N. S. SHETTY & CO.
CHARTERED ACCOUNTANTS

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"Arjun", Plot No. 6A, V.P. Road,
Andheri (W), Mumbai - 400 058.

INDEPENDENT AUDITOR'S REPORT

To the Members of HERANBA INDUSTRIES LIMITED
Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **HERANBA INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equities of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS)prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31^{st} March 2018 and its Profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31^{st} March 2017 and the transition date opening Balance Sheet as at 1^{st} April, 2016 included in these standalone Ind AS financial statements are based on the statutory financial statement prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by Anay Gogte & Co. whose report for the year ended 31^{st} March, 2017 and 31^{st} March, 2016 dated 22^{nd} August, 2017 and 03^{th} September, 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the difference in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section143(3) of the Act, based on our audit we report, to the extent applicable that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with relevant books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31^{st}March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31^{st} March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal finance controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind As financial statements to the Standalone Ind AS financial statements - Refer Note 32 A

   ii. The Company has made provisions as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contacts. We have been informed that the Company did not have any pending derivative contacts.

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Mumbai
CHARTERED ACCOUNTANTS

iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes are not relevant to these standalone Ind AS financial statements. Hence, reporting under this clause is not applicable.

For N S Shetty & CO.
Chartered Accountants
Registration No: 110101W

N. S. SHETTY & CO. * CHARTERED ACCOUNTANTS * Firm Reg. No. 110101W Mumbai

Divakar Shetty
Partner
Membership No. 100306
Mumbai, 31st July, 2018

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

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

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed Assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c)According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties disclosed in the standalone Ind AS Financial Statements are held in the name of the Company.

ii. As explained to us, inventories were physically verified during the year by the Management at reasonable intervals. In our opinion the frequency of such verifications reasonable. The discrepancies noticed on such verification between the physical stock and book records were not material and have been properly dealt in the books of account.

iii. According to the information and explanations given to us, the Company has not granted secured/unsecured loans to Companies, firms, Limited Liability Partnerships, or parties covered in the register maintained under Section189 of the act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered in Section185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and the rules framed thereunder.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section(1) of section 148 of the Act and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, excise duty, service tax, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except certain delays in depositing advance income tax.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, value added tax, duty of customs, duty of excise, service tax, goods and service tax, cess and other material statutory dues were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, details of disputed sales tax, income tax, customs duty, wealth tax, service tax, excise duty, goods and service tax and cess which have not been deposited with the appropriate authorities as on 31st March 2018 on account of any dispute are given below:

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Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount (Rs. in lacs)
Central Excise Act	Excise Duty and Penalty	Appellate Authority	2005-2006	73.44
			2005-2006	83.54
			2010-2011 to 2012-2013	123.26
			2010-2011 to 2012-2013	157.88
			2010-2011 to 2013-2014	1342.62
Customs Act	Excise Duty and Penalty	Appellate Authority	2007-2008	70.48
Income Tax Act	Assessment dues	Commissioner (Appeals)	2009-2010	190.49

Net of amounts paid under protest.

viii. (a) According to the explanations and information given to us, the Company has not defaulted in repayment of dues banks/financial institutions during the year under review.

(b) As explained, the Company has not taken any loan from the Government.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. However, the term loans taken by the Company have been applied for the purpose for which they were obtained.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration during the year in accordance with requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

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

xiii. According to the information and explanations given to us all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them covered under Section 192 of the Act.

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Firm Reg. No. 110101W
Mumbai

xvi. According to the information and explanations given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For N S Shetty & CO.
Chartered Accountants
Registration No: 110101W

Divakar Shetty
Partner
Membership No. 100306
Mumbai, 31st July, 2018

N. S. SHETTY & CO. Firm Reg. No. 110101W Mumbai CHARTERED ACCOUNTANTS

Annexure - B TO THE INDEPENDENT AUDITOR'S REPORT

(Refered in Para 2(g)under "Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **HERANBA INDUSTRIES LIMITED** ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate Internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control and financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N S Shetty & CO.
Chartered Accountants
Registration No: 110101W

N. S. SHETTY & CO. * CHARTERED ACCOUNTANTS * Firm Reg. No. 110101W Mumbai

Divakar Shetty
Partner
Membership No. 100306
Mumbai, 31st July, 2018

HERANBA INDUSTRIES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2018

Particulars	Note No.	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
ASSETS				
Non-Current Assets				
(a) Property, plant and equipment	4	466,828,215	382,385,531	373,279,865
(b) Capital work-in-progress	4	11,614,992	2,097,156	2,097,156
(c) Financial assets				
(i) Investments	5	229,274	351,223	355,933
(ii) Other financial assets	6	62,423,032	81,042,218	71,997,017
(d) Current tax assets (Net)	7	-	14,058,907	19,864,564
(e) Other non-current assets	8	223,452,468	82,094,190	62,550,556
Total Non-Current Assets		**764,547,981**	**562,029,224**	**530,145,091**
Current Assets				
(a) Inventories	9	939,978,110	983,569,839	780,652,000
(b) Financial assets				
(i) Trade receivables	10	2,030,825,062	1,241,187,367	1,441,220,812
(ii) Cash and cash equivalents	11	117,765,058	103,193,520	109,005,965
(iii) Other financial assets	6	14,899,622	12,499,353	10,604,911
(c) Other current assets	8	641,041,409	306,611,764	374,834,071
Total Current Assets		**3,744,509,262**	**2,647,061,842**	**2,716,317,759**
TOTAL ASSETS		**4,509,057,243**	**3,209,091,066**	**3,246,462,849**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	12	78,113,060	78,113,060	78,113,060
(b) Other equity	13	1,497,950,216	1,088,858,194	919,033,857
Total Equity		**1,576,063,276**	**1,166,971,254**	**997,146,917**
Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14	2,512,100	4,074,762	6,607,184
(ii) Other Financial Liabilities	15	52,225,593	44,364,339	36,984,273
(b) Provisions	16	1,805,850	3,248,272	-
(c) Deferred Tax Liabilities	17	37,501,579	28,287,307	18,775,938
Total Non-Current Liabilities		**94,045,122**	**79,974,680**	**62,367,394**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14	757,420,699	838,553,814	952,782,526
(ii) Trade payables	18	1,784,194,446	967,916,730	978,029,493
(iii) Other Financial Liabilities	15	70,161,448	38,235,326	88,168,815
(b) Current tax Liabilities (Net)	7	129,476,182	30,105,920	68,954,099
(c) Other current liabilities	19	49,357,952	51,052,337	73,645,406
(d) Provisions	16	48,338,119	36,281,005	25,368,199
Total Current Liabilities		**2,838,948,845**	**1,962,145,133**	**2,186,948,538**
Total Liabilities		**2,932,993,967**	**2,042,119,813**	**2,249,315,932**
TOTAL EQUITY AND LIABILITIES		**4,509,057,243**	**3,209,091,066**	**3,246,462,849**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For N S Shetty & Co.
Chartered Accountants
Firm Registration No. 110101W

N. S. SHETTY & CO. Firm Reg. No. 110101W Mumbai CHARTERED ACCOUNTANTS

Divakar Shetty
Partner
Membership No. 100306

Mumbai
Date: 31st July, 2018

For Heranba Industries Limited

S. K. Shetty
Chairman and Managing Director
DIN: 00038681

Mumbai
Date: 31st July, 2018

R. K. Shetty
Director
DIN: 00038703

Mumbai
Date: 31st July, 2018

HERANBA INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2018

	Particulars	Note No.	Year ended 31st March, 2018 Rs.	Year ended 31st March, 2017 Rs.
I	**INCOME**			
	Revenue from Operations	20	7,450,950,152	6,078,160,432
	Other Income	21	53,146,904	25,001,240
	TOTAL INCOME		**7,504,097,056**	**6,103,161,673**
II	**EXPENSES**			
	Cost of materials consumed	22	4,970,072,529	4,239,109,068
	Changes in Inventories of Finished Goods and Work-in-Progress	23	67,429,677	(54,272,402)
	Excise Duty on Finished Goods		38,455,557	255,872,057
	Employee Benefits Expense	24	332,100,113	318,055,718
	Finance Costs	25	118,052,201	123,674,215
	Depreciation and Amortisation Expenses	26	48,039,085	39,954,699
	Other Expenses	27	1,164,788,294	835,512,522
	TOTAL EXPENSES		**6,738,937,456**	**5,757,905,877**
	Profit before Tax		**765,159,601**	**345,255,796**
	Tax Expense			
	(a) Current Tax		280,000,000	132,500,000
	(b) Deferred tax (charge) / credit	17	9,214,271	9,511,369
	(c) Excess / (Short) provision for taxation in respect of earlier years		6,626,210	5,552,652
			295,840,481	147,564,021
	Profit for the Year		**469,319,120**	**197,691,775**
	OTHER COMPREHENSIVE INCOME			
	Items that will not be reclassified to profit or loss			
	Remeasurement of the net defined benefit liability / asset		883,875	(13,579,250)
	Total other Comprehensive Income		**883,875**	**(13,579,250)**
	Total Comprehensive Income for the year		**470,202,995**	**184,112,525**
	Earning per equity share of nominal value of ` 10/- each (in Rupees)	28		
	Basic and Diluted		60.08	25.31

