

HMG INDUSTRIES LIMITED

ANNUAL REPORT

2020-2021

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY THIRD ANNUAL GENERAL MEETING OF HMG INDUSTRIES LIMITED WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY C-21/6, TTC INDUSTRIAL AREA, MIDC, PAWNE VILLAGE, NAVI MUMBAI-400703 ON THURSDAY, 25TH NOVEMBER, 2021 AT 10 A.M. TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the financial year ended 31st March 2021 and the Balance Sheet as at 31st March 2021 with the Reports of the Auditors' and Directors' thereon.
2. To consider appointment of Director in place of Mrs. Veera Somaya (DIN: 00481805), who retires by rotation, and being eligible, offers herself for re-appointment.
3. Ratification of appointment of Statutory Auditors of the Company

To consider and, if thought fit, to pass 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 (“Act”) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s N..S Gokhale & Co., Chartered Accountants, (Firm Registration No. 103270W), retiring Auditor of the Company be and hereby ratified to continue as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting of the Company till the conclusion of the next Annual General Meeting of the Company, at such remuneration in addition to service tax, reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company, as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

Registered Office:
C-21/6,TTC Industrial Area,
MIDC, Pawne Village,
Navi Mumbai-400703

Place : Navi Mumbai
Date : 27th October, 2021

By Order of the Board of Directors

Sd/-
Edgar Kamath
Director
DIN:02465890

NOTES:

1. A statement pursuant to section 102(1) of the Companies Act, 2013, setting out all material facts relating to Special Business to be transacted at the meeting is annexed herewith and the same should be taken as part of this Notice.
2. Route Map of venue of the Meeting is attached.
3. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the Company. A person can act as proxy on behalf of not exceeding 50 Members and holding in the aggregate not more than 10% of the total Equity Share Capital of the Company. Any Member holding more than 10% of the total Equity share capital of the Company may appoint a single person as proxy and in such a case, the said person shall not act as proxy for any other person or member.
4. Pursuant to Section 113 of the Companies Act, 2013, Corporate Members intending to send their authorized representative to attend the Meeting are requested to send to the Company, a certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
6. During the period beginning 24 hours before the time fixed for commencement of the AGM and until the conclusion of the meeting, a member would be entitled to inspect the proxies lodged during the business hours of the Company, provided that not less than three days' notice of writing is given to the Company.
7. Members / proxies / authorized representatives should bring the duly filled attendance slip enclosed herewith and the Annual report copy to attend the meeting along with a valid identity proof such as PAN Card, Passport, AADHAR Card or Driving license to enter the AGM Hall.
8. Members are requested to inform of any change in their addresses immediately to: (i) Registrar & Transfer Agents (R & T Agents) in case of shares held in Physical Form or (ii) Depository Participants in case of shares held in Electronic Form
9. The Members are requested to send their queries, if any at least seven days before the Annual General Meeting to the Company Secretary at the registered office of the Company or at email id **hmginds@gmail.com**
10. In line with the MCA General Circular dated May 5, 2020, the Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 33rd AGM has been uploaded on the website of the Company at **www.hmgindustries.in** under 'Investor Relations' section.

11. In response to the Green Environment Initiative taken by the Ministry of Corporate Affairs, we urge the members to support our commitment to environmental protection by choosing to receive any shareholding communication through email. You can do the same by updating your email addresses to the concerned Depository Participant. Members who hold shares in physical form are requested to register their email addresses with Adroit Corporate Services Pvt. Ltd., Registrar and Share Transfer Agents of the Company.

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C-21/6, TTC Industrial Area,
MIDC, Pawne Village,
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Place : Navi Mumbai
Date : 27th October, 2021

By Order of the Board of Directors

Sd/-
Edgar Kamath
Director
DIN:02465890

DIRECTOR'S REPORT

To,
The Members,
HMG Industries Limited.

Your Directors present their 33rd **Annual Report** with the Audited Statement of Accounts for the year ended 31st March, 2021.

Financial Results:

Summary of the Company's financial performance for F.Y. 2020-21 as compared to the previous financial year is given below:

Particulars	F.Y. 2020 – 2021	F.Y. 2019 – 2020
Revenue from operations	4,88,70,244.00	6,27,15,673.00
Revenue from Other Income	44,05,166.00	62,25,695.00
Profit on Sale of Assets	-	-
Total Revenue	5,32,75,410.00	6,89,41,368.00
Profit/(Loss) before Depreciation & Interest	1,82,478.00	(26,12,147.00)
Less: Depreciation & Amortization	62,58,043.00	62,80,595.00
Less: Interest Cost	0.00	79,95,467.00
Profit/(Loss) After Depreciation & Interest	(60,75,565.00)	(1,68,88,209.00)
Provision for Tax	-	-
Income Tax	-	-
TDS W/off	-	-
Profit/(Loss) After Tax	(60,75,565.00)	(1,68,88,209.00)
EPS	(0.28)	(0.78)

Highlights:

During the year under review, your Company recorded a total income of Rs. 5,32,75,410/- as against 6,89,41,368/- in previous year and Net Loss of Rs. 60,75,565/- as against Net Loss of Rs. 1,68,88,209/- in previous year.

Dividend:

The Board, for the year ended 31st March, 2021, 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.

