

**HERANBA INDUSTRIES LIMITED****CIN: U24231GJ1992PLC017315**

Registered Office	:	Plot No. 1504 / 1505 / 1506/1 GIDC, Phase-III, Vapi, Valsad – 396 195 Tel No.: +91 260 240 1646; Fax. No.: +91 260 240 0536
Head Office	:	101 / 102, Kanchanganga, Factory Lane, Borivali (W), Mumbai– 400092 Tel No.: +91 22 2898 7912; Fax. No.: +91 22 2899 3948
Factory Location	:	(1) Unit No-1 at Plot No-1504/1505/1506/1, GIDC, Phase III, Vapi, Dist-Valsad-396195 (2) Unit No-II at Plot No-A2-2214/15, GIDC, Phase III, Vapi, Dist-Valsad-396195 (3) Unit No-III at Plot No-1503, GIDC, Phase III, Vapi, Dist-Valsad-39619 (4) Unit No-IV at Plot No-1409, GIDC, Phase III, Vapi, Dist-Valsad-39619 (5) Plot No. C-195 and C-196 , Saykha Industrial Estate, Saykha, Taluka- Vagra, Dist. Bharuch (6) Plot No. 2817/1 at Sarigram Industrial Estate, G.I.D.C., Sarigam, Taluka-Umbergaon, District-Valsad,
Website	:	<a href="http://www.heranba.co.in">www.heranba.co.in</a> ,
E-mail	:	contact@heranba.com

**CORPORATE INFORMATION**

<p><b>BOARD OF DIRECTORS</b></p> <p><b><u>Chairman</u></b> Mr. Sadashiv Kanyana Shetty</p> <p><b><u>Managing Director</u></b> Mr. Raghuram Kanyan Shetty</p> <p><b><u>Executive Directors</u></b> Mrs. Sujata Sadashiv Shetty Mrs. Vanita Raghuram Shetty Mr. Raunak Raghuram Shetty</p> <p><b><u>Independent Directors</u></b> Mr. Kaushik Hasmukhlal Gandhi Mr. Mulky Vishwanatha Shetty Mr. Anilkumar Mohanraj Marlecha Mr. Ganesh Narayan Vanmali Mr. Nimesh Sahadeo Singh</p> <p><b><u>KEY MANAGERIAL PERSONNEL (KMP)</u></b> Mr. Maheshwar Vasant Godbole -----Chief Financial Officer Mr. Abdul Latif -----Company Secretary</p>	<p><b>COMMITTEE OF BOARD</b></p> <p><b><u>AUDIT COMMITTEE</u></b> Mr. Kaushik Hasmukhlal Gandhi      Chairman Mr. Mulky Vishwanatha Shetty      Member Mr. Ganesh Narayan Vanmali      Member</p> <p><b><u>STAKEHOLDERS' RELATIONSHIP COMMITTEE</u></b> Mr. Anilkumar Mohanraj Marlecha      Chairman Mr. Raghuram Kanyan Shetty      Member Mr. Ganesh Narayan Vanmali      Member</p> <p><b><u>NOMINATION AND REMUNERATION COMMITTEE</u></b> Mr. Kaushik Hasmukhlal Gandhi      Chairman Mr. Mulky Vishwanatha Shetty      Member Mr. Anilkumar Mohanraj Marlecha      Member</p> <p><b><u>CSR COMMITTEE</u></b> Mr. Mulky Vishwanatha Shetty      Chairman Mr. Kaushik Hasmukhlal Gandhi      Member Mr. Sadashiv Kanyana Shetty      Member</p>
<p><b><u>STATUTORY AUDITOR</u></b> N. S. Shetty &amp; Co -Chartered Accountants</p> <p><b><u>SECRETARIAL AUDITOR</u></b> K. C. Suthar &amp; Co. -Practicing Company Secretary</p> <p><b><u>COST AUDITOR</u></b> Mr. Jayant J. Palejart -Cost Accountants</p>	<p><b><u>BANKERS</u></b> Corporation Bank –Kalbadevi, Mumbai, Syndicate Bank, - Ashram Road, Ahmadabad.</p> <p><b><u>REGISTRAR &amp; SHARE TRANSFER AGENT</u></b> BIGSHARE SERVICES PRIVATE LIMITED 1ST Floor , Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri- East, Mumbai-400059</p>

