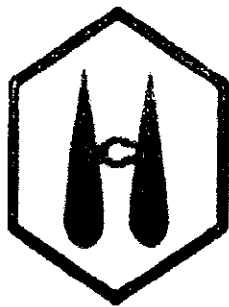


FINANCIAL STATEMENT

FOR THE YEAR: 2016-17



HERANBA
INDUSTRIES LIMITED
A Govt. Recognised * Export House

101/102, Kanchanganga, Factory Lane,
Near M K High School, Borivali (West),
Mumbai - 400092.

CORPORATE INFORMATION

DIRECTORS Sadashiv K. Shetty Chairman & Managing Director Raghuram K. Shetty Executive Director Sujata S. Shetty - Director Vanita R. Shetty - Director	
	Registered Office & Unit I Plot No. 1505/1506 GIDC, Phase III, Vapi Dist – Valsad Gujarat 396195
	Unit II Plot No. A2-2214/15, GIDC, Phase III, Vapi Dist – Valsad Gujarat 396195
	Unit III Plot No. 1503, GIDC, Phase III, Vapi Dist – Valsad Gujarat 396195
BANKERS : Corporation Bank – Kalbadevi Branch, 68/72, Babu Genu Road, Mumbai – 400 0025. Syndicate Bank, Ashram Road Branch, Ahmedabad.	CORPORATE & MARKETING OFFICE : 101/102, Kanchan Ganga, Factory Lane, Near M K High School, Borivali (West), Mumbai – 400 092. Tel : 91-22-28982133/44
AUDITORS : Anay Gogte & Co. Chartered Accountants	

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HERNBA INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **HERANBA INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendments Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on 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 thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 31st March 2017 and its profits and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the Order) issued by the Central Government in terms of Section 143 (11) of the Act, we enclose in the annexure a statement on matters specified in paragraph 3 & 4 of the said order.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on 31st March 2017, and taken on record by Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of section 164(2) of the Companies Act, 2013;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "2" to this report; and
 - g. With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 1.8(ii) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and



- iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. To the best of our information and according to the information and explanations given to us and having regard to the nature of business and size of its operations and cash payments made by the Company in the ordinary course of business and based on the Company's practices for recording such transactions, the Company has provided the requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of account maintained by the Company and as produced before us by the management.

For Anay Gogte & Co.,
Chartered Accountants
Firm Registration No.100398 W



A handwritten signature in black ink, appearing to read "AR Gogte".

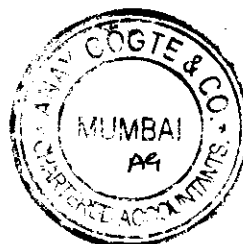
[A. R. Gogte]
Proprietor
Membership No.037046

Place: Mumbai
Date: 22nd August 2017

ANNEXURE 1 as referred to in paragraph 1 under the heading "Report on Other Legal and Requirements" of our report of even date

Re: HERANBA INDUSTRIES LIMITED

- (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) The title deeds of immovable properties included in the Fixed Assets of the Company, are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Companies Act, 2013. Accordingly, the provisions of clause 3(iii) of the Order are not applicable of the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits to which the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed under to the extent notified, are applicable. Therefore, Clause 3(v) of the Order is not applicable to the Company.
- (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) Undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities through there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, service tax, sales tax, duty of custom, duty of excise, value added tax cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income tax, sales tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:



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

(viii) In our opinion and according to the information and explanations given to us and based on the records of the Company, the Company has not defaulted in repayment of dues to banks. There are no dues to any financial institution, government or debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of further public offer / debit instruments and term loans hence; reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the company has been noticed or reported during the year.

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

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with the section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.



(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Anay Gogte & Co.,
Chartered Accountants
Firm Registration No.100398 W

Place: Mumbai
Date: 22nd August 2017



A handwritten signature in black ink, appearing to read "A. R. Gogte".

[A. R. Gogte]
Proprietor
Membership No.037046

Annexure 2 to the Independent auditor's report of even date on the financial statements of HERANBA INDUSTRIES LIMITED

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

To The Members of HERANBA INDUSTRIES LIMITED

We have audited the internal financial controls over financial reporting of HERANBA INDUSTRIES LIMITED ("the company") as of March 31st 2017, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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") and the Standards on Auditing, specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an Audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An 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 and 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



Meaning of Internal Financial Controls Over financial reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles , and that receipts and expenditures of the company are being made only in accordance with 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 risk that the internal financial controls 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, maintained adequate internal financial controls over financial reporting as at 31st March 2017, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Anay Gogte & Co.,
Chartered Accountants
Firm Registration No.100398 W

Place: Mumbai
Date: 22nd August 2017



A handwritten signature in black ink, appearing to be "A.R. Gogte".