The accompanying notes are an integral part of the financial statements

As per our report of even date

For N S Shetty & Co.
Chartered Accountants
Firm Registration No. 110101W

Divakar Shetty

Partner
Membership No. 100306

Mumbai
Date: 31st July, 2018

N. S. SHETTY & CO. Firm Reg. No. 110101W Mumbai CHARTERED ACCOUNTANTS

For Heranba Industries Limited

S. K. Shetty
Chairman and Managing Director
DIN: 00038681

Mumbai
Date: 31st July, 2018

R. K. Shetty
Director
DIN: 00038703

Mumbai
Date: 31st July, 2018

HERANBA INDUSTRIES LIMITED

Cash Flow Statement for the year ended 31st March, 2018

Particulars	**Year ended 31st March, 2018 Rs.**	**Year ended 31st March, 2017 Rs.**
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before taxation as per Statement of Profit and Loss	**765,159,601**	**345,255,796**
Adjustments for:		
Finance costs	118,052,201	123,674,215
Depreciation and amortisation	48,039,085	39,954,699
Dividend Income	(19,665)	(18,653)
(Profit) / Loss on sale of fixed assets (Net)	(99,236)	(12,115)
Interest income	(14,754,680)	(16,496,938)
Remeasurement of the net defined benefit liability / asset	883,875	(13,579,250)
Fair Valuation of Investment	(3,528)	(12,580)
Provision for doubtful debts, advances and investment	5,068,715	37,753,443
Bad Debts	102,291,000	59,317,757
	259,457,768	**230,580,577**
Operating profit before working capital changes	**1,024,617,368**	**575,836,373**
Add / (Less) :		
(Increase) / Decrease in inventories	43,591,729	(202,917,839)
(Increase) / Decrease in trade and other receivables	(1,236,705,448)	168,220,595
Increase / (Decrease) in trade and other payables	861,163,366	(65,280,063)
Cash generated from operations	**692,667,015**	**475,859,066**
Less: Direct taxes paid	(173,197,041)	(171,095,174)
Net cash flow from operating activities	**519,469,974**	**304,763,892**
II. Cash flows arising from investing activities		
Inflow / (Outflow) on account of :		
Dividend from investments	19,665	18,653
Interest income received	16,169,771	16,302,881
(Increase) / Decrease in Capital Advance	(141,358,278)	(19,543,634)
(Increase) / Decrease in deposits with maturity of more than three months	20,082,217	(7,955,169)
Sale/(Purchase) of fixed assets, including capital work -in- progress (net)	(141,900,369)	(49,060,364)
(Purchase)/Maturity of Long term / Current investments (net)	125,477	17,290
Net cash flow from investing activities	**(246,861,518)**	**(60,220,343)**
III. Cash flows arising from financing activities		
Inflow / (Outflow) on account of :		
Increase / (Decrease) in long term and short term borrowings	(82,695,778)	(116,761,134)
Dividend Paid	(61,110,972)	(14,102,532)
Finance Cost Paid	(114,230,168)	(119,492,329)
Net cash flow from financing activities	**(258,036,918)**	**(250,355,994)**
Net increase in cash and cash equivalents (I + II + III)	**14,571,538**	**(5,812,445)**
Add: Balance at the beginning of the year	**103,193,520**	**109,005,965**
Cash and cash equivalents at the end of the year	**117,765,058**	**103,193,520**
Components of cash and cash equivalents		
Cash and cash equivalents:		
Cash on hand	1,165,610	309,095
Balances with banks		
- On Current accounts	116,599,448	102,884,425
	117,765,058	**103,193,520**

The accompanying notes are an integral part of the financial statements

Note:

The Cash Flow Statement has been prepared under indirect method as set out in Indian Accounting Standard (Ind AS - 7 'Statement of Cash Flows)

As per our report of even date

For and on behalf of the Board of Directors

For N S Shetty & Co.
Chartered Accountants
Firm Registration No. 110101W

N. S. SHETTY & CO. Firm Reg. No. 110101W Mumbai CHARTERED ACCOUNTANTS

Divakar Shetty
Partner
Membership No. 100306

Mumbai
Date : 31st July, 2018

S. K. Shetty
Chairman and Managing Director
DIN: 00038681

Mumbai
Date : 31st July, 2018

R. K. Shetty
Director
DIN: 00038703

Mumbai
Date : 31st July, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Note 1. Company Overview

1.1 HERANBA INDUSTRIES LIMITED is a public limited company domiciled in India, incorporated under the Companies Act, 1956. The Company is principally engaged in the business of manufacturing and sale of agro chemical products. The registered office of the company is located at Vapi, Gujarat

1.2 The financial statements are approved for issue by the Company's Board of Directors on 31st July, 2018

Note 2. Recent Accounting Pronouncement

i) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (""MCA"") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant."

ii) **Ind AS 115 - Revenue from Contracts with Customers**

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts"and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018. Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. The Company is evaluating the requirements of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant"

Note 3. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Accounting Standards) Rules, 2015. The financial statements for all periods upto and including year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) ("previous GAAP"). The financial statements for the year ended 31st March, 2017 are the first financial statements prepared by the Company in accordance with Ind AS.

The financial statements have been prepared on accrual basis and under the historical cost convention with the exception of certain financial assets and liabilities which have been measured at fair value.

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per the guidance set out in Schedule III to the Act.

The Company's financial statements are reported in Indian Rupees, which is also the Company's functional currency.

I. **Significant accounting judgements, estimates and assumptions**

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

The areas involving critical estimates or judgements are

Estimation of defined benefit obligation

Impairment of financial asset such as trade receivables

Impairment of Non- financial Assets

Estimation of Tax Expense and Liability

N. S. SHETTY & CO. CHARTERED ACCOUNTANTS Firm Reg. No. 110101W Mumbai

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Summary of Significant Accounting Policies

II. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government

Revenue is stated inclusive of excise duty and excludes sales tax/ value added tax (VAT) / Goods & Service Tax (GST)

The specific recognition criteria described below must also be met before revenue is recognised

A. **Sale of goods**

Sales are recognised when significant risk and rewards of ownership are transferred to the customer, In case of domestic customer, generally sales take place when goods are dispatched or delivery is handed over to the transporter. In case of export customers, generally sales take place when goods are shipped onboard based on bill of lading.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and cash discounts.

B. **Interest and dividend:**

Interest income including income arising on other instruments are recognised on time proportion basis using the effective interest rate

Dividend income is recognized when the right to receive dividend is established.

III Export Benefits

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'.

IV Property Plant And Equipment, Investment Property And Depreciation / Ammortisation

A. Items of Property, plant and equipment including Capital-work in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

B Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the month of such addition, or upto the month of such sale/disposal, as the case may be.

Asset Category	Estimated useful life (in Years)
Plant & Machinery	25
Servers and networks	6
Computer desktops and laptops	3
Laboratory Equipments	10
Office Equipments	5
Plumbing and Piping	25
Electrical Installation	10
Factory Building	30
Non Factory Buildings	60
Vehicles	6
Furniture and Fixture	10
Leasehold Land	Over Primary Lease period

N. S. SHETTY & CO. Firm Reg. No. 110101W Mumbai CHARTERED ACCOUNTANTS

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

C On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1st April, 2016 of its Property, Plant and Equipment and use that carrying value as the deemed cost on the date of transition i.e. 1st April, 2016.

V. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial Assets

i. Recognition and initial measurement

Trade Receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes party to the contractual provisions of the instrument. All financial assets other than those measured subsequently at fair value through profit and loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

ii. Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) Financial Assets at Amortised Cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest rate method (EIR). Amortized cost is calculated by taking into account any discount or premium and fees or cost that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit & loss. The losses arising from impairment are recognized in the statement of profit and loss.

b) Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets are measured at fair value through Other Comprehensive Income (OCI)if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these assets are subsequently measured at Fair Value. Interest Income under Effective Interest method, foreign exchange gains and losses and impairment losses arerecognized in the statement of profit and Loss. Other net gains and losses are recognizedin OCI

c) Financial asset not measured at amortised cost or at fair value through OCI is carried at Fair Value Through Profit and Loss

d) Equity Investments

All Equity investments within the scope of Ind AS 109 are measured at Fair Value. Such equity instruments whch are held for trading are classified as FVTPL. For all other such equity instruments, the company decides to classify the same either as FVOCI or FVTPL. The company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

For Equity instruments classified as FVOCI , all fair value changes in the instrument excluding dividends are recognized in OCI. Dividends on such equity instruments are recognized in the statement of Profit or loss.

iii. De-recognition of Financial Assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or

The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the statement of Profit and Loss. Gains and losses in respect of debt instrument measured at FVOCI and that are accumulated in OCI are reclassified to Profit and Loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to Profit or Loss on derecognition.

B. Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

i) Recognition and Initial Measurement

Financial liabilities are initially recognized when the company becomes a party to the contractual provisions of the instrument. Financial Liability is initially measured at fair value plus, for an item not at fair value through profit and loss, net of transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through Profit or Loss (FVTPL)

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Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial Liabilities at FVTPL are measured at fair value and changes therein, including any interest expense, are recognised in Statement of Profit and Loss.

- Financial liabilities at amortised cost

After initial recognition, financial liabilities other than those which are classified as FVTPL are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

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iii) **De-recognition of Financial Liabilities**

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

C. **Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

VI. **Impairment**

a. **Financial assets**

In accordance with Ind AS 109, the company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial asset measured at amortized cost.
Loss allowances on trade receivables are measured following the 'Simplified Approach' at an amount equal to the Life time ECL at each reporting date. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its histroically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In respect of other financial asset, the loss allowance is measured at 12 month ECL only, if there is no significant deterioration in the credit risk since initial recognition of an asset or asset is determined to have a low credit risk at the reporting date.

b. **Impairment of Non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

ii. **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

VII. **Taxation**

i. **Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using rates that have been enacted or substantively enacted by the end of the reporting period.

ii. **Deferred Tax**

Deferred tax is recognized on temporary diferences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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iii. **Minimum Alternate Tax (MAT)**

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

VIII. Inventories

All inventories are stated at lower of 'Cost or Net Realizable Value'.

A. Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on First in First Out (FIFO) basis. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost

B. Finished products and Work in Progress are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Cost of finished goods and work in progress includes direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

C. Traded goods are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis.

D. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

IX. Employee benefits

a) Defined Contribution Plan

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributios are acounted for as define contribution plan and the contributions are recognised as employee employee benefit expense when they are due.

b) Defined Benefit Plan

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in Rs. is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, directly in other comprehensive income.

Changes in present value of the defined benefit obligation resulting from plan amendements or curtailments are recognised immediately in the satement of profit and loss as past service cost.

c) Leave Entitlement

Leave entitlement are provided based on an actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

d) Short-term Benefits

Short-term employee benefits such as salaries, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered.

X. Borrowings and Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

XI. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, if any.

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

XII. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

XIII. Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

XIV. Foreign currency transactions

A. All transactions in foreign currency are recorded in the reporting currency, based on closing rates of exchange prevalent on the dates of the relevant transactions.

B. Monetary assets and liabilities in foreign currency, outstanding as on the Balance Sheet date , are converted in reporting currency at the closing rates of exchange prevailing on the said date. Resultant gain or loss is recognized during the year in the Statement of Profit and Loss.

C. Non monetary assets and liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of the transaction.

D Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

XV. Segment reporting

Based on " Management Approach "as defined in Ind AS 108 - Operating Segments the chief operating decision maker regularly monitors and reviews the operating results of the whole company as one segment of " Agro -Chemicals ". Thus, as defined in Ind AS 108, the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss. The analysis of geographical segments is based on the areas in which customers of the company are located.

XVI. Provisions, contingent liabilities and contingent assets

A provision is recognized when the company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle a reliably assessable obligation. Provisions are determined based on best estimate required to settle each obligation at each balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the ocurrence or non-ocurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are also present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Liabilities are not recognized in the financial statements but are disclosed seperately.

Contingent assets are not recognised unless it becomes virtually certain that an inflow of economic benefits will arise.

XVII. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments are structured to incease in line with expected general inflation to compensate for the lessors expected inflationary cost increases.

N. S. SHETTY & CO. ★ CHARTERED ACCOUNTANTS ★ Firm Reg. No. 110101W Mumbai

HERANBA INDUSTRIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March, 2018

	Notes	Amount
A. EQUITY SHARE CAPITAL		
As at 1st April, 2016	**12**	**78,113,060.00**
Changes in equity share capital		-
As at 31st March, 2017		**78,113,060.00**
Changes in equity share capital		-
As at 31st March, 2018		**78,113,060.00**

B. OTHER EQUITY

	Reserves and Surplus			
	Securities Premium reserve	**General reserve**	**Retained Earnings**	**Total**
Balance at 1st April, 2016	**79,215,540**	**157,500,000**	**682,318,317**	**919,033,857**
Profit / (Loss) for the year	-		197,691,775	197,691,775
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	(13,579,250)	(13,579,250)
Transfer (to)/from General Reserve	-	50,000,000	(50,000,000)	-
Prior Period Error	-	-	(185,656)	(185,656)
Interim Dividend Paid and Tax thereon	-	-	(14,102,532)	(14,102,532)
Balance at 31st March, 2017	**79,215,540**	**207,500,000**	**802,142,653**	**1,088,858,193**
Balance at 1st April, 2017	**79,215,540**	**207,500,000**	**802,142,653**	**1,088,858,193**
Changes in accounting Policy or prior period errors	-	-	-	-
Profit / (Loss) for the year	-	-	469,319,120	469,319,120
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	883,875	883,875
Transfer (to)/from General Reserve	-	50,000,000	(50,000,000)	-
Interim Dividend Paid and Tax thereon	-	-	(51,709,284)	(51,709,284)
Proposed dividend paid and tax thereon	-	-	(9,401,688)	(9,401,688)
Balance at 31st March, 2018	**79,215,540**	**257,500,000**	**1,161,234,676**	**1,497,950,216**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For N S Shetty & Co.
Firm Registration No. 110101W
Chartered Accountants

N. S. SHETTY & CO. ★ Firm Reg. No. 110101W Mumbai ★ CHARTERED ACCOUNTANTS

Divakar Shetty

Partner
Membership No. 100306

Mumbai
Date: 31st July, 2018

For Heranba Industries Limited

S. K. Shetty
Chairman and Managing Director
DIN: 00038681

Mumbai
Date: 31st July, 2018

R. K. Shetty
Director
DIN: 00038703

Mumbai
Date: 31st July, 2018

HERANBA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Note 4. Property, plant and equipment and capital work-in-progress

	Leasehold land	Plant and Machinery	Buildings	Electical Installation	Piping	laboratory equipments	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Total	Capital work-in-progress
Gross Carrying Value (At Deemed Cost)												
Balance at 1st April, 2016	74,209,998	555,204,057	73,710,364	27,579,780	56,167,396	6,888,776	5,833,393	8,220,431	28,482,514	7,433,637	843,730,346	2,097,156
Additions	-	44,454,038	1,825,562	-	407,252	-	232,968	170,400	2,100,079	82,950	49,273,249	-
Disposals									927,006		927,006	-
Adjustments											-	
Balance at 31st March, 2017	74,209,998	599,658,095	75,535,926	27,579,780	56,574,648	6,888,776	6,066,361	8,390,831	29,655,587	7,516,587	892,076,589	2,097,156
Accumulated depreciation and impairment												
Balance at 1st April, 2016	7,135,195	294,602,672	53,538,630	26,104,643	43,266,740	6,135,476	5,180,220	7,499,360	19,567,615	7,419,930	470,450,481	-
Eliminated on disposal of assets									714,121		714,121	-
Depreciation charge	972,842	32,328,121	1,547,724	57,661	1,409,648	256,708	227,004	250,029	2,899,378	5,584	39,954,699	-
Balance at 31st March, 2017	8,108,037	326,930,793	55,086,354	26,162,304	44,676,388	6,392,184	5,407,224	7,749,389	21,752,872	7,425,514	509,691,059	-
Net carrying value as on 31st March, 2017	66,101,961	272,727,302	20,449,572	1,417,476	11,898,260	496,592	659,137	641,442	7,902,715	91,073	382,385,531	2,097,156

	Leasehold land	Plant and Machinery	Buildings	Electical Installation	Piping	laboratory equipments	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Total	Capital work-in-progress
Gross Carrying Value (At Deemed Cost)												
Balance at 1st April, 2017	74,209,998	599,658,095	75,535,926	27,579,780	56,574,648	6,888,776	6,066,361	8,390,831	29,655,587	7,516,587	892,076,589	2,097,156
Additions	-	131,113,275	-	-	-	-	76,017	56,000	1,058,998	-	132,304,290	9,517,836
Disposals	-	-	-	-	-	-	-	-	-730,562	-	-730,562	-
Balance at 31st March, 2018	74,209,998	730,771,370	75,535,926	27,579,780	56,574,648	6,888,776	6,142,378	8,446,831	29,984,023	7,516,587	1,023,650,317	11,614,992
Accumulated depreciation and impairment												
Balance at 1st April, 2017	8,108,037	326,930,793	55,086,354	26,162,304	44,676,388	6,392,184	5,407,224	7,749,389	21,752,872	7,425,514	509,691,059	-
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	539,798	368,242	908,040	-
Depreciation charge	972,842	41,561,395	1,477,861	30,429	1,275,089	70,688	186,254	201,755	2,222,196	40,575	48,039,084	-
Balance at 31st March, 2018	9,080,879	368,492,188	56,564,215	26,192,733	45,951,477	6,462,872	5,593,478	7,951,144	23,435,270	7,097,847	556,822,103	-
Net carrying value as on 31st March, 2018	65,129,119	362,279,182	18,971,711	1,387,047	10,623,171	425,904	548,900	495,687	6,548,753	418,740	466,828,215	11,614,992

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Note 5. Investments		As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
Non Current				
Investments in equity instruments (un-quoted):				
2,000 (As at March 31, 2017, 2000; As at 1st April, 2016, 2000) Equity Shares of The Shamrao Vithal Co-op. Bank Ltd.		50,025	50,025	50,025
1,000 (As at March 31, 2017, 1,000; As at 1st April, 2016, 1,000) Equity shares of Matrubhumi Co-op. Credit Society Limited		100,000	100,000	100,000
100 (As at March 31, 2017, 100; As at 1st April, 2016, 100) Equity Shares of The Kalupur Commercial Co-op Bank Ltd.		2,500	2,500	2,500
	A)	152,525	152,525	152,525
Investments in equity instruments (At fair value through profit / loss) (quoted):				
41 (As at March 31, 2017, 41; As at 1st April, 2016, 41) Equity Shares of United Phosphorus Ltd.		29,850	29,762	19,582
200 (As at March 31, 2017, 200; As at 1st April, 2016, 200) Equity Shares of Aditya Birla Money Ltd.		10,040	6,310	4,010
500 (As at March 31, 2017, 500; As at 1st April, 2016, 500) Equity Shares of Gujarat State Financial Corporation		1,310	1,600	1,500
	B)	41,200	37,672	25,092
Other Investment (un-quoted)				
National Savings Certificates [Lodged with Government Departments as security]		35,549	161,026	178,316
	C)	35,549	161,026	178,316
Total Non Current Investments (A+B+C)		229,274	351,223	355,933
Aggregrate amount of quoted investments		41,200	37,672	25,092
Aggregrate amount of un-quoted investments		188,074	313,551	330,841

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
Note 6. Other financial assets			
Non-current			
Bank balances (Refer Footnote)			
- Deposits with maturity of more than twelve months	38,692,039	58,774,256	50,819,087
Security deposits	23,444,849	22,267,962	21,177,931
Advance Rental Credit	286,144	-	-
Total	**62,423,032**	**81,042,218**	**71,997,017**

Footnote:

Balances with bank in fixed deposits are kept as security for guarantees / other facilities.

