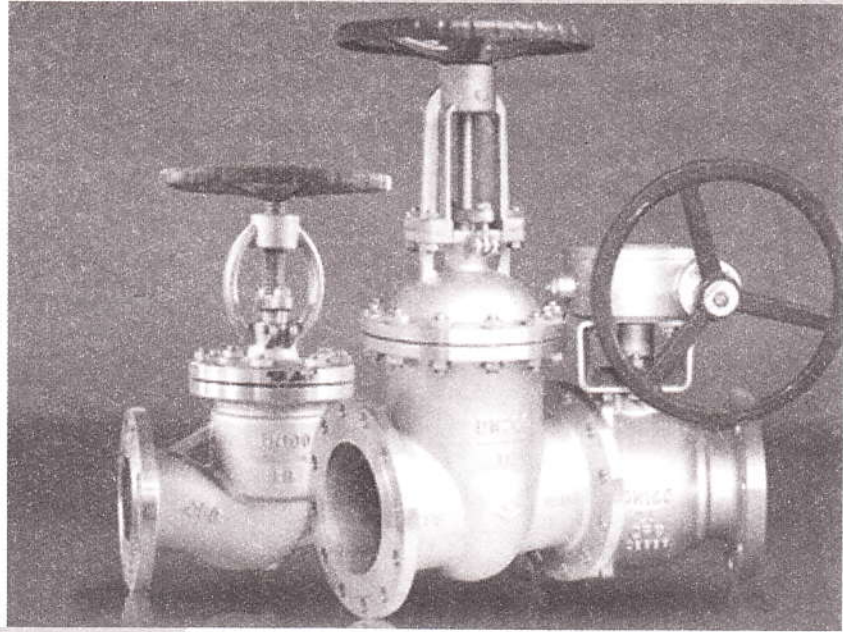


19th

**ANNUAL REPORT
2011-2012**

Marck®
Industrial Valves



Hawa Engineers Ltd.

**19th ANNUAL REPORT
2011-2012**

BOARD OF DIRECTORS

Aslam F. Kagdi	<i>Chairman & Managing Director</i>
Asad F. Kagdi	<i>Joint Managing Director</i>
Khaliq Y. Hawa	<i>Director</i>
Mohammed Khan Pathan	<i>Whole Time Director</i>
Wasim M. Shaikh	<i>Director</i>
Shad M. Ranginwala	<i>Director</i>

PRINCIPAL BANKERS

Canara Bank

Navrangpura, Ahmedabad.

The Karur Vysya Bank Ltd.

Ashram Road, Ahmedabad.

Bank of Baroda

Gita Mandir Road, Ahmedabad.

AUDITORS

Nawab Menon & Associates

Chartered Accountant

4195, Kothi Mohalla, Lal Darwaja,
Ahmedabad - 380 001.

COMPANY LAW CONSULTANT

M/S. CHIRAG SHAH & ASSOCIATES

Company Secretaries
Ahmedabad.

REGISTERED OFFICE

Behind Chandola Police Chowky,

Chandola, Ahmedabad - 380 028.

Tele : 079-25320781/82/83/86

Fax E-mail : helho@hawaengltd.com

Website : www.hawaengltd.com

NOTICE

To,
The Shareholders,

Notice is hereby given that the 19th Annual General Meeting of the shareholders of **Hawa Engineers Ltd** will be held on Saturday, 29th September, 2012 at 3.00 p.m. at the Registered Office behind Chandola Police Chowky, Chandola, Ahmedabad-380028 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon and Compliance Certificate received from the Company Secretary in practice.
2. To re appoint M/s Nawab Memon & Associates, Chartered Accountants, Ahmedabad as Statutory Auditor of the Company who retires at the ensuing Annual General Meeting and being eligible for re appointment from the conclusion of ensuing Annual General Meeting to Next Annual General Meeting and to Fix their remuneration.
3. To appoint a Director in place of Mr. Shad Mdfazal Ranginwala who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Khalik Hawa who retires by rotation and being eligible, offers himself for re-appointment

SPECIAL BUSINESS:

5. To consider and if thought fit, pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT Pursuant provision of Section 198, 269, 309 and other applicable provision, if any, read with schedule XIII, of the companies Act, 1956 and/or any statutory modification(s) or re-enactment thereof from time to time and for time being in force and Permission and sanctions as may be required and subject to such condition(s) and modification(s) as may be imposed by any authority in granting such approvals, permission and sanctions, the consent company be and is hereby accorded to the re-appointment and payment of remuneration to the chairman Mr. Aslam Kagdi, as Managing Director of the Company for the period of five years with effect from 1st May, 2012 to 31st April, 2017 for the period of 5 years on Remuneration of Rs. Rs.85,000/- with increment of Rs. 10,000/- per year, and such terms and conditions as set out in Agreement to be entered into between company and Mr. Aslam Kagdi, draft whereof is placed before this meeting, which agreement is specifically approved with power of board of Directors (Which term shall include any committee thereof for the time being and from time to time to which all or any power hereby conferred on the board by this resolution may have been delegated) to alter, amend, vary and modify the terms and conditions of said re-appointment and remuneration payable from time to time as they deem fit in such manner as may be agreed upon by the Board of Directors and Mr. Aslam Kagdi within the prescribed limit under Schedule XIII of the said Act or any statutory amendment(s) and/or modification(s) thereto."

RESOLVED FURTHER THAT notwithstanding to the above, in event of any loss or inadequacy of profit in any financial year of the company during the tenure of Mr. Aslam Kagdi as a Managing Director of the company, remuneration payable to him shall be in accordance with the limit prescribed under clause A of the Para 1 read with Para 2 of the Section II of Part II of the Schedule XIII to the Companies Act, 1956 as amended from time to time subject to compliance of the provision thereof but in any event shall not exceed the remuneration payable as provided in the Agreement aforesaid when the profits of the Company are adequate."

RESOLVED FURTHER THAT Mr. Aslam Kagdi, Chairman and Managing Director of the company be and is hereby authorised, empowered and vested with the substantial power of the management of the company for carrying out the affairs and activities of the company subject to the superintendence, control and direction of the Board of Directors of the company"

HAWA ENGINEERS LIMITED

RESOLVED FURTHER THAT Board of Directors of the company be and is hereby to do all such act, matters and things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution."

Registered Office:

Behind Chandola Police Chowky,
Chandola,
Ahmedabad: 380028.
Date: 25-05-2012

**By order of the Board of Directors,
For Hawa Engineers Limited**

Sd/-
Aslam F. Kagdi
Chairman

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the company.
A proxy in order to be effective should be lodged at the Registered Office of the company not later than 48 hours before the commencement of the annual general meeting.
2. The Register of Members and the Share Transfer Books of the company shall remain closed from 25th September to 29th September, 2012.
3. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.
4. Members holding shares in physical form are requested to notify immediately the change, if any, in their registered address. The members holding shares in demat mode may contact their Depository Participant for change in their registered address.
5. The equity shares of the company are available for dematerialization, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Share is INE230IO1018

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 5

Mr. Aslam Kagdi was appointed as a Managing Director of the company by member of the company in Annual general of the Company held on 28th September, 2006 with effect from 01/05/2007 for the period of five years and his term will expire 30th April, 2012.