[A.R.Gogte]
Proprietor
Membership No.37046


HERANBA INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2017

EQUITY & LIABILITIES	Note	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Shareholders' Funds			
Share capital	2	80,625,160	80,625,160
Reserves and surplus	3	1,078,542,306	910,626,540
Non-Current Liabilities			
Long term borrowings	4	1,562,662	4,095,084
Deferred tax liabilities (net)		60,346,991	48,540,551
Other long term liabilities	5	44,364,339	36,984,273
Long term provisions	6	31,051,176	25,368,199
Current Liabilities			
Short term borrowings	7	838,553,814	952,782,526
Trade payables	8	915,625,140	921,399,406
Other current liabilities	9	74,953,881	154,206,882
Short term provisions	10	347,264,516	339,814,391
Total		3,472,889,985	3,474,443,012
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	11	474,684,913	445,062,772
Non current investments	12	352,551	369,841
Long term loans and advances	13	34,767,315	31,782,842
Current Assets			
Inventories	14	983,569,839	780,652,000
Trade receivables	14	1,255,356,055	1,452,636,056
Cash and cash equivalents	14	161,967,776	159,825,052
Other current assets	14	562,191,536	604,114,449
Total		3,472,889,985	3,474,443,012

Notes to accounts form integral part of this balance sheet


As per our report of even date

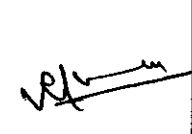
For Anay Gogte & Co.,
Chartered Accountants


A.R. Gogte
Proprietor
Membership No. 37046



For Heranba Industries Limited


S.K. Shetty
Managing
Director
DIN: 00038681


R.K. Shetty
Executive
Director
DIN : 00038703

Place : Mumbai

Date : 22nd August, 2017.

HERANBA INDUSTRIES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars		For the year ended 31st March, 2017	For the year ended 31st March, 2016
INCOME			
Revenue from Operations	15	5,846,594,944	5,203,908,839
Non operating revenue	15	133,880,361	64,457,707
Total		5,980,475,305	5,268,366,546
EXPENDITURE			
Cost of materials consumed	16	4,239,109,068	3,611,658,898
Changes in inventories of Finished goods and work-in-progress	17	(54,272,402)	120,851,893
Employee benefits expenses	18	323,156,867	297,780,487
Finance cost		123,311,387	133,925,138
Depreciation	11	38,981,857	39,658,840
Other Expenses	19	968,546,622	773,956,105
Total		5,638,833,399	4,977,831,361
Profit before Tax		341,641,906	290,535,185
Tax expense			
(1) Current tax		132,500,000	109,500,000
(2) Deferred tax		11,806,440	13,917,315
(2) Prior Year Taxation		5,552,652	-
Profit after Tax		191,782,814	167,117,870
Basic and Diluted Earnings Per Share		24.51	21.38

Notes to accounts form integral part of this statement
As per our report of even date

**For Anay Gogte & Co.,
Chartered Accountants**

A.R. Gogte
Proprietor
Membership No. 37046



Place : Mumbai
Date : 22nd August, 2017.

