

**27<sup>th</sup> ANNUAL REPORT  
2019-2020**

**BOARD OF DIRECTORS:**

**Mr. Aslam Kagdi**  
Chairman, Managing Director & CFO

**Mr. Asad Kagdi**  
Joint Managing Director

**Mr. Mohammed Khan Pathan**  
Whole Time Director

**Mr. Shad Mdafzal Ranginwala**  
Independent Director

**Mr. Anwarahmed Mohammed Javid Daruwala**  
Independent Director

**Mrs. Sabana Amjad Rehmani**  
Independent Director

**KEY MANAGERIAL PERSONNEL:**

**Ms. Shital Dalavadi**  
Company Secretary

**AUDITOR:**

**Yusuf C. Mansuri & Co.**  
Chartered Accountant, Ahmedabad

**SECRETARIAL AUDITOR :**

**Chirag Shah and Associates**  
Company Secretaries, Ahmedabad

**PRINCIPAL BANKERS:**

**Canara Bank**  
Navrangpura, Ahmedabad

**REGISTRAR & TRANSFER AGENT:**

**Bigshare Services Pvt. Ltd**  
A-802, Samudra Complex, off C G Road,  
Navrangpura, Near Girish Cold Drinks  
Ahmedabad 380009  
Email Id: [bssahd2@bigshareonline.com](mailto:bssahd2@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)

**REGISTERED OFFICE:**

Plot No. 129, Near Kashiram Textile Mill,  
Narol Road, Ahmedabad - 382405  
CIN : L29120GJ1993PLC019199

**CONTACT DETAILS:**

Phone : 079-25320781/82/83/86  
E-Mail : [cs@hawaengltd.com](mailto:cs@hawaengltd.com)  
Website : [www.hawaengltd.com](http://www.hawaengltd.com)

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## NOTICE

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of Members of Hawa Engineers Limited will be held on Tuesday, 29<sup>th</sup> September, 2020 at 04:30p.m. through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”) to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020, together with the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mohammedkhan Pathan (DIN: 00006940), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To Appoint M/s N.M. PATHAK & CO. Chartered Accountants, having ICAI Firm Registration No.107786W as the Statutory Auditor and in this regard,

“RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the consent of the members of the Company, be and are hereby accorded for the appointment of 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 this Annual General Meeting till the conclusion of the 32<sup>nd</sup> Annual General Meeting to be held in the calendar year 2025 at such remuneration plus applicable taxes, reimbursement of out-of-pocket expenses, travelling and other expenses incurred in connection with audit to be carried out by them, as may be decided by the Board of Directors.

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

Date: September 2, 2020

Place: Ahmedabad

**Registered Office:**

Plot No. 129, Near Kashiram Textile Mill

Narol Road, Ahmedabad – 382405

CIN :L29120GJ1993PLC019199

**Sd/-**

**Aslam Kagdi**

**Chairman**

**DIN: 00006879**

### NOTES:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed, the Government of India, Ministry of Corporate Affairs allowed conducting Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and dispensed the personal presence of the members at the meeting. Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08,2020 Circular No.17/2020 dated April 13, 2020 and Circular No.20/2020 dated May 05,2020 prescribing the procedures and manner of conducting the Annual General Meeting through VC/OAVM. In terms of the said circulars, the 27<sup>th</sup> Annual General Meeting (AGM) of the members will be held through

VC/OAVM. Hence, members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participation in the meeting through VC/OAVM is as per note no.18 and available at the Company's website [www.hawaengltd.com](http://www.hawaengltd.com)

2. The helpline number regarding any query/assistance for participation in the AGM through VC/OAVM is 1800225533.
3. The relevant details, pursuant to Regulations 36(3) and 36(5) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of a Director seeking re-appointment and Auditor Appointment at this AGM are also annexed.
4. As per Section 102 Explanatory Statement is not given, there is no Special business is taken in Notice.
5. Pursuant to the Circular No.14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the member is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
6. The attendance of the Members attending AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. In line with the aforesaid Ministry of Corporate Affairs (MCA) Circulars, the Notice of AGM alongwith Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Member may note that Notice and Annual Report 2019-20 has been uploaded on website of the Company at [www.hawaengltd.com](http://www.hawaengltd.com). The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) respectively and the AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility) i.e. [www.evotingindia.com](http://www.evotingindia.com).
8. The Register of members and share transfer books of the Company will remain closed from Tuesday, 22<sup>nd</sup>September, 2020 to Tuesday, 29<sup>th</sup>September, 2020 (both days inclusive) for the purpose of Annual General Meeting.
9. Members seeking any information with regard to accounts are requested to write to the Company at least 10 days before the meeting so as to enable the management to keep the information ready.
10. Members holding the shares in physical mode are requested to notify immediately the change of their address and bank particulars to the R & T Agent of the Company. In case shares held in dematerialised form, the information regarding change of address and bank particulars should be given to their respective Depository Participant.
11. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual members holding shares in the physical form. The members who are desirous of availing this facility may kindly write to Company's R & T Agent for nomination form by quoting their folio number.
12. The Register of Director's and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection in electronic mode.

13. The Members can join the AGM through the VC/OAVM mode 15 minutes before and after the schedule time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 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 AGM without restriction on account of first come first served basis. A person who has acquired the shares and has become a member of the Company after the dispatch of the Notice of the AGM and prior to the Cut-off date i.e. Tuesday, 22<sup>nd</sup> September, 2020, shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or e-voting system on the date of the AGM by following the procedure mentioned in Point 16.  
Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC.
14. Process for those shareholders whose email ids are not registered:
  - a) For members holding shares in Physical mode- please provide necessary details like Folio No., Name of shareholder by email to [cs@hawaengltd.com](mailto:cs@hawaengltd.com)/ [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com).
15. Members holding shares in Demat mode can get their Email-ID registered by contacting their respective Depository Participant.
16. Process and manner for members opting for voting through Electronic means:
  - I. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL), as the Authorised e-voting agency for facilitating voting through electronic means. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL.
  - II. Members whose name are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date (record date) i.e. Tuesday, 22<sup>nd</sup> September, 2020, shall be entitled to avail the facility of remote e-voting as well as e-voting system on the date of the AGM. Any recipient of the Notice, who has no voting rights as on the Cut-off date, shall treat this Notice as intimation only.
  - III. A person who has acquired the shares and has become a member of the Company after the despatch of the Notice of the AGM and prior to the Cut-off date i.e. Tuesday, 22<sup>nd</sup> September, 2020 shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or e-voting system on the date of the AGM by following the procedure mentioned in this part.
  - IV. The remote e-voting will commence on Saturday, 26<sup>th</sup> September, 2020 at 9.00 A.M and ends on Monday, 28<sup>th</sup> September, 2020 at 5.00 P.M. During this period, the members of the Company holding shares either in physical form or in demat form as on the Cut-off date i.e. Tuesday, 22<sup>nd</sup> September, 2020 may cast their vote electronically. The members will not be

able to cast their vote electronically beyond the date mentioned above and the remote e-voting module shall be disabled for voting by CDSL thereafter.

- V. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
- VI. The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut-off date i.e. Tuesday, 22<sup>nd</sup> September, 2020.
- VII. The Company has appointed CS Chirag Shah, Practising Company Secretary (Membership No. FCS: 5545; CP No. 3498), to act as the Scrutinizer for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

The instructions for shareholders for remote voting are as under:

- (i) The voting period begins on **Saturday, 26<sup>th</sup>September, 2020 at 9.00 A.M and ends on Monday, 28<sup>th</sup>September, 2020 at 5.00 P.M.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, 22<sup>nd</sup>September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/mail) in the PAN Field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant HAWA ENGINEERS LTD on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.



- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
17. The results declared along with the Scrutiniser’s Report shall be placed on the Company’s website [www.hawaengltd.com](http://www.hawaengltd.com) and on the website of CDSL i.e. [www.cdslindia.com](http://www.cdslindia.com) within three days of the passing of the Resolutions at the 27<sup>th</sup> Annual General Meeting of the Company and shall also be communicated to the Stock Exchanges where the shares of the Company are listed.
18. **Instructions for members for attending the AGM through VC/OAVM are as under:**
1. Member will be provided with a facility to attend the AGM through VC/OAVM or view the live webcast of AGM through the CDSL e-voting system. Members may access the same at <https://www.evotingindia.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 EVSN of Company will be displayed.
  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. For ease of conduct, members who would like to ask questions may send their questions in advance atleast (7) days before AGM mentioning their name, demat account number/folio number, email id, mobile number at [cs@hawaengltd.com](mailto:cs@hawaengltd.com) and register themselves as a speaker will only be allowed to express their views/ask questions during the AGM.

**Since 27<sup>th</sup>AGM of the Company will be held through VC / OAVM Facility, therefore Route Map is not annexed to this Notice.**

19. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respects of electronic holding with the Depository through their concerned Depository Participants.
20. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to M/s. Bigshare Services Private Limited.
21. Disclosure under regulation 36(3) of the SEBI (listing obligations and disclosure requirements) regulations, 2015 and secretarial standard on general meetings issued by the institute of company secretaries of India, in respect of a director seeking re-appointment at this AGM are as follows:

**ITEM NO. 2**

**DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE 27<sup>TH</sup> AGM**

<b>NAME OF DIRECTOR</b>	<b>Mohammedkhan Pathan</b>
DIN	00006940
Date of Birth	16/07/1976
Date of first appointment	30/04/2004
Nationality	Indian
Terms and conditions of re-appointment	In terms of Section 152(6) of the Act, Mr. Mohammedkhan Pathan is liable to retire by rotation at the meeting.
No. of Board meeting attended during the financial year 2019-20	5
Expertise in Specific functional area/ Experience	Mr. Mohammedkhan Pathan has been working as Director of the company for More than 10 years' Experience in the field of Business Relation Marketing, Sales etc.
Qualification	M.E Mechanical
Directorship of other listed companies as of date	None*
Chairman/ Member of Committees (including Audit Committee & Stakeholder Committee)	None*
No of shares held in the Company	24900 Equity Shares of Rs. 10 each.
Remuneration sought to be paid and Remuneration last drawn.	Rs. 6,00,000 Remuneration last drawn.
Relationship with other Directors, Manager and Other Key Managerial Personnel of the Company	Does not have any relationship with any other Director.

**\*Note :** The Directorship held by director mentioned above do not include directorship of Private Limited Company.

**22. DISCLOSURE UNDER REGULATION 36(5) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**ITEM NO. 3**

The Audit Committee at its meeting held on 2<sup>nd</sup> September, 2020 and the Board of Directors at its meeting held on 2<sup>nd</sup> September, 2020 have recommended the appointment of M/s N.M. PATHAK & CO. Chartered Accountants, having ICAI Firm Registration No.107786Was the Statutory Auditor of the Company for a period of 5 (Five) consecutive years effective from the Conclusion of the 27th Annual General Meeting till the conclusion of the 32nd Annual General Meeting to be held in the calendar year 2025. Further, the Company has also received a consent letter stating that, if they are appointed as the Statutory Auditor of the Company, the same will be in accordance within the limits as specified under Section 139 and any other applicable provisions of the Companies Act, 2013 and Rules made thereunder. The said letter also contains that their Firm is eligible for appointment and is not disqualified for appointment under the Companies Act, 2013, the Chartered Accountants Act, 1949 and Rules and Regulations made thereunder and no order or pending proceeding relating to professional matters of conduct before the Institute of Chartered Accountants of India or any competent authority or any court is passed.

Additional information about Statutory Auditor pursuant to Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided below:



Details	Particulars
Proposed fees payable to the auditors in connection with the audit of the accounts of the Company for the financial year 2020-21	For FY 2020-21 Rs. 75,000/- (for Statutory Audit, Tax Audit and limited review fees) with authority to the Board to finalise/ revise the same during the tenure of five years. The above fee is excluding fees to be paid in other capacity, fee for certifications and reimbursement of expenses as per actuals.
Terms of appointment	M/s N.M. PATHAK & CO. (Firm Registration NO. 107786W) is proposed to be appointed as Statutory Auditor of the Company for a period of five (5) consecutive years from the conclusion of the 27 <sup>th</sup> AGM till the conclusion of 32 <sup>nd</sup> AGM of the Company.
In case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change	Not Applicable
Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) and branch auditor proposed to be re-appointed	<ol style="list-style-type: none"> <li>1. N.M. PATHAK &amp; CO. is a well-known firm of Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI) with Firm Registration NO. 107786W. The firm has presence in India for over 35 years. The firm apart from concluding audits provides expert services including internal audit/risk advisory services.</li> <li>2. N. M. PATHAK &amp; CO. is an esteemed Chartered Accountant firm established in 1985 with office at Ahmedabad, the firm currently has a diversified and passionate team of about 10 persons led by talented Proprietor having professional experience of 35 years. N. M. PATHAK &amp; CO. has been consistently amongst Ahmedabad eminent chartered accountancy firms since last few decades. Its clients include diversified large and medium business promoters which indicate its acceptability in the business world.</li> <li>3. N. M. PATHAK &amp; CO. service strategy is to provide clients single window services in an IT friendly environment. N. M. PATHAK &amp; CO. emphasis has been on Knowledge based Development with Specialist driven client service. Firm has an established quality assurance process where its practice quality is regularly resulting in constant up gradation of service quality and deliverables. Its service quality is evidenced through its association with some of the clientele for decades together.</li> </ol>

	<p>4. N. M. PATHAK &amp; CO. range of professional services includes Audit &amp; Assurance, Tax &amp; Regulatory Services, Business Advisory, Accounting &amp; Business Support, etc. M/s. N. M. PATHAK &amp; CO. Chartered Accountants firm duly registered under the Institute of Chartered Accountants of India and empanelled under RBI is having a work experience of more than 35 years in carrying on the profession of auditing of listed and non listed companies as well as firms, Accounting, Direct &amp; Indirect taxation, management Consultancy Services and company law matters.</p> <p>5. The firm complies with the relevant requirements of quality Control 1. Quality Control for Firms that perform audits and reviews of financial statements, and other assurance and related services engagements, and India SQC 1 Quality Control for firms that perform and review of historical financial information.</p>
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None of the Directors and/or Key Managerial personnel of the Company and their relatives are concerned or interested, financially, or otherwise, in the resolution set out at Item No.3 of the accompanying Notice.

The Board recommends the Ordinary Resolution set out at Item No.3 of the Notice for approval by the Members.