Details as required under clause 49 of the Listing Agreement of the Mr. Aslam Kagdi are as under:

Mr. Aslam Kagdi is aged about 50 years with qualification of B.E. He is an industrialist and promoter director and is main contributory for growth and development of the company and of Hawa Group of Companies. He is also director of Marck Valves Limited.

Considering the increased activities, responsibilities and contribution of Mr. Aslam Kagdi in development and growth of the company, the Remuneration Committee and Board of Directors of the

Company at their respective meeting, subject to approval of member at General Meeting have considered and approved the re-appointment of Mr. Aslam Kagdi as a Managing Director of the company as per draft agreement placed before the Meeting.

The principal terms and condition as contained in Draft Agreement are as under:

1. Term of the Appointment:

With Effect from 1st May, 2012 to 30th April, 2017.

2. Remuneration:

a. Salary:

Rs.85,000/- Per Month up with increment of Rs. 10,000/- Per year.

3. Overall remuneration:

The aggregate of salary, perquisites, allowance and commission in any financial year shall not exceed the limits prescribed under provision of section 198 and 309 read Schedule XIII to the Companies Act, 1956.

4. Minimum remuneration:

In event of absence or inadequacy of the profit in any financial years during the currency of the tenure of Mr. Aslam Kagdi the payment of salary, perquisites, allowance and commission shall be governed by the limits prescribed under Schedule XIII to the Companies Act, 1956.

5. Other terms and conditions:

- a. Mr. Aslam Kagdi Shall be vested with substantial power of the Management subject to the supervision, control and direction of the Board of Directors of the company;
- b. As long as Mr. Aslam Kagdi function as a Managing Director of the company, no sitting fees shall be paid him for attending the meeting of Board of Director or committee thereof;
- c. He shall be entitled to reimbursement of the expense actually and properly incurred by him, in course of legitimate business of the company and travelling, hotel and other expense incurred by him, in India or in abroad, exclusively on the business of the company.
- d. The terms and conditions of the said re-appointment may be alter or vary or modify from time to time by the Board of Directors of the company or Committee thereof as it may be permissible and if deemed fit, within the limits prescribed under Schedule XIII to the Companies Act, 1956.

Mr. Aslam Kagdi satisfy all the conditions prescribed or set out in the Part I of the Schedule XIII to the Companies Act, 1956 for being eligible of re appointment.

Mr. Aslam Kagdi may be considered as interested in the said resolution and draft agreement since it relates to his own reappointment and remuneration. Mr. Asad Kagdi may be considered as interested in the said resolution, as being relative of Mr. Aslam Kagdi. Save as aforesaid, none of the other Directors are concerned or interested in the said resolution.

The Board of Directors recommend passing of the resolution proposed in item 5 of special business in Notice.

Registered Office:

Behind Chandola Police Chowky,
Chandola,
Ahmedabad: 380028.
Date: 25-05-2012

**By order of the Board of Directors,
For Hawa Engineers Limited**

Sd/-
Aslam F. Kagdi
Chairman

INFORMATIONS REQUIRED AS PER LISTING AGREEMENT FOR THE RETIRING DIRECTORS.

Name of Director : Mr. Shad Mdafzal Ranginwala

Date of Birth : 18-11-1984

Educational Qualification : B. Com.

Mr. Shad Mdafzal Ranginwala is the Director of the Company. The Company has been greatly benefited with his association as Director on the Board. Your Directors recommend to re-appoint him as Director of the company.

Name of Director : Mr. Khalik Hawa

Date of Birth : 22-12-1968

Educational Qualification : Diploma in Mechanical

Mr. Khalik Hawa is the Director of the Company. The Company is likely to be greatly benefited with his association as Director on the Board. Your Directors recommend to re appoint him as Director of the company.

Name of Director : Mr. Aslam Kagdi

Date of Birth : 21-01-1961

Educational Qualification : B.E.

Mr. Aslam Kagdi is the founder Director and Managing Director of the company His vision and guidance has brought the company to the present level. Your Directors recommend to re appoint him as Director of the company.

Registered Office:

Behind Chandola Police Chowky,
Chandola,
Ahmedabad: 380028.
Date: 25-05-2012

**By order of the Board of Directors,
For Hawa Engineers Limited**

Sd/-
Aslam F. Kagdi
Chairman

DIRECTORS' REPORT

To,
The Members,
Hawa Engineers Limited,

Your Directors have pleasure in presenting the nineteenth Annual Report together with the Audited Statements of Accounts for the Year ended 31st March, 2012.

1. FINANCIAL HIGHLIGHTS:

(Amount in Rs.)

Particulars	Year Ended 31/03/2012	Year Ended 31/03/2011
Sales and other Income	458852742	366497297
Profit before Interest, Depreciation, Taxation.	23894152	21300962
Interest	3047971	4685773
Depreciation	3916792	2993960
Profit / (Loss) before tax.	16929389	13621230
Provision for taxation	5500000	4995005
Profit/ (Loss) after tax	10679925	8626225

2. DIVIDEND:

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

3. OPERATIONAL REVIEW:

Your Directors are happy to announce yet again another year which is witnessing the rise in the bottom-line. The Profit before interest Depreciation and Taxation has reached to the 1.69 Crore mark. This achievement is nothing but the dedicated effort of your management for always aiming the newer heights. Your Directors are hopeful of continuing the same performance in the coming year also.

4. HUMAN RESOURCES POLICY AND INDUSTRIAL RELATIONS:

The company has continued to maintain harmonious and cordial relations with its officers, supervisors and workers enabling the Company to maintain the pace of growth.

5. DEPOSITS:

The Company has not accepted during the year under review any deposit as defined under the Companies (Acceptance of Deposits) Rules, 1975.

6. DIRECTORS:

Mr. Shad Mdafzal Ranginwala and Mr. Khalik Hawa are retiring at the ensuing annual general meeting and being eligible offers themselves for re-appointment. Your Directors request for their appointment.

The term of Mr. Aslam Kagdi as a Managing director expire as on 30th April, 2012. So, Board of Director of the company recommends his re appoint as managing director for further five years.

7. CORPORATE GOVERNANCE:

The Company has implemented the Corporate Governance code in your Company and the report has been attached herewith.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to section 217 (2AA) of the Companies Act, 1956 the Board of Directors confirms that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed;
- (ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates made 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 the profit and Loss Account for the current financial year.

- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Annual Accounts have been prepared on a going concern basis.

9. PARTICULARS OF EMPLOYEES:

As there is no employee of the company who was in receipt of remuneration requiring disclosure under the provisions of the Companies (Particulars of Employees) Rules, 1975,

10. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO:

The additional information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 217 (1) (e) of the Companies Act, 1956 are given as an Annexure-A to this report.

11. AUDITORS AND AUDITORS REPORT:

The Company's Auditors M/s. Nawab Manon & Associates, Chartered Accountants, Ahmedabad are retiring at the ensuing Annual general meeting. Your Directors recommend their appointment to hold the office from the end of the Annual general meeting till the end of next Annual general meeting. The Report of Auditors is attached herewith which is self explanatory and does not call for any explanation.

12. COMPLIANCE CERTIFICATE:

As per the Provision of section 383 of the Companies Act, 1956 the compliance certificate issued by M/s. Chirag Shah & Associates, Practicing company Secretary is attached with the Directors Report and it forms the part of the Report.