Current			
Security deposits	13,674,205	9,932,917	8,232,532
Interest Accrued and Due	1,151,344	2,566,435	2,372,378
Advance Rental Credit	74,073	-	-
Total	**14,899,622**	**12,499,353**	**10,604,911**
Note 7. Current Tax Assets (Net)			
Current tax assets	-	14,058,907	19,864,564
Current tax liabilities	(129,476,182)	30,105,920	68,954,099
Total	**(129,476,182)**	**(16,047,013)**	**(49,089,535)**

	31st March, 2018 Rs.	31st March, 2017 Rs.
Income Tax expenses		
(a) Current Tax		
Tax for the year	280,000,000	132,500,000
Tax in respect of earlier years	6,626,210	5,552,652
Total Current Tax Expenses	**286,626,210**	**138,052,652**
Deferred Tax Expenses	9,214,271	9,511,369
Income Tax expense	**295,840,481**	**147,564,021**

(b) Reconciliation of tax expense and the accounting profit multiplied by the Company's tax rate

	31st March, 2018	31st March, 2017
Profit for the Year	**765,159,601**	**345,255,796**
Applicable Rate of Tax		
Income tax expense calculated at 34.608%	264,806,435	119,486,126
Tax effects of amounts that are not deductible (taxable) in calculating taxable income:		
Effect of expenses that are not deductible in determining taxable profit	27,899,157	21,118,314
Effect of expenses that are deductible in determining taxable profit due to timing diffrence	(32,111,440)	(23,301,446)
Effect on deferred tax due to timing difference (Refer Note 17)	9,214,271	9,511,369
Adjustments for current tax of prior periods	6,626,210	5,552,652
Others	19,405,849	15,197,006
Income tax expense	**295,840,481**	**147,564,021**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
Note 8. Other assets			
Non-current			
Capital Advances (Unsecured, considered good)	223,452,468	82,094,190	62,550,556
Total	223,452,468	82,094,190	62,550,556
Current			
Advance to Suppliers	99,481,127	78,074,625	56,973,508
Balance with Revenue Authorities	536,061,726	214,066,940	299,146,606
Other Advances			
Prepaid Expense	1,080,199	1,152,442	1,071,779
Others	4,418,357	13,317,757	17,642,178
Total	641,041,409	306,611,764	374,834,071

Note 9. Inventories			
As valued and certified by management			
Inventories (lower of cost or net realisable value)			
Raw materials	291,707,347	290,104,073	142,519,283
Work In Progress	43,911,549	80,229,540	85,250,790
Finished Goods (Includes Stock in transit Rs. 4,34,72,400 As at 31st March 17, Rs - NIL As at 01st April 16)	554,070,392	553,272,862	493,979,210
Packing materials	41,638,843	59,963,364	58,902,717
Stores And Spares	8,649,979	-	-
Total	939,978,110	983,569,839	780,652,000

Note 10. Trade Receivables			
Unsecured, considered good	2,178,127,195	1,486,864,642	1,638,937,312
Doubtful	58,237,403	53,168,688	15,415,244
Less: Impairment Allowance	58,237,403	53,168,688	15,415,244
Less: Bills discounted	147,302,133	245,677,275	197,716,500
Total	2,030,825,062	1,241,187,367	1,441,220,812

i) No trade receivable due from directors or other officers of the company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies in which any director is a partter, or a director or a member.

ii) Trade receivable are non- interest bearing and generally on terms of 30 to 90 days

Note 11. Cash and cash equivalents			
Balances with banks:			
- in current accounts	116,599,448	102,884,425	98,142,819
Cash on hand	1,165,610	309,095	10,863,146
Total	117,765,058	103,193,520	109,005,965

N. S. SHETTY & CO. Firm Reg. No. 110101W Mumbai CHARTERED ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	As at 31 March, 2018 Rs.	As at 31 March, 2017 Rs.	As at 1st April, 2016 Rs.
Note 12. Share capital			
Authorised Share Capital:			
95,00,000(As at 31st March, 2017: 95,000,00; As at 1st April, 2016: 95,000,00) Equity Shares of ` 10/- each	95,000,000	95,000,000	95,000,000
50,000 (As at 31st March, 2017: 50,000; As at 1st April, 2016: 50,000) Preference Shares of Rs.100/- each	5,000,000	5,000,000	5,000,000
Issued and subscribed capital:			
78,11,306 (As at 31st March, 2017: 78,11,306; As at 1st April, 2016: 78,11,306) Equity Shares of ` 10/- each fully paid up	78,113,060	78,113,060	78,113,060
	78,113,060	78,113,060	78,113,060

a) Reconciliation of number of equity share outstanding at the beginning and at the end of the year

	Number of shares	Share Capital
Fully paid equity shares		
Balance at 1st April, 2016	7,811,306	78,113,060
Increase/ (Decrease) during the year	-	-
Balance at 31st March, 2017	7,811,306	78,113,060
Increase/ (Decrease) during the year	-	-
Balance at 31st March, 2018	7,811,306	78,113,060

b) Terms / rights attached to equity shares

The company has a single class of equity shares having a par value of `10 per share. Each shareholder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company in proportion to the number of equity shares held by each shareholder, after settlement of all preferential obligations.

c) Details of shareholders holding more than 5% equity shares in the company

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	No of shares held	% holding of this class of shares	No of shares held	% holding of this class of shares	No of shares held	% holding of this class of shares
Fully paid equity shares						
Mr. Sadashiv K. Shetty	3,138,132	40.17%	3,138,132	40.17%	3,138,132	40.17%
Mr. Raghuram K. Shetty	2,116,170	27.09%	2,116,170	27.09%	2,116,170	27.09%
Mrs. Sujata S. Shetty	646,080	8.27%	646,080	8.27%	646,080	8.27%
Mrs. Vanita R. Shetty	403,600	5.17%	403,600	5.17%	403,600	5.17%

d) Reconciliation of number of preferance share outstanding at the beginning and at the end of the year

	Number of shares	Share Capital
Fully paid preferance shares		
Balance at 1st April, 2016	25,121	2,512,100
Increase/ (Decrease) during the year	-	
Balance at 31st March, 2017	25,121	2,512,100
Increase/ (Decrease) during the year	-	-
Balance at 31st March, 2018	25,121	2,512,100

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
Note 13. Other Equity			
Securities premium reserve			
Balance at the beginning of the year	79,215,540	79,215,540	79,215,540
Add / (Less) :			
Appropriations	-	-	-
Balance at the end of the year	**79,215,540**	**79,215,540**	**79,215,540**
General reserve			
Balance at the beginning of the year	207,500,000	157,500,000	127,500,000
Add / (Less) :			
Additions During the year	50,000,000	50,000,000	30,000,000
Amount transferred from Debenture redemption reserve	-	-	-
Balance at the end of the year	**257,500,000**	**207,500,000**	**157,500,000**
Retained Earnings			
Balance at the beginning of the year	802,142,654	682,318,317	563,773,230
Profit For the Year	470,202,995	184,112,525	167,117,870
Less:			
Changes in accounting Policy or prior period errors	-	185,656	-8,044,490
Less: Appropriation			
Transfer to general reserve	50,000,000	50,000,000	30,000,000
Proposed dividend - equity shares	7,811,306	-	-
Interim dividend	42,962,183	11,716,959	22,165,710
Tax on proposed dividend	1,590,382	-	-
Tax on interim dividend	8,747,101	2,385,573	4,451,563
Balance at the end of the year	**1,161,234,676**	**802,142,654**	**682,318,317**
Total	**1,497,950,216**	**1,088,858,194**	**919,033,857**

N. S. SHETTY & CO. ★ CHARTERED ACCOUNTANTS ★ Firm Reg. No. 110101W Mumbai

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
Note 14. Borrowings			
Non-current			
(i) 25,121(As at 31st March, 2017: 25,121; 1st April, 2016: 25,121) Redeemable cumulative preference shares of the face value of Rs.100 each (Refer note a)	2,512,100	2,512,100	2,512,100
(ii) Vehicle Loans			
- From banks (Refer note b)	1,627,073	3,910,280	6,471,084
	4,139,173	6,422,380	8,983,184
Less: Transferred to Current Maturities Of Long Term Loan from Banks	(1,627,073)	(2,347,618)	(2,376,000)
	(1,627,073)	(2,347,618)	(2,376,000)
Total	2,512,100	4,074,762	6,607,184

a. Preference Shares are redeemable at par at the option of the company at any time, but not later than 20 years from the date of issue i.e. 20.2.2002, having coupon rate of 12%

b. Vehicle loans are secured by hypothecation of vehicles and are due for repayment within one year

Current			
Secured			
(i) **From Banks:**			
Working Capital Demand Loan (Refer note a)	-	394,388,836	394,393,982
Cash Credit (Refer note b & c)	632,900,178	387,508,769	502,449,104
Packing Credit (Refer note d)	122,446,400	43,582,088	43,348,029
	755,346,578	825,479,693	940,191,115

a Working capital Demand Loan from Corporation Bank
Sanction limit Nil (Previous Year Rs. 39 crores);Interest Rate 13.30 % (Previous Year 13.30 %);Exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future

b Cash Credit - Corporation Bank
Sanction limit 53 crores (Previous Year Rs. 26 crores);Interest Rate 13.30 % (Previous Year 13.30 %),Exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future

c Cash Credit - Syndicate Bank
Sanction limit 18.50 crores (Previous Year Rs. 18.50 crores);Interest Rate 12.45 % (Previous Year 12.45 %),Exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future

d Packing Credit
Sanction limit 14 crores (Previous Year Rs. 14 crores);Interest Rate 3.40 % (Previous Year 3.40 %), Exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future

The above facilities are secured as follows,

a. Pari pasu First charge on the current assets of the company

b. Parri pasu Equitable Mortgage of land, buildings and hypothecation of plant and machinery at factory at Vapi

c. Joint and several guarantee by all directors of the Company in individual capacity.