For Heranba Industries Limited

S.K. Shetty
Managing
Director

DIN: 00038681

R.K. Shetty
Executive
Director

DIN : 00038703

HERANBA INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	Current Year Rupees	Previous Year Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	341,641,906	290,535,185
Adjustments for:		
Depreciation	38,981,857	39,658,840
Provision for doubtful debts	35,000,000	4,000,000
Profit on sale of fixed asset	(12,115)	-
Interest expenses	123,311,387	133,925,138
Dividend Received	(18,653)	(18,762)
Interest income	(16,496,938)	(11,001,238)
Operating Profit before working capital changes	522,407,444	457,099,163
Adjustments for:		
Trade and other Receivables	236,760,963	(149,946,964)
Inventories	(202,917,839)	305,262,575
Trade Payables	(71,964,225)	(338,256,889)
Cash generated from operations	484,286,343	274,157,885
Direct Taxes paid (net of refunds received)	(171,095,175)	(109,262,192)
Cash flow before extraordinary items	313,191,168	164,895,693
	[A]	
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(68,816,884)	(71,425,719)
Proceeds from sale of fixed assets	225,000	-
(Purchase)/ Maturity of Investments	17,290	(102,500)
Interest expenses	(123,311,387)	(133,925,138)
Dividend Received	18,653	18,762
Interest Received	16,496,938	11,001,238
Net cash used in Investing activities	(175,370,390)	(194,433,357)
	[B]	
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares (including premium)	-	-
Proceeds/ (Repayment) of Long Tem Borrowings	(2,532,422)	83,110,220
Proceeds/ (Repayment) of Short Tem Borrowings	(114,228,712)	(1,580,143)
Dividend Paid	(18,916,923)	(29,623,349)
Net cash used in Financing activities	(135,678,057)	51,906,728
	[C]	
Net Increase in Cash and Cash Equivalents	2,142,721	22,369,064
Cash and Cash Equivalents - Opening Balance	159,825,053	137,455,987
Cash and Cash Equivalents - Closing Balance	161,967,776	159,825,053
Cash and Cash Equivalents - Closing Balance per BS	161,967,776	159,825,053

As per our report of even date
For Anay Gogte & Co.,
Chartered Accountants

[A.R.Gogte]
Proprietor



For Heranba Industries Limited

S.K.Shetty
Managing
Director

DIN: 00038681

R.K.Shetty
Executive
Director

DIN : 00038703

Place: Mumbai
Date : 22nd August 2017

HERANBA INDUSTRIES LIMITED

Notes to Accounts for the year ended 31st March 2017

1.1. Significant Accounting Policies

a. Basis of Accounting

The Financial Statements are prepared under historical cost convention on accrual basis and comply with the applicable accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013.

b. Sales and Other Income

Sales comprise sale of goods and services including excise duty but exclusive of sales tax. Other Income is accounted for on accrual basis.

c. Fixed Assets

All Fixed assets are valued at their cost of acquisition except the land which is stated at revalued amount.

d. Investments

Investments are valued at cost.

e. Depreciation

Depreciation is provided for on WDV method in accordance with Schedule II of the Companies Act, 2013. Depreciation is calculated from the month in which the assets are acquired or put to use, whichever is later. In respect of assets disposed of or written off during the year, depreciation is calculated upto the month of disposal or write off of the assets.

f. Inventories

Raw Materials, Packing Materials, Work-in-progress and Consumable Stores and Spares are valued at cost. Finished goods are valued at cost or market price whichever is lower.

g. Foreign Currency Transactions

Foreign currency transactions are accounted for at the rates prevailing on the date of transaction. Exchange Rate fluctuation arising on account of foreign currency term loan is adjusted to the fixed assets acquired out of the term loans. All other exchange rate differences are dealt with in the Statement of profit & loss.



h. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset, that necessarily takes substantial period of time to get ready for its intended use, are capitalised as part of that asset. Capitalisation of borrowing costs is done till the time when substantially all the activities necessary to make the qualifying assets ready for its intended use are complete. In respect of a qualifying asset which is completed in parts that are capable of being used while construction continues for other parts, capitalisation of borrowing cost for a part is done till the time when substantially all the activities necessary to make such part ready for its intended use are complete.

i. Cenvat Credit

Cenvat credit is accounted for by recording materials and assets purchased net of excise duty. Modvat credit is utilised against excise duty payable on despatch of finished goods.

j. Segment Accounting

Reportable segments are identified having regard to the dominant source of revenue and nature of risk and returns.

k. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognised on timing difference between the accounting income and the taxable income for the year, and quantified using the tax rates and tax rates and laws enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

l. Retirement Benefits for Employees

Gratuity payable in accordance with the provisions of the Payment of Gratuity Act, 1972 is provided for in the accounts on the basis of actuarial valuation. Gratuity liability to the eligible employees is covered by a Group Gratuity Scheme of the Life Insurance Corporation of India. Premium paid for the year is charged to the Profit & Loss account. Company's contribution payable during the year to Provident Fund is charged to the Statement of Profit & Loss.