13. ACKNOWLEDGEMENTS:

Your Directors are grateful for the co-operation extended by the workers, staff and Executives of the Company, Company's Bankers, Auditors, Government bodies and customers and most importantly the shareholders for their whole hearted support to the Company and look forward to their continued support in the years to come.

FOR AND ON BEHALF OF THE BOARD,

Sd/-

Aslam F. Kagdi

Chairman

Place : Ahmedabad

Date : 25/05/2012

ANNEXURE – A TO THE DIRECTORS' REPORT

Particulars pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars of Directors) Rules, 1988:

A) CONSERVATION OF ENERGY:

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

B) TECHNOLOGY ABSORPTION:

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

C) FOREIGN EXCHANGE EARNINGS AND OUTGOING:

Particulars	2011-12	2010-11
Foreign Exchange Earned	1,51,10,678/-	95,12,870/-
Foreign Exchange Out go	34,98,901/-	87,52,381/-

FOR AND ON BEHALF OF THE BOARD,

Sd/-

Aslam F. Kagdi

Chairman

Place : Ahmedabad

Date : 25/05/2012

MANAGEMENT DISCUSSION AND ANALYSIS**1. INDUSTRY STRUCTURE AND DEVELOPMENT :**

The company is engaged in production or manufacturing of the products which are widely used in Chemical & manufacturer industries, Refineries, Petrochemicals & Fertilizer plants, Pharmaceuticals, Oil Exploration, Thermal & Nuclear plants, Steel Plants, Food ,Beverage & capital goods industries, Effluent Treatment & Sewerage plants, Water Treatment, Cooling Water & Water Supply plants, Mining industries etc.

This is a capital-intensive industry requiring regular up gradation of technology and quality in the products. The Company has inducted the state-of-the-art equipments in its plants. The Company is constantly developing and upgrading its machines so as to give the best productivity and lower cost of production.

The Company is one of the largest manufacturers of Valves in the country. The growth of the industry as a whole is linked with the investments be made in the core sector of economy, which presently is on the upswing.

2. OPPORTUNITIES AND THREATS :

Due to vibrancy in the Economy and overall development in the oil and Gas sector together with infrastructural development has helped your company to achieve the desired results. The same trend of Economic growth of the country will continue and therefore your company will also achieve higher targets. The Company is getting repeated orders from the industry giants and your Directors are confident of maintaining the same pace in the coming years.

The Company's continued emphasis on technology-based investments would enable the Company to meet the competitive environment by way of productivity enhancement and cost reduction measures.

3. SEGMENTWISE PERFORMANCE :

There is no Segment in the Company.

4. BUSINESS OUT LOOK :

The Order book position of the company is very encouraging and looking to this scenario the company has undergone the expansion mode and increased its capacity to produce quality valves. The coming year is also encouraging and your Directors are planning to purchase new factory land so that imported machinery division can be put up there which will create a niche market for its products.

5. RISKS AND CONCERNS :

Apart from the normal business risk, no major risks are foreseen.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company has adequate internal control procedures commensurate with its size and nature of business. The objective of these procedures is to ensure efficient use and protection of the company's resources, accuracy in financial statements and due compliance of statutes and company's policies & procedures.

7. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

The Company has achieved a Turnover of Rs. 4574/- Lacs as against Rs. 3,661/- Lacs in the previous year. Which is the growth of 24.93% over previous year.

The Company has earned a Profit of Rs. 169 Lacs compared to Rs. 136 Lacs previous year which shows a growth of 24.26% during the period.

8. CAUTIONARY STATEMENT

Statements in the management discussion and analysis describing the Company's objectives, expectations or projections may be forward looking and it is not unlikely that the actual outcome may differ materially from that expressed, influenced by wide variety of factors affecting the business environment and Company's operations.

CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

2. Board of Directors:**(a) Composition and Category:**

Board of Directors consists of 6 Directors. Out of 6, 3 are executive Directors and 3 are non executive/ independent Directors holding responsible position with vast and varied experience

The constitution of Board is given below:

Director	Executive/ Non Executive / Independent.	No. of other Directorship	Membership of other Board Committees.
Aslam F. Kagdi	Chairman, & Managing Director - Executive	1	2
Asad F. Kagdi	Jt. Managing Director, Executive	1	—
Mr. Khaliq Y. Hawa	Director - Independent	—	3
Mr. Mohammed Khan Pathan	Whole Time Director - Executive	—	1
Mr. Wasim Shaikh	Director - Independent	—	1
Mr. Shad Md Afzal Ranginwala	Director - Independent	—	2

(b) Attendance of Directors at Board Meeting and Annual General Meeting.

The Board of the company met five times during the last financial year, on the following dates: 30.07.2011, 05.08.2011, 31.10.2011, 31.01.2012, 30.04.2012.

The company placed before the Board the annual operating plans, budgets, and various other information including those specified under Annexure of Listing Agreement. The attendance at the Board Meeting and Annual General Meeting were as under:

Name of Director	Attendance Board Meeting	AGM
Aslam F. Kagdi	5	Yes
Asad F. Kagdi	5	Yes
Khaliq A. Hawa	5	Yes
Mr. Mohammed Khan Pathan	5	Yes
Mr. Wasim Shaikh	0	No
Mr. Shad Md Afzal Ranginwala	5	Yes

3. (a) Audit Committee:

The Company has an Audit Committee at Board level. During the year, five meeting were held one of which was before finalization of accounts. The date of which the said meetings were held are as follows:

30.07.2011, 05.08.2011, 31.10.2011, 31.01.2012, 30.04.2012.

HAWA ENGINEERS LIMITED

The constitution of committee and the attendance of each member of the committee is given below:

Name	Designation	Non Executive/ Independent	Committee Meeting attended.
Khaliq Y. Hawa	Chairman	Independent	5
Aslam F. Kagdi	Member	Executive Director	5
Mohammed Khan Pathan	Member	Executive Director	5
Shad Md Afzal Ranginwala	Member	Independent	5

The terms of reference of the Audit Committee include the following:

- To hold periodic discussions with the Statutory Auditors and Internal Auditors of the company concerning the accounts of the company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors.
- To review compliance with internal control system.
- To review the quarterly, half yearly and annual financial results of the company before submission to the Board.
- To investigate into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the company and also seek external professional advice, if necessary.
- To make recommendations to the Board on any matter relating to the financial management of the company, including the Audit Report.

(b) Investor Grievance Committee:

The company has shareholder grievance committee consisting of Non-Executive Directors & senior executives of the company. Mr. Khaliq Y. Hawa is the Chairman of the committee. Mr. Aslam F. Kagdi is the compliance officer.

(c) Remuneration Committee:

The company has set up remuneration committee. This committee comprises of three independent Directors. The names of members are as follows:

- Mr. Khaliq Y. Hawa
- Mr. Shad MD Afzal Ranginwala
- Mr. Wasim Shaikh

This committee reviews and makes recommendations on annual salaries, performance commission, perquisites and other employment conditions of Executive Directors.

(d) General Body Meeting:

The location and time of the Annual general meeting held during the last 3 years is as follows:

Annual General Meeting (AGM)	Date	Time	Venue	No. of Special resolution passed.
16th AGM	28th September, 2009	3.00p.m.	Behind Chandola Police Chowky ChandolaAhmedabad 380 028	—
17th AGM	30th September, 2010	3.00p.m.	Behind Chandola Police Chowky ChandolaAhmedabad 380 028	—
18th AGM	30th September, 2011	3.00p.m.	Behind Chandola Police Chowky ChandolaAhmedabad 380 028	—

No Special Resolution was put through postal ballot last year. Postal Ballot rules will be complied with when required.