Unsecured, Considered good			
Payable on demand			
From shareholders/directors (Refer note)	2,074,121	13,074,121	12,591,411
	2,074,121	13,074,121	12,591,411
Total	757,420,699	838,553,814	952,782,526

Unsecured loans taken from shareholders / directors are interest free and repayable on demand

Note 15. Other financial liabilities

Non-current			
Security Deposit from Dealers	52,225,593	44,364,339	36,984,273
Total	52,225,593	44,364,339	36,984,273
Current			
Current maturities and overdue installments of long-term debts	1,627,073	2,347,618	2,376,000
Interest accrued and due	24,032,711	20,210,678	16,028,791
Unclaimed/unpaid dividends	155,695	217,071	155,695
Other payables	44,345,970	15,459,959	69,608,328
Total	70,161,448	38,235,326	88,168,815

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
Note 16. Provisions			
Non-current			
Employee Benefits			
Provision for leave benefit	1,805,850	3,248,272	-
	1,805,850	**3,248,272**	**-**
Current			
Employee Benefits			
Provision for Gratuity	36,634,560	31,086,822	18,334,370
Provision for leave benefit	11,703,559	5,194,183	7,033,829
Total	**48,338,119**	**36,281,005**	**25,368,199**

Note 17. Deferred Tax balances (Net)

The following is the analysis of deferred tax asset / (liabilities) presented in the balance sheet

	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
Deferred Tax Asset	6,387,295	5,287,058	8,992,288
Deferred Tax Liability	(43,888,873)	(33,574,365)	(27,768,225)
Total	**(37,501,578)**	**(28,287,307)**	**(18,775,938)**

2017-2018	**Opening Balance**	**Recognised in profit or loss**	**Closing Balance**
Deferred tax assets / (liabilities) in relation to:			
Property, Plant and Equipment	(32,738,167)	(11,014,745)	(43,752,912)
Provisions	4,334,147	298,967	4,633,114
Impairment Allownace for trade rececivables	952,912	801,269	1,754,181
Fair Valuation of Investment	(4,354)	3,133	(1,221)
Others	(831,844)	697,105	(134,739)
	(28,287,307)	**(9,214,271)**	**(37,501,578)**

2016-2017	**Opening Balance**	**Recognised in profit or loss**	**Closing Balance**
Deferred tax assets / (liabilities) in relation to:			
Property, Plant and Equipment	(27,768,225)	(4,969,942)	(32,738,167)
Provisions	4,070,303	263,843	4,334,147
Impairment Allownace for trade rececivables	3,950,588	(2,997,676)	952,912
Fair Valuation of Investment	4,813	(9,167)	(4,354)
Others	966,583	(1,798,428)	(831,844)
	(18,775,938)	**(9,511,369)**	**(28,287,307)**

N. S. SHETTY & CO. Firm Reg. No. 110101W Mumbai CHARTERED ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
Note 18. Trade payables			
Dues to Micro, Small and Medium Enterprises	8,440,853	-	-
Dues to others	1,775,753,593	967,916,730	978,029,493
Total	**1,784,194,446**	**967,916,730**	**978,029,493**

Trade payables are non interest bearing and normally settled on 30 to 90 days

Details of dues to Micro, Small and Medium Enterprises as defined under Micro Small Medium Enterprises Development Act, 2006 :

a Trade payables include Rs.84,40,853 (As at 31st March, 2017: Rs.Nil; As at 31st Marchl, 2016: Rs. Nil) due to micro, small and medium enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED).

b Rs.178,771 interest was payable to micro and small enterprises during the year.

c The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of parties under the MSMED Act and has been relied upon by the auditors.

Note 19. Other Liabilities

Current			
Advance against orders	6,837,877	5,093,808	32,612,276
Other payables :			
Statutory liabilities	2,204,126	2,812,897	3,209,588
Employee Benefits Payable	40,315,949	43,145,632	37,823,542
Total	**49,357,952**	**51,052,337**	**73,645,406**

N. S. SHETTY & CO. ★ CHARTERED ACCOUNTANTS ★ Firm Reg. No. 110101W Mumbai

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Year ended 31st March, 2018 Rs.	Year ended 31st March, 2017 Rs.
Note 20. Revenue from operations		
Sale from operations :		
Sale of Goods	7,381,607,714	5,971,424,979
Other operating revenue :		
Export Incentive	69,342,438	106,735,453
Total	**7,450,950,152**	**6,078,160,432**
Note 21. Other income		
Interest Income	14,754,680	16,496,938
Dividend Income	19,665	18,653
Foreign Exchange Fluctutation Gain (Net)	37,982,328	7,364,523
	52,756,672	**23,880,114**
Other gains and losses		
Surplus on sale of fixed assets	99,236	12,115
	99,236	**12,115**
Miscellaneous income	290,996	1,109,011
Total	**53,146,904**	**25,001,240**

N.S. SHETTY & CO. ★ CHARTERED ACCOUNTANTS ★ Firm Reg. No. 110101W Mumbai

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

		Year ended 31st March, 2018 Rs.	Year ended 31st March, 2017 Rs.
Note 22. Cost of materials consumed			
	Opening Stock	350,067,437	201,422,000
Add :	Purchases	4,996,823,682	4,387,754,505
Less :	Closing stock	376,818,590	350,067,437
	Total	**4,970,072,529**	**4,239,109,068**

Note 23. Changes in Inventories of Finished Goods and Work-in-Progress

	Opening Stock of Finished Goods	553,272,862	493,979,210
	Opening Stock of Work In Progress	80,229,540	85,250,790
		633,502,402	579,230,000
Less :	Closing Stock of Finished Goods	510,597,992	553,272,862
	Closing Stock of Work In Progress	43,911,549	80,229,540
		554,509,541	633,502,402
Less:	Provision for Excise duty on opening stock	11,563,184	-
	Total	**67,429,677**	**(54,272,402)**

Note 24. Employee Benefits Expense

Salaries, wages and bonus, etc.	309,724,150	305,015,941
Contribution to provident and other funds	11,719,976	4,133,475
Staff welfare expenses	10,655,987	8,906,302
Total	**332,100,113**	**318,055,718**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Year ended 31st March, 2018 Rs.	Year ended 31st March, 2017 Rs.
Note 25. Finance Costs		
Interest on :		
- Fixed loans	49,616,827	59,893,307
- Cash Credits	41,030,436	35,027,784
- Bill Discouting	4,973,839	7,081,628
Other interest expense	22,068,271	21,308,668
Interest on Redemable Preference shares and Tax thereon (Refer Note XX)	362,828	362,828
Total	**118,052,201**	**123,674,215**
Note 26. Depreciation and Amortisation		
Depreciation of property, plant and equipment	48,039,085	39,954,699
Total	**48,039,085**	**39,954,699**
Note 27. Other Expenses		
Consumption of Stores and Spares	236,914,739	117,220,789
Repairs & Maintainance to:		
- Machinery	15,696,132	9,637,577
- Building	24,709,761	8,120,190
- Vehicle	712,330	1,224,006
- Others	31,789,813	12,126,094
Insurance	14,331,310	10,347,084
Rent, Rates and taxes	12,812,114	10,558,373
Bad Debts written off	102,291,000	59,317,757
Allowances for doubtful debts	5,068,715	37,753,443
Payment to Auditor (Refer Note a)	1,296,000	562,476
Power and Fuel	279,751,955	213,794,707
Freight	165,140,486	159,643,325
Corporate Social Responsibility	2,606,119	-
Other expenses	271,667,819	195,206,701
Total	**1,164,788,294**	**835,512,522**
a) Payment to Auditors		
As Auditor :		
- Audit fees	1,000,000	280,000
In other capacity :		
- Other services (Certification fees)	296,000	282,736
	1,296,000	562,736

N. S. SHETTY & CO. Firm Reg. No. 110101W Mumbai CHARTERED ACCOUNTANTS

	Year ended 31st March, 2018	Year ended 31st March, 2017
Note 28. Earnings per share (EPS)		
Basic and Diluted Earning Per Share (In Rs.)	60.08	25.31

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows

Profit for the year attributable to the Equity shareholders of the Company	469,319,120	197,691,775
Weighted average number of equity shares for the purposes of basic and diluted earnings per share (Nos.)	7,811,306	7,811,306

Note 29. Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'

A.

