

**HMG INDUSTRIES LIMITED**

**ANNUAL REPORT**

**2018-2019**

**Board Of Directors:**

Mr. Zaki A. Hajeebhoy  
*Managing Director*

Mrs. Veera Somaya  
*Executive Director*

**Registered Office:**

C-21/6, TTC Industrial Area,  
MIDC, Pawne Village,  
Thane – Belapur Road,  
Navi Mumbai: 400703.

**Auditors:**

M/s. N.S. Gokhale & Co.  
Address: 104, Siddharth Darshan,  
Dada Patil Wadi, Dada Patil Marg,  
Thane (W) – 400602.

**Share Transfer Agents:**

Adroit Corporate Services Pvt. Ltd.  
19, Jafferbhoy Industrial Estate,  
1<sup>st</sup> Floor, Makwana Road,  
Marol Naka, Mumbai: 400059.  
E-mail: adroits@vsnl.net

Mr. Edgar J. Kamath  
*Whole time Director*

**Contact Us:**

Tel.: 022 27681943  
Website: [www.hmgindustries.in](http://www.hmgindustries.in)  
E-mail: [hmginds@gmail.com](mailto:hmginds@gmail.com)

**Company Secretary:**

Ms. Kiran Jadhav

**Company's Bankers:**

State Bank of India  
Oriental Bank of Commerce

# HMG INDUSTRIES LIMITED

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIRST ANNUAL GENERAL MEETING OF HMG INDUSTRIES LIMITED WILL BE HELD AT THE REGISTERED OFFICE AT C-21/6, TTC INDUSTRIAL AREA, MIDC, PAWNE VILLAGE, NAVI MUMBAI: 400703 ON FRIDAY, 27<sup>TH</sup> SEPTEMBER, 2019 AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

### **I - ORDINARY BUSINESS:**

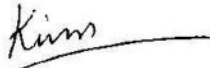
- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2019 and the Balance sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. Zaki A. Hajeerbhoy (DIN: 00480679) who retires by rotation and being eligible, offers herself for re-appointment.

### **3) Appointment of Auditor:**

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. N.S. Gokhale & Co, Chartered Accountants (Firm Registration No. 103270W), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company to be held in the year 2020 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, traveling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

By Order of the Board of Directors



Kiran Jadhav  
Company Secretary  
Membership No.: A50422

Place : Navi Mumbai

Date : 30<sup>th</sup> August, 2019.

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#### **FACTORY / REGISTERED OFFICE :**

C-21/6, Pawne Village, MIDC TTC Area, Thane - Belapur Road, Vashi, Navi Mumbai - 400 703. Phone : 022-2768 1943  
Fax : 022-2761 7115 Email : hmginds@gmail.com CIN NO. : U24110MH1987PLC044801

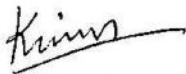
# HMG INDUSTRIES LIMITED

## NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY & THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Transfer Register will be closed from 26<sup>th</sup> September to 27<sup>th</sup> September, 2019 (both days inclusive).
3. Proxy in order to be effective must be sent to the Company not less than 48 hours before the meeting.
4. Members are requested to notify immediately change of address, if any, at the Registered Office of the Company/ Registrar Agent.
5. Members desiring any information on the accounts of the Company are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.

### **HMG Industries Limited**

C-21/6, TTC INDUSTRIAL AREA, MIDC, PAWNE VILLAGE,  
NAVI MUMBAI-400703  
☎ 022-27681943



Kiran Jadhav  
Company Secretary  
Membership No.: A50422

Place : Navi Mumbai  
Date : 30<sup>th</sup> August, 2019.

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Fax : 022-2761 7115 Email : hmginds@gmail.com CIN NO. : U24110MH1987P:C044801



## DIRECTOR'S REPORT

To,  
The Members,  
HMG Industries Limited.

Your Directors present their 31<sup>st</sup> Annual Report with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2019.

### Financial Results:

Summary of the Company's financial performance for F.Y. 2018-2019 as compared to the previous financial year is given below:

Particulars	F.Y. 2018 – 2019	F.Y. 2017 – 2018
Revenue from operations	74,800,238.00	87,342,429.00
Revenue from Other Income	10,374,027.00	1,153,743.81
Profit on Sale of Assets	-	88,800.00
Total Revenue	85,174,265.00	88,584,972.81
Profit/Loss before Depreciation & Interest	8,610,156.65	10,289,266.12
Depreciation & Amortization	6,496,820.00	6,643,633.00
Interest Cost	5,120,997.00	2,158,952.00
Profit/(Loss) After Depreciation & Interest	(3,007,660.35)	1,486,681.42
Provision for Tax	-	100,000.00
Income Tax	-	-
TDS W/off	-	-
Profit/(Loss) After Tax	(3,007,660.35)	1,386,681.42
EPS	(0.14)	0.06

### Highlights:

During the year under review, your Company recorded a total income of Rs. 85,174,265/- as against 88,584,973/- in previous year and Net Loss of Rs. 3,007,660/- as against Net Profit of Rs. 1,386,681/- in previous year.

**Dividend:**

The Board, for the year ended 31<sup>st</sup> March, 2019, regrets their inability to declare dividend in view of previous losses in business.

**Transfer of Unclaimed Dividend To Investor Education and Protection Fund:**

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

**Reserves:**

No amount has been transferred to any reserves.

**Change in the nature of business, if any:**

During the year under review, there was no change in the nature of business

**Board of Directors of company:**

DIN	Full Name	Present residential address	Designation	Date of Appointment
00480679	Mr. Zaki A. Hajeebhoy	5, Gulmarg Bldg, Near Petit Hall, Nepeansea Road, Mumbai : 400006.	Managing Director	28-09-1987
02465890	Mr. Edgar J. Kamath	B-131, Vishnu Baug, 137 S V Road, Andheri – West, Mumbai – 400058.	Director	25-09-2008
00481805	Mrs. Veera N. Somaya	2/4, Mahalaxmi Colony, Woollen Mill Road, Mahim, Mumbai – 400016.	Director	29-12-2011

**Number of meetings of the Board of Directors:**

During the year under review Six Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies act, 2013.

**Independent Directors' Declaration**

All Independent Directors have submitted the declaration of Independence as required under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

During the year under review, there is no change in the Board of Directors of the Company.

Brief profile of the Directors proposed to be appointed / re-appointed and other information as stipulated under Listing Regulations and Secretarial Standard are part of the Notice attached to this Report.

#### **Key Managerial Personnel**

As on date, Mr. Zaki A. Hajeerbhoy, Managing Director, Mrs. Veera Somaya, Executive Director & Mr. Edgar J. Kamath, Whole-Time Director, are the Key Managerial Personnel of the Company

#### **Remuneration Policy**

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of Companies Act, 2013. The policy lays down criteria for selection and appointment of Board Members.

#### **Deposits:**

During the year under review your company has not accepted any deposit. Hence the provision for disclosure of the information relating to deposit is not applicable on company for the financial Year under review.

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

No material change and commitment affecting the financial position of the Company occurred between the end of the financial year (F.Y.: 2018-19) to which the financial statement related and the date of this Board Report.

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

No significant and material order passed by the any regulators or courts or tribunals impacting the going concern status and company's operation in future as the company believe in high compliance standard, hence the chances of any non compliances and any mishap is very less.

#### **Details of Subsidiary/Joint Ventures/Associate Companies:**

Marvel Pharmachem Ltd., subsidiary of the Company, during the year under review has applied with Registrar of Companies, Mumbai for strike-off and is under process of strike-off. On the basis of application the Company has written-off the said holding and outstanding dues.

#### **Performance and financial position of the Subsidiary included in the consolidated financial statement:**

The subsidiary company, Marvel Pharmachem Limited, during the year under review has applied with Registrar of Companies, Mumbai for strike-off and is under process of strike-off and the loss of this subsidiary company is not dealt within the books of account of the company, hence this section is not applicable on company for the financial year under review.

**Directors' Responsibility Statement:**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of the provisions of Section 134(5) of the Companies Act, 2013 that:

- A. In the preparation of the annual financial statements for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- B. Such accounting policies as mentioned in the Notes to the financial statements have been selected and applied consistently and judgments and estimates have been made 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, 2019 and of the Profit of the Company for the year ended on that date;
- C. Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- D. The annual financial statements have been prepared on a going concern basis;
- E. Proper internal financial controls had been laid down and followed and that such internal financial controls are adequate and were operating effectively; and
- F. Proper systems to ensure compliance with the provisions of all applicable laws were in places which were adequate and operating effectively.

**Share Capital:**

The paid up share capital of the company as on March 31, 2019 was Rs. 69,065,853.00. During the year under review the Company has not bought back any Equity Shares or nor issued any Preferential Equity/Sweat Equity/Bonus shares, nor issued any Equity Shares under the Employees Stock Option Plan.

**Exit Offer:**

During the financial year 2016-17 the National Stock Exchange Ltd. compulsorily delisted the Shares of the Company from their exchange. As per SEBI guidelines, the Promoters of the Company offered an Exit offer to the existing Public Shareholders at Rs. 3.16/- per share as per the valuation done by the valuer of National Stock Exchange Ltd. The exit offer was initially open for a period from 12.01.2017 to 11.01.2018. However, as per the letter received from National Stock Exchange dated June 09, 2017, the said Exit offer has now been extended to 11.01.2020.