Disclosure

There were no transactions of a materially significant nature with the promoters, the Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the company at large.

Related party transactions are disclosed in the Notes Forming parts of Accounts in this Annual Report.

There are no non-compliance by the Company on any matter related to capital markets, during the last three years. Similarly, there are no penalties or strictures imposed by Stock Exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years

The company has implemented the Whistle Blower policy and the same has been reviewed by the Audit Committee. No complaint has been received under the policy.

Code of Conduct for Board of Directors were circulated and approved by the Board and same is implemented for one level below the Board and for the Board of Directors.

CEO/CFO certification has been received by the Company for financial statement and the same forms part of this Report.

The Board receives on a quarterly basis, certificates of compliance with the provisions of all applicable laws from the Managing Director and Compliance Officer, which are taken on record by the Board.

Hawa Engineers Limited has complied with mandatory requirements of Corporate Governance Code. Practicing company secretary's certificate regarding compliance of Corporate Governance Code for the financial year 2011-12 is annexed to this report.

Share Transfer System:

The Company has appointed M/s. Big Share Securities Services Private Limited as registrar and transfer agent of the company during the year and the Investors are requested to make all the future correspondence to M/s. Big Share Securities Services Private Limited, E 2/3, Ansa Industrial Estate, Saki Vihar road, Sakinaka, Andheri (E) Mumbai-400072. Phone No.022-40430200, and Fax no.022-28475207

Means of communication:

The company publishes unaudited quarterly/ half yearly and annual audited financial results in newspaper having good circulation. The stock Exchanges are kept informed periodically of various developments.

General Shareholder Information:**a) Annual General Meeting.**

- Date and Time : 29th September, 2012
- Venue : Behind Chandola Police Chowky Chandola Ahmedabad :380 028.

b) Financial Calendar:

Financial Reporting for

- Quarter ending June 30, 2012 : End of July, 2012
- Half year ending September 30, 2012 : End of October, 2012
- For the quarter ending December 31, 2012 : End of January, 2013
- For the year ending March 31, 2013 : End of April, 2013

c) Date of Book closure : 25th September to 29th September, 2012.**d) Registered office : 307 Behind Chandola Police Chowky, Opp. F K Textile, Danilimda, Ahmedabad :380 028.****e) Listing of Equity Shares : Ahmedabad Stock Exchange (Code 23783) Madras Stock Exchange****f) Stock Market Data : There was no trading of shares at any of the stock exchange during the period 01/04/2011 to 31/03/2012**

CERTIFICATE OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We have reviewed the financial statements and the cash flow statements for the year 2011-12 and that to the best of our knowledge and belief:

1. These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal control system and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal control system, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We further certify that we have indicated to the auditors and the Audit Committee:
 - a. There have been no significant changes in internal control system during the year.
 - b. There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. There have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company's internal control system.

Place : Ahmedabad
Date : 25th May, 2012

Sd/-
Asad F. Kagdi
Chief Executive Officer

CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance procedures implemented by **Hawa Engineers Ltd** for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We further state that such compliance is neither an assurance as to the future liability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement (s) with the Stock Exchange have been generally complied with read together with clause 2 (b) and 3 (c) herein above in all material respect by the Company and that no investor grievance (s) is/are pending for the period exceeding one month against the Company as per the records maintained by the Company.

SAMDANI SHAH & ASSOCIATES
Company Secretaries

Sd/-
Chirag Shah
Partner
CP No. 3498

Place : Ahmedabad.
Date : 25th May, 2012

COMPLIANCE CERTIFICATE

Registration No. of the Company: CIN No.L29120GJ1993PLC019199 Nominal Capital: Rs. 40,000,000.00

To,
The Members,
HAWA ENGINEERS LTD
Ahmedabad

We have examined the registers, records, books and papers of **HAWA ENGINEERS LTD** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31/03/2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents and certificate of the management, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in **Annexure 'A'** to this Certificate, as per the provisions and the rules made there under and all entries have been duly recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being a public company comments are not required.
4. The meetings of the Board of Directors of the Company has been held as per the requirement of the Act and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members, and/ or Debenture holders in terms of Section 154 of the Act during the year. However, no advertisement was published in the Newspaper.
6. The Annual General Meeting for the financial year ended on 31/03/2011 was held on 30/09/2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loan to its directors and / or persons or firms or companies referred in the Section 295 of the Act.
9. The Company has entered into contracts in which Directors were interested. However, as per information and explanations given to us all these transactions were carried out at the Market rate and on cash basis.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or the Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates.
13. the Company has:
 - a. dematerialized its securities and the work of transfer as per SEBI's order being handled by the Registrar and Transfer Agent. According to their report no transfer is pending for more than 21 days. Wherever the physical share certificates were issued, they were in compliance with Act.
 - b. Deposited the amount of dividend declared in a separate Bank Account which is within five days from the date of declaration of such dividend. - **Not Applicable**
 - c. paid / posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account of the Company with _____ (Bank) on _____ - **Not Applicable.**

HAWA ENGINEERS LIMITED

- d. transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund – **Not Applicable**.
- e. Duly complied with the requirements of Section 217 of the Act.
14. The Board of directors of the company is duly constituted.
15. The Company being a Public limited company it has appointed the Managing Director / Whole-time Director in the Company as per the provisions of the Schedule XIII of the Companies Act, 1956 and duly filed the returns in this regard.
16. The Company has not appointed any sole-selling agents under the provisions of the Act.
17. As per the information and Explanation provided to us the company was not required to obtain approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under section 297 of the Act during the financial year.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares during the financial year.
20. The Company has not bought back shares during the financial year ending 31/03/2010.
21. The Company has not redeemed preference shares / debentures during the year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
23. the Company has not accepted any deposits in terms of the provisions of Section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 / the applicable directions issued by the Reserve Bank of India / any other authority .
24. the Company has borrowed fund in compliance of provisions under section 293 of the Companies, Act 1956
25. the Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association.
31. There is no prosecution initiated against or show cause notices received by the Company for any offences under the Act.
32. The Company has not received any security from its employees during the year under certification.
33. The Company has not constituted provident fund for its employees under the provisions of Section 418 of the Act.

Place : Ahmedabad
Date : 25/05/2012

Signature : Sd/-
Name of Company Secretary : Chirag Shah
C. P. No. : 3498

Annexure 'A'

Registers maintained by the Company:

1. Register of Application & Allotment of shares.
2. Register of Directors, Managing Director, etc. u/s. 303.
3. Register of Directors' Shareholding u/s. 307.
4. Books of accounts u/s. 209.
5. Minutes of the meetings of the Board of Directors.
6. Minutes of the General meetings.

The Shares are in DMAT Mode so, Register of Members and Register of Share Transfer is maintained by RTA.