The Prinicipal assumptions used for the purpose of the acturial valuations were as follows,

	31st March, 2018	31st March, 2017
Discount Rate	7.30%	7.04%
Expected rate of salary increase	8.00%	8.00%
Expected average remaining service	11.53	11.92
Service cost		
Current service cost	6,113,255	5,470,410
Past service cost and (gain)/loss from settlement	2,730,159	-
Net interest expense	2,032,088	1,033,256
component of define benefit cost recognised in profit or loss	**10,875,502**	**6,503,666**
Acturial (gains) / losses for the period		
Acturial (gains) / losses arising from experience adjustments	218,345	224,367
Acturial (gains) / losses arising from financial assumptions	(1,233,069)	11,504,702
Acturial (gains) / losses arising from Demographic assumptions	-	1,701,954
Adjustment for restriction on the defined benefit asset	-	-
Return on plan assets (excluding amounts included in net interest expense)	130,839	-
Component of defined benefit cost recognised in OCI	**(883,885)**	**13,431,023**
Total	**11,759,387**	**(6,927,357)**
Present value of funded define benefit obligation	50,007,907	39,679,316
Fair value of plan assets	(13,373,347)	(8,592,494)
Funded status	**36,634,560**	**31,086,822**
Net liability arising from define benefit obligation		
Movement in PV of defined benefit obligation		
Opening define benefit obligation	39,679,316	20,859,332
Current service cost	6,113,255	5,470,410
Interest cost	2,783,443	1,601,431
Remesaurement (gains) / (losses):		
Actuarial gains and losses arising from changes in demogaphic assumption		1,701,954
Actuarial gains and losses arising from changes in financial assumption	(1,233,069)	11,504,702
Past Service Cost -(vested benefits)	2,730,159	-
Actuarial gains and losses arising from changes in experience adjustment	218,345	224,367
Benefits paid	(283,542)	(1,682,880)
	-	
closing define benefit obligation	**50,007,907**	**39,679,316**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Year ended 31st March, 2018	Year ended 31st March, 2017
Movements in fair value of plan asstes		
Opening fair value of plan assets	8,592,494	6,031,817
Interest income	751,355	568,175
Return on plan asstes (excluding amounts included in net interest expense)	(130,839)	(148,227)
Contribution from employer	4,443,879	3,823,609
Benefits paid	(283,542)	(1,682,880)
clsoing fair value of plan assets	**13,373,347**	**8,592,494**

Asset Information:	**Total Amount**	**Target Allocation**
Gratuity Fund		%
LIC of India	13,373,347	100

Expected Payout:

Year	**PVO Payout**
Expected Outgo First	6,958,421
Expected Outgo Second	5,994,121
Expected Outgo Third	4,596,229
Expected Outgo Fourth	4,711,439
Expected Outgo Fifth	4,875,234
Expected Outgo Sixth to Tenth Years	37,747,058

Sensitivity Analysis:

As of 31st March, 2018, every percentage point increase in discount rate will affect our gratuity benefit obligation Rs. 4,57,13,157

As of 31st March, 2018, every percentage point decrease in discount rate will affect our gratuity benefit obligation Rs.5,50,51,295
As of 31st March, 2018, every percentage point increase in salary escalation rate will affect our gratuity benefit obligation Rs. 5,47,28,889.
As of 31st March, 2018, every percentage point decrease in salary escalation rate will affect our gratuity benefit obligation Rs. 4,58,90,632.
Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.
Projected service cost as on 31st March 2019 is Rs.66,10,856

Narrations:

1 **Analysis of Defined Benefit Obligation**
Not Applicable
2 **Expected rate of return basis:**
Scheme is not funded EORA is not appplicable
3 **Description of Plan Assets and Reimbursement Conditions**
Not Applicable

B. Defined benefit obligation - Compensated Absence (PL)
The Prinicipal assumptions used for the purpose of the acturial valuations were as follows,

	31st March, 2018	31st March, 2017
Discount Rate	7.30%	7.04%
Expected rate of salary increase	8.00%	8.00
Expected average remaining service	11.56	11.92
Service cost		
Current service cost	3,753,040	3,201,424
Past service cost and (gain)/loss from settlement	899,430	(1,895,404)
Net interest expense	588,233	481,833
component of define benefit cost recognised in profit or loss	**5,240,703**	**1,787,853**

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	Year ended 31st March, 2018	Year ended 31st March, 2017
Acturial (gains) / losses for the period		
Acturial (gains) / losses arising from experience adjustments	-	-
Adjustment for restriction on the defined benefit asset	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
Component of defined benefit cost recognised in OCI	-	-
Total	**5,240,703**	**1,787,853**
Present value of funded define benefit obligation	13,509,409	8,442,455
Fair value of plan assets	-	-
Funded status	**13,509,409**	**8,442,455**
Movement in PV of defined benefit obligation		
Opening define benefit obligation	8,442,455	7,033,829
Current service cost	3,753,040	3,201,424
Interest cost	588,233	481,833
Remesaurement (gains) / (losses):		
Actuarial gains and losses arising from changes in financial assumption	(97,596)	-
Actuarial gains and losses on Obligation (Due to Experience)	997,026	(1,895,404)
Benefits paid	(173,749)	(379,227)
closing define benefit obligation	**13,509,409**	**8,442,455**
Movements in fair value of plan asstes		
Opening fair value of plan assets	-	-
Interest income	-	-
Contribution from employer	173,749	379,227
Benefits paid	(173,749)	(379,227)
clsoing fair value of plan assets	-	-

Expected Payout:

Year	**PVO Payout**
Expected Outgo First	10,261,137
Expected Outgo Second	8,188,126
Expected Outgo Third	7,867,854
Expected Outgo Fourth	6,954,806
Expected Outgo Fifth	6,339,357
Expected Outgo Sixth to Tenth Years	6,332,370

Sensitivity Analysis:

As of 31st March, 2018, every percentage point increase in discount rate will affect our gratuity benefit obligation Rs. 1,31,73,758

As of 31st March, 2018, every percentage point decrease in discount rate will affect our gratuity benefit obligation Rs.1,39,11,745

As of 31st March, 2018, every percentage point increase in salary escalation rate will affect our gratuity benefit obligation Rs. 1,39,04,865.

As of 31st March, 2018, every percentage point decrease in salary escalation rate will affect our gratuity benefit obligation Rs. 1,31,72,901.

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

Projected service cost as on 31st March 2019 is Rs. 40,26,663

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

	Year ended 31st March, 2018	Year ended 31st March, 2017

Narrations:

1 **Analysis of Defined Benefit Obligation**
Not Applicable

2 **Expected rate of return basis:**
Scheme is not funded EORA is not appplicable

3 **Description of Plan Assets and Reimbursement Conditions**
Not Applicable

NOTE 30.

Opertaing Lease commitments - Company as Lessee

The Company has entered into operating lease arrangements for its office premises, depots and godown during the year Rs. 96.12 lakhs (PY Rs. 85.47 lakhs) has been debited to the statement of profit and loss as lease expenses

The future minimum lease rentals payable under non cancellable operating leases as at 31st March are as follows:

Particulars	31st March,2018 Rs.	31st March,2017 Rs.	1st April,2016 Rs.
For a period:			
- Not later than one year	9,771,257	9,612,838	8,547,493
- Later than one year and not later than five years	10,173,830	19,945,087	21,010,432
- Later than five years	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Notes 31 : Related Party Transactions

A. Relationship

Enterprises over which key management personnel and their relatives exercise control

- a Sams Industries Limited
- b Shakti Bioscience Limited
- c Heranba Agroscience Limited

Key Management Personnel and their Relatives

- a Sadashiv K Shetty
- b Raghuram K Shetty
- c Sujata S Shetty
- d Vanita R Shetty
- e Shriraj S Shetty
- f Raunak R Shetty
- g Shreya Shetty
- h Roshan R Shetty
- i Sadashiv Shetty - HUF
- j Raghuram Shetty - HUF

Sr. No.	Nature of transaction	Key management personnel, their relatives	Enterprises over which key management personnel and their relatives exercise control
B.	**Transactions with Related Parties**		
i.	**Advance Given / Adjusted**		
	Shakti Bioscience Limited	- (-)	10,474,470 (9,243,129)
	Advance Received / Adjusted		
	Sams Industries Limited	- (-)	11,778,729 (-)
ii.	**Purchase of Goods**		
	Shakti Bioscience Limited	- (-)	16,007,220 (2,542,995)
	Professional Charges		
	Mrs. Shreya M. Shetty	1,800,000 (1,800,000)	
iii.	**Payment of Dividend**		
	Interim Dividend		
	Sadashiv K Shetty	17,260,826 (4,707,198)	- (-)
	Raghuram K Shetty	12,630,332 (3,444,336)	- (-)
	Sujata S Shetty	3,553,440 (969,120)	- (-)
	Vanita R Shetty	2,219,800 (605,400)	- (-)
	Shriraj S Shetty	926,750 (252,750)	- (-)
	Raunak R Shetty	699,875 (190,875)	- (-)
	Shreya Shetty	1,036,750 (282,750)	- (-)
	Roshan R Shetty	699,875 (190,875)	- (-)
	Sadashiv K Shetty - HUF	352,660 (96,180)	- (-)
	Raghuram K Shetty - HUF	1,518,000 (414,000)	- (-)
	Sams Industries Limited	1,568,875 (427,875)	- (-)
	Final Dividend		
	Sadashiv K Shetty	3,138,132 (-)	- (-)
	Raghuram K Shetty	2,296,224 (-)	- (-)
	Sujata S Shetty	646,080 (-)	- (-)
	Vanita R Shetty	403,600	-

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	(-)	(-)
Shriraj S Shetty	168,500	-
	(-)	(-)
Raunak R Shetty	127,250	-
	(-)	(-)
Shreya Shetty	188,500	-
	(-)	(-)
Roshan R Shetty	127,250	-
	(-)	(-)
Sadashiv K Shetty - HUF	64,120	-
	(-)	(-)
Raghuram K Shetty - HUF	276,000	-
	(-)	(-)
Sams Industries Limited	285,250	-
	(-)	(-)
iv. Remuneration of key management personnel		
Sadashiv K Shetty	11,776,694	-
	(11,776,694)	(-)
Raghuram K Shetty	11,455,566	-
	(11,455,566)	(-)
Sujata S Shetty	1,321,600	-
	(1,321,600)	(-)
Vanita R Shetty	1,321,600	-
	(1,321,600)	(-)
Shriraj S Shetty	910,000	-
	(-)	(-)
Raunak R Shetty	910,000	-
	(-)	(-)

	31st March, 2018 Rs.	31st March, 2017 Rs.	1st April, 2016 Rs.
C. Outstanding as at Balance Sheet Date			
i. Receivables			
Heranba Agroscience Limited	3,397,176	2,574,175	1,512,000
Shakti Bioscience Limited	76,347,685	65,873,215	56,630,087
Sams Industries Ltd	-	10,578,729	9,795,119
ii. Guarantee given by key management personnel to Bank	755,346,578	825,479,693	940,191,115

a. Previous year figures are given in brackets.

b. Related party relationships are as identified by the Company and relied upon by the auditors.