## NOTICE

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**NOTICE** is hereby given that the **27<sup>th</sup> ANNUAL GENERAL MEETING** of the Members of **HERANBA INDUSTRIES LIMITED** will be held at Plot No 1504/1505/1506/1 GIDC, Phase- III, Vapi, Valsad – 396195 India on Monday, **30<sup>th</sup> day of September, 2019** at 02.30 p.m. to transact the following business:

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### **ORDINARY BUSINESS:**

**1. Adoption of the Financial Statements and Report of the Board of Directors and Auditors thereon**

To receive, consider and adopt the financial statements, namely (i) the Audited Balance Sheet as at March 31, 2019, (ii) the Audited Profit and Loss Account for the financial year ended March 31, 2019, (iii) the Audited Cash Flow Statement for the financial year ended March 31, 2019, (iv) Statement of Changes in Equity as on March 31, 2019, (v) Notes annexed to, or forming part of, the documents referred to in (i) to (iv) above and the reports of the Board of Directors and the Auditors thereon..

**2. Declaration of Dividend on Equity Shares**

To confirm the payment of Interim Dividend of Rs.1 per equity share already paid during the financial year as the Final Dividend for the Financial Year 2018-19.

**3. Appointment of Mr. Sadashiv Kanyana Shetty, Chairman and Director, liable to retire by rotation**

To appoint a director in place of Mr. Sadashiv Kanyana Shetty, retired by rotation being eligible for the re-appointment, offers himself for re-appointment.

**4. Appointment of Mrs. Vanita Raghuram Shetty, Executive Director, liable to retire by rotation**

To appoint a director in place of Mrs. Vanita Raghuram Shetty, retired by rotation being eligible for the re-appointment, offers herself for re-appointment.

**5. Ratification of the appointment of the Statutory Auditor**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“Resolved that, in accordance with the provisions of Sections 139 and 142 of the Companies Act, 2013, or any amendment thereto or modification thereof, the appointment of Messrs. N. S. Shetty & Co., Chartered Accountants (Registration No. 302009E), as the Auditors of the Company be and is hereby ratified from the conclusion of this Annual General Meeting till the conclusion of the 28<sup>th</sup> Annual General Meeting, and the Board be authorized to decide the remuneration payable to Messrs. N. S. Shetty & Co. to conduct the audit for the financial year 2019-20.”

**SPECIAL BUSINESS:****6. Ratification of the remuneration to be paid to the Cost Auditor**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT**, in accordance with the provisions of Section 148 of the Companies Act, 2013, the remuneration of M/s J.J Paleja & Co., Cost Accountants (Registration no: 100656)., Cost Accountants, appointed by the Board of Directors of the Company as the Cost Auditors to conduct audit of Cost Records maintained in respect of all applicable products of the Company, pertaining to pesticides, for the financial year 2019-20, at Rs 45000/- (Rupees Forty Five Thousand only) plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified.

**7. Approval to grant Loan and/or give Guarantee and/or provide Securities under section 186 of the Companies Act, 2013**

To consider and if thought fit, to pass with or without modification(s), the following resolutions as a Special Resolution

**"RESOLVED THAT** pursuant to the provisions of Section 186 of the Companies Act, 2013, read with The Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force), if any, the approval of the members of the Company be and is hereby accorded to the Board to (a) give any loan to any body corporate(s) / person (s); (b) give any guarantee or provide security in connection with a loan to any body corporate(s) / person (s); and (c) acquire by way of subscription, purchase or otherwise, securities of any body corporate from time to time in one or more tranches as the Board of Directors as in their absolute discretion deem beneficial and in the interest of the Company, for an amount not exceeding INR 100,00,00,000 (Indian Rupees Hundred Crore Only) outstanding at any time notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186 of the Companies Act, 2013.