Annexure 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31/03/2012:

Form Filed	Date of filing	Particular	Filed Within Time
F 23AC	19/12/2011	Balance sheet for the year ended 31/03/2011.	No
Form-23ACA	19/12/2011	Profit and loss account for financial year ended on 31/03/2011.	No
Form 66	19/01/2012	Compliance Certificate for Financial year ended on 31/03/2011.	No

Place : Ahmedabad
Date : 25/05/2012

Signature : Sd/-
Name of Company Secretary : Chirag Shah
C. P. No. : 3498

AUDITORS' REPORT

To,
The Members of
HAWA ENGINEERS LIMITED
AHMEDABAD

We have audited the attached Balance Sheet of **HAWA ENGINEERS LIMITED** as at **31st March 2012**, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit:
 - b. In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books:
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the Directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub - section (1) of Section 274 of the Companies Act, 1956;

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, they said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- I. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
- II. In the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- III. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For NAWAB-MEMON & ASSOCIATES
Chartered Accountants
(Registration No.: 129819W)

Place : Ahmedabad
Date : 25th May, 2012

M. A. MEMAN
Partner
M. No. : 136525

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 2 of the Auditor's Report of even date to the members of **HAWA ENGINEERS LIMITED** on the financial statements for the year ended **31st March, 2012**.

1. In respect of its inventories :
 - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
2. In respect of its fixed assets :
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
3. The Company has not taken / granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956;
 - (a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacks in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
6. The Company has not renewed / accepted any deposit during the year from public and shareholders within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d)

HAWA ENGINEERS LIMITED

of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. According to the records, information and explanations provided to us, the company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, employees' state insurance, income-tax, sales-tax, and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable. However on account of dispute Rs. 11,68,010/- for income tax assessment dues for A. Y. 2009-10 & Rs. 10,97,105/- for Value Added Tax dues for F. Y. 2008-09. Both the assessment orders are under appeals.
10. The Company does not have accumulated losses at 31st March, 2012. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our examination and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. There is no dealing or trading in shares, securities, debentures & Other Investments during the year. All shares and other investments are held by the Company in its own name.
15. On the basis of the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanations given to us, term loans have been applied for the purpose for which they were raised.
17. On the basis of our examination of the books of accounts and the information and explanation given to us, in our opinion, the funds raised on short-term basis have not been used for long-term investment and vice versa;
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures either in past years or during the year under report.
20. The Company has not raised any money by way of public issues during the year.
21. 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 explanation given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the management.

For NAWAB-MEMON & ASSOCIATES

Chartered Accountants
(Registration No.: 129819W)

M. A. MEMAN

Partner

M. No. : 136525

Place : Ahmedabad
Date : 25th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note	As at 31st March, 2012	As at 31st March, 2011
I EQUITY AND LIABILITIES :			
1 SHAREHOLDERS' FUNDS :			
Share Capital	3	35264000	35264000
Reserves and Surplus	4	38961439	27868092
		74225439	63132092
2 NON-CURRENT LIABILITIES :			
Long-Term Borrowings	5	2388855	4580178
Deferred Tax Liabilities (Net)	6	5592166	4842701
Other Long-Term Liabilities	7	82222623	62710218
Long-Term Provisions	8	2996021	2468469
		93199665	74601566
3 CURRENT LIABILITIES :			
Short-Term Borrowings	9	21740386	21183091
Trade Payables	10	87894172	58848793
Other Current Liabilities	0	0	
Short-Term Provisions	11	8642170	5808949
		118276728	85840833
TOTAL EQUITY AND LIABILITIES		285701832	223574491
II ASSETS :			
1 NON-CURRENT ASSETS :			
Fixed Assets	12	57338151	51133440
Non-Current Investments	13	600	600
Long Term Loans and Advances		0	0
		57338751	51134040
2 CURRENT ASSETS :			
Inventories	14	47031555	23095498
Trade Receivables	15	147872232	113402846
Cash and Bank Balances	16	13563870	18148492
Short Term Loans and Advances	17	12849541	13545754
Other Current Assets	18	7045884	4247862
		228363081	172440451
TOTAL ASSETS		285701832	223574491

(Significant Accounting Policies & Notes
forming Part of the Financial Statements) 1 & 2

As per our Report of even date
For NAWAB MEMON & ASSOCIATES
Chartered Accountants
(FRN.: 129819W)
M. A. MEMAN
Partner
Membership No. : 136525
AHMEDABAD
MAY 25, 2012

For and on behalf of the Board of Directors

ASLAM F. KAGDI

Chairman & M. D.

ASAD F. KAGDI

Jt. Managing Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note	Year ended 31.03.2012	Year ended 31.03.2011
I Revenue From Operations (Gross)	19	496397728	399557339
Less : Excise Duty		38914042	33369454
Revenues From Operations (Net)		457483686	366187885
II Other Income	20	1369056	1090137
III Total Revenues (I+II)		458852742	367278022
IV Expenses :			
Cost of Materials Consumed	21	345078821	270316338
Purchases of Stock-in-Trade		13933211	16547090
Change in Inventories of Finished Goods	22	(917,526)	780725
Employee Benefits & Expense	23	13007843	10512451
Finance Costs	24	4490423	4685773
Depreciation	12	3916792	2993960
Other Expenses	25	62413788	47820455
Total Expenses		441923353	353656792
V Profit Before Tax (III-IV)		16929389	13621230
VI Tax Expenses :			
Current Tax		5500000	3750000
Deferred Tax		749465	1222000
VII Profit for the year (V-VI)		10679925	8649230
VIII Earnings per equity share of face value of Rs. 10 each Basic and Diluted (in Rs.)		3.03	2.45
(Significant Accounting Policies & Notes forming Part of the Financial Statements)	1 & 2		

As per our Report of even date
For NAWAB MEMON & ASSOCIATES
Chartered Accountants
(FRN.: 129819W)
M. A. MEMAN
Partner
Membership No. : 136525
AHMEDABAD
MAY 25, 2012

For and on behalf of the Board of Directors

ASLAM F. KAGDI

Chairman & M. D.

ASAD F. KAGDI

Jt. Managing Director

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Year Ended 31.03.2012 (Rupees)	Year Ended 31.03.2011 (Rupees)
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Profit and Loss Account	16929389	13621230
Add :		
Depreciation	3916792	2993960
Loss on Sale of Assets (net)	499254	133838
Finance Costs	4490423	4685773
	<u>8906470</u>	<u>7813571</u>
Less :		
Interest Income	1369056	1090137
	<u>1369056</u>	<u>1090137</u>
Operating Profit before Working Capital Changes	24466803	20344664
Add / (Less) :		
Trade and Other Receivables	37267408	(19,659,201)
Inventories	(23,936,057)	(836,712)
Movement in Loans and Advances	696213	2067956
Trade and Other Payables	(51,918,557)	25285038
	<u>(37,890,993)</u>	<u>6857081</u>
Cash Generated from Operations	-13424190	27201745
Income Tax (Net)	3280357	1010696
Net Cash from Operating Activities (A)	-16704547	26191049
B CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	1130000	230000
Interest Income	1369056	1090137
	<u>2499056</u>	<u>1320137</u>
Less :		
Purchase of Fixed Assets	11750757	14599222
	<u>11750757</u>	<u>14599222</u>
Net Cash (used in) Investing Activities (B)	(9,251,701)	(13,279,085)

HAWA ENGINEERS LIMITED

Particulars	Year Ended 31.03.2012 (Rupees)	Year Ended 31.03.2011 (Rupees)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital	0	0
Proceeds from Long Term Borrowings	(2,191,322)	(6,796,734)
Repayment of Long Term Borrowings	0	0
Short Term Borrowings (net)	(557,295)	(1,239,826)
Finance Costs	4490423	4685773
Net Cash (used in) / from Financing Activities (C)	1741806	(3,350,787)
Net Increase in Cash and Cash Equivalents (A+B+C)	(24,214,442)	9561177
Opening Balance of Cash and Cash Equivalents	18148492	8587315
Closing Balance of Cash and Cash Equivalents	-6065951	18148492

As per our Report of even date
For NAWAB MEMON & ASSOCIATES
Chartered Accountants
(FRN.: 129819W)
M. A. MEMAN
Partner
Membership No. : 136525
AHMEDABAD
MAY 25, 2012

For and on behalf of the Board of Directors

ASLAM F. KAGDI

Chairman & M. D.