1.2. Previous year figures have been regrouped / rearranged wherever necessary.



HERANBA INDUSTRIES LIMITED

Notes to Accounts for the year ended 31st March, 2017

1.3 Value of Raw Materials consumed

	Current Year		Previous Year	
	Value Rupees	%	Value Rupees	%
Imported	661,768,155	15.61%	443,683,120	12.28%
Indigenous	3,577,340,913	84.39%	3,167,975,778	87.72%
Total	4,239,109,068	100.00%	3,611,658,898	100.00%

1.4 Value of Stores and Spares consumed

	Current Year		Previous Year	
	Value Rupees	%	Value Rupees	%
Imported	-	-	-	-
Indigenous	117,153,785	100.00%	72,156,572	100.00%
Total	117,153,785	100.00%	72,156,572	100.00%

1.5

Expenditure in foreign currency		Current Year Rupees	Previous Year Rupees
C.I.F.value of Raw Materials Purchased		542,812,974	443,683,120
Commission & Brokerage		14,832,896	9,813,460
Travelling Expenses		3,000,195	1,943,894

1.6

Earnings in Foreign Exchange		Current Year Rupees	Previous Year Rupees
F.O.B.value of Exports		2,009,021,622	1,669,464,710

1.7**Salary and Wages include remuneration to directors including Managing Director**

	Current Year Rupees	Previous Year Rupees
Salary	23,592,000	23,592,000
Contribution to Provident and other funds	86,400	86,400
Bonus	1,966,000	1,505,000
Perquisites	231,060	160,289
Total	25,875,460	25,343,689

1.8 i) Estimated amount of capital commitments to be executed on capital account and not provided for Rs.3,03,35,688/- (Previous Year Rs. 19,47,000/-) Net of Advances.

ii) Contingent liability not provided for :

- Guarantees issued by a bank Rs. 581.89/- lacs (Previous year Rs. 544.97/- lacs)
- Disputed Excise Duty/ Customs Duty demands Rs.1,851.22 lacs (Previous year Rs.1,851.22 lacs).
- Disputed Income tax liability Rs. 190.49 lacs (Previous year Rs. 190.49 lacs).
- Claims not acknowledged as debts by the Company Rs. NIL lacs (Previous year Rs. 130.00 lacs)



1.9 Segment Reporting

Based on the guiding principles given in the Accounting Standard 17, Company's primary business consists of manufacturing and selling of pesticide chemicals of various types and grades which mainly have identical risks and returns. As such there is no other reportable business segment. The secondary business segment is determined by geographical location of its customers. The secondary segment information is given as under:

Particulars	Current Year Rupees	Previous Year Rupees
Revenue by Geographical Market		
India	3,734,813,564	3,654,791,401
Outside India	2,111,781,380	1,776,699,223
	5,846,594,944	5,431,490,623

Note: All the fixed assets of the company are located in India.

1.10 Related Party Disclosures under Accounting Standard 18

Shri Sadashiv K.Shetty, the Managing Director and Shri Raghram K.Shetty, Executive Director of the company together with their relatives hold the substantial share capital of the Company. The following transactions were carried out with the related parties in the ordinary course of business.

Particulars	Current Year Rupees	Previous Year Rupees
i. Remuneration to Directors	25,875,460	25,343,689
ii. Payment of Dividend	11,716,959	22,165,710
iii. Shakti Bioscience Limited		
Interim Purchases	2,542,995	5,942,870
Final Sales		
iv. Sams Industries Ltd.	10,578,729	9,795,119
Due for expenses		
v. Heranba Agroscience Ltd.	2,574,175	1,512,000
Due for expenses		
vi. Mrs. Shreya M. Shetty	1,800,000	1,700,000
Professional charges		

1.11 Dividend Provided on Cumulative Preference Shares Rs. 3,01,452/- (Previous Year Rs.3,01,452/-)

1.12 Based on the information and records available with the company, there are no companies which fall under categories defined under the Micro, Small and Medium Enterprises Development Act, 2006. This has been relied upon by the auditors.

1.13 Some of the balances of Deposits, Sundry Debtors, Loans and Advances and Current Liabilities are subject to confirmation.

1.14 The maximum obligations on long-term non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

	Current Year Rupees	Previous Year Rupees
Lease rentals paid during the year	8,289,999	7,374,531
Lease rentals due within one year	8,289,999	7,374,531
Between one year and five years	NIL	NIL
After five years	NIL	NIL

The operating lease arrangements relate to office premises and godowns. The Company has not entered into any finance lease arrangements.