NOTE 32

CONTINGENT LIABILITIES AND COMMITMENTS (NOT PROVIDED FOR) :

	As at 31st March, 2018 Rs.	As at 31st March, 2017 Rs.	As at 1st April, 2016 Rs.
A Claims against the company not acknowledged as debts			
1 Gurantees issued by bank	42,784,000	58,189,000	54,497,000
2 Disputed Excise Duty/ Custom Duty Demands	185,122,000	185,122,000	185,122,000
3 Disputed Income Tax Liabiltiy	19,049,000	19,049,000	19,049,000
4 Claims not acknowledged as debts by the company	-	-	13,000,000
5 Export bills discounted with Bank	147,302,133	245,677,275	197,716,500
B Commitments			
Estimated amount of contracts remaining to be executed in Capital Account and not provided for (Net of Advance)	78,922,452	30,335,688	1,947,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Note 33. Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's senior management oversees management of these risks. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

1) Market Risk

a) Foreign currency risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices etc. The company operations involve foreign exchange transactions including mainly import, export, packing credit facilities and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to US$. Foreign currency risk arises from future commercial transactions and recognised in assets and liabilities denominated in foreign currency that is not company's functional currency. (i.e INR) The risk is measured through forecast of highly probable foreign currency cash flow.

No derivative instrument were outstanding at the end of the year.

Uncovered risks in foreign currency transactions disclosed as at:

INR

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Borrowing (PCFC)	122,446,400	43,582,088	43,348,032
Trade Receivable	834,836,847	420,347,403	391,288,827
Trade Payable	320,372,106	195,295,226	100,765,243

Sensitivity

A change of 5% in Foreign currency would have following Impact on profit before tax

Particulars	31st March, 2018		31st March, 2017	
	5% Increase	5% Decrease	5% Increase	5% Decrease
USD (Recivables)	637,087	(637,087)	316,218	(316,218)
USD (Payables)	(180,583)	180,583	(144,838)	144,838
Increase/(Decrease) in Profit or loss	**456,504**	**(456,504)**	**171,379**	**(171,379)**

b) Interest rate risk

Long-term borrowings of the Company bear fixed interest rate, thus interest rate risk is limited for the Company.

c) Other Market Price Risk

The company is exposed to Equity price risk , which arises from FVTPL of Equity securities. The company has a very insignificant portion of amount invested in quoted equity securities. The manageent monitors the proportion of quoted equity instruments in its investment portfolio based on market indices.

2) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial insrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Trade and Other Receivables:

The Company maintains an allowance for impairment of doubtful accounts based on financial condition of the customer, classification of customer, ageing of the customer receivable and overdues, available collaterals and historical experience of collections from customers. Accordingly, the Company creates provision for past due receivables beyond 90 days ranging between 10-11 % after reckoning the underlying collaterals. Besides, based on the expected credit loss model the Company also provides 2% allowances for receivables not due and past due upto 90 days except export receivables, if any.

Summary of companys exposure to credit risk by age of the outstandings from various customer is as follows

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Not due and past due upto 90 days	1,888,528,589	1,280,263,465	1,342,364,316
Past due more than 90 days	347,836,009	259,769,866	311,988,242
Total	2,236,364,598	1,540,033,330	1,654,352,558
Less: Impairment Allownace	58,237,403	53,168,688	15,415,244
Total	**2,178,127,195**	**1,486,864,643**	**1,638,937,314**

Expected credit loss assessment for customers as at 1 April 2016, 31 March 2017 and 31 March 2018

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

3) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through committed credit facilities to meet the obligations when due.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Comapny manages its liquidity risk by by preparing month on month cash flow projections to monitor liquidity requirements.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	Less than 1 year	1 to 5 years	Total
Year Ended 31st March 2018			
Borrowing	757,420,699	2,512,100	759,932,799
Trade Payable	1,784,194,446	-	1,784,194,446
Other Financial Liabilities	70,161,448	52,225,593	122,387,041
Year Ended 31st March 2017			
Borrowing	838,553,814	4,074,762	842,628,577
Trade Payable	967,916,730	-	967,916,730
Other Financial Liabilities	38,235,326	44,364,339	82,599,665
Year Ended 1st April, 2016			
Borrowing	952,782,526	6,607,184	959,389,710
Trade Payable	978,029,493	-	978,029,493
Other Financial Liabilities	88,168,815	36,984,273	125,153,087

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Note 34. Segment Reporting

Due to similar nature of products, production process, customer types etc, the company has a single operating segment of "Agro chemicals" during the year

Geographical Segment

The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas operations as under

Particulars	Year Ended 31st March, 2018 Rs.	Year Ended 31st March, 2017 Rs.
Revenue(Gross Sale)		
India	3,775,800,387	3,950,627,369
Oversees	3,675,149,765	2,127,533,063
Total	**7,450,950,152**	**6,078,160,432**
Non-current assets other than Financial Assets		
India	701,895,675	466,576,876
Oversees	-	-
Total	**701,895,675**	**466,576,876**

The Company is not reliant on revenue from transactions with any single external customer and does not receive 10% or more of its revenue from transactions with any single external customer

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Note 35. Fair Value Measurements

i) Financial Instrument by Category:

	31st March, 2018			31st March, 2017			1st April, 2016		
	FVOCI	FVPL	Amortised Cost	FVOCI	FVPL	Amortised Cost	FVOCI	FVPL	Amortised Cost
Financial Assets									
Investments	-	41,200	188,074	-	37,672	313,551	-	25,092	330,841
Trade receivables	-	-	2,030,825,062	-	-	1,241,187,367	-	-	1,441,220,812
Cash and cash equivalents	-	-	117,765,058	-	-	103,193,520	-	-	109,005,965
Other financial assets	-	-	77,322,655	-	-	93,541,571	-	-	82,601,928
Total	**-**	**41,200**	**2,226,100,849**	**-**	**37,672**	**1,438,236,009**	**-**	**25,092**	**1,633,159,546**
Financial Liabilities									
Borrowings	-	-	759,932,799	-	-	842,628,577	-	-	959,389,710
Trade payables	-	-	1,784,194,446	-	-	967,916,730	-	-	978,029,493
Other Financial liabilities	-	-	122,387,041	-	-	82,599,665	-	-	125,153,087
Total	**-**	**-**	**2,666,514,285**	**-**	**-**	**1,893,144,972**	**-**	**-**	**2,062,572,291**

ii) Fair value hierarchy:

The company uses the following hierarchy for determing and disclosing the fair value of financial instrument by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical Assets or Liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

iii) The company has fair valued its investment through profit and loss based on quoted prices of such investments in active market. Hence it falls under level 1 valuations technique.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Note 36 . Capital Management

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents.

The gearing ratio at the reporting period was as follows

	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Debt	761,559,872	844,976,194	961,765,710
Less: Cash and cash equivalents	117,765,058	103,193,520	109,005,965
Net Debt (A)	**643,794,813**	**741,782,675**	**852,759,745**
Total Equity (B)	**1,576,063,276**	**1,166,971,254**	**997,146,917**
Debt Equity Ratio (A/B)	0.41	0.64	0.86

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

NOTE 37 : FIRST TIME IND AS ADOPTION RECONCILIATIONS

These financial statements, for the year ended 31 March 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and subsequent amendments thereafter.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

Exemptions Availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

i) Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

ii) The estimates at 1 April 2016 and at 31 March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation: -
- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2016, the date of transition to Ind AS and as of 31 March 2017.

Effect of Ind AS adoption on the Balance Sheet as at 31st March, 2017 and 1st April, 2016.