ASAD F. KAGDI

Jt. Managing Director

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

1. CORPORATE INFORMATION :

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India (Indian GAAP). The applicable mandatory Accounting Standards notified under The Companies (Accounting Standard) Rules, 2006 and the requirements of the Companies Act, 1956 of India have been followed in preparation of these financial statements.

The Accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of Significant Accounting Policies :**I. Use of Estimates :**

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

II. Fixed Assets :

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.

All costs relating to the acquisition and installation of fixed assets, net of CENVAT / VAT credit, are capitalized.

Exchange differences relating to acquisition of fixed assets are adjusted in the cost of assets.

III. Depreciation :

Depreciation on fixed assets is provided on straight-line method at the rates provided by Schedule XIV to the Companies Act, 1956. Depreciation on assets disposed off during the year is charged up to the disposal.

IV. Valuation of Inventories :

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

Finished goods and work-in-process are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of overheads based on normal operating capacity. Cost of finished goods include excise duty and is determined on a weighted average basis.

V. Investments :

Investments are stated at cost.

VI. Sales :

Sales of goods are recognized on dispatch to customer, Sales exclude excise duty and state / central sales tax recovered on sales, wherever applicable and stand net of rate differences, sales returns etc.

VII. Impairment of Assets :

The company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indications exist, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to Profit and Loss Account. If at the Balance Sheet date there is an indication that previously assessed impairment losses no longer exist, than such loss is reversed and the asset is restated to that effect.

VIII. Employee Benefits :

Short-term Employee Benefits (i.e. benefits payable within one year) are recognized in the period in which employee services are rendered.

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

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

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

IX. Excise Duty :

Excise duty on the goods manufactured is accounted for at the time of their clearance. No provision is therefore made for duty on finished goods, lying unsold and not cleared from the factory at the close of the year.

X. Taxation :

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax assets and liabilities are measured as per the tax rates / laws that have been enacted by or substantially enacted as on the Balance Sheet date.

XI. Cenvat Benefit :

The value of eligible cenvat benefit is being reduced from the cost of raw materials.

XII. Contingent Liabilities :

Claim against the company not acknowledged as debt are disclosed by way of notes to accounts.

XIII. Foreign Currency Transactions :

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

XIV. The cost of land has been stated as per banakhat executed and includes expenses for registration of banakhat and lawyer's fees.**XV. Investments held by the Company are long-term investments.****XVI. In the opinion of the Board, the current assets, loans and advances and other receivables are approximately of the value stated if realized in the ordinary course of business and all known liabilities have been adequately provided for.**

XVII. The Company has been accounting liability for Excise Duty on finished goods as and when cleared. The liability for Excise Duty on finished goods lying in stock at the close of the year, estimated at Rs. 12,21,910/- has not been provided for in the accounts and the same has also not been included in valuation of inventory of such goods. However, the said liability if accounted would have no effect on the profit for the year.

XVIII. Previous year's figures have been reclassified, rearranged and regrouped wherever considered necessary to confirm to the current year's figures.

XIX. The disclosures as required by AS-15 (Revised) on Employees Benefits are as under :

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

Particulars	31.03.2012	31.03.2011
Provident Fund & Other Funds	10,16,501/-	9,00,114/-
Gratuity	5,27,552/-	7,00,582/-

In respect of employees who have completed five years continuous service as on 31st March 2012, Provision for gratuity payable in respect of them is made on the basis of the calculation made in accordance with the provision of payment of Gratuity Act up to 31st March 2012 Rs. 29,96,021/- (Previous year Rs. 24,68,469/-)

XX. CONSUMPTION OF INDIGENOUS GOODS (IN-VALUE) :

ITEM	VALUE	PERCENTAGE	TOTAL VALUE
RAW-MATERIALS	34,50,78,821/- (27,03,16,338)	100% (100%)	34,50,78,821/- (27,03,16,338)
STORES & PACKING MATERIALS	57,68,376/- (48,71,717)	100% (100%)	57,68,376/- (48,71,717)

XXI. RELATED PARTY INFORMATION :

In accordance with the Accounting Standard 18 (AS-18) 'Related Party Disclosure' issued by the Institute of Chartered Accountants of India, the disclosures are as under :

A. Subsidiary Company : - Nil

B. Partnership Firms / Proprietary Concern / Associates Companies:

Hydint Valve Automation, Orbit Engineers, Aira Controls, Marck & Care Engineers, Hawa Control Enterprises, Hawa Control International, Hawa & Marck Engineers, Steel-Mac Controls, Care Alloy Cast, Luft Techno Cast Limited, Aira Automation Engineers, Airmax Controls, Marck & Aira Engineers, Hydint Pneumatics, Flange-N-Flange, A. S. Engineers, Aira Euro Automation Pvt. Ltd. Care Engineers, Marck & Aira Trading, Suzhik Techno Cast Pvt. Ltd..

C. KEY MANAGEMENT PERSONNEL :

Chairman & Managing Director : Aslam F. Kagdi

Jt. Managing Director : Asad F. Kagdi

D. TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR 2011-12 :

NATURE OF TRANSACTIONS COMPANY	ASSOCIATE COMPANIES	FIRMS	KEY MANAGEMENT
Purchase	9,01,56,117/-	5,63,43,551/-	
Previous Year	5,67,96,910/-	5,39,91,945/-	
Sales	38,60,915/-	10,20,38,098/-	
Previous Year	43,35,608/-	10,35,66,480/-	
Managerial Remuneration /Seating Fees/Other Benefits	—	—	25,88,500/-
Previous year	—	—	19,20,000/-

OUTSTANDINGS :

- Payables	3,82,60,433/-	4,20,30,622/-
Previous Year	1,60,20,082/-	1,48,34,010/-
- Receivables	20,06,420/-	4,36,68,050/-
Previous Year	3,91,093/-	4,40,78,149/-

XXII. DEFERRED TAX :

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

	As at March 31, 2011	For the year	As at March 31, 2012
Tax effect of items constituting Deferred Tax liability :			
On difference between book balance and Tax balance of fixed assets	48,42,701/-	7,49,465/-	55,92,166/-

XXIII. EARNINGS PER SHARE :

In accordance with the Accounting Standard 20 (AS-20) 'Earnings Per Share' issued by the Institute of Chartered Accountants of India, the earnings per share is computed as under:

PARTICULARS	31.03.2012	31.03.2011
1. Net Profit after tax	1,06,79,925/-	86,26,225/-
2. Number of Equity Shares	35,26,400	35,26,400
3. Nominal Value of Shares (Rs.)	10/-	10/-
4. Earnings Per Share (Rs.)	3.03	2.45

XXIV. SEGMENT REPORTING :

Considering the nature of company's business & operations there are no separate reportable segments. In accordance with the Accounting Standard 17 (AS-17) 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

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

XXVI. CONTINGENT LIABILITIES NOT PROVIDED FOR :

Counter Guarantees, against Bank Guarantees given by the bankers Rs. 1,36,17,623/- (Previous year Rs. 1,55,77,498/-)

XXVII. Balance of Sundry Debtors, Sundry Creditors, Loans, Advances & Debit / Credit Balance are subject to confirmation and adjustments, if any.