**Contact details**

<b>Company</b>	Hawa Engineers Limited
<b>Regd. Office</b>	Plot No. 129, Near Kashiram Textile Mill, Narol Road, Ahmedabad – 382405
<b>Registrar and Transfer Agent :</b>	Bigshare Services Pvt. Ltd, A-802, Samudra Complex, off C G Road, Navrangpura, Near Girish Cold Drinks Ahmedabad 380009
<b>E-voting Agency</b>	central depository services limited E-mail :helpdesk.evoting@cdslindia.com. Phone : 022-22723333/8588
<b>Scrutinizer</b>	CS Chirag Shah Practising Company Secretary E-mail ID : chi118_min@yahoo.com , pcschirag@gmail.com

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

Date: September 2, 2020  
Place: Ahmedabad  
**Registered Office:**  
Plot No. 129, Near Kashiram Textile Mill  
Narol Road, Ahmedabad – 382405  
CIN :L29120GJ1993PLC019199

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

## 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 31<sup>st</sup> 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 25<sup>th</sup> March, 2020 to 2<sup>nd</sup> June, 2020. In compliance with the directives issued by the Government, the Company resumed partial operations on 3<sup>rd</sup> June, 2020 in a phased manner. The Company ensured the health and safety of all involved stakeholders by enforcing all published 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 31<sup>st</sup> 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 31<sup>st</sup> 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 27<sup>th</sup> May 2019, 27<sup>th</sup> June, 2019, 9<sup>th</sup> August 2019, 13<sup>th</sup> November 2019 and 11<sup>th</sup> 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 27<sup>th</sup> May 2019, 9<sup>th</sup> August 2019, 13<sup>th</sup> November 2019 and 11<sup>th</sup> 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 31<sup>st</sup> 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](http://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](http://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 22<sup>nd</sup> Annual General Meeting till the conclusion of the 27<sup>th</sup> 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 re-appointment as the Auditors of the Company. In Board Meeting held on 29<sup>th</sup> 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 27<sup>th</sup> Annual General Meeting till the conclusion of the 32<sup>nd</sup> 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 01<sup>st</sup> 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 27<sup>th</sup> Annual General Meeting till the conclusion of the 32<sup>nd</sup> 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 02<sup>nd</sup> 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 27<sup>th</sup> Annual General Meeting till the conclusion of the 32<sup>nd</sup> 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 31<sup>st</sup> 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](http://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](http://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**

**ANNEXURE I**

Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- i. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2019-20:

Name of Directors/ KMP	Ratio of Remuneration to median Remuneration of Employees	% increase in remuneration in the Financial Year
<b>Executive Directors</b>		
Aslam Kagdi (MD & CFO)	7.96:1	NIL
Asad Kagdi	7.96:1	NIL
Mohammed khan Pathan	3.98:1	NIL
<b>Non – Executive Directors</b>		
Sabana Amjad Rehmani	-	-
Shad Mdafzal Ranginwala	-	N.A.
Anwarahmed Mohammed Javid	-	-
Daruwala	-	N.A.
<b>KMP</b>		
Shital Dalavadi	1.99:1	N.A.

- ii. The percentage increase in the median remuneration of employees in the financial year: NIL
- iii. The number of permanent employees on the rolls of Company: 97
- iv. 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:
- Average increase in remuneration of employees excluding KMPs: NIL
  - Average increase in remuneration of KMPs: NIL
  - KMP salary increases are decided based on the Company's performance, individual performance, inflation, prevailing industry trends and benchmarks.
- v. **Affirmation that the remuneration is as per the remuneration policy of the Company:**  
The Company affirms remuneration is as per the Remuneration Policy of the Company.



**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED 31.03.2020  
[Pursuant to section 204(1) of the Companies Act, 2013 and rule  
No.9 of the Companies (Appointment and Remuneration Personnel)  
Rules, 2014]

To,  
The Members,  
**Hawa Engineers Ltd**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hawa Engineers Ltd (herein after 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.

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 by using appropriate Information technology tools like virtual data sharing by way of data room and remote desktop access tools, 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 herein after. The physical Inspection or Verification of documents and records were taken to the extent possible:

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 31.03.2020 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 Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (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, 2018 **(Not Applicable during the audit period);**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable during the audit period);**

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable 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 during the audit period);**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations 2018 **(Not Applicable during the audit period);**
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosures and Requirement) Regulation 2015; *However, 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.*
- (j) Other laws *specifically applicable* to the company, as per the representation made by the company.
  - 1. Factories Act, 1948
  - 2. Gujarat Pollution Control Board (Environment Pollution Act)

We have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (b) The Listing Agreements entered into by the Company with Stock Exchange(s), - BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

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

Adequate notice is given to all directors to schedule the Board 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.

Majority decision is carried through while the dissenting members 'views are captured and recorded as part of the minutes.

**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** during the audit period there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**We further report that** during the year Company has passed following special resolutions in Annual general Meeting held on September 30, 2019.

1. To Re-Appointment of Mr. Anwarahmed Mohammed Javid Daruwala (DIN:06487724) as an Independent Director of the Company.
2. To Re-Appointment of Mr. Shad Mdafzal Ranginwala (DIN: 01989939) as an Independent Director of the Company.
3. To Re-Appointment of Mrs. Sabana Amjad Rehmani (DIN:06967822) as an Independent Director of the Company.
4. To Re-Appointment of Mr. Aslam Kagdi (DIN:00006879) as a Managing Director of the Company.
5. To Re-appointment of Mr. Asad Kagdi (DIN:00006898) as a Joint Managing Director of the Company
6. To Re-appointment of Mr. Mohammed khan Pathan (DIN:00006940) as a Whole Time Director of the Company.
7. To Re-classification of Persons forming part of the Promoter Group from Promoter & Promoter Group Category to Public Category.

**Chirag Shah**  
**Partner**

Chirag Shah and Associates  
FCS No. 5545  
C P No.: 3498  
UDIN: F005545B000399721

Place: Ahmedabad  
Date: June 29, 2020

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 Members  
Hawa Engineers Ltd

Our Secretarial Audit Report of even date is to be read along with this letter.

**Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtain from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer**

5. 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.

Place: Ahmedabad  
Date: June 29, 2020

**Chirag Shah**  
**Partner**  
Chirag Shah and Associates  
FCS No. 5545  
C P No.: 3498  
UDIN: F005545B000399721

**ANNEXURE-III**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**KEY FINANCIAL RATIO:**

Pursuant to amendment made in Schedule V to the SEBI Listing Regulations, details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios and any changes in Return on Net Worth of the Company (on standalone basis) including explanations therefore are given below:

Sr	Particulars	F.Y. 2019-20	F.Y. 2018-19	% Changes
	<b>PROFITABILITY RATIOS (%):</b>			
1	Operating Profit Margin	4.57	5.63	-18.83
2	Net Profit Margin	1.83	2.07	-11.59
3	Return on Net Worth	6.08	5.59	8.77
	<b>WORKING CAPITAL RATIOS:</b>			
4	Debtors Turnover	9.78	7.04	38.92
5	Inventory Turnover	4.77	5.62	-15.12
	<b>GEARING RATIOS:</b>			
6	Interest Coverage	1.67	1.58	5.70
7	Debt / Equity	6.30	6.57	-4.11
	<b>LIQUIDITY RATIO:</b>			
8	Current Ratio	1.75	1.71	2.34

Return on Net worth ratio is increased due to decreases Deferred Tax Provisions.

**VALVE INDUSTRY STRUCTURE AND DEVELOPMENTS:**

Valves are used to control or divert the flow of liquids, gases, slurries, dry material or steam in all types of industries. They are also used to control or isolate the rate of flow volume, pressure, direction or a combination of these parameters. There are only two known ways of controlling the flow of liquids and gases, and all valves are based on one of the two principles. Your Company's primary business is the design, manufacture and sale of Industrial valves, valve cores and accessories.

According to IMF, India's economy is estimated to have grown at 4.2% in FY20, significantly slower rate than in FY19. The slowdown can be attributed to ongoing stress among Non-Banking Financial Companies (NBFCs), which resulted in credit squeeze and negatively impacted consumption, investment and exports. The government announced several measures to revive the economy which includes capital infusion into public sector banks to improve liquidity and push credit offtake, merger of public sector banks to enhance credit capacity, reduction in policy rates, sharp cut in corporate tax rate, sops for real estate for last mile funding for stalled projects and support to NBFCs under the Partial Credit Guarantee Scheme. The Covid-19 pandemic has disrupted trade and manufacturing activity and brought the economy to a standstill. The Central Bank reduced policy rates and injected liquidity in the system to counter the looming threat of slowdown and kick-start the economy. The current estimates from various agencies suggest that Indian economy is expected to decline in FY21 on concerns over the impact of deadly coronavirus on the manufacturing and trading activity.