1.15 During the year, the Company had SBNs/ other denomination notes (other notes) as defined in the MCA notification G.S.R. 308 (E) dated 31 March 2017. The denomination wise details of the SBNs and other notes held and transacted during the period from 8th November 2016 to 30th December 2016 is given below

Particulars	SBNs	Other notes	Total
	Rupees	Rupees	Rupees
Closing cash on hand as at 8th November 2016	7,500,000	8,243,756	15,743,756
(+) Permitted receipts	-	1,015,035	1,015,035
(-) Permitted payments	-	8,847,264	8,847,264
(-) Amount deposited in banks	7,500,000	241,035	7,741,035
Closing cash on hand as at 30th December 2016	-	170,492	170,492



1.16

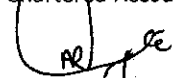
Earnings Per Share	Current Year Rupees	Previous Year Rupees
Number of equity shares outstanding at the beginning of the year	7,811,306	7,694,306
Average number of equity shares outstanding during the year	7,811,306	7,799,766
Weighted Average number of equity shares	7,811,306	7,799,766
Profit after Tax	191,782,814	167,117,870
Less: Dividend on Preference Shares (including dividend tax)	362,828	362,828
Net Profit attributable to equity shares	191,419,986	166,755,042
Basic and Diluted Earnings per share	24.51	21.38

1.17

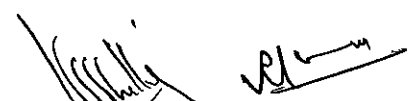
Deferred Tax Liability

Major Components of Deferred Tax Assets and Liabilities	Current Year Rupees	Previous Year Rupees
Deferred Tax Liabilities		
Tax effect due to difference between the written down value of fixed assets under the Companies Act, 1956 and the Income-tax Act, 1961	64,681,138	52,610,854
	64,681,138	52,610,854
Deferred Tax Assets		
Tax effect due to payments allowed on actual payment basis	4,334,147	4,070,303
	4,334,147	4,070,303
Deferred Tax Liability / (Asset) [Net]	60,346,991	48,540,551
Incremental Liability/(Asset)	11,806,440	13,917,315

Signatures to Notes 1 to 19

For Anay Gogte & Co.,
Chartered Accountants

[A.R. Gogte]
ProprietorPlace : Mumbai
Date : 22nd August, 2017.

For Heranba Industries Limited


S.K. Shetty
Managing
Director
DIN: 00038681
R.K. Shetty
Executive
Director
DIN : 00038703

	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Rupees	No. of Shares	Rupees
Share Capital				
Authorised:				
Equity Shares of Rs.10/- each	9,500,000	95,000,000	9,500,000	95,000,000
Preference Shares of Rs.100/- each	50,000	5,000,000	50,000	5,000,000
		<u>100,000,000</u>		<u>100,000,000</u>
Issued, Subscribed and Paid-up				
Equity Shares of Rs.10/- each fully paid-up	7,811,306	78,113,060	7,811,306	78,113,060
12 % Cumulative Preference Shares of Rs.100/- each fully paid-up	25,121	2,512,100	25,121	2,512,100
Total		<u>80,625,160</u>		<u>80,625,160</u>
Reconciliation of Number of Equity Shares				
Balance at the beginning of the year	7,811,306	78,113,060	7,694,306	76,943,060
Add: Issued during the year	-	-	117,000	1,170,000
Less: Reduction during the year	-	-	-	-
Balance at the end of the year	<u>7,811,306</u>	<u>78,113,060</u>	<u>7,811,306</u>	<u>78,113,060</u>
Reconciliation of Number of Preference Shares				
Balance at the beginning of the year	25,121	2,512,100	25,121	2,512,100
Add: Issued during the year	-	-	-	-
Less: Reduction during the year	-	-	-	-
Balance at the end of the year	<u>25,121</u>	<u>2,512,100</u>	<u>25,121</u>	<u>2,512,100</u>
[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]				
Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the company				
Name of the shareholder	No. of Shares	%	No. of Shares	%
Mr. Sadashiv K. Shetty	3,138,132	40.17%	3,138,132	40.17%
Mr. Raghuram K. Shetty	2,116,170	27.09%	2,116,170	27.09%
Mrs. Sujata S. Shetty	646,080	8.27%	646,080	8.27%
Mrs. Vanita R. Shetty	403,600	5.17%	403,600	5.17%