**Particulars of Contracts or Arrangements with Related Parties:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business and the provisions of the Companies Act, 2013, Rules made there under and Clause 49 of the Listing Agreement are not attracted. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered materially Significant.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for transactions which are foreseen and are repetitive in nature. A statement of all related party transactions is placed before the Audit Committee for its review on quarterly basis, specifying the nature, value and terms and conditions of the transactions.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Details of transactions with Related Parties are given in the Notes to Accounts.

**Internal Control Systems and their Adequacy**

The Company has in place an adequate system of internal controls and risk-mitigation system, which are constantly assessed and strengthened with the new/ revised standard operating procedures. These are commensurate with the size, scale and complexities of its operations. The company has adopted an Internal Financial and Risk mitigation policy under which head of department of various functions in the company are required to form a plan to find out risk areas in work & its mitigation and also to implement financial control system in their respective department so as to provide complete objectivity and independence. The Company senior management plays only advisory role in making of these sub-plan and policies and at last these need to be approved from audit committee of company and need to update the plan and policies from time to time.

The Company during the year under review, under the light of guidance note on Internal Financial Control provided by the Institute of Chartered Accountants of India have also modified the reporting structure of Internal Financial control and Risk mitigation system. The Company had also reviewed the new requirement of Internal Control over Financial Reporting ("ICOFR") and finalized the detailed analysis, and these were presented for review by the Statutory Auditors. The control mechanism and the process of testing of controls were discussed with the Statutory Auditors. The Statutory Auditors have submitted their report on the Internal Financial Controls which forms an integral part of this Report.

**Extract of Annual Return:**

Pursuant to the requirements under Section 92(3) and Section 134(3) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT-9 is given in the Report as Annexure "I"



**Particulars of Employees and Related Information:**

The information required pursuant to Section 197 of the Companies Act, 2013 ('the Act') read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, 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 up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

None of the employees listed in the said Annexure is related to any Director of the Company. None of the employees hold (by himself or along with his / her spouse and dependent children) more than 2% of the equity shares of the Company.

Sr. No	Name of Director/KMP	Remuneration Received (In Rs. Lakh)	% increase in Remuneration in the Financial year 2018-19	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. Zaki A. Hajeebhoy	Nil	Nil	Nil
2	Mr. Edgar J. Kamath	05.44	05%	1/5
3	Mrs. Veera N. Somaya	18.89	05%	1/5

- All appointments are / were non-contractual.
- There were 15 employees on the roll of Company as on March 31, 2019.
- The median remuneration of employees of the Company during the financial year was Rs. 2.57 Lakhs. There was increase in remuneration of Median employee by 5% during the year.
- Remuneration as shown above comprises of Salary, Leave Salary, Bonus, Leave Travel Assistance, Medical Benefit, House Rent Allowance, Perquisites and Remuneration on Cash basis.

**Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

The details of foreign exchange earnings and outgo during the year under review are as below:

As the company business is totally situated in within the national boundaries and no agreement for purchase or sale done with any foreign parties. Hence for the year under review company has no foreign exchange earnings or expenses.

During the year under review, the Internal Complaints Committee has not received any complaint of sexual harassment.

**Risk management policy:**

As the company business segment is small and as the paid up share capital of the company is less than ten crores hence provision clause 49 is not applicable on the company.

**Green Initiative In Corporate Governance: Paperless Compliance:**

Ministry of Corporate Affairs ("MCA") vide its circulars dated 21st April, 2011 and 29th April, 2011 has notified a "Green Initiative in the Corporate Governance", by allowing paperless compliances by Companies. Companies are now permitted to send Annual Reports and various notices to the shareholders through electronic mode to the registered e-mail addresses of shareholders. It will also ensure prompt receipt of communication and avoid loss in postal transit.

We had therefore requested in our previous Annual Report to send the e-mail address to Share Registrar of the Company. The response for the same has been unsatisfactory. Hence, we hereby request all the members to provide/update their e-mail addresses and PAN No. with the Company's Registrar at their e-mail id [adroits@vsnl.net](mailto:adroits@vsnl.net) or Company's e-mail id [hmginds@gmail.com](mailto:hmginds@gmail.com). The members can also access the Company's Annual Report and Annexure for the year ended 31<sup>st</sup> March, 2018 & for last three years on its website [www.hmgindustries.in](http://www.hmgindustries.in).

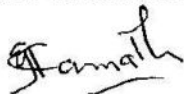
**Personnel:**

The industrial relations continued to be cordial at all levels throughout the year. Your Directors wish to thank all the Employees and Workmen of the Company for their contribution, support and continued co-operation throughout the year.

**Acknowledgements:**

Your Directors would like to express their appreciation for the co-operation and assistance received from the Government authorities, bankers, financial institutions, vendors, customers and shareholders during the year under review.

For and On behalf of the Board  
HMG Industries Limited,



Edgar J. Kamath  
Director  
(DIN No.: 02465890)



Zaki A. Hajeebhoy  
Managing Director  
(DIN No.: 00480679)

Date: 20<sup>th</sup> August, 2019  
Place: Navi Mumbai

# **Annexure - I**

## **Form No. MGT - 9**

### **EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on March 31, 2019**

**[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

<b>I REGISTRATION &amp; OTHER DETAILS:</b>		
i	CIN	U24110MH1987PLC044801
ii	Registration Date	28-09-1987
iii	Name of the Company	HMG Industries Limited
iv	Category/Sub-category of the Company	Public Limited
v	Address of the Registered office & contact details	C-21/6, TTC Industrial Area, MIDC, Pawne Village, Thane Belapur Road, Navi Mumbai - 400703.
vi	Whether listed company	BSE: Delisted NSE: Delisted
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Adroit Corporate Services Private Limited, 19, Jafferbhoy Industrial Estate, 1 <sup>st</sup> Floor, Makhwana Road, Marol Naka, Mumbai - 400059 E-mail: adroits@vsnl.net

<b>II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>			
All the business activities contributing 10% or more of the total turnover of the company shall be stated			
Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Food Processing Unit	110	100%

<b>III PARTICULARS OF HOLDING, SUBSIDIARY &amp; ASSOCIATE COMPANIES</b>					
Sl. No	Name & Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
-	-	-	-	-	-





i) Individual shareholders holding nominal share capital upto Rs. 2 Lakhs	-	8321622	8321622	38.39	-	8303152	8303152	38.31	Y	-0.08
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 Lakhs	-	693488	693488	3.20	-	578588	578588	02.67	Y	-0.53
c) NRI - Individuals/ Body Corporate	-	604716	604716	2.79	-	604716	604716	02.79	N	-
d) Others (specify)	-	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(2):</b>	-	<b>9972815</b>	<b>9972815</b>	<b>46.01</b>	-	<b>9839445</b>	<b>9839445</b>	<b>45.40</b>	<b>Y</b>	<b>-00.60</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		<b>11584715</b>	<b>11584715</b>	<b>53.45</b>	-	<b>11451345</b>	<b>11451345</b>	<b>52.04</b>	<b>Y</b>	<b>-00.61</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>21671951</b>	<b>21671951</b>	<b>100</b>	-	<b>21671951</b>	<b>21671951</b>	<b>100</b>	-	-

<b>(ii) SHARE HOLDING OF PROMOTERS</b>								
Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Zaki A. Hajeerbhoy	335600	01.55	-	335600	01.55	-	-
2.	HG Logistic Services LLP	5862166	27.05	-	5995536	27.66	-	+00.61
3.	HMG Investments & Trading Ltd.	2399470	11.07	-	2399470	11.07	-	-
4.	HMG Engineering Ltd.	1490000	06.88	-	1490000	06.88	-	-
	<b>Total</b>	<b>10087236</b>	<b>46.55</b>	-	<b>10220606</b>	<b>47.16</b>	-	<b>+00.61</b>

<b>(iii) Change in Promoters' Shareholding as on the financial year ended on March 31, 2019</b>				
Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	10087236	46.55	<b>Not Applicable</b>	
Date wise Increase/Decrease in Promoters shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer/bonus/sweat equity, etc.)	133370	00.61		
At the end of the year	10220606	47.16		

**(IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)**

Sr. No.	Shareholders Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1		-	-	-	-
	<b>Total</b>	-	-	-	-

**(IV) SHAREHOLDING PATTERN OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Sr. No.	Shareholder's Name	Shareholding		Increase/ Decrease in Shareholding	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-18) / end of the year (31-03-19)	% of total Shares of the Company		No. of Shares	% of total Shares of the Company
1	Zaki A. Hajeebhoy	335600	1.55	-		
2	Veera Somaya	3125	0.01	-		
		338725	1.56	-	338725	1.56

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	-	42.00 Lacs	-	42.00 Lacs
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	42.00 Lacs	-	42.00 Lacs
<b>Change in Indebtedness during the financial year</b>				
Additions	-	-	-	-
Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	42.00 Lacs	-	42.00 Lacs
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	42.00 Lacs	-	42.00 Lacs