Global Automobile Industry U.S. auto sales declined slightly in 2019 on the back of tariff woes, increasing popularity of ride sharing services and rising car prices. Automakers sold more than 17 million vehicles in the U.S. for a fifth consecutive year in 2019 demonstrating underlying resilience. Low gas prices, favourable lending terms on the back of Fed rate cuts, low unemployment rates, healthy consumer sentiment and robust wage growth were tailwinds for U.S. auto sales in 2019. The National Automobile Dealers Association (NADA) has cut its forecast for U.S. new-vehicle sales in 2020 and

expects it to be between 13.0 million to 13.5 million as the coronavirus pandemic spreads across the U.S. Additionally, record amount of non-housing debt, slowing retail spending, worsening consumer credit and rising defaults are some of the key concerns for the US auto industry. According to European Automobile Manufacturers' Association (ACEA), the European new car registrations increased by 1.2% across the European Union, the seventh consecutive year of growth, reaching more than 15.3 million units. Despite starting the year on a weak note due to the lasting impact of the introduction of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) in September 2018, pre-buy towards the end-of-the-year ahead of regulation changes helped in pushing the full year growth higher. In December 2019, sales rose 21.7% which compensated for lower sales in the earlier months. Results were diverse among the five major EU markets, Germany (+5.0%) recorded the largest increase last year, followed by France (+1.9%) and Italy (+0.3%). By contrast, both Spain (-4.8%) and the United Kingdom (-2.4%) saw demand fall in 2019. Based on various market estimates Europe's auto sales is likely to contract by 25% due to coronavirus pandemic. The Global auto industry has entered into a new decade with unprecedented challenges and opportunities. The industry which was already reeling under tremendous pressure on the back of trade war and tough emission standards is now facing the heat of economic slowdown owing to the Covid-19 pandemic. However, growth is expected to pick up in the long term after the impact of the pandemic subsides. Going forward, stringent emission and safety standards, coupled with growing digitalization in vehicles is likely to result in increasing focus in the areas of Connectivity, Autonomy, Shared mobility, and Electrification of vehicles (CASE).

**OPPORTUNITIES AND THREATS:**

India is a growing economy, with an ever-increasing need for a robust transportation network to link its various metros and rural areas. Increase in the workingage population, rising prosperity, easier access to finance and increasing affordability is expected to boost demand in the auto component industry. Economic slowdown due to the Covid-19 pandemic which has paralyzed manufacturing and trading activity has posed serious challenges for the industry in the current year. Moreover, technological changes and environmental regulation continue to weigh on the sector. The main threats to which auto component industry is exposed to are:

- Economic slowdown leading to contraction in demand remains one of the major threats which could lead to decreased volumes and capacity utilization.
- Continuing cost reduction demand from OEMs from whom the major portion of the future growth is expected to come.
- Increasing commodity prices and volatile forex movements.

**SEGMENT-WISE PERFORMANCE:**

There is no segment in the company.

**OUTLOOK:**

The spread of the coronavirus pandemic is likely to result in severe contraction in global economy resulting in job losses, weak demand environment and stress in financial markets. The auto sector which has been going through its worst slowdown with slump in demand amid weak consumer sentiment and an uncertain regulatory environment is likely to face further headwinds during the first half of the fiscal 2021 owing to adverse economic impact of Covid-19 and cost push from new emission norms. Moreover, exports could be impacted owing to challenges being faced by the global auto industry in terms of slowing demand. However, the impact of the pandemic is likely to remain in the short term. In the medium term the Indian auto component manufacturers have the opportunity to establish themselves as preferred manufacturing suppliers to the global auto industry. The Company is addressing operational performance in the short term to return to profitability. At the same time the company is keeping in mind the long-term sustainability of the business through investing in technology and growing our business in India and abroad. From a long-term perspective, the Company's growth might



be impacted as penetration of Electric Vehicles increases. While the Company does not believe the impact will be significant from a 5 to 7 year perspective, the management will be cognizant of this issue for the long term.

**RISKS AND CONCERNS:**

Apart from the normal business risk, no major risk is foreseen.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has proper and adequate systems of internal controls. Internal audits and checks are carried out at regular intervals. An audit committee, headed by an Independent Director, reviews control systems and their adequacy.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

The details of the financial performance of the Company appear in the Balance Sheet, Statement of Profit and Loss and other Financial Statements. Highlights for the year 2019-20 are as under:

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

The financial performance of the Company has been explained in the Directors' Report of the Company for the financial year ended 31<sup>st</sup> March 2020 appearing separately.

**HUMAN RESOURCES:**

Human Resources are a key focus area of the Company. The Company endeavours to attract and develop the best talent available in each area of its operations. The Company's policy is to create a conducive environment for nurturing talent and developing the requisite skills needed to keep pace with the ever-changing needs of the market. Training is imparted to employees at all levels and covers both technical and behavioural aspects.

The Industrial Relations scenario during the year under review was smooth. The Company has an excellent track record in this regard and has maintained cordial relationships with all its employees.

**CAUTIONARY STATEMENT:**

Certain statements in the Management Discussion and Analysis describing the Company's views about the industry, expectations, objectives, etc ... may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Factors like supply and demand situations, input prices and their availability, changes in Government regulations, economic developments, etc. may influence the Company's operations or performance.

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

Date: September 2, 2020  
Place: Ahmedabad

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

## INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF  
HAWA ENGINEERS LIMITED.**

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

#### **Opinion:**

We have audited the standalone financial statements of **HAWA ENGINEERS LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss, and 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, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profits and its cash flows for the year ended on that date.

#### **Basis for Opinion:**

We conducted our audit 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 ethical 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 opinion

#### **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. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Other Information:**

The company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 the fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash

flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements:**

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.

**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 Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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 appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and 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 written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:

- I. The Company has no Pending Litigations so there is no 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 accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.
- III. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

3. With respect to the matter to be included in the Auditor's Report under section 197(16) of the act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limits laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be commented upon by us.

For **YUSUF C. MANSURI & CO.**  
**Chartered Accountants**

**Place : Ahmedabad**  
**Date : June 29, 2020**

**YUSUF C. MANSURI**  
**M. No. 038309**  
**FRN : 111768W**  
**UDIN :20038309AAAABG5484**

**ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

On the basis of the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification.  
(c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties as disclosed in notes to financial statement are held in the name of company.
2. (a) The inventories have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of such physical verification is reasonable. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. The company has not granted loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the of the Companies Act 2013.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
6. We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under sub section (1) of section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Custom Duty, Cess and any other statutory dues to the appropriate authorities have generally been regularly deposited. According to the information and explanations given to us there were no outstanding statutory dues as on 31<sup>st</sup> of March, 2020 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, Goods and Service tax, customs duty, cess and any other statutory due which have not been deposited on account of any disputes.
8. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank.
9. In our opinion and according to the information and explanations given to us, the amount raised by way of the terms loans have been applied for the purpose for which loans were obtained, other than temporary deployment pending application.



10. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year, nor we have been informed of such case by the management.
11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Act.  
In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable.
12. Order is not applicable.
13. The company has entered into transactions with related parties in compliance with the provision of Section 177 and 188. The details of such related party transaction have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. In our opinion and according to information and explanation given to us, the company has not made any preferential allotment/private placement of shares or fully or partly convertible debentures. Therefore, the provision of Clause 3(xiv) of the Order is not applicable to the Company.
15. In our opinion and according to information and explanation given to us, the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly the provision of Clause 3(xv) of the Order is not applicable to the Company.
16. In our opinion and according to information and explanation given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For YUSUF C. MANSURI AND CO.**  
**Chartered Accountants**

**YUSUF C. MANSURI**

**M. NO. 038309**

**FRN : 111768W**

**UDIN :20038309AAAABG5484**

**Place : Ahmedabad**  
**Date : June 29, 2020**

## **Annexure - B to the Independent Auditors' Report**

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

#### **Opinion**

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

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

The Company's management 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 adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, 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.