Particulars	Notes	As at 31st March, 2017 (End of last period presented under previous GAAP)			As at 1st April, 2016 (Date of Transition)		
		Regrouped previous GAAP	Effect of Transition to Ind AS	As per Ind AS balance sheet	Regrouped previous GAAP	Effect of Transition to Ind AS	As per Ind AS balance sheet
Non-Current Assets							
(a) Property, plant and equipment	a	390,493,568	(8,108,037)	382,385,531	380,415,060	(7,135,195)	373,279,865
(b) Capital work-in-progress		2,097,156	-	2,097,156	2,097,156	-	2,097,156
(c) Financial assets			-			-	
(i) Investments	b	352,551	(1,328)	351,223	369,841	(13,908)	355,933
(ii) Trade Receivables		-	-		-	-	
(iii) Loans		-	-		-	-	
(iv) Other financial assets		81,042,218	-	81,042,218	71,997,017	-	71,997,017
(d) Current tax assets (Net)		14,058,907	-	14,058,907	19,864,564	-	19,864,564
(e) Other non-current assets		82,094,190	-	82,094,190	62,550,556	-	62,550,556
Total Non-Current Assets		**570,138,589**	**(8,109,365)**	**562,029,224**	**537,294,194**	**(7,149,103)**	**530,145,091**
Current assets							
(a) Inventories		983,569,839	-	983,569,839	780,652,000	-	780,652,000
(b) Financial assets			-			-	
(i) Trade receivables	c	1,255,356,055	(14,168,688)	1,241,187,367	1,452,636,056	(11,415,244)	1,441,220,812
(ii) Cash and cash equivalents		103,193,520	-	103,193,520	109,005,965	-	109,005,965
(iii) Other financial assets		12,499,353	-	12,499,353	10,604,911	-	10,604,911
(c) Other current assets		240,738,549	65,873,215	306,611,764	318,203,984	56,630,087	374,834,071
Total Current Assets		**2,595,357,315**	**51,704,527**	**2,647,061,842**	**2,671,102,916**	**45,214,842**	**2,716,317,759**
Total Assets		**3,165,495,905**	**43,595,162**	**3,209,091,066**	**3,208,397,111**	**38,065,739**	**3,246,462,849**

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Equity							
(a) Equity share capital	e	80,625,160	(2,512,100)	78,113,060	80,625,160	(2,512,100)	78,113,060
(b) Other equity		1,078,542,305	10,315,889	1,088,858,194	910,626,539	8,407,318	919,033,857
Total Equity		**1,159,167,465**	**7,803,789**	**1,166,971,254**	**991,251,699**	**5,895,218**	**997,146,917**
Non-Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	e	1,562,662	2,512,100	4,074,762	4,095,084	2,512,100	6,607,184
(ii) Other Financial Liabilities		44,364,339	-	44,364,339	36,984,273	-	36,984,273
(b) Provisions		3,248,272	-	3,248,272	-	-	
(b) Deferred Tax Liabilities		60,346,991	(32,059,684)	28287307	48,540,551	(29,764,613)	18775937.54
Total Non-Current Liabilities		**109,522,264**	**(29,547,584)**	**79,974,680**	**89,619,908**	**(27,252,513)**	**62,367,394**
Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings		838,553,814	-	838,553,814	952,782,526	-	952,782,526
(ii) Trade payables		902,043,515	65,873,215	967,916,730	921,399,406	56,630,087	978,029,493
(iii) Other financial liabilities	d,g	47,247,684	(9,012,358)	38,235,326	85,375,867	2,792,948	88,168,815
(b) Current tax Liabilities (Net)		30,105,920	-	30,105,920	68,954,099	-	68,954,099
(c) Other current liabilities		51,052,337	-	51,052,337	73,645,406	-	73,645,406
(c) Provisions	h	27,802,904	8,478,101	36,281,005	25,368,199	-	25,368,199
Total Current Liabilities		**1,896,806,175**	**65,338,958**	**1,962,145,133**	**2,127,525,503**	**59,423,035**	**2,186,948,538**
Total Liabilities		**2,006,328,439**	**35,791,374**	**2,042,119,813**	**2,217,145,411**	**32,170,522**	**2,249,315,932**
Total Equity and Liabilities		**3,165,495,904**	**43,595,163**	**3,209,091,066**	**3,208,397,110**	**38,065,739**	**3,246,462,849**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Note 37 continued..

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2017

Particulars	Notes	Regrouped previous GAAP	Effect of Transition to Ind AS	As per Ind AS Statement of Profit & Loss
Revenue from Operations	f	5,953,330,397	124,830,035	6,078,160,432
Other Income	f & b	27,144,908	(2,143,668)	25,001,240
Total Income		**5,980,475,305**	**122,686,368**	**6,103,161,673**
Expenses				
Cost of materials consumed		4,239,109,068	-	4,239,109,068
Purchase of Stock-in-Trade			-	
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-		(54,272,402)	-	(54,272,402)
Excise Duty on Sale of Goods	f	-	255,872,057	255,872,057
Employee Benefits Expense	h	323,156,867	(5,101,149)	318,055,718
Finance Costs	e	123,311,387	362,828	123,674,215
Depreciation and Amortisation Expenses	a	38,981,857	972,842	39,954,699
Other Expenses	f,c,g	968,546,622	(133,034,100)	835,512,522
Total Expenses		**5,638,833,399**	**119,072,478**	**5,757,905,877**
Profit Before Tax		**341,641,906**	**3,613,890**	**345,255,796**
Tax Expense				
(1) Current Tax		132,500,000	-	132,500,000
(2) Deferred tax (charge) / credit	i.	11,806,440	(2,295,071)	9,511,369
(3) Excess / (Short) provision for taxation in respect of earlier years		5,552,652	-	5,552,652
		149,859,092	**(2,295,071)**	**147,564,021**
Profit for the Year		**191,782,814**	**5,908,961**	**197,691,775**
Other comprehensive Income				
Remeasurement of the net defined benefit liabiliy / asset	h	-	(13,579,250)	-13,579,250
Total Other Comprehensive Income for the year		**191,782,814**	**(7,670,289)**	**184,112,525**

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

Note 37.1 First Time Ind AS Adoption Reconciliations

Notes to effects of first time adoption of Ind AS on the Financial Statements

a **Leasehold :**
Leasehold land has been amortized over remaining lease period retrospectively from the date of purchase. Accordingly retained earnings as on 1st April,2016 are decreased to that extent.

b **Investment:**
Under previous GAAP, investment in quoted equity instrument were recoreded at cost. Under Ind AS, invetments are required to be valued at fair value. The company has classified these instruments as fair value through profit and loss and adjusted the amounts as on transition date. Consequent to this change, investment and retained earnings has been decreased by Rs. 0.13 Lakhs and Rs. 0.01 Lakhs as on 1st April 2016 and in FY 16-17 respectively.

c **Trade Recivable**
Under Indian GAAP, Company has recognised specific amount towards impairment of Trade receivables on the basis of incurred losses. Under Ind AS, impairment allowance has been recognised based on Expected Credit Loss basis (ECL). Accordingly, additional allowance for impairment amounting to Rs. 114.15 Lakhs has been recognised with the corresponding adjustment to retained earnings as at 1 April 2016 i.e transition date and Rs. 27.53 Lakhs as of 31 March 2017, which has decreased the retained earnings.

d **Proposed Dividend**
In Indian GAAP, dividend payable is recorded as a liability in the period to which it relates. Under Ind AS, dividend to holders of equity instruments is recognized as a liability in the period in which the obligation to pay is established. Accordingly, proposed dividends and the related tax of the FY 2016-17 have been recorded in FY 17-18 due to which retained earnings as on 31st March 2017 is increased by Rs.94.01 Lakhs.

e **Redeemable Preferene Shares**
Under Ind AS, Redeembale preference shares are to be disclosed under Non Current liabilities as borrowings and dividend and tax thereon on same is to be classified as Finance cost.

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f **Sale of Goods and Other Income**

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased by Rs.2558.72 Lakhs with a corresponding increase in expense. Trade discounts, Volume rebates etc was accounted under Other Expenses in Indian GAAP, however, under Ind AS, the same shall be reduced from Sale of goods. Hence sale of goods and Other Expenses for the FY 16-17 under Ind AS has been decreased by Rs. 1331.98 Lakhs

Further under Ind AS, Export Sale to the extent of advance consideration is recognized at the exchange rate prevailing on the date at which advance was received. Consequent to this, sale of goods has increased by Rs. 21. 56 Lakhs with corresponding impact on Foreign exchange gain loss grouped under Other Income.

g **Restatement of Prior Period Errors:**

Under IGAAP, the company had recorded prior period expense (net) amounting to Rs.27.92 Lakhs in the statement of Profit and loss for the year ended March 31, 2017. However, in accordance with the requirements of Ind AS the same has been recognised by restating the retained earnings as on April 01, 2016.

Further, prior period expenses recorded in FY 17-18 related to PY 16-17 and earlier years are adjusted in Other Expenses and retained earnings respectively.

h **Remeasurements of post employment benefit obligation:**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the Employee Benefits on net basis in the profit and loss for the year. Consequently acturial losses has been disclosed under Other Comprehensive Income.

Under Ind AS, liability for Leave encashment / availment and Gratuity has been recognized based on acturial valuation. Accordingly Employee benefit expenses has been increased by Rs. 84.78 Lakhs.

i **Deferred Tax**

Deferred Tax has been recognized on the adjustments made on transition to Ind AS

j **Statement of cash flows:** There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

Note 38:

Comparative previous year's figures have been reworked, regrouped and reclassified to the extent possible, wherever necessary to confirm to current year's classification and presentation.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For N S Shetty & Co.
Chartered Accountants
Firm Registration No. 110101W

N. S. SHETTY & CO. Firm Reg. No. 110101W Mumbai CHARTERED ACCOUNTANTS

Divakar Shetty
Partner
Membership No. 100306

Mumbai
Date: 31st July, 2018

For Heranba Industries Limited

S. K. Shetty
Chairman and Managing Director
DIN: 00038681

Mumbai
Date: 31st July, 2018

R. K. Shetty
Director
DIN: 00038703

Mumbai
Date: 31st July, 2018