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager Mrs. Veera Somaya - Director	Total Amount (Rs. In Lacs)
1	<b>Gross salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		18.89
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	others (specify)	-	-
5	Others, please specify	-	-
	<b>Total (A)</b>	-	<b>18.89</b>
	<b>Ceiling as per the Act</b>	N.A	N.A

**A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager Mr. Edgar Kamath - Director	Total Amount (Rs. In Lacs)
1	<b>Gross salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		05.44
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	others (specify)	-	-
5	Others, please specify	-	-
	<b>Total (A)</b>	-	<b>05.44</b>
	<b>Ceiling as per the Act</b>	N.A	N.A

**B. Remuneration to Other Directors:**

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount (Rs. In Lacs)
<b>1</b>	<b>Independent Directors</b>						
	(a) Fee for attending board committee meetings	-	-	-	-	-	-
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>2</b>	<b>Other Non Executive Directors</b>						
	(a) Fee for attending board committee meetings	-	-	-	-	-	-
	(b) Commission	-	-	-	-	-	-
	(c) Others please specify.	-	-	-	-	-	-
	<b>Total (2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total (B)=(1+2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total Managerial Remuneration</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Overall Ceiling as per the Act.</b>	<b>N.A</b>					

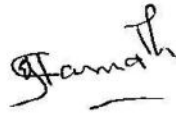
**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:**

Sl. No.	Particulars of Remuneration	Name of the Company Secretary / CFO	Total Amount (Rs. In Lacs)
		Mr. Saurabh Singh - Company Secretary	
<b>1</b>	<b>Gross salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	-	01.19
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
<b>2</b>	<b>Stock option</b>	-	-
<b>3</b>	<b>Sweat Equity</b>	-	-
<b>4</b>	<b>Commission</b>	-	-
	as % of profit	-	-
	others (specify)	-	-
<b>5</b>	<b>Others, please specify</b>	-	-
	<b>Total (A)</b>	-	<b>01.19</b>
	<b>Ceiling as per the Act</b>	<b>N.A</b>	<b>N.A</b>

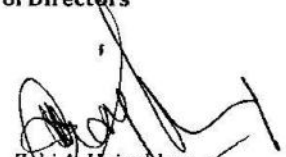
**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty			<b>None</b>		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			<b>None</b>		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			<b>None</b>		
Punishment					
Compounding					

On behalf of the Board of Directors



Edgar J. Kamath  
**Director**  
 (DIN No.: 02465890)



Zaki A. Hajeerhoy  
**Managing Director**  
 (DIN No.: 00480679)

Date: 20<sup>th</sup> August, 2019  
 Place: Navi Mumbai

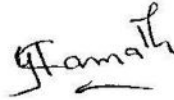
## **ANNEXURE II - Form AOC- 2**

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Act including certain arm's length transactions under third proviso thereto:

1. Details of material contracts or arrangements or transactions not at arm's length basis: Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis: Not Applicable

On Behalf of the Board of Directors



Edgar J. Kamath  
Director  
(DIN No.: 02465890)



Zaki A. Najeebhoy  
Managing Director  
(DIN No.: 00480679)

Date: 20<sup>th</sup> August, 2019  
Place: Navi Mumbai

***N. S. Gokhale & Company***  
***Chartered Accountants***

104, Siddharth Darshan, Dada Patil Wadi, Dada Patil Marg, Naupada, Thane (West) 400602  
Ph. No. 022-2544 5752, 2543 2771; e-mail: nsgokhale.ca@gmail.com

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HMG INDUSTRIES  
LIMITED**

**Report on the standalone Financial Statements**

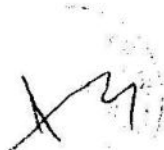
**Opinion**

We have audited the accompanying Standalone financial statements of **HMG INDUSTRIES LIMITED** which comprises the Balance Sheet as at March 31, 2019, 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 (herein referred to as "Standalone Financial Statement").

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 Act 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, 2019, and loss 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.





### **Responsibility of Management for the Standalone Financial Statements**

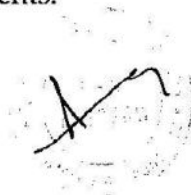
The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibility 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.

A handwritten signature in black ink is written over a circular stamp. The stamp contains some illegible text, possibly a company name or official seal.

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

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.


As required by Section 143(3) of the Act, we report that, 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.

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, except in respect of:
  - i. **Non provision of Deferred Tax Asset / Liabilities as required by AS-22 issued by ICAI. ( Refer Note 23-2)**
  - ii. **In the absence of confirmations in respect of balances of Sundry Debtors, Loans & Advances & Creditors, the balances have been taken as per the books of accounts and are subject to reconciliation and adjustments.(Refer Note 23-1-XI)**
  - iii. **Liabilities in respect of gratuity payable to employees and Leave encashment payments are accounted on cash basis. (Refer Note 23-1-VI)**



- e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. No material Sundry Debtors, Sundry Creditors and Loans & Advances are pending for reconciliation and the effect of other such debtors & creditors (subject to confirmation) will not result in material adjustment in books of accounts on its final reconciliation.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company}.

**For N.S.Gokhale & Co.**  
**Chartered Accountants**  
**(FRN:103270W)**

  
CA Abhay Sidhaye

**Partner**  
**(Mem. No.:033522)**

**Place: Thane**

**Date: 20/08/2019**

UDIN No: 19033522 AAAABB8742



## **"Annexure A" to the Independent Auditors' Report**

**Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2019:**

On the basis of such checks as we considered appropriate and according to the information and Explanations given to us during the course of our audit, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) As explained to us, the Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.  
(c) The title deeds of immovable properties are held in the name of the company.
- ii. The company does not hold any inventory either at the beginning or at the end of the year.
- iii. The Company has granted loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are applicable to the Company:  
  
(a) According to the information and explanations given to us, the Company has granted unsecured interest free loans to a subsidiary company covered in the Register maintained under Section 189 of the Companies Act, 2013, amounted to Rs.164,575/-.  
  
(b) The borrower has not repaid any amount during the year.
- iv. 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 Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

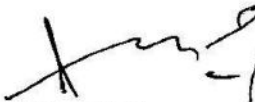


- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.
- i) The Income Tax and Wealth Tax Assessments have been completed upto Assessment Year 2014-15. For the Assessment Year 2014-15, the Income Tax Authority have raised a demand of Rs.77,40,580/-. The Company has preferred appeal against the said demand.
- ii) The Income Tax Authorities have demanded Rs.165.41 Lacs for Assessment completed upto 1995-96. The company has paid the entire dues.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed and the information and explanations given by the management, 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.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.



- xiii. In our opinion all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For N.S.Gokhale & Co.  
Chartered Accountants  
(FRN:103270W)

  
CA Abhay Sidhaye  
Partner  
(Mem. No.:033522)



Place: Thane

Date: 20/08/2019

UDIN No.: 19033522 AAAAB08742



**"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of HMG INDUSTRIES LIMITED.**

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

We have audited the internal financial controls over financial reporting of HMG INDUSTRIES LIMITED as of March 31, 2019 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 [for example, "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".] 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 March 31, 2019, based on \_ [for example, "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 N.S.Gokhale & Co.**  
**Chartered Accountants**  
**(FRN:103270W)**

  
**CA Abhay Sidhaye**  
**Partner**  
**(Mem. No.:033522)**



**Place: Thane**

**Date: 20/08/2019**

**UDIN No.: 19033522 AAAAR8742**



Particulars	Note No	31st March 2019	31st March 2018
		(₹)	(₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders Funds</b>			
(a) Share Capital	1	6,90,65,853.00	6,90,65,853.00
(b) Reserves & Surplus	2	1,54,90,478.09	1,84,98,138.44
(c) Share Application Money pending allotment	-	-	-
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	-	-	-
(b) Deferred tax liabilities (Net)	-	-	-
(c) Other long term liabilities	-	-	-
(d) Long-term provisions	-	-	-
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	4	42,00,000.00	42,00,000.00
(b) Trade Payables	5	60,07,276.61	58,93,840.60
(c) Other current liabilities	6	2,14,92,902.24	3,49,49,890.33
(d) Short-term provisions	7	2,05,326.00	2,05,326.00
<b>Total</b>		<b>11,64,61,835.94</b>	<b>13,28,13,048.37</b>

**II. ASSETS**

**(1) Non-current assets**

**(a) Fixed assets**

(i) Tangible assets	8	6,72,32,873.09	7,35,40,816.09
(ii) Intangible assets	-	-	-
(iii) Capital work-in-progress	-	-	-
(iv) Intangible assets under development	-	-	-
(b) Non-current investments	9	-	2,79,200.00
(c) Deferred Tax assets (Net)	-	-	-
(d) Long-term loan and advances	10	33,39,771.00	32,99,071.00
(e) Other non-current assets	-	-	-

**(2) Current assets**

(a) Current investments	-	-	-
(b) Inventories	-	-	-
(c) Trade receivables	11	2,91,60,058.68	3,05,18,452.30
(d) Cash and cash equivalents	12	19,15,935.94	1,17,52,301.75
(e) Short-term loans and advances	13	1,30,153.00	3,41,762.00
(f) Other current assets	14	1,46,83,044.23	1,30,81,445.23

**Total** 11,64,61,835.94 13,28,13,048.37

Notes forming part of financial statements

1 - 23

As per our report of even date

For N S Gokhale & Co.