#### **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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting 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 judgment, 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.

#### **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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**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.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 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 YUSUF C. MANSURI & CO.  
Chartered Accountants**

**YUSUF C. MANSURI  
M. No. 038309  
FRN : 111768W  
UDIN :20038309AAAABG5484**

**Place : Ahmedabad  
Date : June 29, 2020**

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020

Particulars	Note	As at		As at	
		31st March, 2020		31st March, 2019	
<b>I ASSETS :-</b>					
<b>1 NON-CURRENT ASSETS :</b>					
Property, Plant and Equipment	3	74903488		83523087	
<b>Financial Assets :</b>					
Investments	4	5000600	79904088	5500600	89023687
<b>2 CURRENT ASSETS :</b>					
Inventories	5	98886661		89865503	
<b>Financial Assets :</b>					
Trade Receivables	6	60608256		71707450	
Cash and Cash Equivalents	7	70670004		76071433	
Loans and Advances	8	30812883		28846986	
Other Current Assets	9	20599798	281577602	7675821	274167193
<b>TOTAL ASSETS</b>			<b>361481690</b>		<b>363190880</b>
<b>II EQUITY AND LIABILITIES :</b>					
<b>SHAREHOLDERS' FUNDS :</b>					
Equity Share Capital	10	35264000		35264000	
Other Equity	11	104141944	139405944	96318643	131582643
<b>NON-CURRENT LIABILITIES :</b>					
<b>Financial Liabilities :</b>					
Borrowings	12	8230114		10963633	
Deferred Tax Liabilities (Net)	13	6768770		8601994	
Other Non-Current Liabilities	14	36142632		42811165	
Provisions	15	9774240	60915756	8894116	71270908
<b>CURRENT LIABILITIES :</b>					
<b>Financial Liabilities :</b>					
Borrowings	16	67345526		66666282	
Trade Payables	17	84616840		85627745	
Provisions	18	9197623	161159990	8043302	160337329
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>361481689</b>		<b>363190880</b>
(Significant Accounting Policies & Notes forming Part of the Financial Statements)	1 & 2				

As per our Report of even date  
**For YUSUF C. MANSURI & CO.**  
Chartered Accountants  
(FRN : 111768W)

**Yusuf C. Mansuri**  
Proprietor  
Membership No. : 38309  
Ahmedabad  
June 29, 2020

For and on behalf of the Board  
**HAWA ENGINEERS LTD.**

**ASLAM F. KAGDI**  
Chairman, M. D. and CFO  
(DIN:00006879)

**SHITAL DALAVADI**  
Company Secretary

**ASAD F. KAGDI**  
Jt. Managing Director  
(DIN:00006898)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars		Note	Year ended	Year ended
			31.03.2020	31.03.2019
<b>I</b>	<b>Revenue From Operations</b>	19	471955265	505026568
<b>II</b>	<b>Other Income</b>	20	3201992	4570919
<b>III</b>	<b>Total Revenues (I + II)</b>		<b>475157257</b>	<b>509597487</b>
<b>IV</b>	<b>Expenses :</b>			
	Cost of Materials Consumed	21	293016701	323895948
	Purchases of Stock-in-Trade		0	0
	Change in Inventories of Finished Goods	22	(5082009)	(411823)
	Employee Benefits & Expense	23	23031586	20791353
	Finance Costs	24	12968602	17982566
	Depreciation	3	8527920	9206138
	Other Expenses	25	134056788	127661625
	<b>Total Expenses</b>		<b>466519588</b>	<b>499125807</b>
<b>V</b>	<b>Profit Before Tax (III - IV)</b>		<b>8637669</b>	<b>10471680</b>
<b>VI</b>	<b>Tax Expenses :</b>			
	Current Tax		2000000	3000000
	Deferred Tax		(1833224)	115712
<b>VII</b>	<b>Profit for the year (V - VI)</b>		<b>8470893</b>	<b>7355968</b>
<b>VIII</b>	Earnings per equity share of face value of Rs. 10 each Basic and Diluted (in Rs.)		2.40	2.09
	(Significant Accounting Policies & Notes forming Part of the Financial Statements)	1 & 2		

As per our Report of even date  
**For YUSUF C. MANSURI & CO.**  
Chartered Accountants  
(FRN : 111768W)

**Yusuf C. Mansuri**  
Proprietor  
Membership No. : 38309

Ahmedabad  
June 29, 2020

For and on behalf of the Board  
**HAWA ENGINEERS LTD.**

**ASLAM F. KAGDI**  
Chairman, M. D. and CFO  
(DIN:00006879)

**ASAD F. KAGDI**  
Jt. Managing Director  
(DIN:00006898)

**SHITAL DALAVADI**  
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR 2019 – 2020

Particulars	Year Ended 31.03.2020 (Rupees)		Year Ended 31.03.2019 (Rupees)	
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
	Net Profit before tax as per statement of Profit and Loss	8637669		10471680
	<b>Add :</b>			
	Depreciation	8527920		9206138
	Loss on Sale of Assets (net)	-		-688727
	Finance Costs	12968602		17982566
		<b>21496522</b>		<b>26499977</b>
	<b>Less :</b>			
	Interest Income	3201992		4570919
		<b>3201992</b>		<b>4570919</b>
	<b>Operating Profit before Working Capital Changes</b>	<b>26932199</b>		<b>32400738</b>
	Adjusted for :			
	Trade and Other Receivables	(1824781)		19345772
	Inventories	(9021159)		1796928
	Movement in Loans and Advances	(1965897)		(858771)
Trade and Other Payables	(5644993)		(24331734)	
	<b>(18456830)</b>		<b>(4047805)</b>	
Cash Generated from Operations	8475369		28352933	
Taxes Paid (Net)	2647592		2870753	
<b>Net Cash from Operating Activities ( A )</b>	<b>5827777</b>		<b>25482180</b>	
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>			
	Sale of Fixed Assets	500000		752229
	Interest Income	3201992		4570919
		<b>3701992</b>		<b>5323148</b>
	<b>Less :</b>			
	Purchase of Fixed Assets	408321		1413295
	Investment for M F	(500,000)		0
		<b>(91679)</b>		<b>1413295</b>
	<b>Net Cash Flow used in Investing Activities ( B )</b>	<b>3793671</b>		<b>3909853</b>

Particulars		Year Ended 31.03.2020 (Rupees)		Year Ended 31.03.2019 (Rupees)	
C	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>				
	Proceeds from Issue of Share Capital		0		0
	Proceeds from Long Term Borrowings		(2733519)		(12604053)
	Repayment of Long Term Borrowings		0		0
	Short Term Borrowings (net)		679244		13031016
	Finance Costs		(12968602)		(17982566)
	<b>Net Cash Flow used in Financing Activities ( C )</b>		<b>(15022877)</b>		<b>(17555603)</b>
	<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>		(5401428)		11836430
	<b>Opening Balance of Cash and Cash Equivalents</b>		76071433		64235002
	<b>Closing Balance of Cash and Cash Equivalents</b>		<b>70670004</b>		<b>76071432</b>

As per our Report of even date  
**For YUSUF C. MANSURI & CO.**  
Chartered Accountants  
(FRN : 111768W)

**Yusuf C. Mansuri**  
Proprietor  
Membership No. : 38309

Ahmedabad  
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For and on behalf of the Board  
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**ASLAM F. KAGDI**  
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Jt. Managing Director  
(DIN:00006898)

**SHITAL DALAVADI**  
Company Secretary



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

### 1. **CORPORATE INFORMATION** :

Hawa Engineers Limited is in business of Manufacturing of Industrial Valves, etc. The Company was incorporated in 1993 and it is situated in Ahmedabad, Gujarat.

