

H.M. ELECTRO MECH LIMITED

Registered Address : 305, Ashram Avenue, B/H. Kochrab Ashram,

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www.hmelectromech.com

CIN : U45500GJ2018PLC102018

DIRECTORS REPORT TO THE MEMBERS FOR THE PERIOD ENDED 31ST MARCH, 2023

The Directors are pleased to submit ANNUAL REPORT together with Audited Statement of accounts for the period ended 31st March, 2023 of the Company.

Financial Highlights:

(Rs. In Thousands)

Particulars	2022-23	2021-22
Revenue from Operations	10,14,870	7,01,212
Other Income	1,784	1,845
Total Revenue	10,16,654	703,057
Depreciation	1,335	1,007
Financial Expenses	4,570	372
Employee Benefit expenses	27,284	24,927
Total Expenses	9,35,864	6,67,646

Profit before Tax	80,789	35,411
Tax Expense	20,674	9,612
Profit After Tax	60,115	25,799

The Company is taking all the possible steps to increase the profitability.

State of Affairs:

Net Sales during the Financial Year under review has increased by 44.7% approximately.

Profit after tax has increased by 133% approximately.

Dividend:

The Directors do not recommend any payment of dividend for the year ended on 31st March, 2023.

Transfer to Reserves:

The whole profit of Rs. 60,115 in Thousands is transferred to the Reserves and Surplus.

Material Changes Affecting Financial Position of the Company:

No material changes or commitments, affecting the financial position of the company have occurred between the end of the financial year of the company to which the financial statements relate, i.e. March 31, 2023 and the date of the Board's Report.

No material changes or commitments, if any, during the financial year which has an impact on the future operations of the Company.

Disclosures under Section 134 of the Companies Act, 2013:

Directors Responsibility Statement:

As required u/s 134 (5) of the Companies Act, 2013 the Directors hereby state and confirm:

Extract of Annual Return:

- That in the preparation of the annual accounts for the year ended on 31st March, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- That 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 of the company for that period;
- That 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;
- That the directors had prepared the annual accounts on a going concern basis;
- That the Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

Particulars of Contract and Arrangement with Related Party:

All related party transactions that were entered into during the financial year, if any, with the related parties were in the ordinary course of business and on an arm's length basis. 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. Therefore the requirement to furnish the particulars in form AOC – 2 does not apply.

Particulars of Loans / Guarantees/ Investment:

The Company has not provided any guarantee or provided any Security for the loans availed by others. The details regarding the investment and loans, if any, are provided in the respective note to the Balance Sheet which are for the business purpose. The loans provided, if any, are for the business purpose and in ordinary course of business.

Risk Management Policy:

The Company has a structured risk management policy. The Risk management process is designed to safeguard the organization from various risks through adequate and timely actions. It is designed to anticipate, evaluate and mitigate risks in order to minimize its impact on the business. The potential risks are identified and integrated with the management process such that they receive the necessary consideration during decision making.

Extract of Annual Return:

Pursuant to the notification of Ministry of Corporate Affairs vide G.S.R. 538(E) dated 28th August, 2020 amending the Companies (Management and Administration) (Amendment) Rules, 2020 an Extract of Annual Return of the Company is available at website of the company i.e. www.hmelectromech.com

The Board of Directors met 13 (Thirteen) times.

The dates of Board Meetings are

04/06/2022

01/07/2022

15/07/2022

30/08/2022

10/11/2022

08/12/2022

09/12/2022

12/12/2022

13/12/2022

15/12/2022

29/12/2022

31/01/2023

27/02/2023

In respect of all above meetings, proper notices were given and the proceedings were properly recorded and the Minutes Book maintained for the purpose.

Directors:

Mr. Mahendra Patel, Mrs. Varsha Patel, Mrs. Mita Dipak Pandya, Director of the Company retire by rotation and being eligible offers himself for reappointment.

Nomination and Remuneration Committee:

Pursuant to the provision of Section 177 of the Companies Act, 2013 and of Companies (Meetings of Board and its Powers) Rules, 2014 the Company has

Sr. No.	Name of the Member	Position	Category
1	Miss Kinjalben Patel	Chairperson of the Committee	Independent Director
2	Miss Twinkal Nitinbhai Dhorajiya	Member of the Committee	Independent Director
3	Mrs. Varsha Mahendra Patel	Member of the Committee	Non Independent – Non Executive Director

constituted a nomination and remuneration Committee.