Chartered Accountants

(FRN: 103270W)

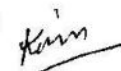


CA Abhay Sidhaye

Partner

Membership No: 033522



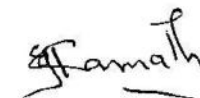


Kiran Jadhav

Company Secretary

Memb. No. A50422

For and on behalf of the Board of Directors of  
HMG INDUSTRIES LIMITED



Edgar J. Kamath

Director

DIN No: 02465890



Zaki A. Hajeebhoy

Managing Director

DIN No: 00480679

Place : Navi Mumbai

Date : 20th August, 2019

**HMG Industries Limited**

Statement of Profit & Loss Account for the year ended 31st March, 2019

Particulars	Note No	31st March 2019	31st March 2018
		(₹)	(₹)
(I) Revenue from Operations	15	7,48,00,238.00	8,73,42,429.00
(II) Other Income	16	1,03,74,027.00	11,53,743.81
(III) Profit on Sale of Assets	-	-	88,800.00
<b>(III) Total revenue</b>	<b>A</b>	<b>8,51,74,265.00</b>	<b>8,85,84,972.81</b>
<b>(IV) EXPENSES</b>			
Cost of materials consumed/Purchase of stock-in-trade	17	9,47,333.00	16,66,141.01
Increase/(Decrease) in Inventories of shares	-	-	-
Employee Benefit expenses	18	3,07,97,814.00	3,07,30,726.48
Finance expenses	19	51,20,997.00	21,65,769.40
Depreciation and amortisation expense	8.1	64,96,820.00	66,43,633.00
Other Expenses	20	4,48,18,961.35	4,58,92,021.80
<b>Total expenses</b>	<b>B</b>	<b>8,81,81,925.35</b>	<b>8,70,98,291.69</b>
		86,10,156.65	
<b>(V) Profit/(Loss) before exceptional and extraordinary items and tax</b>	<b>(A-B)</b>	<b>(30,07,660.35)</b>	<b>14,86,681.12</b>
(VI) Exceptional items	-	-	-
<b>(VII) Profit/(Loss) before extraordinary items and tax</b>		<b>(30,07,660.35)</b>	<b>14,86,681.12</b>
(VIII) Extraordinary items	-	-	-
<b>(IX) Profit/(Loss) before tax</b>		<b>(30,07,660.35)</b>	<b>14,86,681.12</b>
<b>(X) Tax expense</b>			
(1) Current Tax	-	-	1,00,000.00
(2) Deferred Tax	-	-	-
		-	1,00,000.00
<b>(IX) Profit/(Loss) for the year</b>		<b>(30,07,660.35)</b>	<b>13,86,681.12</b>

Earnings per share:

Basic and Diluted

Computed on the basis of total profit

(0.14)

0.06

Notes forming part of financial statements

1 - 23

As per our report of even date

For N S Gokhale & Co.

Chartered Accountants

(FRN: 103270W)

For and on behalf of the Board of Directors of  
HMG Industries Limited

CA Abhay A. Sidhaye  
Partner

Membership No: 033522



Kiran Jadhav  
Company Secretary

Memb. No. A60422

Edgar J. Kamath  
Director

DIN No: 02465890

Zaki A. Hajeabbhoy  
Managing Director

DIN No: 00480679

Place : Navi Mumbai

Date : 20th August, 2019

## Notes forming part of financial statements

## Note : 1 Share capital

Particulars	31 March, 2019	31 March, 2018
	(₹)	(₹)
<b>(a) Authorised</b>		
7,50,00,000 equity shares of ₹ 10/- each with voting rights	75,00,00,000	75,00,00,000
2,50,00,00,000 preference shares of ₹ 100/- each	25,00,00,000	25,00,00,000
	<u>1,00,00,00,000</u>	<u>1,00,00,00,000</u>
<b>(b) Issued, subscribed and fully paid up</b>		
2,16,71,951 equity shares of ₹ 3/- each fully paid up with voting rights	6,50,15,853	6,50,15,853
Preference Shares	40,50,000	40,50,000
	<u>6,90,65,853</u>	<u>6,90,65,853</u>

## Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes (written back)	Closing balance
Equity shares with voting rights								
Year ended 31 March, 2019	2,16,71,951	-	-	-	-	-	-	2,16,71,951
- Number of shares	6,50,15,853	-	-	-	-	-	-	6,50,15,853
- Amount (₹)								
Year ended 31 March, 2018	2,16,71,951	-	-	-	-	-	-	2,16,71,951
- Number of shares	6,50,15,853	-	-	-	-	-	-	6,50,15,853
- Amount (₹)								
Preference Shares								
Year ended 31 March, 2019	5,75,000	-	-	-	-	-	-	5,75,000
- Number of shares	40,50,000	-	-	-	-	-	-	40,50,000
- Amount (₹)								
Year ended 31 March, 2018	5,75,000	-	-	-	-	-	-	5,75,000
- Number of shares	40,50,000	-	-	-	-	-	-	40,50,000
- Amount (₹)								

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	31-Mar-19		31-Mar-18	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
HMG Investments & Trading Pvt. Ltd	23,99,470	11.07%	23,99,470	11.07%
HMG Engineering Limited	14,90,000	6.88%	14,90,000	6.88%
Life Insurance Corporation	10,00,000	4.61%	10,00,000	4.61%
HG Logistic Services LLP	59,95,536	27.66%	58,62,166	27.05%

**HMG INDUSTRIES LIMITED**  
**Notes forming part of financial statements**

	31st March, 2019	31st March, 2018
	₹	₹
<b>Note : 2</b>		
<b>Reserves &amp; Surplus:</b>		
<b>Capital Reserve:</b>		
Profit on forfeiture of Shares	34,000.00	34,000.00
Capital subsidy on Equipments	56,190.00	56,190.00
<b>Debenture Redemption Reserve</b>	<b>2,80,00,000.00</b>	<b>2,80,00,000.00</b>
<b>Share Premium</b>	<b>19,57,80,050.00</b>	<b>19,57,80,050.00</b>
<b>Surplus/(Deficit) in statement of profit and loss</b>		
Balance as per last Balance Sheet	(1,34,77,96,661.52)	(1,34,91,83,342.64)
Add : Surplus/(Deficit) during the year	(30,07,660.35)	13,86,681.12
	(1,35,08,04,321.87)	(1,34,77,96,661.52)
<b>Less : Transfer from General Reserve</b>	<b>1,00,84,70,902.96</b>	<b>1,00,84,70,902.96</b>
	(34,23,33,418.91)	(33,93,25,758.56)
<b>General Reserve</b>	<b>1,00,84,70,902.96</b>	<b>1,00,26,51,194.36</b>
Add : Old liabilities w/off	-	58,19,708.60
	1,00,84,70,902.96	1,00,84,70,902.96
<b>Less : Transfer to Profit &amp; Loss Account</b>	<b>1,00,84,70,902.96</b>	<b>1,00,84,70,902.96</b>
	-	-
<b>Reduction in Share Capital</b>	<b>13,39,53,657.00</b>	<b>13,39,53,657.00</b>
	<b>1,54,90,478.09</b>	<b>1,84,98,138.44</b>
<b>Note : 4</b>		
<b>Short-term borrowings</b>		
<b>(Unsecured)</b>		
From Financial Institution	27,00,000.00	27,00,000.00
From Shareholders	15,00,000.00	15,00,000.00
	<b>42,00,000.00</b>	<b>42,00,000.00</b>
<b>Note : 5</b>		
<b>Trade payables</b>		
Sundry Creditors	60,07,276.61	58,93,840.60
	<b>60,07,276.61</b>	<b>58,93,840.60</b>
<b>Note : 6</b>		
<b>Other Current Liabilities</b>		
Government dues	1,95,32,118.24	2,83,82,424.53
Sundry Creditors for expenses	19,60,784.00	65,67,465.80
	<b>2,14,92,902.24</b>	<b>3,49,49,890.33</b>
<b>Note : 7</b>		
<b>Short-term provisions</b>		
Provision for Taxation	2,05,326.00	1,05,326.00
Add: Current Year	-	1,00,000.00
	<b>2,05,326.00</b>	<b>2,05,326.00</b>

Notes forming part of financial statements

Note : 8 Fixed assets

A Tangible assets

	Gross block									
	Balance as at 1 April, 2018	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing capitalised	Other adjustments (Discarded)	Balance as at 31 March, 2019
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Leasehold land	8,73,081.00	-	-	-	-	-	-	-	-	8,73,081.00
Buildings	8,81,86,923.24	-	-	-	-	-	-	-	-	8,81,86,923.24
Plant & machinery	5,41,85,317.00	-	-	-	-	-	-	-	-	5,41,85,317.00
Electrical installations	43,28,485.00	-	-	-	-	-	-	-	-	43,28,485.00
Furniture & fixtures	2,16,580.00	15,600.00	-	-	-	-	-	-	-	2,32,180.00
Factory/Office equipment:	49,19,963.00	47,329.00	-	-	-	-	-	-	-	49,67,292.00
Lab equipments	8,28,066.09	-	-	-	-	-	-	-	-	8,28,066.09
Air conditioners	75,287.50	48,438.00	-	-	-	-	-	-	-	1,23,725.50
Computers	2,31,172.06	77,510.00	-	-	-	-	-	-	-	3,08,682.06
<b>Total</b>	<b>15,38,44,874.89</b>	<b>1,88,877.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,40,33,751.89</b>
<b>Previous year</b>	<b>25,70,98,301.05</b>	<b>53,09,249.15</b>	<b>14,50,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,71,12,675.31</b>	<b>15,39,44,874.89</b>

Note - 8.1 Fixed assets (contd.)