Share Capital:

The paid-up Equity Share Capital as on 31st March, 2021 was Rs. 65,015,853/- (Face value of Rs.10 per share Rs.3/- each fully paid-up). During the year under review, no shares were issued and allotted. The Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

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. Hajeerbhoy	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:

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, Eight Board meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Board Meetings held during the Year

Sr. No.	Dates on which the Board Meetings were held	Total Strength of the Board	No of Directors Present
1.	02 nd July, 2020	3	3
2.	24 th August, 2020	3	3
3.	02 nd September 2020	3	3
4.	27 th September, 2020	3	3
5.	11 th September, 2020	3	3
6.	03 rd October, 2020	3	3
7.	30 th November, 2020	3	3
8.	19 th March, 2021	3	3

Independent Directors' Declaration

The provisions of Section 149(4) of the Companies Act, 2013 for having independent Directors and Section 149 (7) of the Companies Act, 2013 for giving declaration of independence by such Directors that they meet the criteria of independence as provided in Section 149 (6) of the Companies Act 2013 are not applicable to the Company.

Nomination And Remuneration Committee

The Company is not covered under the provisions of Section 178 of the Companies Act, 2013 to constitute the Nomination and Remuneration Committee and accordingly, not required to formulate the policy on matters provided under Section 178 (3) of the Companies Act, 2013.

Key Managerial Personnel

In accordance with the provisions of the Act and the Articles of Association of the Company, Mrs. Veera Somaya, Executive Director of the Company, retires by rotation at the ensuing AGM, and being eligible, have offered herself for re-appointment.

In compliance with the requirements of section 203 of the Companies Act, 2013, Mr. Zaki A. Hajeebhoy, Managing Director, Mrs. Veera Somaya, Executive Director & Mr. Edgar J. Kamath, Whole-Time Director, and Ms. Kiran Jadhav Company Secretary of the Company were the Key Managerial Personnel of the Company during the financial year.

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 changes and commitment affecting the financial position of the Company occurred between the end of the financial year (F.Y.: 2020-21) 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.

Holding, Subsidiaries, Joint Ventures or Associate Companies:

The company has no subsidiaries, joint ventures or associate companies. During the Financial Year, no company ceased as Subsidiary, joint venture or associate of the company.

Directors' Responsibility Statement:

Pursuant to sub-section (5) of section 134 of the Companies Act, 2013, the Board of Directors of the company hereby state and confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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"**

Cost Records as Specified by The Central Government:

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not required by the Company and also accounts and records are not need to be maintained.

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 2020-21	Ratio of remuneration of each Director to median remuneration of employees
1	Mr. Zaki A. Hajeerbhoy	Nil	Nil	Nil
2	Mr. Edgar J. Kamath	03.08	-	-
3	Mrs. Veera N. Somaya	19.05	-	-

- All appointments are / were non-contractual.
- There were 15 employees on the roll of Company as on March 31, 2021.
- The median remuneration of employees of the Company during the financial year was Rs. 2.70 Lakhs. There was no increase in remuneration of Median employee during the year.
- Remuneration as shown above comprises of Salary, Bonus, House Rent Allowance & Perquisites 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.

Secretarial Standards:

The Company has complied with all the applicable secretarial standards.

Corporate Social Responsibility:

During the year under review company has not exceeded any of the limit prescribed in section 135, hence the company is not required to comply with provision of Corporate Social Responsibility nor required to make any provision of expenses for CSR activities given in Schedule VII of the Companies Act, 2013.

Details of establishment of vigil mechanism for Directors and Employees:

The Company has established a vigil mechanism and oversees 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 co-employees and the Company.

Particulars of loans, guarantees or investments under section 186:

During the year under review the company has not provided any short term or long-term loan and advances, Guarantee or securities, or made investment in any body corporate or any other person as defined in section 186 of Companies Act, 2013. Hence the company is not required to maintain register as prescribed in Companies Act, 2013.

Statutory Auditors:

M/s. N.S. Gokhale & Co., Chartered Accountant, (FRN: 103270W), was appointed as Statutory Auditors of Company by the Members of the Company in the 32nd Annual General Meeting of the Company for a period of five consecutive years (i.e., for financial year 2020-21 to 2024-25) subject to ratification in every subsequent Annual General Meeting. The said Statutory Auditors retire at the ensuing Annual General Meeting and being eligible under section 139 to 143 of the Companies Act, 2013, offer themselves for re-appointment. Members are requested to ratify the appointment of M/s. N.S. Gokhale & Co., Chartered Accountant, (FRN: 103270W). Report of the auditors read with the notes on accounts is self-explanatory and need no elaboration.

Reporting of Frauds by Auditors:

During the year, there were no instances of frauds reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013.

Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Your Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy has set guidelines on the redressal and enquiry process that is to be followed by the complainants. While dealing with issues related to sexual harassment at the workplace towards any women employee's, secrecy will be maintained and no women employee will be subjected to any kind of harassment and other mean of inconvenience for raising an issue or pointing out unethical behavior. All women employees (permanent, temporary, contractual and trainees) are covered under this policy. All employees are treated with dignity with a view to maintain an environment free of sexual harassment whether physical, verbal or psychological.

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 or Company's e-mail id hmginds@gmail.com. The members can also access the Company's Annual Report and Annexure for the year ended 31st March, 2021 & for last three years on its website www.hmgindustries.in.

Personnel:

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

Acknowledgements:

The Directors hereby acknowledge the dedication, loyalty, hard work, solidarity and commitment rendered by the employees of the Company during the year. They would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from bankers, government authorities, business partners, shareholders, customers and other stakeholders without whom the overall satisfactory performance would not have been possible.

The Directors deeply regret the losses suffered due to the Covid-19 pandemic and place on record their sincere appreciation to all the front-line workers and those who have gone beyond their duties in battling against the pandemic.