**RESOLVED FURTHER THAT** in case of divestment of the investment, the Directors of the Company be and are hereby authorized to sign the necessary applications, papers, forms, documents etc. for effective implementation of decision of divestment taken by the Company from time to time.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, Board of Directors of the Company and/or any person authorized by the Board from time to time be and is hereby empowered and authorised to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

**8. Approval to grant Loan and/or give Guarantee and/or provide Securities under Section 185 of Companies Act, 2013**

To consider and if thought fit, to pass with or without modification(s), the following resolutions as a Special Resolution

**“RESOLVED THAT** pursuant to Section 185(2) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification thereof for the time being in force and as may be enacted from time to time), and in terms of Articles of Association of the Company and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose or any person(s) authorized by the Board) for (availing or providing any guarantee or provide any security in connection with any loan taken by any person in whom any of the director of the Company is interested in favour of Aditya Birla Finance Limited (ABFL) in connection with the loans extended by ABFL to Insunt Trading Private Limited (Borrower), Heranba Industries Limited (Co-borrower) and Shakti Bio Science Limited (Co-borrower) aggregating to Rs. 35,00,00,000 (Rupees Thirty Five Crores only).

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the board of directors are hereby authorized to negotiate and decide from time to time, terms and conditions, execute necessary documents, papers, agreements etc for the guarantees to be given and to do all such acts deeds, matters and things, as it may, in its absolute discretion, deem necessary, proper or desirable, settle any question, difficulty or doubt that may arise in this regard and to delegate all or any of these powers to any committee of Directors or Managing Director or Director or any other person.”

**9. Enter into Related Party Transactions**

To consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution

**“RESOLVED THAT** pursuant to Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification thereof for the time being in force and as may be enacted from time to time), and in terms of Articles of Association of the Company and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose or any person(s) authorized by the Board) to enter into the related party transaction by the Company with the respective related parties and for the maximum amount per annum as mentioned herein below provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company:

Sl. No.	Nature of Transaction	Name of Related Party	Name of Director/KMP who is related	Maximum Amount in one Financial Year
1	Transaction/Arrangement/Contracts of Purchase /Sale of Goods and/or & Service including Advance given/Received against the above	Shakti Bioscience Limited	Mr. Sadashiv K Shetty Mrs. Sujata S Shetty	Rs. 10 (Ten) Crores
2	Transaction/Arrangement/Contracts of Purchase /Sale of Goods and/or & Service including Advance given/Received against the above	Sams Industries Limited	Mr. Raghuram K Shetty Mrs. Vanita R Shetty Mr. Raunak R Shetty	Rs. 10 (Ten) Crores
3	Transaction/Arrangement/Contracts of Purchase /Sale of Goods and/or & Service including Advance given/Received against the above	Heranba Agrosience Limited	Mr. Sadashiv K Shetty Mrs. Sujata S Shetty Mr. Raghuram K Shetty Mrs. Vanita R Shetty Mr. Raunak R Shetty	Rs. 5 (Five) Crores
4	Transaction/Arrangement/Contracts of Purchase /Sale of Goods and/or & Service including Advance given/Received against the above	Heranba Crop Care Limited	Mr. Sadashiv K Shetty Mrs. Sujata S Shetty Mr. Raghuram K Shetty Mrs. Vanita R Shetty Mr. Raunak R Shetty	Rs. 5 (Five) Crores
5	Availing the Professional Services	Shreya M Shetty	Mr. Sadashiv K Shetty Mrs. Sujata S Shetty	Rs. 25 (Twenty Five) Lakhs
6	Availing the Professional Services	Roshan R Shetty	Mr. Raghuram K Shetty Mrs. Vanita R Shetty Mr. Raunak R Shetty	Rs. 25 (Twenty Five) Lakhs

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, Board of Directors of the Company and/or any person authorized by the Board from time to time be and is hereby empowered and authorised to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

*For Heranba Industries Ltd.*

Sadashiv K. Shetty

Chairman

DIN No.: 00038681

Place: Mumbai

Date: 06<sup>th</sup> September, 2019

Note:

1. *A Member Entitled To Attend And Vote At The AGM, Is Entitled To Appoint A Proxy To Attend And Vote In The Meeting Instead Of Himself / Herself, And The Proxy Need Not Be A Member Of The Company. A person can act as a proxy on behalf of not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the Company.*
2. *Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.*
3. *The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the AGM is enclosed.*
4. *The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.*
5. *The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.*
6. *Members are requested to notify any correction /change in their name /address including Pin Code number immediately to the Companies Register/ Depository Participant .In the event of non – availability of Members latest address either in the Companies records or in Depository Participant's records, members are likely to miss notice and other valuable correspondence sent by the company.*
7. *With a view to using natural resources responsibly, we request shareholders to update their email address, with their Depository Participants to enable the Company to send communications electronically. The Annual Report 2019-19 is being sent through electronic mode only to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2019-19 are being sent by the permitted mode.*

### **EXPLANATORY STATEMENT**

**Explanatory Statement pursuant to section 102 (1) of the Companies Act 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 6, 7, 8 & 9 of the accompanying Notice dated 6<sup>th</sup> September, 2019:**

#### **Item No: 6**

The Board of Directors of the Company ('the Board') at the meeting held on 15<sup>th</sup> May, 2019, on the recommendation of the Audit Committee, approved the appointment and remuneration of Mr. J. J. Paleja of M/s J. J. Paleja & Co., Cost Accountant, (Registration no: 100656) to conduct audit of Cost Records maintained by the Company in respect of 'Insecticides products, for the financial year 2019-20. In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, the remuneration of the Cost Auditors needs ratification by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in these Resolutions.

The Board recommends these Resolutions for your approval.

#### **Item No. 7**

In order to make optimum use of funds available with the Company and also to achieve long term strategic and business objectives, the Board of Directors of the Company proposes to make use of the same by making investment in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other body corporate or as and when required. Pursuant to the provisions of section 186(3) of the Companies Act, 2013 and rules made there under, the Company needs to obtain prior approval of shareholders / members by way of special resolution passed at the General Meeting in case the amount of investment, loan, guarantee or security proposed to be made is more than the higher of sixty percent of the paid up share capital, free reserves and securities premium account or one hundred percent of free reserves and securities premium account. Accordingly, the Board of Directors of the Company proposes to obtain approval of shareholders by way of special resolution as contained in the notice of the Extra-Ordinary General Meeting for an amount not exceeding INR 100,00,00,000 (Indian Rupees Hundred Crore Only) outstanding at any time notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186 of the Companies Act, 2013.

The Directors therefore, recommend the Special Resolution for approval of the shareholders. None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company as contemplated in the provisions of Section 102 of the Companies Act, 2013 is, in any way, financially or otherwise, concerned or interested in the resolution.

The Board recommends these Resolutions for your approval

**Item No-8**

The Company has received a request from Insunt Trading Private Limited (“**Insunt**”) to borrow and avail Loan / Financial Assistance as Co-Borrower to the extent of Rs.35,00,00,000/- (Rupees Thirty Five Crores only) from ADITYA BIRLA FINANCE LTD. (‘ABFL’ or Lender) on the terms and conditions as provided for in the sanction letter dated 19<sup>th</sup> March, 2019 bearing reference number ABF/XTL/MAR19/N0180 read with Amendment Letter bearing No- ABF/XTL/APR19/A0018 dated April 05, 2019 and/or as mutually agreed to by the Company and ABFL from time to time.

Insunt is an Indian Company in which Mr. Sadashiv K Shetty is a Directors and holds substantial share in Insunt. Accordingly, Insunt is a related Party of your Company in terms of Section 2(76) of the Companies Act, 2013.

In terms of Section 185 of the Act (as amended by Companies (Amendment) Act, 2017, the Loan requires the approval of the members of the Company by way of a Special Resolution, since the Company and Insunt have common directors i.e. Mr. Sadashiv K Shetty .