A Tangible assets

	Accumulated depreciation and impairment										
	Balance as at 1 April, 2018	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of impairment losses recognised in Statement of Profit and	Other adjustments (Discarded)	Balance as at 31 March, 2019	Balance as at 31 March, 2018	Balance as at 31 March, 2019	Balance as at 31 March, 2018
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Leasehold land	5,68,785.00	9,621.00	-	-	-	-	-	-	-	5,78,406.00	2,94,675.00
Buildings	6,78,60,191.01	7,93,552.00	-	-	-	-	-	-	-	6,86,53,743.01	1,95,33,180.23
Plant & machinery	39,64,374.83	47,59,722.00	-	-	-	-	-	-	-	87,24,096.83	4,54,61,220.17
Electrical installations	40,53,528.35	1,42,443.00	-	-	-	-	-	-	-	41,95,971.35	1,32,513.65
Furniture & fixtures	73,560.40	25,192.00	-	-	-	-	-	-	-	98,752.40	1,33,427.60
Factory/Office equipment:	29,67,343.10	6,50,782.00	-	-	-	-	-	-	-	36,18,125.10	13,49,166.90
Lab equipments	5,46,816.00	84,409.00	-	-	-	-	-	-	-	6,31,225.00	1,96,841.09
Air conditioners	47,379.00	18,180.00	-	-	-	-	-	-	-	65,559.00	58,166.50
Computers	2,22,081.11	12,919.00	-	-	-	-	-	-	-	2,35,000.11	73,681.95
<b>Total</b>	<b>8,03,04,058.80</b>	<b>64,96,820.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,68,00,878.80</b>	<b>6,72,32,873.09</b>
<b>Previous year</b>	<b>18,22,23,101.11</b>	<b>66,43,633.00</b>	<b>14,50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,71,12,675.31</b>	<b>8,03,04,058.80</b>	<b>7,35,40,816.09</b>

Notes : 1) The unexpired period of leasehold land in respect of land situated at : C-21/6, TTC Area, MIDC, Pawne Village, Navi Mumbai: 400703.

**HMG INDUSTRIES LIMITED**  
**Notes forming part of financial statements**

	31st March, 2019	31st March, 2018
	₹	₹
<b>Note : 9</b>		
<b>Non-current investments</b>		
Investment in Subsidiary Company Marvel Pharmachem Ltd.	-	2,79,200.00
	<u>-</u>	<u>2,79,200.00</u>
<b>Note : 10</b>		
<b>Long-term loan and advances</b>		
Security deposits	33,39,771.00	32,99,071.00
	<u>33,39,771.00</u>	<u>32,99,071.00</u>
<b>Note : 11</b>		
<b>Trade receivables</b>		
Sundry debtors (not outstanding for more than six months)	1,71,29,053.68	1,84,87,447.30
Advance Against Property	1,20,31,005.00	1,20,31,005.00
	<u>2,91,60,058.68</u>	<u>3,05,18,452.30</u>
<b>Note : 12</b>		
<b>Cash and cash equivalents</b>		
Cash on Hand	64,461.52	29,878.52
Balances with Bank in Current A/c.	12,76,951.42	1,11,79,985.23
Balances with Bank in Deposit A/c.	5,74,523.00	5,42,438.00
	<u>19,15,935.94</u>	<u>1,17,52,301.75</u>
<b>Note : 13</b>		
<b>Short-term loans and advances</b>		
Advance to employees	1,30,153.00	1,77,187.00
Loan to subsidiary company	-	1,64,575.00
	<u>1,30,153.00</u>	<u>3,41,762.00</u>
<b>Note : 14</b>		
<b>Other Current Assets</b>		
(Unsecured, Considered Good)		
Advance recoverable in cash or in kind or for value to received	8,27,033.00	7,49,483.00
Income Tax Paid	1,38,56,011.23	1,23,31,962.23
	<u>1,46,83,044.23</u>	<u>1,30,81,445.23</u>
<b>Note : 15</b>		
<b>Revenue from operations</b>		
Income from Ice	5,05,581.00	16,01,452.00
Income from Processing Charges	7,40,91,325.00	8,57,40,977.00
Reimbursement of Expenses	2,03,332.00	-
	<u>7,48,00,238.00</u>	<u>8,73,42,429.00</u>
<b>Note : 16</b>		
<b>Other Income</b>		
Interest on Fixed Deposit with Bank	35,651.00	35,078.00
Interest on Security Deposit	2,49,902.00	2,44,750.00
Misc. Income	20,00,000.00	-
Sale of Scrap	4,500.00	-
Sundry credit balances w/off	80,83,974.00	8,73,915.81
	<u>1,03,74,027.00</u>	<u>11,53,743.81</u>

**HMG INDUSTRIES LIMITED****Notes forming part of financial statements**

	31st March, 2019	31st March, 2018
	₹	₹
<b>Note : 17</b>		
<b>Cost of materials consumed/Purchases of stock-in-trade</b>		
<b>Packing Material:</b>		
Opening Stock	-	-
Add : Purchase	4,66,317.00	9,46,861.00
Total	4,66,317.00	9,46,861.00
Less : Closing Stock	-	-
	4,66,317.00	9,46,861.00
<b>Consumable Stores:</b>		
Opening Stock	-	-
Add : Purchase	4,81,016.00	7,19,280.01
Total	4,81,016.00	7,19,280.01
Less : Closing Stock	-	-
	4,81,016.00	7,19,280.01
	<b>9,47,333.00</b>	<b>16,66,141.01</b>
<b>Note : 18</b>		
<b>Employees Benefit Expenses</b>		
Salary,Wages,Bonus & Gratuity	2,72,50,861.00	2,62,64,453.00
Contribution to P.F. & Others	12,94,918.00	18,59,960.00
Staff Welfare Expenses	22,52,035.00	26,06,313.48
	<b>3,07,97,814.00</b>	<b>3,07,30,726.48</b>
<b>Note : 19</b>		
<b>Interest &amp; Finance Charges</b>		
Bank / Other Interest	51,15,476.00	21,58,952.00
Bank Charges	5,521.00	6,817.40
	<b>51,20,997.00</b>	<b>21,65,769.40</b>
<b>Note : 20</b>		
<b>Other expenses</b>		
Audit Fees	75,000.00	82,725.00
Books & Periodicals	97,400.00	-
Conveyance	5,04,222.00	5,53,763.00
Carriage Inward & Outward	-	2,44,013.00
Commission & Brokerage	25,000.00	75,000.00
Donations	86,307.00	1,79,301.00
Effluent Treatment Charges	11,77,044.00	4,95,370.00
Festival Expenses	2,05,560.00	1,04,865.00
Fees & Subscription	3,82,790.00	2,31,240.00
Freight & Transport	33,38,094.00	22,77,736.51
Insurance	2,86,991.00	3,16,089.00
Interest & Penalty on Others	34,029.00	3,000.00
Inspection & Testing Charges	5,32,387.00	1,36,982.00
Loss on Capital Investments	2,79,200.00	-
Lab Expenses	6,90,225.00	2,28,846.32
Legal & Professional Fees	24,76,088.00	22,76,471.00
Membership Fees	35,215.00	30,750.00

**HMG INDUSTRIES LIMITED****Notes forming part of financial statements**

	30th March, 2019	31st March, 2018
	₹	₹
Miscellaneous expenses	-	-
Office Maintenance/Expenses	26,130.00	70,430.00
Postage & Telegram	3,98,898.00	3,89,529.50
Power and Fuel	2,09,96,760.00	2,56,42,365.50
Processing charges	19,68,529.00	17,51,250.77
Printing & Stationery	1,54,682.00	2,14,838.00
Profession Tax	2,500.00	2,500.00
Rent	10,77,500.00	1,82,400.00
Repair to building	44,14,985.00	28,34,447.70
Repair to machinery	15,75,928.00	24,87,846.50
Rates and taxes	3,41,182.00	8,47,483.48
Rounded off	(45.65)	(34.87)
Share Transfer Fees	99,383.00	84,440.00
Sundry Debit Bal w/off	1,64,811.00	4,10,853.30
Shipment Expenses	-	2,85,000.00
Telephone Expenses	10,890.00	23,905.20
Travelling Expenses	79,912.00	61,137.89
Unloading Charges	23,26,654.00	19,58,751.00
Water Charges	9,54,711.00	14,08,726.00
	<u>4,48,18,961.35</u>	<u>4,58,92,021.80</u>