The Nomination and Remuneration Committee met 2 times on 15/07/2022 and 26th February, 2023.

All the recommendations were accepted by the Board.

Stakeholders Committee:

Pursuant to the provision of Section 177 of the Companies Act, 2013 the Company is not required to constitute a Stakeholders Relationship Committee.

Audit Committee:

Sr. No.	Name of the Member	Position	Category
1	Miss Kinjal Patel	Chairperson of the Committee	Independent Director

2	Mrs. Twinkal Dhorajiya	Member of the Committee	Independent Director
3	Mr. Mahendra Patel	Member of the Committee	Non – Independent Director

The Company has constituted an Audit Committee

During the year there were 2 meeting of the Audit Committee on 30th August, 2022 and 31st January, 2023. It was attended by all the members of the Audit Committee.

All the recommendations of the audit committee were accepted by the Board.

Vigil Mechanism:

The requirement of vigil mechanism does not apply to the Company as the Company is not listed. Further the Company has not accepted any public deposit nor does the Borrowing of the Company from Bank and financial institution is in excess of Rs. 50.00 Crores.

Secretarial Standards:

Your Company has complied with the mandatory secretarial standards issued by Institute of Company Secretaries of India.

Secretarial Audit :

The provisions regarding Secretarial Audit is not applicable to the Company.

Company's Policy on Directors Appointment and Remuneration:

Your Company is not covered under the provision of Section 178 of the Companies Act, 2013 and therefore there are no particulars required to be reported pursuant to provision of Section 134 (3) (e) of the Companies Act, 2013.

Particular of Employees:

There were no employees drawing remuneration exceeding stipulated limit U/s. 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, from time to time.

The disclosure required to be given for the appointment and remuneration of managerial personnel is not applicable to the Company.

Explanation to Auditors' Report:

Auditors' Report is self-explanatory and does not warrant any explanation. There is no qualification or adverse remarks made by the auditors in their report. No fraud is reported by the auditors

Auditors:

B.V. Gajera & Co., Chartered Accountants, Ahmedabad Statutory Auditor of the Company holds office upto the Annual General Meeting for the Financial Year ended on 31st March, 2024.

The Auditor's Report does not contain any qualification, reservation and adverse remark.

During the year under the review there was no fraud and hence not required to be reported.

Cost Audit:

The Provision of Cost audit does not apply to the Company. Cost Records are not applicable to the Company.

Disclosure under Rule 8 (5) of Companies Accounts Rules, 2014:

a. Disclosure of financial Summary / Highlights :

As stated in financial Results of the Directors Report.

• Disclosure of Change in Nature of Business :

The Company is engaged in various civil and other electro mechanical projects. There is no change in nature of Company Business.

• Details of Directors / Key Managerial Personnel Appointed / Resigned:

Suhani Swapnil Patel (DIN : 07467428) was appointed as Additional Director on 15/07/2022. Pinal Mahendra Patel (DIN : 09598246) was also appointed as Additional Director on 15/07/2022.

Suhani Swapnil Patel and Pinal Mahendra Patel were re-appointed as Director at the Annual General meeting held on 30/09/2022.

Neetu Jalan has resigned with effect from 1st July, 2022.

Other than this there is no change in the Directors or Key Managerial Personnel during the year under review.

Performance Evaluation:

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

During the year under review, the Company has no subsidiary / joint venture / associate company.

- **Details regarding Deposit covered under Chapter V of the Companies Act, 2013.**

The Company has not invited any deposit other than the exempted deposit as prescribed under the provision of the Companies Act, 2013 and the rules framed there under, as amended from time to time. Hence there are no particulars to report about the deposit falling under Rule 8 (5) (v) and (VI) of Companies (Accounts) Rules, 2014

- **Details of Deposit which are not in compliance with requirements of Chapter V of the Act.**

Not Applicable

- **Details of Significant and Material Orders passed by Regulators or Courts or Tribunals.**

During the year under review there were no significant and material orders passed by any Regulators or Court or Tribunals which may have impact on the going concern status. No order has been passed by any Regulators or Court or Tribunals which may have impact on the Company's operation in future.