In this case, votes of all members shall be considered to approve the resolution under Item number 8.

As desired, pursuant to Section 185 of the Companies Act, 2013, as amended, it is confirmed that the said loan will be utilized by Insunt for its principal business activity only.

Your Company is only Co-Borrower and will sign and execute the documents as a Co-Borrower whereas the Loan to the extent of Rs. 35.00 Cores shall be extended by ABFL to Insunt directly.

Your company do create charge by way of mortgage on the immovable property of the company located at Plot No. 2817/1 at Sarigram Industrial Estate G.I.D.C., Sarigram, Taluka-Umbergaon, District-Valsad, Gujarat as security in favour of ABFL for the said Loan.

Your Company do create Subservient Charge or Second Charge by way of mortgage on all the immovable properties owned by the company as security in favour of ABFL for said Loan availed / to be availed by the Company from ABFL.

Your Company do create Subservient Charge or Second Charge by way of Hypothecation over Current Assets of the Company as security in favour of ABFL for the said Loan.

A copy of the the sanction letter dated 19<sup>th</sup> March, 2019 bearing reference number ABF/XTL/MAR19/N0180 read with Amendment Letter bearing No- ABF/XTL/APR19/A0018 dated April 05, 2019 will be available for inspection by the members, free of cost, at the Registered Office of the Company during business hours on all working days, excluding Saturday and Sunday, between 11.00 AM to 1.00 PM up to the date of the AGM and also at the venue of the AGM.

None of the Directors, except for Mr. Sadashiv K Shetty, Mrs. Sujata S Shetty and Mr. Raghuram K Shetty or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolutions.

These Board is of the opinion that the Proposed Loan is in the best interests of the Company, and therefore, recommends the Resolution set out in the Notice for the approval of the members.

**Item No-9**

The Companies Act, 2013 aims to ensure the transparency in the transaction and dealing with the related parties of the Company. The Provision of the Section 188 of the Companies Act, 2013 govern the Related Party Transaction for entering into transaction, contract or arrangement with the related party(ies) and as per the said section 188 of the Companies Act, 2013 the Company need to obtain the approval of the Shareholder by way of the Resolution.

The transaction entered/to be entered with the related Party(ies) as mentioned in the Resolution is in the interest of the Company and it will be at arm's length basis and in the ordinary course of the business. Further transaction with the Related Party (ies) has no material effect in the company as total value of the transaction with the Related Party(ies) during the financial year ended on 31<sup>st</sup> March, 2019 was not more than Rs. 10.00 cores whereas the revenue from operation of the company during the financial year ended on 31<sup>st</sup> March, 2019 was more than Rs. 1000.00 Crores.

The details of the transaction are given below:

Sl.N o.	Nature of Transaction	Name of Related Party	Name of Director/KMP who is related	Maximum Amount in one Financial Year
1	Transaction/Arrangement/ Contracts of Purchase /Sale of Goods and/or & Service including Advance given/Received against the above	Shakti Bioscience Limited	Mr. Sadashiv K Shetty Mrs. Sujata S Shetty	Rs. 10 (Ten) Crores
2	Transaction/Arrangement/ Contracts of Purchase /Sale of Goods and/or & Service including Advance given/Received against the above	Sams Industries Limited	Mr. Raghuram K Shetty Mrs. Vanita R Shetty Mr. Raunak R Shetty	Rs. 10 (Ten) Crores
3	Transaction/Arrangement/ Contracts of Purchase /Sale of Goods and/or & Service including Advance given/Received against the above	Heranba Agroscience Limited	Mr. Sadashiv K Shetty Mrs. Sujata S Shetty Mr. Raghuram K Shetty Mrs. Vanita R Shetty Mr. Raunak R Shetty	Rs. 5 (Five) Crores
4	Transaction/Arrangement/ Contracts of Purchase /Sale of Goods and/or & Service including Advance given/Received against the above	Heranba Crop Care Limited	Mr. Sadashiv K Shetty Mrs. Sujata S Shetty Mr. Raghuram K Shetty Mrs. Vanita R Shetty Mr. Raunak R Shetty	Rs. 5 (Five) Crores
5	Availing the Professional Services	Shreya M Shetty	Mr. Sadashiv K Shetty Mrs. Sujata S Shetty	Rs. 25 (Twenty Five) Lakhs