For and on behalf of the Board
HMG Industries Limited,

Sd/-

Edgar J. Kamath

Director

(DIN No.: 02465890)

Sd/-

Zaki A. Hajeebhoy

Managing Director

(DIN No.: 00480679)

Date: 3rd September, 2021

Place: Navi Mumbai

Annexure - I

Form No. MGT - 9 **EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2021
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I		REGISTRATION & OTHER DETAILS:
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 st Floor, Makhwana Road, Marol Naka, Mumbai - 400059 E-mail: adroits@vsnl.net

II		PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY	
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	% total turnover of the company
1	Processing & preservation of Fish	1020	100%

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

i) Indian	5125	347864	352989	01.63	5125	347864	352989	1.63	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 2 Lakhs	79257	8223895	8303152	38.31	89032	8214120	8303152	38.31	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 Lakhs	-	578588	578588	02.67	-	578588	578588	2.67	-	-
c)NRI - Individuals/ Body Corporate	-	604716	604716	02.79	-	604716	604716	2.79	-	-
d) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	84382	9754613	9839445	45.40	94157	9745288	9839445	45.40	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	84832	11366513	11451345	52.84	94157	11357188	11451345	52.84	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	84832	21587119	21671951	100	5094157	16577794	21671951	100	-	-

(ii) SHARE HOLDING OF PROMOTERS								
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. Hajeebhoy	335600	01.55	-	335600	01.55	-	-
2.	HG Logistic Services LLP	5995536	27.66	-	5995536	27.66	-	-
3.	HMG Investments & Trading Ltd.	2399470	11.07	-	2399470	11.07	-	-
4.	HMG Engineering Ltd.	1490000	06.88	-	1490000	06.88	-	-
	Total	10220606	47.16	-	10220606	47.16	-	-

(iii) Change in Promoters' Shareholding as on the financial year ended on March 31, 2021				
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	10220606	47.16	Not Applicable	
Date wise Increase/Decrease in Promoters shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer/bonus/sweat equity, etc.)	-	-		

At the end of the year	10220606	47.16	
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(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.		-	-	-	-
	Total	-	-	-	-

(IV) SHAREHOLDING PATTERN OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Shareholder's Name	Shareholding		Increase/ Decrease in Shareholding	Cumulative Shareholding during the year (01-04-20 to 31-03-21)		% of total Shares of the Company
		No. of Shares at the beginning (01-04-20) / end of the year (31-03-21)	% of total Shares of the Company		No. of Shares		
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
Indebtness at the beginning of the financial year				
i) Principal Amount	-	15.00 Lacs	-	15.00 Lacs
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	15.00 Lacs	-	15.00 Lacs
Change in Indebtedness during the financial year				
Additions	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	15.00 Lacs	-	15.00 Lacs
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-

Total (i+ii+iii)	-	15.00 Lacs	-	15.00 Lacs
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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	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		19.04
	(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	-	-
	Total (A)	-	19.04
	Ceiling as per the Act	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	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		03.08
	(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	-	-
	Total (A)	-	03.08
	Ceiling as per the Act	N.A	N.A

B. Remuneration to Other Directors:

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

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)
1	Gross salary	Ms. Kiran Jadhav – Company Secretary	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	-	01.80
	(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	-	-
	Total (A)	-	01.80
	Ceiling as per the Act	N.A	N.A

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)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

On behalf of the Board of Directors

Date: 3rd September, 2021
Place: Navi Mumbai

Sd/-
Edgar J. Kamath
Director
(DIN No.: 02465890)

Sd/-
Zaki A. Hajeerbhoy
Managing Director
(DIN No.: 00480679)

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

Date: 03rd September, 2021
Place: Navi Mumbai

Sd/-
Edgar J. Kamath
Director
(DIN No.: 02465890)

Sd/-
Zaki A. Hajeerbhoy
Managing Director
(DIN No.: 00480679)

N. S. Gokhale & Company

Chartered Accountants

104, Siddharth Darshan, Dada Patil Wadi, Dada Patil Marg, Naupada, Thane (West) 400602

Ph. No. 022- 25445752, 25432771; e-mail: nsqokhale.ca@gmail.com

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HMG INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the Financial Statements of **HMG INDUSTRIES LIMITED (CIN: U24110MH1987PLC044801)** ("the Company"), which comprise the Balance Sheet as at March 31st, 2021, the Statement of Profit and Loss including the Cash Flow Statement and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013, as amended ("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 31st, 2021, its loss and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs), as 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 (ICAI) 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

EMPHASIS OF MATTERS

We draw attention to following Notes to the Financial Statements being matters pertaining to HMG Industries Limited requiring emphasis by us. Our opinion is not qualified in respect of these matters:

1. Note no. 21 (1) (VI), in respect of accounting policy of the company for provision towards retirement benefits.
2. Note no. 21 (2), company assumption for not providing for deferred tax Assets / Liability as required by accounting standard.

Our opinion is not qualified in respect of above matters.

KEY AUDIT MATTERS

We have determined that there are no key audit matters to communicate in our report.

OTHER MATTER:

1. In view of the restricted movements and partial lockdown imposed by the authorities to prevent the spread of COVID-19 Pandemic, the audit finalization processes were carried out from remote locations i.e. other than the Office of the Company, where the books of accounts and other records are kept, based on the data/details made available and based on financial information/records remitted by the management through digital medium. Being constrained, we resorted to and relied upon the results of the related alternate audit procedures to obtain sufficient and appropriate audit evidence for the significant matters in course of our audit.

As a result of the above, the entire audit was carried out based on remote access of the data as provided by the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI.

We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the Financial Statements has been performed in the aforesaid conditions.

2. Balances in respect of trade receivables, trade payables, deposits and loans and advances (debit or credit balances on whatever account) are subject to confirmation from respective parties. However, in the opinion of the Management all the Current Assets and Non-current Financial Assets are approximately of the value stated in books, if realized in the ordinary course of business.