### 2. **SIGNIFICANT ACCOUNTING POLICIES** :

#### I. **Basis of Preparation of Financial Statements** :

For all periods upto and including the year ended March 31, 2020, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, to the extent applicable, and the presentation requirements of the Companies Act, 2013.

In accordance with the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (Ind AS) notified under Section 133 read with Rule 4A of Companies (Indian Accounting Standards) Rules, 2015, as amended, and the relevant provisions of the Companies Act, 2013 (collectively, "Ind ASs") with effect from April 1, 2018 and the Company is required to prepare its financial statements in accordance with Ind ASs for the year ended March 31, 2020. These financial statements as and for the year ended March 31, 2020 (the "Ind AS Financial Statements") are the first financial statements, the Company has prepared in accordance with Ind AS.

#### II. **Use of Estimates** :

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in an outcome requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

Significant judgments and estimates about the carrying amount of assets and liabilities include useful lives of tangible and intangible assets, impairment of tangible assets, intangible assets including goodwill, investments, employee benefits and other provisions and recoverability of deferred tax assets.

#### III. **Property, plant and equipment** :

The Company has applied Ind AS 16 with retrospective effect for all of its property, plant and equipment as at the transition date, viz., 1 April 2016.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on DE recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition / sale proceeds of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

#### **IV. Depreciation :**

Depreciation on fixed asset is calculated on Straight Line Method (SLM) based on the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation on assets purchased / sold during the period is proportionally charged.

#### **V. Valuation of Inventories :**

Raw materials and stores and spares are valued at lower of cost and net realizable value. Cost is determined on moving weighted average method and includes freight, taxes and duties net of tax credits, wherever applicable.

Finished goods and work-in-process are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of overheads based on normal operating capacity.

#### **VI. Investments :**

Investments are either classified as current or long term based on Management's intension. Current investments are carried at lower of cost and quoted / fair value, computed category-wise. Non Current investments are stated at cost. Provision for diminution in the value of Non Current investments is made only if such a decline is other than temporary.

#### **VII. Sales :**

Revenue is recognized only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Sales of goods are recognized on dispatch to customer, Sales exclude excise

duty and state / central sales tax recovered on sales, wherever applicable and stand net of rate differences, sales returns etc.

#### **VIII. Impairment of Assets :**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Statement in the year in which an asset is identified as

impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**IX. Employee Benefits :**

Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when the employees render the services.

Contributions towards Provident Funds are recognized as expenses. Provident Fund contributions in respect of employees are made to Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Liability towards gratuity, covering eligible employees, is provided on the basis of year end estimation.

Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees are recognized as charge.

**X. Taxation :**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.

Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

**XI. Provisions and Contingencies :**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with the applicable Ind AS.

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognized nor disclosed in the financial statements.

**XII. Foreign Currency Transactions :**

Transactions denominated in foreign currency are accounted for at the exchange rate prevailing on the date of transactions.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit & Loss Statement.

**XIII.** The cost of land has been stated as per banakhat executed and includes expenses for registration of banakhat and lawyer's fees.

**XIV.** In the opinion of the Board, the current assets, loans and advances and other receivables are approximately of the value stated if realized in the ordinary course of business and all known liabilities have been adequately provided for.

**XV.** The disclosures as required by Ind AS-19 on Employees Benefits are as under :

Details of expenses incurred for defined contribution plans during the year:

Particulars	31.03.2020	31.03.2019
Provident Fund & Other Funds	28,38,620/-	30,88,975/-
Gratuity	10,28,381/-	10,41,945/-

In respect of employees who have completed five years continuous service as on 31<sup>st</sup> March 2020, Provision for gratuity payable in respect of them is made on the basis of the calculation made in accordance with the provision of payment of Gratuity Act up to 31<sup>st</sup> March 2020 Rs. 97,74,240/- (Previous year Rs. 88,94,116/-)

**XVI. Consumption of Indigenous Goods (In-Value) :**

ITEM	VALUE	PERCENTAGE	TOTAL VALUE
RAW-MATERIALS	29,30,16,701/-	100%	29,30,16,701 /-
	(32,38,95,948/-)	(100%)	(32,38,95,948/-)
STORES & PACKING MATERIALS	53,39,895/-	100%	53,39,895/-
	(98,29,993/-)	(100%)	(98,29,993/-)

**XVII. Related Party Information :**

The Management has identified the following entities and individuals as related parties of the Company for the year ended March 31, 2020 for the purposes of reporting as per IND AS 24 – Related Party Transactions, which are as under:

**A. Subsidiary Company** : - Nil

**B. Partnership Firms / Proprietary Concern / Associates Companies:**

Hydint Valve Automation, Orbit Engineers, Marck & Care Engineers, Airmax Pneumatics Ltd., Hawa Control Enterprises, Hawa & Marck Engineers, Luft Techno Cast, Aira Automation Engineers, Marck & Aira Engineers, Flange-N-Flange, A. S. Engineers, Aira Euro Automation Pvt. Ltd., Mark & Aira Trading LLC., Aira Electro

Pneumatics, Aira Pneumatics, Aira Eurotech Automation, Airmax Engineers, Airmax & Aira Automation, Aira & Cair Engineers, Cair & Aira Automation, Marck Valves N Flanges, Marck Valves, Marck Engineers, Marck Engineers International, Marck & Suzhik Valves, Marck & Aira Valves Automation, Marck & Aira Engineering, Marck & Aira Automation, Marck & Aira Enterprises, Marck Valves Engineering & Automation, Hawa Valves Automation, Hawa Valves & Pneumatics, Hawa Automation Enterprise, Hydint Instrument, Hydint Pneumatics, Versa Industrial Valves, Utech Engineers (India), Zac Valves & Fittings, F M Infrastructure, Aim Metals, Steelmac Controls Pvt. Ltd., Suzhik Flow Control Pvt. Ltd., Aira 4Matics Global Valve Automation Pvt. Ltd., Cair Euromatics Automation Pvt. Ltd.

**C. Key Management Personnel :**

Chairman & Managing Director	: Aslam F. Kagdi
Jt. Managing Director	: Asad F. Kagdi
Whole Time Director	: Mohammedkhan Pathan

**D. Transactions With Related Parties During The Year 2019-20 :**

NATURE OF TRANSACTIONS COMPANY	ASSOCIATE COMPANIES	FIRMS	KEY MANAGEMENT	RELATIVES OF KEY MANAGEMENT PERSONNEL
Purchase	1,49,58,654/-	13,59,73,374/-	---	---
Previous Year	2,06,43,439/-	10,78,46,722/-	---	---
Sales	86,31,992/-	20,72,82,204/-	---	---
Previous Year	71,82,490/-	11,99,78,205/-	---	---
Sales Commission	2,10,407/-	2,31,03,299/-	---	---
Previous Year	27,25,235/-	1,68,23,080/-	---	---
Office Rent	---	---	15,84,000/-	19,32,000/-
Previous Year	---	---	15,84,000/-	19,32,000/-
Trade Discount	---	2,22,00,043/-	---	---
Previous Year	70,140/-	2,25,77,670/-	---	---
Managerial Remuneration/ Seating Fees/Other Benefits	---	---	26,48,306/-	---
Previous year	---	---	26,88,389/-	---
<b><u>OUTSTANDINGS :</u></b>				
- Payables	94,63,212/-	9,70,20,551/-	---	---
Previous Year	1,29,90,217/-	6,93,19,572/-	---	---
- Receivables	23,81,404/-	13,04,61,229/-	---	---
Previous Year	7,26,068/-	6,55,51,098/-	---	---

**XVIII. Deferred Tax :**

The components of Deferred Tax Liability (net) are as follows:

Particulars	As at March 31, 2019	For the year	As at March 31, 2020
Tax effect of items constituting Deferred Tax liability : On difference between book balance and Tax balance of fixed assets	86,01,994/-	-(18,33,224/-)	67,68,770/-

**XIX. Earnings Per Share :**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

PARTICULARS	31.03.2020	31.03.2019
1. Net Profit after tax	84,70,893/-	73,55,968/-
2. Number of Equity Shares	35,26,400	35,26,400
3. Nominal Value of Shares (Rs.)	10/-	10/-
4. Earnings Per Share (Rs.)	2.40	2.09

**XX. Segment Reporting :**

Considering the nature of company's business & operations there are no separate reportable segments.