6	Availing the Professional Services	Roshan R Shetty	Mr. Raghuram K Shetty Mrs. Vanita R Shetty Mr. Raunak R Shetty	Rs. 25 (Twenty Five) Lakhs
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None of the Directors and Key Managerial Personnel of the Company or their respective relatives, other than as mentioned above is concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends passing of the resolution as set out at item no. 9 of this Notice as an Ordinary Resolution

*For Heranba Industries Ltd.*

Sadashiv K. Shetty  
Chairman  
DIN No.: 00038681  
Place: Mumbai  
Date: 06<sup>th</sup> September, 2019

**DIRECTORS REPORT**

To the Members,

Your Directors have pleasure in submitting their 27th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2019.

**FINANCIAL RESULTS**

The summarized standalone results of your Company are given in the table below:

Amt. in “Rupees”

Particulars	Financial Year Ended	
	31/03/2019	31/03/2018
Revenue from Business Operations	10,05,16,72,025	7,45,09,53,680
Other Income	7,39,41,973	5,31,43,377
Total Income	10,12,56,13,998	7,50,40,97,057
Total Expenses excluding Depreciation	8,83,55,62,559	6,69,08,98,370
Profit/(loss) before Depreciation & Tax	1,29,00,51,439	81,31,98,687
Less: Depreciation Expenses	5,95,35,723	5,01,27,435
Less: Tax Expenses	46,96,79,975	29,43,15,273
Net Profit/(Loss) After Tax	76,24,84,509	46,87,55,979

**COMPANY'S PERFORMANCE REVIEW**

Income of the company from Business Operations is Rs. 1005.16 Crores as compared to Rs. 745.09 Crores in the previous year. Your directors are happy to mention that the companies Net Profits have jumped to Rs. 76.24 Crores from Rs. 46.87 Crores in the previous year.

**DIVIDEND:**

Your Board of Directors has declared and paid an Interim Dividend@ Rs. 1.00 per equity shares amounting to Rs. 3,90,56,530/-[Rupees Three Crore Ninety lacs Fifty Six thousand Five hundred Thirty only] on 26/10/2018.The Board proposed no further dividend to be declared and the Interim Dividend paid during the year shall be treated as the final dividend. Your company is in the growth phase with steady profits and looks forward to more such dividends in near future.

**TRANSFER TO RESERVES**

The Company has carried Rs. 5,00,00,000 /- to the General Reserve of the Company.

**TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**

The Company does not have any funds as contemplated under Section 125 of the Act lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

**MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

Details of Loans, Guarantees and Investments covered under the provision of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:**

All contracts / arrangements / transactions entered into with Related Parties during the Financial Year were in the ordinary course of business and on an arm's length basis. There were no Materially Related Party Transactions i.e. transactions exceeding 10% of the annual turnover as per the last audited financial statements.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website may be accessed on the Company's website.

All The particulars of contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 are attached herewith in **Annexure -I in Form No. AOC -2.**

Further Suitable Disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements in the Annual Report.

#### **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

The Company does not have any Subsidiary, Joint venture or Associate Company.

#### **CHANGE IN THE NATURE OF BUSINESS:**

There has been no change in the Nature of Business during the year under review. Further no material changes or commitments have occurred between the end of the financial year and the date of this report which affect the financial statements of the Company.

#### **DEPOSITS:**

The Company has neither accepted / renewed any deposits from public during the year nor has any outstanding Deposits in terms of Section 73 of the Companies Act, 2013. Further there were no Deposits which are not in compliance of the requirements of Chapter V of the Act.

#### **SHARE CAPITAL:**

During the Year under review, the Authorised Share Capital of the Company of Rs. 10,00,00,000 (Rs.Ten Crores only) divided into 95,00,000 (Ninety Five Lakh) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 50,000 (Fifty Thousand) 12% Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred Only) was reclassified to Rs. 10,00,00,000 (Rs.Ten Crores only) divided into 1,00,00,000 (One Crore) Equity shares of Rs. 10/- (Rupees Ten Only) each.