XXVIII. Remuneration to Directors (including Chairman & Managing Director):

Particulars	31.03.2012	31.03.2011
Salary, Allowances & Benefits	25,88,500/-	19,20,000/-

XXIX. Expenditure in foreign currency (on accrual basis) :

Particulars	31.03.2012	31.03.2011
A P I Expenses	3,22,400/-	6,33,476/-
Import Purchase	31,76,501/-	73,14,475/-
Import Purchase - Advances	NIL	8,04,430/-

XXX. Details of Auditors Remuneration :

Particulars	31.03.2012	31.03.2011
Statutory Audit Fees	50,000/-	50,000/-
Tax Audit Fees	17,000/-	17,000/-
Internal Audit Fees	65,000/-	65,000/-
Total Rs.	1,32,000/-	1,32,000/-

XXXI. Income earned in foreign exchange :

Particulars	31.03.2012	31.03.2011
Export of own products FOB	1,51,10,678/-	95,12,870/-

XXXII. The Revised Schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

HAWA ENGINEERS LIMITED

Particulars	As at 31st March, 2012	As at 31st March, 2011
NOTE : 3 : SHARE CAPITAL		
1 AUTHORIZED :		
40,00,000 Equity Shares of Rs. 10/- each	40000000	40000000
2 ISSUED, SUBSCRIBED AND PAID UP :		
35,26,400/- Equity Shares of Rs. 10/- each fully paid up	35264000	35264000
TOTAL	35264000	35264000
Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period:		
Number of shares at the beginning	3526400	3526400
Number of shares at the end	3526400	3526400
Amount of Share Capital at the beginning	35264000	35264000
Amount of Share Capital at the end	35264000	35264000
Details of Share holders holding more than 5% equity shares :		
Jameela F. Kagdi (5.95%)	209700	209700
Terms / Rights attached to Shares :		
The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- per Share. Each holder of equity shares is entitled to one vote per share.		
NOTE : 4 : RESERVES AND SURPLUS		
1 GENERAL RESERVE :		
As per last Balance Sheet	27390000	18390000
Add : Transferred from Profit & Loss Account	10000000	9000000
	37390000	27390000
2 SURPLUS IN THE STATEMENT OF PROFIT & LOSS :		
As per last Balance Sheet	478092	851867
Add : Short Provision for Tax	413422	(23,005)
Profit for the year	10679925	8649230
	11571439	9478092
Less : Appropriations :		
Transferred to General Reserve	10000000	9000000
	1571439	478092
TOTAL	38961439	27868092

Particulars	As at 31st March, 2012	As at 31st March, 2011
NOTE : 5 : LONG-TERM BORROWINGS		
1 FROM BANK : (Secured)		
Term Loan from - Canara Bank	466470	2038469
Term Loan from - HDFC Bank	738698	1617122
	<u>1205168</u>	<u>3655591</u>
2 FROM OTHER PARTIES : (Unsecured)		
Bajaj Finance Ltd.	1183687	0
Tata Capital Ltd.	0	924587
	<u>1183687</u>	<u>924587</u>
TOTAL	<u>2388855</u>	<u>4580178</u>

- 1 Term loan from Canara Bank gross interest @ canara bank base rate p.a. The loan is secured by hypothecation of specific movable Plant & Machinery. The loan has been guaranteed by the personal guarantee of three Directors. The loan is repayable in monthly installments along with the interest @ Canara Bank base rate payable in 5 Years.
- 2 Vehicle loan from HDFC Bank @ 19.00% p. a. The loan is secured by hypothecation of specific vehicle. The loan is repayable in monthly equaled installments in 3 Years along with interest.

Particulars	As at 31st March, 2012	As at 31st March, 2011
NOTE : 6 : DEFERRED TAX LIABILITIES		
1 DERERRED TAX LIABILITIES		
Related to Fixed Assets (Note No. 2.1 {XXII})	5592166	4842701
TOTAL	<u>5592166</u>	<u>4842701</u>

NOTE : 7 : OTHER LONG-TERM LIABILITIES

1 Trade Advances	73538527	51404546
2 Trade Security Deposit	525000	525000
3 Advances from Customers	4416744	6280787
4 Others	3742352	4499885
TOTAL	<u>82222623</u>	<u>62710218</u>

NOTE : 8 : LONG-TERM PROVISIONS

1 PROVISION FOR EMPLOYEE BENEFIT :		
Provision for Gratuity	2996021	2468469
TOTAL	<u>2996021</u>	<u>2468469</u>

HAWA ENGINEERS LIMITED

Particulars	As at 31st March, 2012	As at 31st March, 2011
NOTE : 9 : SHORT-TERM BORROWINGS		
1 FROM BANK : (Secured)		
Canara Bank - Cash Credit	17147580	17714475
Canara Bank - Term Loan (Note No. 5)	1572000	1053062
HDFC Bank - Term Loan (Note No. 5)	1328735	1318586
Kotak Mahindra Prime Ltd.	0	262855
	<u>20048315</u>	<u>20348978</u>
2 FROM OTHER PARTIES : (Unsecured)		
Bajaj Finance Ltd.	767484	0
Tata Capital Ltd.	924587	834113
	<u>1692071</u>	<u>834113</u>
TOTAL	<u>21740386</u>	<u>21183091</u>

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

NOTE : 10 : TRADE PAYABLES

1 Micro, Small and Medium Enterprises & Others (Note No. 2.1 {XXVI})	87894172	58848793
TOTAL	<u>87894172</u>	<u>58848793</u>

NOTE : 11 : SHORT-TERM PROVISIONS

1 PROVISION FOR EMPLOYEE BENEFIT :		
Provision for Bonus	1117635	787633
Provision for other Employee Benefit	915292	623029
	<u>2032927</u>	<u>1410662</u>
2 PROVISION OTHERS :		
Provision for Income Tax	6229648	4198232
Provision for Expenses	379595	200055
	<u>6609243</u>	<u>4398287</u>
TOTAL	<u>8642170</u>	<u>5808949</u>

NOTE : 12 : FIXED ASSETS

NOTE : 12 : FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at	Addition	Deduction	As at	As at	For the year	Deduction	Upto	As at	As at
	01.04.2011			31.03.2012	01.04.2011			31.03.2012	31.03.2012	31.03.2011
TANGIBAL ASSETS :										
(OWN ASSETS)										
Freehold Land	84215	0	0	84215	0	0	0	0	84215	84215
Buildings	14817053	2742715	0	17559768	3240914	458505	0	3699419	13860349	11576139
Plant & Machinery	45273113	6552945	486000	51340058	13922060	2612433	156375	16378118	34961940	31351053
Electric Installation	1479074	483179	0	1962253	775000	79277	0	854277	1107976	704074
Furniture & Fittings	3464354	533183	0	3997537	1527619	225787	0	1753406	2244132	1936736
Veehicles	6557935	1438735	1816019	6180651	1076712	540790	516390	1101112	5079539	5481223
TOTAL	71675744	11750757	2302019	81124482	20542304	3916792	672765	23786332	57338151	51133440
Particulars	As at					As at				
	31st March, 2012					31st March, 2011				