HERANBA INDUSTRIES LIMITED			Note 3
Reserves and Surplus		As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
	Rupees	Rupees	Rupees
General Reserve			
Balance at the beginning of the year	157,500,000		127,500,000
Less : Capitalised during the year	-		-
Additions during the year	50,000,000		30,000,000
		207,500,000	157,500,000
Securities Premium Account:			
Balance at the beginning of the year	79,215,540		68,685,540
Additions during the year	-		10,530,000
		79,215,540	79,215,540
Revaluation Reserve for Land		60,267,942	60,267,942
Profit & Loss Account:			
Balance at the beginning of the year	613,643,058		503,505,288
Profit for the year	191,782,814		167,117,870
	805,425,872		670,623,159
Less:			
Transfer to general reserve	50,000,000		30,000,000
Proposed dividend - equity shares	7,811,306		-
Interim dividend	11,716,959		22,165,710
Tax on proposed dividend	1,590,382		-
Tax on interim dividend	2,385,573		4,451,563
Proposed dividend - preference shares	301,452		301,452
Tax on preference dividend	61,376		61,376
	73,867,048		56,980,101
		731,558,824	613,643,059
Total		1,078,542,306	910,626,540

HERANBA INDUSTRIES LIMITED			Note 4
Long Term Borrowings		As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Secured:			
Vehicle loans		1,562,662	4,095,084
Total		1,562,662	4,095,084

a) Vehicle loans are secured by hypothecation of vehicles.



HERANBA INDUSTRIES LIMITED		Note 5	
Other Long Term Liabilities			
	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees	
Security Deposits	44,364,339	36,984,273	
Total	44,364,339	36,984,273	

HERANBA INDUSTRIES LIMITED		Note 6	
Long Term Provisions			
	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees	
Provision for Gratuity	22,895,168	18,334,370	
Provision for Leave Encashment	8,156,008	7,033,829	
Total	31,051,176	25,368,199	

HERANBA INDUSTRIES LIMITED		Note 7	
Short Term Borrowings			
	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees	
Secured:			
From Banks:			
Demand Loan	394,388,836	394,393,982	
Cash Credit - Corporation Bank	204,283,352	317,933,336	
Cash Credit - Syndicate Bank	183,225,417	184,515,768	
Packing Credit	43,582,088	43,348,029	
	825,479,693	940,191,115	
Unsecured:			
From shareholders/directors	13,074,121	12,591,411	
Total	838,553,814	952,782,526	

Cash Credit and Packing Credit facilities and other loans from Corporation Bank and Syndicate Bank are secured by:

- Parri pasu First charge on the current assets of the Company ;
- Parri pasu Equitable Mortgage of land, builings and hypothecation of plant and machinery at factory at Vapi ;
- Joint and several guarantee by all directors of the Company in individual capacity.



HERANBA INDUSTRIES LIMITED		Note 8
Trade Payables		
	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Sundry Creditors	915,625,140	921,399,406
Total	915,625,140	921,399,406

HERANBA INDUSTRIES LIMITED		Note 9
Other Current Liabilities		
	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Current maturities of long term debt	2,347,618	2,376,000
Advances from customers	5,093,808	32,612,276
Other liabilities	67,512,455	119,218,606
Total	74,953,881	154,206,882

HERANBA INDUSTRIES LIMITED		Note 10
Short Term Provisions		
	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Proposed dividend - equity	7,811,306	-
Proposed dividend - preference	301,452	301,452
Tax on interim dividend	-	4,451,563
Tax on proposed dividend	1,590,382	-
Tax on preference dividend	61,376	61,376
	9,764,516	4,814,391
Provision for Taxation	337,500,000	335,000,000
Total	347,264,516	339,814,391



HERANBA INDUSTRIES LTD

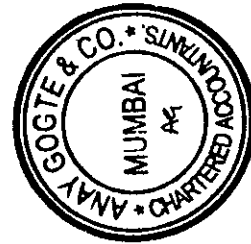
NOTE TO BALANCE SHEET AS AT 31ST MARCH 2017