Then the Authorized share capital of the company was increased from Rs. 10,00,00,000 (Rupees Ten Crore only) divided into 10,00,000 (One Crore) equity shares of Rs-10/- (Rupees Ten Each) to Rs. 45,00,00,000 (Rupees Forty Five Crore only) by creation of new Equity shares of Rs. 35,00,00,000 (Rupees Thirty Five Crore Only) divided into 3,50,00,000 (Three Crore Fifty Lakhs) Equity Shares of Rupees 10/- (Rupees Ten Each). The new Equity Shares ranked pari passu in all respects with the existing Equity Shares of the Company.

As on 31st March, 2019, the Authorized share capital of the company stood at Rs. 45,00,00,000 (Rupees Forty Five Crore only) divided into 4,50,00,000 (Four Crore Fifty Lac ) equity shares of Rs-10/- (Rupees Ten) Each.

During the Year under review, the Company has redeemed its entire Preference Share Capital of Rs. 25,12,100 ( Rupees Twenty Five Lakh Only) divided into 25121 ( Twenty Five Thousand One Hundred Twenty One) Preference Share of Rs. 100/- each.

During the year under review, 3,12,45,224 (Three Crore Twelve Lakh Forty Five Thousand Two Hundred Twenty Four ) Equity Shares of Rs.10/(Rupees Ten) each, was issued and allotted as Bonus Equity Shares in the proportion of 4 (Four) equity shares for every 1 (One) existing equity shares held by the Members.

As on 31st March, 2019, the issued, subscribed and paid up Equity share capital of your Company stood at Rs. 39,05,65,300 (Thirty Nine Crore Five Lakh Sixty Five Thousand Three Hundred ) divided into 3,90,56,530 (Three Crore Ninety Lakh Fifty Six Thousand Five Hundred Thirty )Equity shares of Rs.10/- each .

### **DEMATERIALIZATION**

The Company has appointed BIGSHARE SERVICES PRIVATE LIMITED as its Registrar and Transfer Agent for dematerialization of its Share Capital. As on 31<sup>st</sup> March, 2019, 96.35 % of its Share Capital has been dematerialized. Further as on the date of this report, entire share capital of the Company has been dematerialized.

### **INTERNAL FINANCIAL CONTROLS:**

The internal financial controls with reference to the Financial Statements commensurate with the size and nature of business of the Company. Further Directors have personally overviewed the adequacy of internal controls and also appointed M/s **Minos Advisory LLP** to manage the internal controls of the company.

In addition to Internal Audit, the Company has implemented well established internal financial practices, tool for mitigating non-compliance risk and internal Code of Business Conduct in order to ensure adequate internal financial control commensurate with the size of the Company.

**FINANCIAL LIQUIDITY**

Cash and Cash Equivalent as at 31st March, 2019 was Rs. 20.96 Crores ( Previous Year Rs. 11.77 Crores) . The Company's working capital management is based on a well organized process of continuous monitoring and control on Receivables, Inventories and other parameters.

**CREDIT RATING**

CRISIL has affirmed Long Term Rating CRISIL BBB+/ Positive and Short Term Rating CRISIL A2 to its total Bank facilities of Rs. 152.50 Crores vide its Letter No-GDS7219/88635/BLR/061800059/1 dated June 06, 2019.

**MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:**

During the financial year under review, the Company had conducted the following meetings on various occasions:

Type of Meeting	Total No. of meetings held during the year
Board Meeting	18
Audit Committee	4
Stakeholders' Relationship Committee	3
Nomination & Remuneration Committee	3
Corporate Social Responsibility committee	2
IPO Committee	1
Extraordinary General Meeting	3
Annual General Meeting	1
Class Meeting	Nil

**DIRECTORS**

During the year under review, all the Directors, who were disqualified in the Previous year ended on 31<sup>st</sup> March, 2018, were reappointed as Directors with effect from 1<sup>st</sup> June, 2018 as the disqualification of the Directors has been removed by the Ministry of Corporate Affairs. Further Mr. Sadashiv K Shetty was

appointed as Chairman & Managing Director for 5 years with effect from 1<sup>st</sup> June, 2018. Mr. Raghuram K Shetty was appointed as whole time Director for 5 years with effect from 1<sup>st</sup> June, 2018.