NOTE : 13 : NON CURRENT INVESTMENTS**1 IN EQUITY SHARES - UNQUOTED FULLY PAID UP :**

60 Shares of the Bombay Mercantile Co-Operative Bank Ltd. Of Rs. 10/- each	600	600
TOTAL	600	600

NOTE : 14 : INVENTORIES

1 Raw Materials	35787177	13378253
2 Finished Goods	9885996	8968470
3 Stores and Spares	802617	456969
4 Packing Materials	555765	291806
TOTAL	47031555	23095498

NOTE : 15 : TRADE RECEIVABLES

A Outstanding for a period exceeding six months from the date they are due for payment (Unsecured Considered Good)	6793538	17804759
B Others (Unsecured Considered Good)	141078694	95598087
TOTAL	147872232	113402846

NOTE : 16 : CASH AND BANK BALANCES**CASH AND CASH EQUIVALENTS :**

1 Balances with Banks		
In Current Accounts	1091311	6395111
2 Cash on hand	40431	966929
3 OTHER BANK BALANCES :		
Fixed Deposit (Under Lien)	4134603	4134603
Fixed Deposit (Margin Money Deposit)	7422525	6076849
Recurring Deposit	875000	575000
	12432128	10786452
TOTAL	13563870	18148492

HAWA ENGINEERS LIMITED

Particulars	As at 31st March, 2012	As at 31st March, 2011
NOTE : 17 : SHORT TERM LOANS AND ADVANCES		
1 Deposit (Given as Security)	1092343	1029018
2 LOANS AND ADVANCES TO OTHERS :		
(Unsecured, considered good)	3332168	6402642
3 LOANS AND ADVANCES TO EMPLOYEES :		
(Unsecured, considered good)	25000	0
4 BALANCES WITH GOVERNMENT AUTHORITIES :		
(Unsecured, considered good)		
CENVAT credit receivable	3296969	1191629
VAT credit receivable	4764603	4741887
	8061572	5933516
5 ADVANCE INCOME TAX & TDS :		
(Unsecured, considered good)	338458	180578
TOTAL	12849541	13545754
NOTE : 18 : OTHER CURRENT ASSETS		
1 Advance to Suppliers	5807458	3525369
2 Interest accrued but not received on deposits to Banks & Service providers	1238426	722494
TOTAL	7045884	4247862
NOTE : 19 : REVENUE FROM OPERATIONS		
1 Sale of Products :		
Domestic Sales	480730833	389628132
Export Sales	15110678	9506120
	495841511	399134252
2 Other Operating Revenues :		
Sale of Scrape	556217	423087
	496397728	399557339
Less : Excise Duty	38914042	33369454
Revenue From Operations (Net)	457483686	366187885
NOTE : 20 : OTHER INCOME		
1 Interest	911917	606756
2 Other Non Operating Income	457139	483381
TOTAL	1369056	1090137
NOTE : 21 : COST OF MATERIALS CONSUMED		
1 Opening Stock	13378253	11838166
Add : Purchases	367487745	271856425
	380865998	283694591
Less : Closing Stock	35787177	13378253
TOTAL	345078821	270316338

Particulars	As at 31st March, 2012	As at 31st March, 2011
NOTE : 22 : CHANGES IN INVENTORIES OF FINISHED GOODS :		
1 Inventories at the beginning of the year		
Finished Goods	8968470	9749195
2 Inventories at the end of the year		
Finished Goods	9885996	8968470
(Increase) in Inventories	<u>(917,526)</u>	<u>780725</u>
NOTE : 23 : EMPLOYEE BENEFITS & EXPENSE		
1 Salaries and Wages	9568650	7981969
2 Contribution to Provident and Other Funds (Note No. 2.1 {XIX})	1016501	900114
3 Staff Welfare Expenses	1526640	929786
4 Gratuity (Note No. 2.1 {VIII})	527552	700582
5 Other Benefits	368500	0
TOTAL	<u>13007843</u>	<u>10512451</u>
NOTE : 24 : FINANCE COSTS		
1 Interest	3047971	2359756
2 Bank Charges	1133589	1877960
3 Hire Purchase Charges	308863	448056
TOTAL	<u>4490423</u>	<u>4685773</u>
NOTE : 25 : OTHER EXPENSES		
1 Manufacturing Expenses :		
Labour Expenses	11267520	5216406
Transport Inward	304074	22469
Consumption of Stores and Packing Materials	5768376	4871717
Electric Power	3479381	3134794
Gas Charges	45878	26335
Repairs to Building	144771	1296849
Repairs to Machinery	1268192	1862680
	<u>22278192</u>	<u>16431250</u>
2 Selling and Distribution Expenses :		
Excise, Income Tax & Vat Assessment	1625679	700000
Other Selling and Distribution Expenses	24489800	20265759
	<u>26115479</u>	<u>20965759</u>
3 Establishment Expenses :		
Professional Fees	390752	464039
General Expenses	6366987	3700963
Insurance	67349	37354
Rates & Taxes	285346	198565
Other Repairs	4303313	3474486
Travelling & Conveyance Expenses	1959616	2276000
Payment to Auditors	132000	132000
Loss on Sale of Fixed Assets	499254	133838
Donation	15500	6200
	<u>14020117</u>	<u>10423445</u>
TOTAL	<u>62413788</u>	<u>47820455</u>

HAWA ENGINEERS LIMITED

Registered Office : Behind Chandola Police Chowky, Chandola, Ahmedabad-380028

ATTENDANCE SLIP

I hereby record my presence at the **19th Annual General Meeting** of the Company at **Regd. Office** of the Company on Saturday the 29th Day of September, 2012 at 3.00 p.m.

Name of the Shareholder

Signature

Folio No. _____

(Full Name of Proxy)

Note: Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

No Duplicate Attendance Slip will be issued at the meeting hall. You are requested to bring your copy of Annual Repot to the Meeting.

HAWA ENGINEERS LIMITED

Registered Office : Behind Chandola Police Chowky, Chandola, Ahmedabad-380028

PROXYFORM

I/We _____ of _____

in the district of _____ being a Member/Members of the

above named Company, hereby appoint _____

of _____ in the district of _____

or failing him _____ of _____

_____ in the district of _____ as my / our proxy to vote for me/us on my our behalf at the 19th **ANNUAL GENERAL MEETING** of the Company to be held at **Regd. Office** of the Company, on Saturday the 29th Day of September, 2012, and at any adjournment thereof.

Signed this _____ days of _____ 2012.

Signature _____

Revenue
Stamp

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

Book - Post
Printed Matter

If undelivered please return to :

HAWA ENGINEERS LIMITED

Registered Office :

Behind Chandola Police Chowky, Chandola, Ahmedabad-380028

Ganapati, A'bad, Ph. (079) 26447697, 26568111