**HMG Industries Limited**  
**Notes forming part of financial statements**

**Note : 21**

**Cash flow Statement for the Financial Year 2018-19**

<b>PARTICULARS</b>	<b>(₹)</b>	<b>(₹)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>		<b>1,17,52,301.75</b>
<b>Net Operating Profit before tax as per Statement of Profit &amp; Loss</b>	(30,07,660.35)	
<b>ADD: Depreciation &amp; Ammortisation expenses</b>	64,96,820.00	34,89,159.65
<b>Operating Profit before Working Capital Changes</b>		<b>1,52,41,461.40</b>
<b>Adjusted for:</b>		
Trade & Other Payables	1,13,436.01	
Trade & Other Receivables	13,58,393.62	
Movement in Long term Loans & Advances	(40,700.00)	
Movement in Non-current Investments	2,79,200.00	
Other current liabilities	(1,34,56,988.09)	
Short Term Loans & Adv	2,11,609.00	
Other Current Assets	(16,01,599.00)	(1,31,36,648.46)
<b>Cash Flow From Operating Activities</b>		<b>21,04,812.94</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets		(1,88,877.00)
<b>Closing Balance of Cash and Cash Equivalents</b>		<b>19,15,935.94</b>

Note : 22 Related party transactions

<u>Description of relationship</u>	<u>Names of related parties</u>
Key Management Personnel (KMP)	Mr Zaki Aziz Hajeebhoy Ms Veera Somaya Mr Edgar J Kamath Mr. Sourabh Singh
Relatives of KMP	Mr. Nirmal Somaya
Company in which KMP/Relatives of KMP exercise significant influence	Entel Food Products Pvt. Ltd. (Company in which Director Ms Veera Somaya is a Director) Marvel Pharmachem Ltd. (Subsidiary Company)

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31st March, 2019 and balances outstanding as at 31st March, 2019 (₹)

Particulars	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
<u>Short-term Loans &amp; Advances</u>				
<u>Loans to Subsidiary Company</u>				
Marvel Pharmachem Ltd.				
<u>Transactions during the year</u>				
Loans advanced	-	-	-	-
	(-)	(-)	(-)	(25,436)
Repayment of loans advanced/w-off	-	-	-	1,64,575
	(-)	(-)	(-)	-
<u>Balances outstanding at the end of the year</u>				
Loans advanced	-	-	-	-
	(-)	(-)	(-)	(1,64,575)
<u>Director's Remuneration</u>				
Ms Veera Somaya				18,88,500
Mr Edgar J Kamath				5,44,000
<u>Employee's Salary</u>				
Mr. Nirmal Somaya				2,47,000
Mr. Sourabh Singh				1,18,644
<u>Income From Processing Charges</u>				
Entel Food Products Pvt. Ltd.				5,87,71,849
<u>Short-term borrowings:</u>				
Loan from Shareholders				15,00,000

Note: Figures in bracket relates to the previous year

**ACCOUNTING YEAR: 2018-2019**

**Note: 23:**

**NOTES FORMING PART OF THE ACCOUNTS.**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(I) Basis of Accounting :**

The financial statements are prepared under the historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 2013.

**(II) Sales :**

Sales turnover includes income from Processing charges.

**(III) Income :**

Dividend Income is accounted on receipt basis.

**(IV) Expenses :**

Purchases are accounted at the rate prevailing at the time of the transactions.

**(V) Accounting of MODVAT Credit :**

MODVAT credit is accounted on the basis of raw materials consumed & on Capital goods.

**(VI) Provision for Retirement benefits :**

Liabilities in respect of gratuity payable to employees are charged to profit & loss account in the year of payment. Leave encashment payments are at the discretion of the management.

**(VII) Investments :**

Investments are valued at cost and have been considered to be long-term investments.

**(VIII) Capitalization of Finance Cost/Pre-Operative Expenditure :**

In case of expansion of existing undertaking interest on borrowings and expenses incurred up to date of installation of individual plants of new industrial unit is capitalized and added pro-rata to the cost.

**(IX) Fixed Assets & Depreciation:**

(i) All fixed assets are valued at cost less depreciation accumulated.

(ii) The cost of leasehold land is being amortized over the period of the lease.

(iii) Depreciation has been calculated as per rate prescribed under Schedule II of the Companies Act, 2013.

**(X) Inventories :**

Inventories are valued on the following basis.

Packing Materials	:	At Cost
Spares, Tools & Consumables	:	At Cost

In respect of spares & tools, company does not provide for obsolescence.

- (XI) **Sundry Debtors :**  
Sundry Debtors are stated after writing off debts considered as bad and are net of provisions made for doubtful debts.
- (XII) Deferred Revenue Expenses are being amortized over such period up to which the company expects benefits to accrue.
2. In view of the carried forward losses, the Company has not ascertained and provided for deferred tax Assets / Liability as required by accounting standard 22 issued by I.C.A.I.
  3. In the absence of confirmations in respect of balances of Sundry Debtors, Loans & Advances & Creditors, the balances have been taken as per the books of accounts and are subject to reconciliation and adjustments. The company is in the process of reconciling the above.
  4. Marvel Pharmachem Ltd., subsidiary of the Company, has applied with Registrar of Companies, Mumbai for strike-off and is under process of strike-off. On the basis of application the Company has written-off the said holding and outstanding dues.
  6. (a) The Income Tax & Wealth Tax Assessments have been completed upto Assessment Year 2017-18. For the Assessment Year 2014-15, the Income Tax Authority have raised a demand of Rs. 77,40,580/-. The Company has preferred appeal against the said demand before CIIT (VIII), Mumbai.
  - (b) The Income Tax Authorities had demanded Rs. 165.41 Lacs for Assessment completed upto 1995-96. The Company has paid the entire dues
  - (c) The New India Assurance Company Limited has claimed an amount of Rs. 88,91,11,091/- towards their subscription of Debentures. The Company has not accepted the said claim and has proposed to appoint an Arbitrator to settle the differences.
  - (d) The Navi Mumbai Municipal Corporation has raised a demand of Rs. 25,97,712/-. The Company has not accepted this demand as they have paid the entire amount as per the installments granted by the said Corporation.
  - (e) M/s. 3A Capital Services Ltd. has claimed an amount of Rs. 350,00,000/- which is disputed by the Company. The Company has filed an Arbitration case u/s 11 of the Arbitration Act before the Mumbai High Court vide Case No. 255/18. The Mumbai High Court was pleased to appoint an Arbitrator to adjudicate in the dispute.
  - (f) Canara Bank, Bangalore Branch who were the Trustees of Company's Debentures has raised a demand of Rs. 1.22 Crores. The Company has not accepted the same demand and has filed an Arbitration case u/s 11 of the Arbitration Act before the Mumbai High Court vide Case No. 258/18.

- (g) An amount of Rs. 1,52,68,590/- was due from M/s. Olive Live Science Pvt. Ltd. to the Company. An Memorandum of Understanding dated 27<sup>th</sup> day of November, 2018 was executed between HMG Industries Ltd. and Mr. Niyaz Khan Abdul Razzak on behalf of M/s. Olive Live Science Pvt. Ltd. wherein it has been agreed an amount of Rs. 1,37,50,000/- will be the full and final settlement of all the outstanding dues payable by M/s Olive Live Science Pvt. Ltd. The payment schedule will be Rs. 500,000/- per month commencing 01.12.2018 to 28.02.2021 and balance of Rs. 250,000/- will be paid on 31.03.2021. Accordingly, the Company has received Rs. 20,00,000/- till 31<sup>st</sup> March, 2019 and same has been accounted under the head Miscellaneous Income. It is further agreed that on receipt of the entire outstanding dues the cases filed against M/s. Olive Life Science Pvt. Ltd. will be withdrawn.
- (h) The Company has written off an amount of Rs. 43,19,886/- towards Sales tax payment and an amount of Rs. 37,64,088/- towards Sundry Creditors as the same are not payable.
- (i) During the Financial year 2016-17 the National Stock Exchange Ltd. compulsory delisted the Shares of the Company from their exchange. As per SEBI guidelines, the Promoters of the Company offered an Exit offer to the existing Public Shareholders at Rs. 3.16/- per share as per the valuation done by the valuer of National Stock Exchange Ltd. The exit offer was initially open for a period from 12.01.2017 to 11.01.2018. However, as per the letter received from National Stock Exchange dated June 09, 2017, the said Exit offer has now been extended to 11.01.2020.

7.	<u>Payment to Auditors:</u>	<u>Current Year</u>	<u>Previous Year</u>
	Audit Fees	0.65	0.50
	Tax Audit Fees	0.10	0.10
	GST Tax as applicable		

8. The Company has collected the information in respect of amounts payable to small-scale Industrial Undertakings, which are outstanding as at 31.03.2019 which is as under:

Sr.No.	Name of the Party	Amount
1.	Omkar Traders	3,120.00
2.	Venus Fire Safety Equipments	1,416.00
3.	S.K. Consultancy & Personnel Services	22,680.00

9. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

Signature to Note 1 to 23

For N.S. GOKHALE & CO.

