing power consumption.

ii. Steps taken by the Company for utilizing alternative sources of energy:

Not Applicable

iii. Capital Investment on energy conservation equipments:

Not Applicable

B) TECHNOLOGY ABSORPTION:

i. Efforts made towards Technology Absorption:

Our Company has successfully introduced the Investment Casting Process in steel and Stainless steel of various grades in the manufacturing of Valves. The company's products have been modernized to confirm to international standards of API, BS and DIN.

ii. the benefits derived like product improvement, cost reduction, product development or import substitution:

Not Applicable

iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

Not Applicable

iv. the expenditure incurred on Research and Development:

Not Applicable

C) FOREIGN EXCHANGE EARNINGS AND OUTGOING:

Particulars	2019-20	2018-19
Foreign Exchange Earned	2,06,33,484/-	18,054,188/-
Foreign Exchange Out go	11,64,686/-	6,52,788/-

RISK MANAGEMENT:

Apart from normal business risk, no major risk is foreseen that in the opinion of the Board may threaten the existence of the Company. During the Year, the Board has decided that Audit Committee shall identify risk, assess, monitor, review and report the risk engaged in the business and shall also carry out the role of Risk Management.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has established a vigil mechanism and overseas through the Committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate

safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company. The board has approved a policy for vigil mechanism which has been hosted on the website of the Company at www.hawaengltd.com.

AUDITORS AND AUDITORS' REPORT:

M/s. Yusuf C. Mansuri & CO., Chartered Accountants, having ICAI Firm Registration No.111768W was appointed as Auditors of the Company, to hold office from the conclusion of 22nd Annual General Meeting till the conclusion of the 27th Annual General Meeting of the Company to be held in the Year 2020.

The Board of Director of the Company has received eligibility letter from M/s. Yusuf C. Mansuri & CO. for reappointment as the Auditors of the Company. In Board Meeting held on 29th June, 2020 The Board has recommended to Company for re-appointment of M/s. Yusuf C. Mansuri & CO., Chartered Accountants, having ICAI Firm Registration No.111768W as the Statutory Auditor of the Company to hold office for the Second Term for a period of 5 (Five) Consecutive Years, effective from the conclusion of 27th Annual General Meeting till the conclusion of the 32nd Annual General Meeting to be held in the calendar year 2025.

Further, M/s. Yusuf C. Mansuri & CO. Chartered Accountants, having ICAI Firm Registration No.111768W has show his unwillingness to act as Statutory Auditor of the Company in future, and requested the board of directors vide their letter dated 01st September, 2020, to not recommend to the shareholders to hold office for the Second Term for a period of 5 (Five) Consecutive Years, effective from the conclusion of 27th Annual General Meeting till the conclusion of the 32nd Annual General Meeting to be held in the calendar year 2025.

Board accept his unwillingness to be re-appointment as Statutory Auditor of the Company and appointed in Board Meeting was held on 02nd September, 2020 M/s N.M. PATHAK & CO. Chartered Accountants, having ICAI Firm Registration No.107786W as the Statutory Auditor of the Company to hold office for a period of 5 (Five) Consecutive Years, effective from the conclusion of 27th Annual General Meeting till the conclusion of the 32nd Annual General Meeting to be held in the calendar year 2025 and also to fix their remuneration, subject to member approval in an ensuing Annual General Meeting.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualifications.

SECRETARIAL AUDITOR:

The Board has appointed M/s Chirag Shah & Associates, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed herewith marked as **Annexure II** to this Report. One qualification is raised by the Secretarial Auditor in his Secretarial Audit Report for the year under review and the reply of the same is mentioned below in this Director's report.

INTERNAL AUDITORS:

M/s Jaykishan Darji & Co., Chartered Accountants, Ahmedabad have been re-appointed as Internal Auditor of the Company in terms of Section 138 of the Companies Act, 2013 and rules made thereunder, from Financial Year 2019-20 by the Board of Directors, upon recommendation of the Audit Committee.

EXPLANATIONS OR COMMENTS BY BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE:

(i) by the auditor in his report; There is no qualification, reservation or adverse remark or disclaimer in audit report issued by the auditors of the Company.

(ii) By the company secretary in practice in his secretarial audit report; Following qualification raised by the Secretarial Auditor in his Secretarial Audit Report:

Company has not complied with the provision of Regulation 31 of the Securities and Exchange Board of India (Listing Obligations and Disclosures and Requirement) Regulation 2015.

Reply of Director for above qualification raised by secretarial auditor:

Company is in process to make necessary compliance and company has informed the all the promoters to dematerialized it's all promoter shareholding pursuant to Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SECRETARIAL STANDARDS:

Your Company is in compliance with the provisions of the applicable Secretarial Standards issued by the Institute of Company Secretaries of India in terms of the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN:

As provided under Section 92(3) of the Act, the Extract of Annual Return in Form No. MGT 9 is available on the website of the Company at www.hawaengltd.com.

HUMAN RESOURCE:

The company has continued to maintain harmonious and cordial relations with its officers, supervisors and workers enabling the Company to maintain the pace of growth. Training is imparted to employees at all levels and covers both technical and behavioral aspects.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) read with Section 134 (5) of the Companies Act, 2013, the Board of Directors, state that:

- a. In the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act have been followed and there were no material departures from the same;
- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a 'going concern' basis;
- e. the Directors have laid down internal financial controls to be followed by the Company and that such internal finance controls are adequate and are operating effectively; and
- f. the Directors have devised proper systems devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

FORMAL ANNUAL EVALUATION:

The Board of Directors has carried out an annual evaluation of the performance of the Board, its committees and of individual directors has been made pursuant to the requirements of the Act and the Listing Regulations.

FAMILIARISATION PROGRAMME:

The Company undertook various steps to make the Independent Directors have full understanding about the Company. The details of such familiarisation programmes have been disclosed on the Company's website: www.hawaengltd.com.

PREVENTION OF INSIDER TRADING:

In January 2015, SEBI notified the SEBI (Prohibition of insider trading) Regulations, 2015 which came into effect from May 15, 2015. Pursuant thereto, the Company has formulated and adopted a new Code for Prevention of Insider Trading.

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Directors and the designated employees have confirmed compliance with the Code.

CORPORATE GOVERNANCE:

As provided under Regulation 15(2) of the SEBI (LODR) Regulations, 2015, the compliance with Corporate Governance as specified in Regulation 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V are not applicable to the Company as paid up share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

In accordance with the SEBI (Listing Obligation and Requirement) Regulations, 2015, the Management Discussion and Analysis Report are annexed to this Report as **Annexure-III**.

BUSINESS RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & under regulation 21 of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015, At present the company has not identified any element of risk which may threaten the existence of the company.

DISCLOSURES:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
5. There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2018-19 and the date of this Report.

DISCLOSURE REGARDING MAINTENANCE OF COST RECORDS:

The Company has maintained cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 as the said provision is applicable to Company.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention,

Prohibition and Redressal) Act, 2013 and Rules made there under. Your Company has constituted an Internal Complaints Committee across its commercial offices and Manufacturing sites.

There were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT:

The Directors wish to convey their gratitude and appreciation to all of the Company's employees for their tremendous personal efforts as well as their collective dedication and contribution to the Company's performance.

The Directors would also like to thank the employee unions, shareholders, customers, dealers, suppliers, bankers, government and all other business associates for their continued support extended to the Company and the Management.

**By order of Board of Directors
Hawa Engineers Limited**

Date: September 2, 2020

Place: Ahmedabad

**Sd/-
Aslam Kagdi
Chairman
DIN: 00006879**