Our opinion is not qualified in respect of above matters.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Financial Statements and our auditors' report thereon ('Other Information'). The Other Information is expected to be made available to us after the date of this Auditors' Report. Our opinion on the Financial Statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the Other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

MANAGEMENT'S RESPONSIBILITY FOR THE 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 Financial Statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013.

This responsibility also includes 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 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 these 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 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.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for

expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in:

- (i) Planning the scope of our audit work and in evaluating the results of our work:
and
- (ii) To evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 term 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.
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 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 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 for AS 22- Accounting for Taxes on Income and AS 15- Employee Benefits;
 - e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h. 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 No. 21 (4) of 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For N. S. Gokhale & Co.
Chartered Accountants
(Firm Registration No. 103270W)

Place: Navi Mumbai
Date: 3rd September 2021
UDIN: 21033522AAAACP5751

Sd/-
CA Abhay Sidhaye
(Partner)
Membership No.: 033522

ANNEXURE- A**TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS:**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the Member of **HMG Industries Limited** on the Financial Statements for the year ended 31st March 2021, we hereby give below the statement on matters specified in paragraph 3 & 4 of the Companies (Auditor's Report) Order, 2016:

i) Fixed Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, the management carries out the physical verification of fixed assets periodically. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and nature of its assets. As explained to us, no material discrepancies were noticed by the management on such physical verification necessitating any adjustment.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii) Inventory:

The Company does not hold any inventory or securities as stock in trade, hence clause 3(ii) of the Order is not applicable to the Company.

iii) Unsecured Loans Given:

As explained to us and verified from books and records, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, clauses 3(iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

iv) Loans, Investments, Guarantees and Security given to directors, others:

In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and

advances given, investments made and guarantees and securities given have been complied with by the Company.

v) Public Deposit:

According to the information and explanations given to us, the Company has not accepted any deposit from public during the year within the meaning of section 73 to 76 or any other relevant provision of the companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi) Cost Record:

The Central Government has not prescribed the maintenance of cost records under Sub-section 1 of Section 148 of the Companies Act, 2013 for any of the activities carried on by the company. Accordingly, clause 3(vi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

vii) Statutory Dues:

In respect of statutory dues, on the basis of information and explanations given to us and on the basis of our examination of the records of the company, we report that:

- 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 is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods & Service Tax and other material statutory dues as applicable to it.

According to the information and explanations given to us and on the basis of our verification of books of accounts and records of the company, there are no undisputed statutory dues payable in respect to the above statues, outstanding as at 31st March 2021 for a period exceeding six months from the date they became payable.

- b) According to the records of the company and on the basis of information and explanation given to us the dues outstanding to any statutory authority on account dispute as on 31st March 2021 are as follows:

Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Income Tax	77,40,580	A.Y. 2014-15	CIIT (VIII), Mumbai

viii) Default in Repayment of Dues:

According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no loans taken from financial institutions, government and banks nor has the Company issued any debentures; hence clause 3(viii) of the Order is not applicable to it.

ix) End Use of moneys raised:

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 clause 3 (ix) of the Order is not applicable to the Company and hence not commented upon.

x) Fraud:

During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi) Managerial Remuneration:

In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii) Nidhi Company:

In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) Related Party Transactions:

In our opinion, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards. (Refer Note No. 20 of Financial Statements).

xiv) Preferential Allotment / Private Allotment:

According to the information and explanations given to us and based on our examination of the records of the Company, The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Hence, reporting requirement under paragraph 3 (xiv) of the order is not applicable and hence not commented upon.

xv) Non-cash transactions with related party:

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 them which are covered under Section 192 of Companies Act, 2013. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

xvi) Non-Banking Financial Company Registration:

According to the 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. Hence, Clause 3 (xvi) of the Order is not applicable to the Company.

**For N. S. Gokhale & Co.
Chartered Accountants
(Firm Registration No. 103270W)**

**Sd/-
CA Abhay Sidhaye
(Partner)
Membership No.: 033522**

**Place: Navi Mumbai
Date: 3rd September 2021
UDIN: 21033522AAAACP5751**

ANNEXURE- B**TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS:**

Referred to in paragraph 2(g) under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of **HMG Industries Limited** on the Financial Statements for the year ended 31st March, 2021.

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

We have audited the internal financial controls with reference to Financial Statements of **HMG Industries Limited** ("the Company") as of 31st March 2021 in conjunction with our audit of the 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 (the "Guidance Note") 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, to the best of our information and according to the explanations given to us, 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, 2021, 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 N. S. Gokhale & Co.
Chartered Accountants
(Firm Registration No. 103270W)**