CHARTERED ACCOUNTANTS

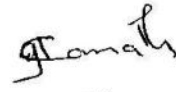
(FRN: 103270W)

CA Abhay A. Sidhaye  
Partner.  
Membership No. 033522



FOR & ON BEHALF OF THE BOARD

  
Kiran Jadhav  
Company Secretary  
Memb. No. A50422

  
Edgar J. Kamath  
Director  
(DIN No. 02465890)

  
Zaki A. Hajeebhoy  
Managing Director  
(DIN No. 00480679)

Place: Navi Mumbai,  
Date: 20<sup>th</sup> August, 2019

**HMG INDUSTRIES LIMITED**
**Grouping to Balance Sheet and Profit & Loss Account**

	31.03.2019	31.03.2018
<b>G.N. : 4 Short-term borrowings</b>		
(Unsecured)		
a) From Financial Institution		
New India Assurance Fund	27,00,000.00	27,00,000.00
	<u>27,00,000.00</u>	<u>27,00,000.00</u>
b) From Shareholder		
Renuka Goel	15,00,000.00	15,00,000.00
	<u>15,00,000.00</u>	<u>15,00,000.00</u>
<b>Total...(a+b)</b>	<u>42,00,000.00</u>	<u>42,00,000.00</u>
<b>G.N. : 5 Trade payables</b>		
Sundry Creditors - Annexure "1"	60,07,276.61	58,93,840.60
	<u>60,07,276.61</u>	<u>58,93,840.60</u>
<b>G.N. : 6 Other current liabilities</b>		
a) Govt. dues		
Provident fund payable	1,17,962.00	1,64,848.00
ESIC payable	59,641.00	79,153.00
Interest on Income Tax payable	81,88,000.00	81,88,000.00
MLWF Payable	-	48.00
Sales tax payable	-	50,00,000.00
Sales tax differals	95,67,037.00	95,67,037.00
Profession tax payable	13,825.00	16,550.00
TDS Payable	40,210.00	51,475.00
GST Payable	14,45,443.24	52,15,313.53
Advance from Customers - Annexure "2"	1,00,000.00	1,00,000.00
	<u>1,95,32,118.24</u>	<u>2,83,82,424.53</u>
b) Creditors For Expenses - Annexure "3"	19,60,784.00	65,67,465.80
<b>Total...(a+b)</b>	<u>2,14,92,902.24</u>	<u>3,49,49,890.33</u>
<b>G.N. : 10 Long-term loans and advances</b>		
Security Deposits - Annexure "4"	33,39,771.00	32,99,071.00
	<u>33,39,771.00</u>	<u>32,99,071.00</u>
<b>G.N. : 11 Trade receivables</b>		
Sundry Debtors	1,71,29,053.68	1,84,87,447.30
Advance Against Property	1,20,31,005.00	1,20,31,005.00
	<u>2,91,60,058.68</u>	<u>3,05,18,452.30</u>

**HMG INDUSTRIES LIMITED**

**Grouping to Balance Sheet and Profit & Loss Account**

	<b>31.03.2019</b>	<b>31.03.2018</b>
<b>G.N. : 12 Cash and cash equivalents</b>		
a) Cash-in-Hand		
Mumbai	64,461.52	29,878.52
	<u>64,461.52</u>	<u>29,878.52</u>
b) Balances with Scheduled Bank in Current A/c.		
State Bank of India - Vashi	12,05,157.82	1,11,08,191.63
Oriental Bank of Commerce	71,793.60	71,793.60
	<u>12,76,951.42</u>	<u>1,11,79,985.23</u>
c) Balances with Scheduled Bank in Deposit A/c.		
Term Deposit with OBC	-	-
Term Deposit with SBI	5,74,523.00	5,42,438.00
	<u>5,74,523.00</u>	<u>5,42,438.00</u>
<b>Total...(a+b+c)</b>	<u><u>19,15,935.94</u></u>	<u><u>1,17,52,301.75</u></u>
<b>G.N. : 13 Short-term loans and advances</b>		
a) Advance to Staff - Mumbai	1,30,153.00	1,77,187.00
	<u>1,30,153.00</u>	<u>1,77,187.00</u>
b) Loan to subsidiary co		
Marvel Pharmachem Ltd.	-	1,64,575.00
	<u>-</u>	<u>1,64,575.00</u>
<b>Total...(a+b)</b>	<u><u>1,30,153.00</u></u>	<u><u>3,41,762.00</u></u>
<b>G.N. : 14 Other current assets</b>		
a) Advance recoverable in cash or in kind or for value to be received		
Interest receivable	-	2,20,275.00
Prepaid expenses	2,38,852.00	2,33,673.00
Profession fees Advance	-	2,500.00
Advances for Capital Goods "Annexure - 5"	5,88,181.00	2,93,035.00
	<u>8,27,033.00</u>	<u>7,49,483.00</u>



HMG INDUSTRIES LIMITED

Grouping to Balance Sheet and Profit & Loss Account

	31.03.2019	31.03.2018
b) Income Tax Paid		
Advance Tax	7,55,412.33	7,55,412.33
TDS on Stores/Processing	7,67,802.90	7,67,802.90
TDS on Interest Receivable	60,657.00	60,657.00
<b>Assessment Year : 07-08</b>		
TDS on Subcontract	76,988.00	76,988.00
<b>Assessment Year : 08-09</b>		
TDS on Subcontract	67,973.00	67,973.00
<b>Assessment Year : 06-07</b>		
FBT - Tax on Regular Assessment	6,855.00	6,855.00
<b>Assessment Year : 2009-10</b>		
TDS on Stores/Processing	3,27,104.00	3,27,104.00
TDS on Interest	1,71,342.00	1,71,342.00
<b>Assessment Year : 2010-11</b>		
TDS on Stores/Processing	5,21,674.00	5,21,674.00
TDS on Interest	11,072.00	11,072.00
<b>Assessment Year : 2011-12</b>		
TDS on Stores/Processing	6,09,153.00	6,09,153.00
TDS on Interest	14,962.00	14,962.00
<b>Assessment Year : 2012-13</b>		
TDS on Stores/Processing	4,21,090.00	4,21,090.00
TDS on Interest	23,197.00	23,197.00
<b>Assessment Year : 2013-14</b>		
TDS on Stores/Processing	5,29,475.00	5,29,475.00
TDS on Interest	16,449.00	16,449.00
<b>Assessment Year : 2014-15</b>		
TDS on Stores/Processing	8,69,488.00	8,69,488.00
TDS on Interest	64,617.00	64,617.00
<b>Assessment Year : 2015-16</b>		
TDS on Stores/Processing	13,32,104.00	13,32,104.00
TDS on Interest	1,01,589.00	1,01,589.00
<b>Assessment Year : 2016-17</b>		
TDS on Stores/Processing	23,80,487.00	23,80,487.00
TDS on Interest	40,205.00	40,205.00
<b>Assessment Year : 2017-18</b>		
TDS on Stores/Processing	13,78,013.00	13,78,013.00
TDS on Interest	25,440.00	25,440.00
<b>Assessment Year : 2018-19</b>		
TDS on Stores/Processing	17,30,833.00	17,30,833.00
TDS on Interest	27,980.00	27,980.00
<b>Assessment Year : 2018-19</b>		
TDS on Stores/Processing	1495493	-
TDS on Interest	28556	-
	<u>1,38,56,011.23</u>	<u>1,23,31,962.23</u>
Total...(a+b)	<u>1,46,83,044.23</u>	<u>1,30,81,445.23</u>
G.N. : 18 Employees Benefit Expenses		
a) Salary, Wages & Bonus		
Bonus & Exratia	5,84,340.00	5,84,681.00
Director's Remuneration	21,78,000.00	20,76,000.00
Gratuity	1,57,846.00	12,40,745.00
Leave Salary	15,01,177.00	10,16,775.00
L.T.A.	17,600.00	16,000.00
Salary & Wages	2,28,11,898.00	2,13,30,252.00
	<u>2,72,50,861.00</u>	<u>2,62,64,453.00</u>

**HMG INDUSTRIES LIMITED****Grouping to Balance Sheet and Profit & Loss Account**

	<u>31.03.2019</u>	<u>31.03.2018</u>
<b>b) Co's contribution to P.F. &amp; Others</b>		
E.S.I.C.	7,38,585.00	7,33,792.00
P.F. Contribution - Mumbai	5,43,805.00	11,13,100.00
M.L.W.F.	12,528.00	13,068.00
	<u>12,94,918.00</u>	<u>18,59,960.00</u>
<b>c) Welfare Expenses</b>		
Medical Expenses	4,47,849.00	6,12,273.50
Staff Welfare Expenses	2,30,258.00	1,66,801.75
Workers Welfare Expenses	6,05,192.00	9,14,292.25
Staff Transport	9,39,600.00	8,75,181.00
Telephone Expenses	29,136.00	37,764.98
	<u>22,52,035.00</u>	<u>26,06,313.48</u>
<b>Total...(a+b+c)</b>	<u>3,07,97,814.00</u>	<u>3,07,30,726.48</u>
<b>G.N. : 20 Other Expenses</b>		
<b>Power &amp; Fuel</b>		
i) Power Charges	2,09,96,760.00	2,56,42,365.50
	<u>2,09,96,760.00</u>	<u>2,56,42,365.50</u>
<b>Processing Charges</b>		
i) Factory Expenses	15,89,194.00	14,09,734.27
ii) Processing Charges	-	-
iii) Electrical Expenses	3,79,335.00	3,41,516.50
	<u>19,68,529.00</u>	<u>17,51,250.77</u>
<b>Rates and Taxes</b>		
i) LBT Charges	-	-
ii) Property Tax	3,09,006.00	3,09,006.00
iii) VAT	32,176.00	5,38,477.48
	<u>3,41,182.00</u>	<u>8,47,483.48</u>