FIXED ASSETS

Note : 11

PARTICULARS	COST				DEPRECIATION				WRITTEN DOWN VALUE					
	As at 31.03.16		Additions		As at 31.03.2017		Upto 31.03.2016		Upto 31.03.17		As at 31.03.2017		As at 31.03.2016	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Land	104,802,716	-	-	104,802,716	-	-	-	-	-	-	104,802,716	-	104,802,716	-
Buildings	73,710,364	1,825,562	-	75,535,926	53,538,630	1,547,724	-	55,086,354	-	20,449,572	20,449,572	-	20,171,734	-
Plant & Machinery	555,204,057	44,454,038	-	599,658,095	294,602,672	32,328,121	-	326,930,793	-	272,727,302	272,727,302	-	260,601,385	-
Electrical Installation	27,579,780	-	-	27,579,780	26,104,643	57,661	-	26,162,304	-	1,417,476	1,417,476	-	1,475,137	-
Piping	56,167,396	407,252	-	56,574,648	43,266,740	1,409,648	-	44,676,388	-	11,898,260	11,898,260	-	12,900,656	-
laboratory equipments	6,888,776	-	-	6,888,776	6,135,476	256,708	-	6,392,184	-	496,592	496,592	-	753,300	-
Office Equipments	5,833,393	232,968	-	6,066,361	5,180,220	227,004	-	5,407,224	-	659,137	659,137	-	653,173	-
Computers	8,220,431	1,70,400	-	8,390,831	7,499,360	250,029	-	7,749,389	-	641,442	641,442	-	721,071	-
Vehicles	28,482,514	2,100,079	927,006	29,655,587	19,567,615	2,899,378	714,121	21,752,872	-	7,902,715	7,902,715	-	8,914,899	-
Furniture & Fixtures	7,433,637	82,950	-	7,516,587	7,419,930	5,584	-	7,425,514	-	91,073	91,073	-	13,707	-
Capital WIP	34,054,992	19,543,635	-	53,598,627	-	-	-	-	-	53,598,627	53,598,627	-	34,054,992	-
	908,378,056	68,816,884	927,006	976,267,934	463,315,286	38,981,857	714,121	501,583,022	-	474,684,913	445,062,772	-		

Previous Year	836,952,339	71,425,719	-	908,378,058	423,656,446	39,658,840	-	463,315,286	-	445,062,772		
---------------	-------------	------------	---	-------------	-------------	------------	---	-------------	---	-------------	--	--



HERANBA INDUSTRIES LIMITED

Non- Current Investments (At Cost)

Note 12

	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Trade Investments (un-quoted):		
2000 Equity Shares of The Shamrao Vithal Co-op. Bank Ltd.	50,025	50,025
1000 Equity shares of Matrubhumi Co-op. Credit Society Limited	100,000	100,000
100 Equity Shares of The Kalupur Commercial Co-op Bank Ltd.	2,500	2,500
National Savings Certificates [Lodged with Government Departments as security]	161,026	178,316
	313,551	330,841
Non Trade Investments (quoted)		
41 Equity Shares of United Phosphorus Ltd.	22,500	22,500
200 Equity Shares of Aditya Birla Money Ltd.	6,500	6,500
500 Equity Shares of Gujarat State Financial Corporation Ltd.	10,000	10,000
	39,000	39,000
Total	352,551	369,841
Aggregate amount of quoted investments	39,000	39,000
Aggregate market value of quoted investments	101,410	56,086
Aggregate amount of unquoted investments	313,551	330,841

HERANBA INDUSTRIES LIMITED

Other Non Current Assets

Note 13

	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Long Term Loans and Advances:		
Deposits	34,767,315	31,782,842
Total	34,767,315	31,782,842



HERANBA INDUSTRIES LIMITED

Note 14

Current Assets	As at 31.03.2017 Rupees	As at 31.03.2016 Rupees
Inventories: (As Valued and Certified by the Management)		
Raw Materials (At Cost)	290,104,073	142,519,283
Work in progress (At Cost)	80,229,540	85,250,790
Finished Goods (At cost or net realisable value whichever is lower)	553,272,862	493,979,210
Packing materials (At Cost)	59,963,364	58,902,717
	983,569,839	780,652,000
Trade Receivables [Unsecured, Considered Good]:		
Outstanding for more than six months from due date	353,799,139	311,988,242
Less: Provision for doubtful debt	39,000,000	4,000,000
	314,799,139	307,988,242
Others	1,186,234,191	1,342,364,314
	1,501,033,330	1,650,352,556
Less: Bills discounted	245,677,275	197,716,500
	1,255,356,055	1,452,636,056
Cash and Cash Equivalents:		
Cash on hand	309,096	10,863,147
Bank balances		
Current accounts	102,884,424	98,142,819
Deposits with original maturity of more than 3 months but less than 12 months	-	-
Deposits with Maturity of more than 12 months	58,774,256	50,819,087
	161,967,776	159,825,053
Short Term Loans and Advances:		
Other Current Assets		
Income Tax payments	321,452,987	285,910,465
Balances with revenue authorities	214,066,940	299,146,606
Advances to Suppliers	12,201,410	343,421
Advance - others	13,317,757	17,642,178
Prepaid expenses	1,152,442	1,071,779
	562,191,536	604,114,449
Total	2,963,085,205	2,997,227,558