**Place: Navi Mumbai
Date: 3rd September 2021
UDIN: 21033522AAAACP5751**

**Sd/-
CA Abhay Sidhaye
(Partner)
Membership No.: 033522**

HMG Industries Limited

Statement of Profit & Loss Account for the year ended 31st March, 2021

Particulars	Note No	31st March 2021	31st March 2020
		₹	₹
(I) Revenue from Operations	13	4,88,70,244.00	6,27,15,673.00
(II) Other Income	14	44,05,166.00	62,25,695.00
(III) Total revenue	A	5,32,75,410.00	6,89,41,368.00
(IV) EXPENSES			
Cost of materials consumed/Purchase of stock-in-trade	15	3,86,829.00	8,25,854.00
Increase/(Decrease) in Inventories of shares	-	-	-
Employee Benefit expenses	16	2,08,66,811.00	2,74,81,677.00
Finance expenses	17	1,651.00	79,95,467.00
Depreciation and amortisation expense	7.1	62,58,043.00	62,80,595.00
Other Expenses	18	3,18,37,641.00	4,32,45,984.00
Total expenses	B	5,93,50,975.00	8,58,29,577.00
(V) Profit/(Loss) before exceptional and extraordinary items and tax	(A-B)	(60,75,565.00)	(1,68,88,209.00)
(VI) Exceptional items	-	-	-
(VII) Profit/(Loss) before extraordinary items and tax		(60,75,565.00)	(1,68,88,209.00)
(VIII) Extraordinary items	-	-	-
(IX) Profit/(Loss) before tax		(60,75,565.00)	(1,68,88,209.00)
(X) Tax expense			
(1) Current Tax	-	-	-
(2) Deferred Tax	-	-	-
		-	-
(IX) Profit/(Loss) for the year		(60,75,565.00)	(1,68,88,209.00)
Earnings per share:			
Basic and Diluted			
Computed on the basis of total profit		(0.28)	(0.78)

Notes forming part of financial statements

1 - 21

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

Sd/-
CA Abhay A. Sidhaye
Partner
Membership No: 033522
UDIN: 21033522AAAACP5751

Sd/-
Edgar J. Kamath
Director
DIN No: 02465890

Sd/-
Zaki A. Hajeerhoy
Managing Director
DIN No: 00480679

Place : Navi Mumbai

Date : 03rd September, 2021

HMG INDUSTRIES LIMITED
Balance sheet as at 31st March, 2021

Particulars	Note No	31st March 2021	31st March 2020
		₹	₹
I. EQUITY AND LIABILITIES			
(1) Shareholders Funds			
(a) Share Capital	1	6,90,65,853.00	6,90,65,853.00
(b) Reserves & Surplus	2	(69,79,283.91)	(9,03,718.91)
(c) Share Application Money pending allotment	-	-	-
(2) Non-current liabilities			
(a) Long-term borrowings	-	-	-
(b) Deferred tax liabilities (Net)	-	-	-
(c) Other long term liabilities	-	-	-
(d) Long-term provisions	-	-	-
(3) Current liabilities			
(a) Short-term borrowings	3	15,00,000.00	15,00,000.00
(b) Trade Payables	4	73,97,322.00	1,34,09,866.00
(c) Other current liabilities	5	1,24,12,327.00	1,39,77,959.00
(d) Short-term provisions	6	-	-
Total		8,33,96,218.09	9,70,49,959.09
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	5,60,51,978.09	6,08,90,021.09
(ii) Intangible assets	-	-	-
(iii) Capital work-in-progress	-	-	-
(iv) Intangible assets under development	-	-	-
(b) Non-current investments	-	-	-
(c) Deferred Tax assets (Net)	-	-	-
(d) Long-term loan and advances	8	32,19,771.00	33,39,771.00
(e) Other non-current assets	-	-	-
(2) Current assets			
(a) Current investments	-	-	-
(b) Inventories	-	-	-
(c) Trade receivables	9	1,66,08,848.00	2,61,53,856.00
(d) Cash and cash equivalents	10	19,32,084.00	19,88,830.00
(e) Short-term loans and advances	11	1,34,741.00	1,65,711.00
(f) Other current assets	12	54,48,796.00	45,11,770.00
Total		8,33,96,218.09	9,70,49,959.09

Notes forming part of financial statements

1 - 21

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

Sd/-
CA Abhay Sidhaye
Partner
Membership No: 033522
UDIN: 21033522AAAACP5751

Sd/-
Edgar J. Kamath
Director
DIN No: 02465890

Sd/-
Zaki A. Hajeebhoy
Managing Director
DIN No: 00480679

Place : Navi Mumbai
Date : 03rd September, 2021

HMG INDUSTRIES LIMITED
Notes forming part of financial statements
Note : 1 Share capital

Particulars	31 March, 2021 ₹	31 March, 2020 ₹
(a) Authorised		
7,50,00,000 equity shares of ₹ 10/- each with voting rights	75,00,00,000	75,00,00,000
2,50,00,000 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) Issued , subscribed and fully paid up		
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:
Issued, subscribed and fully paid up

Particulars	Opening balance	Fresh issue	Bonus	ESOP	Conver-sion	Buy back	Other changes (written back)	Closing balance
Equity shares with voting rights								
Year ended 31 March, 2021								
- Number of shares	2,16,71,951	-	-	-	-	-	-	2,16,71,951
- Amount (₹)	6,50,15,853	-	-	-	-	-	-	6,50,15,853
Year ended 31 March, 2020								
- Number of shares	2,16,71,951	-	-	-	-	-	-	2,16,71,951
- Amount (₹)	6,50,15,853	-	-	-	-	-	-	6,50,15,853
Preference Shares								
Year ended 31 March, 2021								
- Number of shares	5,75,000	-	-	-	-	-	-	5,75,000
- Amount (₹)	40,50,000	-	-	-	-	-	-	40,50,000
Year ended 31 March, 2020								
- Number of shares	5,75,000	-	-	-	-	-	-	5,75,000
- Amount (₹)	40,50,000	-	-	-	-	-	-	40,50,000

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

Class of shares/Name of shareholder	31-Mar-21		31-Mar-20	
	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%
HG Logistic Services LLP	59,95,536	27.66%	59,95,536	27.66%