## DETAILS OF SUNDRY CREDITORS AS ON 31.03.2019

Name of Party	31.03.2019	31.03.2018
<b>A) Paper Division</b>		
AJAY TRADERS	-	25,240
ALMASSOUD ABDUL AZIZ.	-	59,216
AVI ROADLINES.	-	46,550
CONVERTOR.	-	22,369
DYNAMIC IMPORT EXPORT.	-	27,500
JERM SHIVJI & SONS	-	39,057
KALPANA TRADERS	-	28,961
K. PATEL DYE CHEM	-	47,820
LATHIA RUBBER	-	12,687
MAHAVIR PACK STRAP	-	8,188
MANVIR METAL P.LTD	-	97,825
MATERIAL SECURITY	-	16,245
MATPAP TRADING	-	98,654
MOTOR TRANSPORT OF INDIA	-	11,392
MUKTA CHEMICALS	-	25,518
NYLON LAMINTATED	-	21,366
ORIENT TRADING	-	6,54,889
PNELUX INDIA	-	5,497
PRATHMESH SHIPPING	-	18,884
PREMCO INDUSTRIES	-	2,975
RAJ TRADERS	-	8,636
R L MHATRE	-	39,631
SANGAM TRADING CORPN	-	50,015
SHAILESH ENGG CO	-	5,369
SHETAL ENTERPRISES	-	4,625
SHREJI ENTERPRISES	-	4,994
SHRI GURUDATT RADIO DEPOT	-	24,476
S.SENAPATI AND CO	-	5,834
VIJAY SALES CORPN.	-	22,870
WARDSMAN SERVICES	-	28,242
ZENITH PAPER TRADER	-	2,26,583
<b>Total....</b>	<b>-</b>	<b>16,92,108</b>

Contd...2

Name of Party	31.03.2019	31.03.2018
<b>B) Chemical Division</b>		
RAKESH DESAI	-	18,250
PARESH ZOPE	-	20,789
ALFA SHIPPING	-	25,970
ANKUSH ENTERPRISES	-	10,000
AUSCHEM AHURA P. LTD	-	15,955
BALMER LAWRIE & CO. LTD	-	1,39,935
C.J.SHAH & CO	-	12,500
DRYTECH PROCESSESS	-	25,450
GANESH ANHYDRIDE	-	32,273
GULJAG IND	-	43,703
GURUDATTA ROADLINES	-	14,000
J.J.TRADERS	-	1,05,800
J.M.SHROFF TRANSPORT	-	6,725
KHOPOLI POLYMER PRODUCTS	-	3,65,193
LYKA PAINTS	-	15,287
MUMBAI GOODS CARRIERS	-	33,800
MUMBAI LABOUR UNION	-	9,257
PLASTICIZERS & POLYMER PRODUCT	-	90,435
PRATIK JEWELLERS	-	10,743
PRESTIGE HM POLYCONTAINERS	-	6,615
PURE LUBES	-	18,274
RAJESH PRINTERS	-	7,087
RELIABLE BULK CARRIERS	-	18,279
SAVITRI FABRICATORS	-	37,495
S.G.INDUSTRIES	-	97,423
SHESH TRANSPORT SERVICES	-	10,912
SHETTY PLAST	-	51,700
SILVO LIACAL CHEMICALS	-	1,22,815
SPECIAL ENGG. P. LTD.	-	17,500
SPECTRA SPECIALITIES	-	65,031
SUPER TRANSPORT CORPN.	-	6,750
SWAMI TRANSPORT	-	2,500
TECH TRADERS INC	-	5,236
VIKRAM INDUSTRIES	-	2,215
VIRENDRA ROADWAYS	-	15,162
YOGENDRA CARRIERS	-	33,972
Total....	-	15,15,031
Total (A+B)....	-	32,07,139

Contd...3

Name of the Party	31.03.2019	31.03.2018
<b>C) Frozen Food Division - Mumbai</b>		
Accurate Enterprises	(23,188.00)	3,01,836.00
Aditiya Enterprises	1,35,000.00	1,35,000.00
Adroit Corporte Services Pvt Ltd	26,156.00	8,424.00
Ammonia Valves & Controls	5,431.00	5,431.00
Bharat Stationers	15,674.20	5,606.20
Common Effluent Treatment Plant	-	1,209.00
Devika Engineering Equipments	11,682.00	2,53,959.60
Geo Chem	13,983.00	-
Ilishaan Biotech Pvt. Ltd.	2,04,353.00	11,200.00
Instotech	4,838.00	-
Jio Digital	(558.00)	(663.00)
Kalyani Engineers	-	6,18,530.00
K.G. Sebastian	85,315.00	1,31,112.00
Lakhani Enterprises	62,091.00	29,877.00
MIDC	29,030.00	-
MSEDCL	46,49,342.34	-
MTNL	362.00	-
Multi Lubricant	-	71,902.20
Nafees Enterprises	-	337.00
Nikisha Chemicals Pvt Ltd	34,426.52	17,912.42
Newton Devices	-	74,808.00
N S Gokhale & Co.	(7,500.00)	-
Omkar Traders	4,885.00	3,120.00
Om Refrigeration Industries	19,210.00	19,210.00
Polar Aircon	-	497.64
Regal Printers	7,245.40	2,537.40
Royal Enterprises	10,630.00	10,630.00
Rupa Enterprises	1,42,952.00	5,30,586.00
Sashi Electricals	11,810.00	14,760.00
Shivshakti Travels	-	82,000.00
Shree Sai Travels	89,520.00	-
Shubh Enterprises	-	4,206.00
S K Consultancy & Personal Services	10,290.00	22,680.00
Sri Ganesh Fabricators	-	500.00
Subham	1,40,140.00	1,23,480.00
Sumit Electricals	47,512.30	23,604.30
Supreme Hardware	1,53,869.85	46,386.84
T.M. Parikh & Co.	11,800.00	54,000.00
Target Innovations	16,166.00	25,000.00
Venus Fire Safety Equipments	33,950.00	1,416.00
Vikky Enterprises	54,458.00	-
Vinayaka Scales	-	40,002.00
Virtue Calibration & Related Services	-	1,534.00
Win Enterprises	6,400.00	14,070.00
	60,07,276.61	26,86,702
<b>Group Total....(A+B+C)....</b>	<b>60,07,276.61</b>	<b>58,93,841</b>

## DETAILS OF ADVANCES RECD. FROM CUSTOMERS AS ON 31.03.2019

Name of the Party	31.03.2019	31.03.2018
Seasaga Enterprises Pvt Ltd	1,00,000.00	1,00,000.00
Total.....	1,00,000.00	1,00,000.00

## DETAILS OF CREDITORS FOR EXPENSES AS ON 31.03.2019

	31.03.2019	31.03.2018
Audit Fees	67,500	67,500
Conveyance	22,920	27,690
Factory Expenses	97,861	52,106
Interest on late payment (SASF)	-	21,57,842
Medical Expenses	5,000	9,000
Office Expenses	70	570
Leave Salary	6,50,000	4,80,650
Power & fuel	-	20,54,489
Power Charges - Workers	3,300	6,330
Professional fees	7,000	15,000
Printing & Stationary	-	184
Rent	70,800	30,400
Salary Payable	9,95,934	15,30,787
Staff Welfare	8,223	-
Telephone Charges	8,100	1,352
Workers Welfare	24,076	38,106
Water Charges	-	95,460
<b>Total....</b>	<b>19,60,784</b>	<b>65,67,466</b>



## DETAILS OF SECURITY DEPOSITS AS ON 31.03.2019

<u>Name of the Party</u>	<u>31.03.2019</u>	<u>31.03.2018</u>
<u>Other Deposits (Gas,Power,Phone)</u>		
MIDC - Water - TTC, Vashi	7,45,298.00	7,45,298.00
MSEB - Vashi	22,83,200.00	22,62,500.00
Case No. 1337 - 25%	31,273.00	31,273.00
Supervisor's Room Deposit	2,35,000.00	2,60,000.00
NSDL	45,000.00	-
<b>Total...A</b>	<b>33,39,771.00</b>	<b>32,99,071.00</b>

## ADVANCES FOR CAPITAL GOODS AS ON 31.03.2019

<b>Name of the Party</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Om Sai Enterprises	-	19,999.00
Marine Industrial Machines	5,13,181.00	2,73,036.00
Stronghold Floors	75,000.00	-
<b>Total....</b>	<b>5,88,181.00</b>	<b>2,93,035.00</b>