Business Responsibility and Sustainability Report :

The provisions of Business Responsibility and sustainability Report does not apply.

Internal Financial Control System :

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

Industrial relations:

The Directors are pleased to report that the relations between the workmen and the management continued to remain cordial during the year under review.

Performance Evaluation:

The Company has devised a Policy for Directors; appointment and remuneration including criteria for determining qualifications, performance evaluation and other matters of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of both non-executive directors and executive directors.

The Company's Nomination & Remuneration policy which includes the Director's appointment & remuneration and criteria for determining qualifications, positive attributes, independence of the Director & other matters is available on the website of the Company.

Board Evaluation

The Company has devised a Board Evaluation Framework for performance evaluation of Independent Directors, Board, Non-Independent Directors and Chairman of the Company. Pursuant to this framework, the Board has carried out the annual evaluation of its own performance as well as the evaluation of the working of its Committees and individual Directors, including Chairman of the Board. This exercise was carried out through a structured questionnaire prepared separately for Board, Committee and individual Directors.

The questionnaire for Board evaluation was prepared taking into consideration various aspects of the Board's functioning such as understanding of Board members of their roles and responsibilities, time devoted by the Board to Company's long-term strategic issues, quality and transparency of Board discussions, quality, quantity and timeliness of the information flow between Board members and management, Board's effectiveness in disseminating information to shareholders and in representing shareholder interests, Board information on industry trends and regulatory developments and discharge of fiduciary duties by the Board.

The Board acknowledged certain key improvement areas emerging through this exercise and action plans to address these are in progress. The performance evaluation of the Non Independent Directors including Chairman was carried out by the Independent Directors at a separate meeting of the Independent Directors on January 22, 2023. The Nomination and Remuneration Committee has further carried out evaluation of all Directors including Independent Directors. The report of performance evaluation so arrived at was then noted and discussed by the Nomination and Remuneration Committee and the Board in their respective meetings.

Material Changes and Commitments & Changes, if any affecting the financial Position between financial year end of the Company and date of Report:

There are no material changes and commitments, if any, affecting the financial position of the Company between the financial years end of the Company and date of the report.

Disclosure Under The Sexual Harassment Of Women At Workplace Prevention, Prohibition And Redressal) Act, 2013:

Your Company has always believed in providing a safe and harassment free workplace for every individual working. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

During the year ended 31st March 2023, No complaints were received pertaining to Sexual Harassment.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 (3) (m) of the Companies Act, 2013 are either nil or not applicable.

Corporate Social Responsibility:

The Provision of Section 135 is not applicable to the Company.

Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year alongwith their status :

No Application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

Details of difference between of amount of valuation done at the time of one time settlement and the valuation done while undertaking loan from the bank of FI, along with reasons thereof:

Not Applicable.

Other Disclosures:

The independent directors have given a declaration regarding their independence pursuant to Section 149 of the Companies Act, 2013.

Others:

- a. No amount was required to be transferred to the Investor Education and Protection Fund.
- b. No voluntary revision of financial statements or Board Report during the year under review.
- c. No Changes in Share Capital of the Company. No Employee Stock Option scheme during the year. The Authorised, Issued and Paid up Capital of the Company remains Rs. 10.00 Crores.
- d. Various policies required under the Companies Act, 2013 are displayed on the website of the company www.hmelectromech.com
- e. The Number of Employees as on 31st March, 2023 is 13.
- f. Other Disclosures required, if any, are either nil or not applicable.

Acknowledgment:

Your Directors are thankful to regulatory and government authorities, bankers, clients, and suppliers of the Company for their co-operation and also wish to place on record the contribution made by all the workers, members of the staff and executives of the Company at all levels for the progress of the Company.

The Directors of your company also express appreciation of the confidence, which the members have reposed in them.

FOR & ON BEHALF OF THE BOARD OF

H.M. ELECTRO MECH LIMITED

Place: Ahmedabad

Date : 04/09/2023


CHAIRMAN CUM WHOLE TIME DIRECTOR

DIPAK PADMAKANT PANDYA

DIN: 02188199