HMG INDUSTRIES LIMITED
Notes forming part of financial statements

	31st March, 2021	31st March, 2020
	₹	₹
Note : 2		
Reserves & Surplus:		
Capital Reserve:		
Profit on forfeiture of Shares	34,000.00	34,000.00
Capital subsidy on Equipments	56,190.00	56,190.00
Debenture Redemption Reserve	2,80,00,000.00	2,80,00,000.00
Share Premium	19,57,80,050.00	19,57,80,050.00
Surplus/(Deficit) in statement of profit and loss		
Balance as per last Balance Sheet	(1,36,76,92,530.87)	(1,35,08,04,321.87)
Add : Surplus/(Deficit) during the year	(60,75,565.00)	(1,68,88,209.00)
	<u>(1,37,37,68,095.87)</u>	<u>(1,36,76,92,530.87)</u>
Less : Transfer from General Reserve	1,00,89,64,914.96	1,00,89,64,914.96
	<u>(36,48,03,180.91)</u>	<u>(35,87,27,615.91)</u>
General Reserve	1,00,89,64,914.96	1,00,84,70,902.96
Add : Old Asset/liabilities w/off	-	4,94,012.00
	<u>1,00,89,64,914.96</u>	<u>1,00,89,64,914.96</u>
Less : Transfer to Profit & Loss Account	1,00,89,64,914.96	1,00,89,64,914.96
	<u>-</u>	<u>-</u>
Reduction in Share Capital	13,39,53,657.00	13,39,53,657.00
	<u>(69,79,283.91)</u>	<u>(9,03,718.91)</u>
Note : 3		
Short-term borrowings		
(Unsecured)		
From Shareholders	15,00,000.00	15,00,000.00
	<u>15,00,000.00</u>	<u>15,00,000.00</u>
Note : 4		
Trade payables		
Sundry Creditors	73,97,322.00	1,34,09,866.00
	<u>73,97,322.00</u>	<u>1,34,09,866.00</u>
Note : 5		
Other Current Liabilities		
Government dues	1,01,42,252.00	1,05,43,583.00
Sundry Creditors for expenses	22,70,075.00	34,34,376.00
	<u>1,24,12,327.00</u>	<u>1,39,77,959.00</u>
Note : 6		
Short-term provisions		
Provision for Taxation	-	2,05,326.00
Less: Adjusted during Year	-	2,05,326.00
	<u>-</u>	<u>-</u>

HMG Industries Limited
Notes forming part of financial statements

Note : 7 Fixed assets

A Tangible assets	Gross block									
	Balance as at 1 April, 2020	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments (Subsidy Received)	Balance as at 31 March, 2021
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Leasehold land	8,73,081.00	-	-	-	-	-	-	-	-	8,73,081.00
Buildings	8,81,86,923.24	-	-	-	-	-	-	-	-	8,81,86,923.24
Plant & machinery	5,39,05,367.00	14,20,000.00	-	-	-	-	-	-	-	5,53,25,367.00
Electrical installations	44,96,175.00	-	-	-	-	-	-	-	-	44,96,175.00
Furniture & fixtures	2,32,180.00	-	-	-	-	-	-	-	-	2,32,180.00
Factory/Office equipments	49,67,292.00	-	-	-	-	-	-	-	-	49,67,292.00
Lab equipments	8,74,255.09	-	-	-	-	-	-	-	-	8,74,255.09
Air conditioners	1,23,725.50	-	-	-	-	-	-	-	-	1,23,725.50
Computers	3,12,496.06	-	-	-	-	-	-	-	-	3,12,496.06
Total	15,39,71,494.89	14,20,000.00	-	-	-	-	-	-	-	15,53,91,494.89
Previous year	15,40,33,751.89	14,33,043.00	-	-	-	-	-	-	14,95,300.00	15,39,71,494.89

Note - 7.1 Fixed assets (contd.)

A Tangible assets	Accumulated depreciation and impairment							Net block		
	Balance as at 1 April, 2020	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 Loss	Other adjustments (Discarded)	Balance as at 31 March, 2021	Balance as at 31 March, 2021	Balance as at 31 March, 2020
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Leasehold land	5,88,027.00	9,621.00	-	-	-	-	-	5,97,648.00	2,75,433.00	2,85,054.00
Buildings	6,94,47,295.01	7,93,552.00	-	-	-	-	-	7,02,40,847.01	1,79,46,076.23	1,87,39,628.23
Plant & machinery	1,35,11,562.83	47,79,367.00	-	-	-	-	-	1,82,90,929.83	3,70,34,437.17	4,03,93,804.17
Electrical installations	42,82,989.35	82,246.00	-	-	-	-	-	43,65,235.35	1,30,939.65	2,13,185.65
Furniture & fixtures	1,24,437.40	23,175.00	-	-	-	-	-	1,47,612.40	84,567.60	1,07,742.60
Factory/Office equipments	40,59,784.10	4,41,659.00	-	-	-	-	-	45,01,443.10	4,65,848.90	9,07,507.90
Lab equipments	7,21,683.00	85,592.00	-	-	-	-	-	8,07,275.00	66,980.09	1,52,572.09
Air conditioners	79,894.00	14,335.00	-	-	-	-	-	94,229.00	29,496.50	43,831.50
Computers	2,65,801.11	28,496.00	-	-	-	-	-	2,94,297.11	18,198.95	46,694.95
Total	9,30,81,473.80	62,58,043.00	-	-	-	-	-	9,93,39,516.80	5,60,51,978.09	6,08,90,021.09
	8,68,00,878.80	62,80,595.00	-	-	-	-	-	9,30,81,473.80	6,08,90,021.09	6,72,32,873.09

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.