HERANBA INDUSTRIES LIMITED		Note 15	
Revenue	Current Year Rupees	Previous Year Rupees	
Revenue from operations:			
Sale of Goods	6,102,467,001	5,431,490,623	
Less: Excise duty	<u>255,872,057</u>	<u>227,581,784</u>	
	5,846,594,944	5,203,908,839	
Other Income:			
Interest	16,496,938	11,001,238	
Dividend	18,653	18,762	
Export benefits & Other Income	<u>107,831,884</u>	<u>56,037,918</u>	
	124,347,475	67,057,918	
Exchange Rate Fluctuation (Net)	9,520,771	(2,600,211)	
Profit on sale of Fixed Assets	12,115	-	
Total	5,980,475,305	5,268,366,546	

HERANBA INDUSTRIES LIMITED		NOTE 16	
Cost of materials consumed	Current Year Rupees	Previous Year Rupees	
Opening Stock - Raw Material (Chemicals)	142,519,283	331,310,981	
Opening Stock - Packing Material	58,902,717	54,521,700	
	<u>201,422,000</u>	<u>385,832,681</u>	
Add : Purchases - Raw Material (Chemicals)	4,134,832,389	3,197,772,588	
Add : Purchases - Packing Material	<u>252,922,116</u>	<u>229,475,629</u>	
	4,387,754,505	3,427,248,217	
Less : Closing stock of Raw Material (Chemicals)	290,104,073	142,519,283	
Less : Closing stock of Packing Material	<u>59,963,364</u>	<u>58,902,717</u>	
	350,067,437	201,422,000	
Cost of materials consumed	4,239,109,068	3,611,658,898	

HERANBA INDUSTRIES LIMITED		NOTE 17	
(Increase)/ Decrease in Stock	Current Year Rupees	Previous Year Rupees	
Closing Stock of Finished Goods	553,272,862	493,979,210	
Closing Stock of Work In Progress	80,229,540	85,250,790	
	<u>633,502,402</u>	<u>579,230,000</u>	
Less : Opening Stock of Finished Goods	493,979,210	594,042,533	
Opening Stock of Work In Progress	<u>85,250,790</u>	<u>105,039,360</u>	
	579,230,000	700,081,893	
(Increase)/ Decrease in Stock	(54,272,402)	120,851,893	



HERANBA INDUSTRIES LIMITED		NOTE 18
Employee benefits expenses	Current Year Rupees	Previous Year Rupees
Salaires & Wages	304,729,494	277,152,361
Contribution to Provident and other funds	9,521,071	13,008,924
Staff welfare expenses	8,906,302	7,619,202
Total	323,156,867	297,780,487

HERANBA INDUSTRIES LIMITED		NOTE 19
Other expenses	Current Year Rupees	Previous Year Rupees
Consumption of stores and spare parts	117,153,785	72,156,572
Discount	133,198,269	120,066,223
Power & Fuel	213,794,707	214,734,620
Repairs to Machinery	31,035,567	37,229,161
Insurance	10,347,084	7,346,094
Remuneration to auditor:		
As auditor	280,000	252,000
For taxation matters	83,600	40,000
For other services	198,876	311,500
	562,476	603,500
Rates & taxes	10,558,373	14,274,826
Freight, forwarding and transportation	159,578,955	147,619,326
Bad debts	59,317,757	
Provision for doubtful debts	35,000,000	4,000,000
Prior period expenses	2,792,948	457,173
Miscellaneous expenses	195,206,701	153,718,610
Corporate Society Responsibility Expenditure (CSR)	-	1,750,000
Total	968,546,622	773,956,105