**XXI.** Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no separate disclosures have been made in the accounts.

**XXII. Contingent Liabilities Not Provided For :**

Counter Guarantees, against Bank Guarantees given by the bankers Rs. 6,91,77,703/- (Previous year Rs. 6,00,62,506/-)

**XXIII.** Balance of Trade receivable, Trade Payable, Deposits & Advances to Suppliers are subject to confirmation and adjustments, if any.

**XXIV.** Salary to Directors (including Chairman & Managing Director):

Particulars	31.03.2020	31.03.2019
Salary, Allowances & Benefits	32,48,306/-	32,88,389/-

**XXV.** Expenditure in foreign currency (on accrual basis) :

Particulars	31.03.2020	31.03.2019
A P I Expenses	11,64,686/-	6,52,788/-

**XXVI.** Details of Auditors Remuneration :

Particulars	31.03.2020	31.03.2019
Statutory Audit Fees	50,000/-	50,000/-
Tax Audit Fees	17,000/-	17,000/-
<b>Total Rs.</b>	<b>67,000/-</b>	<b>67,000/-</b>

**XXVII.** Income earned in foreign exchange :

Particulars	31.03.2020	31.03.2019
Export of own products	2,06,33,484/-	1,80,54,188/-

**XXVIII.** Previous year's figures have been regrouped / reclassified wherever necessary to make them comparable with the current year's classification / disclosure.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE : 3 : PROPERTY, PLANT AND EQUIPMENT

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at 01.04.2019	Addition	Impairment	Deduction	As at 31.03.2020	As at 01.04.2019	For the year	Deduction	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
<b>TANGIBAL ASSETS : (OWN ASSETS)</b>											
Freehold Land	84215	0	0	0	84215	0	0	0	0	84215	84215
Buildings	28089887	0	0	0	28089887	8072996	757569	0	8830565	19259322	20016891
Plant & Machinery	89559468	170872	0	500000	89230340	38673118	5866677	0	44539795	44690545	50886350
Electric Installation	2405236	0	0	0	2405236	1832602	119108	0	1951710	453526	572634
Furniture & Fittings	7369148	96007	0	0	7465155	4966683	448973	0	5415656	2049499	2402465
Vehicles	13374275	141442	0	0	13515717	3813743	1335593	0	5149336	8366381	9560532
<b>TOTAL</b>	<b>140882229</b>	<b>408321</b>	<b>0</b>	<b>500000</b>	<b>140790550</b>	<b>57359142</b>	<b>8527920</b>	<b>0</b>	<b>65887062</b>	<b>74903488</b>	<b>83523087</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**NOTE : 4 : INVESTMENTS**

Sr. No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
1	<b><u>IN EQUITY SHARES - UNQUOTED FULLY PAID UP :</u></b> 60 Shares of the Bombay Mercantile Co-Operative Bank Ltd. Of Rs. 10/- each		600		600
2	<b><u>CANARA BANK ROBACCO FUND :</u></b>  Mutual Fund		5000000		5500000
	<b>TOTAL</b>		<b>5000600</b>		<b>5500600</b>

**NOTE : 5 : INVENTORIES**

Sr. No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
1	Raw Materials		63730986		59773233
2	Finished Goods		35055133		29973124
3	Stores and Spares		0		0
4	Packing Materials		100542		119146
	<b>TOTAL</b>		<b>98886661</b>		<b>89865503</b>

**NOTE : 6 : TRADE RECEIVABLES**

Sr. No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
A	<b>Outstanding for a period exceeding six months from the date they are due for payment</b> (Unsecured Considered Good)				
B	<b>Others</b> (Unsecured Considered Good)		60608256		71707450
	<b>TOTAL</b>		<b>60608256</b>		<b>71707450</b>

**NOTE : 7 : CASH AND CASH EQUIVALENTS**

Sr. No.	Particulars	As at		As at	
		31st March, 2020		31st March, 2019	
	<b>CASH AND CASH EQUIVALENTS :</b>				
1	<b>Balances with Banks</b>				
	In Current Accounts		5898546		3148625
2	<b>Cash on hand</b>		27567443		38818793
3	<b>OTHER BANK BALANCES :</b>				
	Fixed Deposit (Under Lien)	37203515		34103515	
	Fixed Deposit & Recurring Deposit	500		500	
			37204015		34104015
	<b>TOTAL</b>		<b>70670004</b>		<b>76071433</b>

**NOTE : 8 : LOANS AND ADVANCES**

Sr. No.	Particulars	As at		As at	
		31st March, 2020		31st March, 2019	
1	<b>DEPOSIT</b>		15722747		7893553
2	<b>LOANS AND ADVANCES TO EMPLOYEES :</b>				
	(Unsecured, considered good)		45000		102000
3	<b>BALANCES WITH GOVERNMENT AUTHORITIES :</b>				
	(Unsecured, considered good)				
	CENVAT/GST credit receivable	866392		2864358	
	VAT credit receivable	10272464		12838095	
			11138855		15702452
4	<b>ADVANCE INCOME TAX &amp; TDS :</b>				
	(Unsecured, considered good)		3906280		5148981
	<b>TOTAL</b>		<b>30812883</b>		<b>28846986</b>

**NOTE : 9 : OTHER CURRENT ASSETS**

Sr. No.	Particulars	As at		As at	
		31st March, 2020		31st March, 2019	
1	Advance to Suppliers		19088568		5597247
2	Interest accrued but not received on deposits to Banks & Service providers		1391316		2078575
3	Other Advances		119914		0
	<b>TOTAL</b>		<b>20599798</b>		<b>7675821</b>

**NOTE : 10 : EQUITY SHARE CAPITAL**

Sr. No.	Particulars	As at	
		31st March, 2020	31st March, 2019
1	<b><u>AUTHORISED :</u></b> 40,00,000 Equity Shares of Rs. 10/- each		<b>40000000</b>
			<b>40000000</b>
2	<b><u>ISSUED, SUBSCRIBED AND PAID UP :</u></b> 35,26,400/- Equity Shares of Rs. 10/- each fully paid up		
		35264000	35264000
	<b>TOTAL</b>	<b>35264000</b>	<b>35264000</b>

**Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period :**

Number of shares at the beginning	3526400	3526400
Number of shares at the end	3526400	3526400
Amount of Share Capital at the beginning	35264000	35264000
Amount of Share Capital at the end	35264000	35264000

**Details of Share holders holding more than 5% equity shares :**

Jameela F. Kagdi (5.95%)	209700	209700
Mohammed Aslam F. Kagdi (5.03%)	177210	159410

**Terms / Rights attached to Shares :**

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- per Share. Each holder of equity shares is entitled to one vote per share.