Sr. No.	Place	Years
(i)	Navi Mumbai	51

HMG INDUSTRIES LIMITED
Notes forming part of financial statements

	31st March, 2021 ₹	31st March, 2020 ₹
Note : 8		
Long-term loan and advances		
Security deposits	32,19,771.00	33,39,771.00
	<u>32,19,771.00</u>	<u>33,39,771.00</u>
Note : 9		
Trade receivables		
Sundry debtors (not ourstanding for more than six months)	62,77,843.00	1,41,22,851.00
Advance Against Property	1,03,31,005.00	1,20,31,005.00
	<u>1,66,08,848.00</u>	<u>2,61,53,856.00</u>
Note : 10		
Cash and cash equivalents		
Cash on Hand	86,148.00	85,888.00
Balances with Bank in Current A/c.	6,67,067.00	7,86,269.00
Balances with Bank in Deposit A/c.	11,78,869.00	11,16,673.00
	<u>19,32,084.00</u>	<u>19,88,830.00</u>
Note : 11		
Short-term loans and advances		
Loan to employees	1,34,741.00	1,65,711.00
	<u>1,34,741.00</u>	<u>1,65,711.00</u>
Note : 12		
Other Current Assets		
(Unsecured, Considered Good)		
Advance recoverable in cash or in kind or for value to received	9,35,943.00	7,92,960.00
Income Tax Paid	45,12,853.00	37,18,810.00
	<u>54,48,796.00</u>	<u>45,11,770.00</u>
Note : 13		
Revenue from operations		
Income from Ice	2,325.00	4,85,965.00
Income from Processing Charges	4,86,51,934.00	6,17,95,015.00
Reimbursement of Expenses	2,15,985.00	4,34,693.00
	<u>4,88,70,244.00</u>	<u>6,27,15,673.00</u>
Note : 14		
Other Income		
Interest on Fixed Deposit with Bank	67,240.00	46,366.00
Interest on Security Deposit	1,35,985.00	2,79,237.00
Other Interest	-	2,03,960.00
Misc. Income	41,96,132.00	56,96,132.00
Sundry credit balances w/off	5,809.00	-
	<u>44,05,166.00</u>	<u>62,25,695.00</u>

HMG INDUSTRIES LIMITED
Notes forming part of financial statements

	31st March, 2021 ₹	31st March, 2020 ₹
Note : 15		
Cost of materials consumed/Purchases of stock-in-trade		
Packing Material:		
Opening Stock	-	-
Add : Purchase	52,877.00	73,699.00
Total	<u>52,877.00</u>	<u>73,699.00</u>
Less : Closing Stock	-	-
	<u>52,877.00</u>	<u>73,699.00</u>
Consumable Stores:		
Opening Stock	-	-
Add : Purchase	3,33,952.00	7,52,155.00
Total	<u>3,33,952.00</u>	<u>7,52,155.00</u>
Less : Closing Stock	-	-
	<u>3,33,952.00</u>	<u>7,52,155.00</u>
	<u>3,86,829.00</u>	<u>8,25,854.00</u>
Note : 16		
Employees Benefit Expenses		
Salary,Wages,Bonus & Gratuity	1,91,46,401.00	2,39,37,405.00
Contribution to P.F. & Others	7,05,333.00	13,90,232.00
Staff Welfare Expenses	10,15,077.00	21,54,040.00
	<u>2,08,66,811.00</u>	<u>2,74,81,677.00</u>
Note : 17		
Interest & Finance Charges		
Bank / Other Interest	-	79,91,101.00
Bank Charges	1,651.00	4,366.00
	<u>1,651.00</u>	<u>79,95,467.00</u>
Note : 18		
Other expenses		
Advertisements	6,120.00	-
Audit Fees	75,000.00	75,000.00
Conveyance	3,20,310.00	4,29,050.00
Donations	7,100.00	28,301.00
Effluent Treatment Charges	2,41,810.00	2,99,585.00
Festival Expenses	38,315.00	1,46,699.00
Fees & Subscription	5,19,565.00	2,03,960.00
Freight & Transport	12,89,049.00	24,64,088.00
Insurance	3,57,172.00	3,03,064.00
Inspection & Testing Charges	77,110.00	56,075.00
Lab Expenses	3,10,237.00	2,56,905.00
Legal & Professional Fees	17,19,032.00	27,16,592.00
Membership Fees	7,000.00	31,000.00

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

	31st March, 2021	31st March, 2020
	₹	₹
Office Maintenance/Expenses	47,612.00	67,661.00
Postage & Telegram	-	86,265.00
Power and Fuel	1,94,52,309.00	2,44,01,141.00
Processing charges	14,57,039.00	22,02,005.00
Printing & Stationery	57,036.00	1,17,901.00
Profession Tax	2,500.00	2,500.00
Rent	4,91,160.00	8,65,800.00
Repair to building	23,00,772.00	18,17,684.00
Repair to machinery	9,78,690.00	14,16,420.00
Rates and taxes	3,09,006.00	20,46,142.00
Rounded off	66.00	(27.00)
Share Transfer Fees	87,346.00	98,570.00
Telephone Expenses	3,790.00	18,626.00
Travelling Expenses	-	32,969.00
Unloading Charges	10,31,178.00	22,54,049.00
Water Charges	6,51,317.00	8,07,959.00
	3,18,37,641.00	4,32,45,984.00