**NOTE : 11 : OTHER EQUITY**

Sr. No.	Particulars	As at	
		31st March, 2020	31st March, 2019
1	<b><u>GENERAL RESERVE :</u></b> As per last Balance Sheet	89890000	82390000
	<b><u>Add :</u></b> Transferred from Profit & Loss Account	7500000	7500000
		97390000	89890000

<b>2</b>	<b><u>SURPLUS IN THE STATEMENT OF PROFIT &amp; LOSS :</u></b>				
	As per last Balance Sheet	6428643		6443428	
	<b>Add :</b> Short Provision for Tax	(647592)		129247	
	Profit for the year	8470893		7355968	
		14251944		13928643	
	<b>Less : Appropriations :</b>				
Transferred to General Reserve	7500000		7500000		
		6751944		6428643	
	<b>TOTAL</b>		<b>104141944</b>		<b>96318643</b>

**NOTE : 12 : BORROWINGS**

Sr. No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
<b>1</b>	<b><u>FROM OTHER PARTIES : (Unsecured)</u></b>				
	Luft Capital Ltd.		5736087		4592546
<b>2</b>	<b><u>FROM BANK : (Secured)</u></b>				
	H D F C Bank - Car Loan	817405		1274018	
	Canara Bank - Loan	1676622	2494027	5097069	6371087
	<b>TOTAL</b>		<b>8230114</b>		<b>10963633</b>

**NOTE : 13 : DEFERRED TAX LIABILITIES (NET)**

Sr. No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
<b>1</b>	<b><u>DEFERRED TAX LIABILITIES</u></b>				
	Related to Fixed Assets (Note No. 2.1 {XVIII})		6768770		8601994
	<b>TOTAL</b>		<b>6768770</b>		<b>8601994</b>

**NOTE : 14 : OTHER NON-CURRENT LIABILITIES**

Sr. No.	Particulars	As at			
		31st March, 2020	31st March, 2019		
1	Trade Advances		5263548		28731857
2	Trade Security Deposit		1275598		675598
3	Advances from Customers		27098445		10722669
4	Others		2505041		2681041
	<b>TOTAL</b>		<b>36142632</b>		<b>42811165</b>

**NOTE : 15 : PROVISIONS**

Sr. No.	Particulars	As at			
		31st March, 2020	31st March, 2019		
1	<b><u>PROVISION FOR EMPLOYEE BENEFIT :</u></b> Provision for Gratuity		9774240		8894116
	<b>TOTAL</b>		<b>9774240</b>		<b>8894116</b>

**NOTE : 16 : BORROWINGS**

Sr. No.	Particulars	As at			
		31st March, 2020	31st March, 2019		
1	<b><u>FROM BANK : (Secured)</u></b> Canara Bank	67345526	66666282		
2	<b><u>FROM OTHER PARTIES : (Unsecured)</u></b>			66666282	
		0	0		
			0		0
	<b>TOTAL</b>		<b>67345526</b>		<b>66666282</b>

Cash Credit from Canara Bank @ Canara Bank base rate. The loan is secured by hypothecation of inventories, book debts and other receivables, both present and future and by way of a first charge on the Company's movable properties. Personal guarantee of three directors. The Cash Credit is repayable on demand.

**NOTE : 17 : TRADE PAYABLES**

Sr. No.	Particulars	As at	
		31st March, 2020	31st March, 2019
1	Micro, Small and Medium Enterprises & Others (Note No. 2.1 {XXI})		
	- For Goods	60861084	55762514
	- For Expenses	23755756	29865231
	<b>TOTAL</b>	<b>84616840</b>	<b>85627745</b>

**NOTE : 18 : PROVISIONS**

Sr. No.	Particulars	As at	
		31st March, 2020	31st March, 2019
1	<b><u>PROVISION FOR EMPLOYEE BENEFIT :</u></b>		
	Provision for Bonus	0	0
	Provision for other Employee Benefit	2446482	2383422
		2446482	2383422
2	<b><u>PROVISION OTHERS :</u></b>		
	Provision for Tax	6399361	5287948
	Provision for Expenses	351780	371932
		6751141	5659880
	<b>TOTAL</b>	<b>9197623</b>	<b>8043302</b>

**NOTE : 19 : REVENUE FROM OPERATIONS**

Sr. No.	Particulars	As at	
		31st March, 2020	31st March, 2019
1	<b><u>SALES OF PRODUCTS :</u></b>		
	Domestic Sales	440972592	487061150
	Export Sales	30523167	17965418
		471495759	505026568
2	<b><u>OTHER OPERATING REVENUES :</u></b>		
	Other Sale/Income	459506	0
		471955265	505026568
	<b><u>Less : Excise Duty</u></b>	0	0
	<b>Revenue From Operations (Net)</b>	<b>471955265</b>	<b>505026568</b>

**NOTE : 20 : OTHER INCOME**

Sr. No.	Particulars	As at		As at	
		31st March, 2020		31st March, 2019	
1	Interest		2786765		3048548
2	Other Non Operating Income		415227		1522371
	<b>TOTAL</b>		<b>3201992</b>		<b>4570919</b>

**NOTE : 21 : COST OF MATERIALS CONSUMED**

Sr. No.	Particulars	As at		As at	
		31st March, 2020		31st March, 2019	
1	Opening Stock	59773233		61178204	
	<b>Add</b> : Purchases	296974454		322490977	
			356747687		383669181
	<b>Less</b> : Closing Stock		63730986		59773233
	<b>TOTAL</b>		<b>293016701</b>		<b>323895948</b>

**NOTE : 22 : CHANGES IN INVENTORIES OF FINISHED GOODS**

Sr. No.	Particulars	As at		As at	
		31st March, 2020		31st March, 2019	
1	<b>Inventories at the beginning of the year</b>				
	Finished Goods		29973124		29561301
2	<b>Inventories at the end of the year</b>				
	Finished Goods		35055133		29973124
	<b>(Increase) in Inventories</b>		<b>(5082009)</b>		<b>(411823)</b>

**NOTE : 23 : EMPLOYEE BENEFITS & EXPENSE**

Sr. No.	Particulars	As at		As at	
		31st March, 2020		31st March, 2019	
1	Salaries and Wages		16979120		15301285
2	Contribution to Provident and Other Funds (Note No. 2.1 {XV})		2838620		3088975
3	Staff Welfare Expenses		1937159		1070759
4	Gratuity (Note No. 2.1 {XV})		1028381		1041945
5	Other Benefits		248306		288389
	<b>TOTAL</b>		<b>23031586</b>		<b>20791353</b>



**NOTE : 24 : FINANCE COSTS**

Sr. No.	Particulars	As at			
		31st March, 2020	31st March, 2019		
1	Interest		9706805		10233119
2	Bank Charges		2952946		7340820
3	Hire Charges		308851		408627
	<b>TOTAL</b>		<b>12968602</b>		<b>17982566</b>

**NOTE : 25 : OTHER EXPENSES**

Sr. No.	Particulars	As at			
		31st March, 2020	31st March, 2019		
<b>1</b>	<b><u>Manufacturing Expenses :</u></b>				
	Labour Expenses	33590055		8650760	
	Transport Inward	2581		1036	
	Consumption of Stores and Packing Materials	5339896		9829993	
	Electric Power	5117831		5348726	
	Gas Charges	86092		114314	
	Repairs to Building	2083415		165327	
	Repairs to Machinery	1389337		1113756	
	Design, Drawing & Development Charges	0		58400	
	Late Delivery Charges	4038455		14692775	
	Trade Discount	24034511		24408614	
			75682172		64383701
<b>2</b>	<b><u>Selling and Distribution Expenses :</u></b>				
	Excise, Income Tax, GST & Vat Assessment	2756984		40417	
	Other Selling and Distribution Expenses	38526380		45516316	
			41283364		45556733
<b>3</b>	<b><u>Establishment Expenses :</u></b>				
	Professional Fees	807669		1177048	
	General Expenses	7453762		8146560	
	Insurance	103511		149084	
	Rent & Taxes	3985118		4043824	
	Other Reapirs	3032407		2733359	

	Travelling & Conveyance Expenses	1235785		1815544	
	Payment to Auditors	123000		67000	
	Loss / (Profit) on Sale of Fixed Assets	0		(688,727)	
	Donation	0		27500	
			16741252		17471191
<b>4</b>	<b>B S E Expenses</b>		350000		250000
	<b>TOTAL</b>		<b>134056788</b>		<b>127661625</b>