HMG Industries Limited
Notes forming part of financial statements

Note : 19

Cash flow Statement for the Financial Year 2020-21

PARTICULARS	₹	₹
Opening Balance of Cash and Cash Equivalents		19,88,830.00
Net Operating Profit before tax as per Statement of Profit & Loss	(60,75,565.00)	
Add: Depreciation & Ammortisation expenses	62,58,043.00	1,82,478.00
Operating Profit before Working Capital Changes		21,71,308.00
Adjusted for:		
Trade & Other Payables	(60,12,544.00)	
Trade & Other Receivables	95,45,008.00	
Movement in Long term Loans & Advances	1,20,000.00	
Movement in Non-current Investments	-	
Other current liabilities	(15,65,632.00)	
Short Term Loans & Adv	30,970.00	
Other Current Assets	(9,37,026.00)	11,80,776.00
Cash Flow From Operating Activities		33,52,084.00
Cash Flow From Investing Activities		
Purchase of Fixed Assets	14,20,000.00	
Add: Subsidy received on Plant & Machinery	-	(14,20,000.00)
Closing Balance of Cash and Cash Equivalents		19,32,084.00

HMG Industries Limited**Notes forming part of financial statements****Note : 20 Related party transactions****Description of relationship****Names of related parties**

Key Management Personnel (KMP)

Mr. Zaki Aziz Hajeerbhoy

Mrs. Veera Somaya

Mr Edgar J Kamath

Ms. Kiran Jadhav

Relatives of KMP

Mr. Nirmal Somaya

Company in which KMP/Relatives of KMP

Entel Food Products Pvt. Ltd.

exercise significant influence

(Company in which Director Mrs Veera Somaya is a Director)

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31st March, 2021 and balances outstanding as at 31st March, 2021**(₹)**

Particulars	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
<u>Director's Remuneration</u>				
Ms Veera Somaya				19,04,500
Mr Edgar J Kamath				3,08,000
<u>Employee's Salary</u>				
Mr. Nirmal Somaya				4,21,300
Ms. Kiran Jadhav				1,80,000
<u>Income From Processing Charges</u>				
Entel Food Products Pvt. Ltd.				4,61,98,931
Short-term borrowings:				
Loan from Shareholders				15,00,000

Note: Figures in bracket relates to the previous year

ACCOUNTING YEAR: 2020-2021

Note: 21:

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. (a) The Income Tax & Wealth Tax Assessments have been completed upto Assessment Year 2019-20. 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) 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. The matter is now before the Sole Arbitrator.

(d) 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.

(e) The Company signed an agreement with MSEDCL for change of tariff from Industrial to Agriculture on 21/05/2018. However, the Company received a letter from MSEDCL on 19/11/2018 reversing the tariff from Agriculture to Industrial and raised the bill for differential amount of Rs. 1,67,43,323/- including interest.

The Company filed an appeal with IGC, CGRC, OMBUDSMAN respectively, but lost the same. The Company now has filed in the Civil Court a case for Breach of Contract. The matter is pending before the Civil Court.

Meanwhile, the Company has paid all the dues amounting to Rs. 1,67,43,323/-, under protest.

- (f) 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 27th 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/- during the financial year 2018-19, Rs. 56,96,132/- during the financial year 2019-20 & Rs. 41,96,132/- during the current financial year 2020-21 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.

5. <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		

6. The Company has collected the information in respect of amounts payable to small-scale Industrial Undertakings, which are outstanding as at 31.03.2021 which is as under:

Sr. No.	Name of the Party	Amount
1.	Creative Services	20,650.00
2.	Devika Engineering Equipments	12,412.00
3.	Sumit Electricals	24,671.00
4.	Supreme Hardware	40,285.00

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

Signature to Note 1 to 21

For N.S. GOKHALE & CO.

CHARTERED ACCOUNTANTS

(FRN: 103270W)

FOR & ON BEHALF OF THE BOARD

Sd/-

CA Abhay A. Sidhaye

Partner.

Membership No. 033522

Sd/-

Edgar J. Kamath

Director

DIN No. 02465890

Sd/-

Zaki A. Hajeerbhoy

Managing Director

DIN No. 00480679

Place: Navi Mumbai,

Date: 03rd September, 2021

HMG INDUSTRIES LIMIEDT.

Registered Office: C-21/6, TTC INDUSTRIAL AREA, MIDC, PAWNE VILLAGE, NAVI MUMBAI: 400703.

PROXY FORM

Member Folio No : _____

No of Shares : _____

I/We _____

of _____

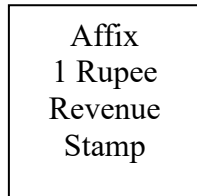
being Member/Members of **HMG INDUSTRIES LIMITED** hereby appoint _____

of _____ or _____ failing him

_____ of _____

_____As my / our proxy to attend and vote for me/us on my/our behalf at the 32nd Annual General Meeting of the Company to held on Thursday the 25th November, 2021 at 10.00 A.M. and any adjournment thereof.

Signed this _____



_____ day of _____ 2021.

Signature _____

Note: The Proxy Form must reach at the Registered Office of the Company and not less than 48 Hours before the time for holding the meeting.

HMG INDUSTRIES LIMITED

Registered Office: C-21/6, TTC INDUSTRIAL AREA, MIDC, PAWNE VILLAGE, NAVI MUMBAI: 400703.

ATTENDANCE SLIP

33RD Annual General Meeting: 25th November, 2021

L/F No. _____

Mr./Mrs./Miss _____

[Member's Name in Block Letters]

I certify that I am registered Member/Proxy for the registered members of the Company. I hereby record my presence at the 33rd Annual General Meeting of the Company held at C-21/6, TTC Area, MIDC, Pawne Village, Navi Mumbai - 400703, at 10.00 A.M. on Thursday, the 25th November, 2021.

if signed by proxy, his/her name should be written here in Block Letters

Member's/Proxy Signature.

Note: (1) Members/Proxy holders are requested to bring the attendance Slip with them when they come to the meeting and hand it over at the gate with their signature on it.

(2) Members who come to attend the Meeting are requested to bring their copies of the Annual Report with them.