Mr. Kaushik Hasmukhlal Gandhi and Mr. Mulky Vishwanatha Shetty was appointed as Non-Executive Independent Directors with effect from 09<sup>th</sup> July, 2018 and Mr. Anilkumar Mohanraj Marlecha, Mr. Ganesh Narayan Vanmali and Mr. Nimesh Sahadeo Singh was appointed as Non-Executive Independent Directors with effect from 31<sup>st</sup> August, 2018

Later on Mr. Meghraj Shetty and Mr. Roshan R Shetty had resigned from the Board with effect from 24<sup>th</sup> September, 2018.

Mrs. Sujata S Shetty and Mrs. Vanita R Shetty were appointed as Executive Directors with effect from 24<sup>th</sup> September, 2018.

Further Mr. Sadashiv K Shetty was redesignated as Chairman & Director for 5 years with effect from 1<sup>st</sup> November, 2018. Mr. Raghuram K Shetty was redesignated as Managing Director for 5 years with effect from 1<sup>st</sup> November, 2018.

#### **KEY MANAGERIAL PERSONNEL (KMP)**

Pursuant to Section 2(51) of the Companies Act, 2013 read with Rules made thereunder, the following person has been designated as Key Managerial Personnel of the Company under the Companies Act, 2013 as on 31<sup>st</sup> March, 2019

- (a) Mr. Maheshwar Vasant Godbole- Chief Financial Officer with effect from 24<sup>th</sup> September, 2018.
- (b) Mr. Abdul Latif-Company Secretary with effect from 21<sup>st</sup> December, 2018.

#### **REMUNERATION POLICY FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES:**

In terms of the provisions of Section 178 (3) of the Act the Nomination & Remuneration Committee is responsible for formulating the criteria for determining qualification, positive attributes and independence of a Director. The Nomination & Remuneration Committee is also responsible for recommending to the Board a policy relating to the remuneration of the Directors, Key Managerial Personal and other employees. In line with this requirement, the Board has decided to form Remuneration Committee.

#### **DIRECTORS RESPONSIBILITY STATEMENT:**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:—

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

#### **DECLARATION OF INDEPENDENT DIRECTORS:**

During the year under review, 5 independent directors was appointed. The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

In the opinion of the Board, the independent directors are, individually, person of integrity and possess relevant expertise and experience.

The Independent Directors under section 149(6) of the Companies Act, 2013 declared that:

1. They are not a promoter of the Company or its holding, subsidiary or associate company;
2. They are not directors in the company, its holding, subsidiary or associate company.
3. The independent Directors have/had no pecuniary relationship with company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
4. None of the relatives of the Independent Directors have or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
5. Independent Director, neither himself nor any of his relatives—

- (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
  - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
  - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
6. Independent director possesses such qualifications as may be required by the Board.
7. The Company & The Independent Directors shall abide by the provisions specified in schedule IV of the Companies Act, 2013.

**ANNUAL EVALUATION:**

Pursuant to provision of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of its Audit, Stakeholders' Relationship, Nomination & Remuneration and CSR Committee.

**DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:****AUDIT COMMITTEE:**

The Company has form an Audit Committee under Sec 177 of the Companies Act, 2013. The constitution of the audit committee is as follows:-

Name of Directors	Status in Committee	Nature of Directorship
Mr. Kaushik Hasmukh Gandhi	Chairman	Director
Mr. Mulky Vishwanatha Shetty	Member	Director
Mr. Ganesh Narayan Vanmali	Member	Director

### **MEETINGS AND ATTENDANCE:**

The Audit Committee Meetings were held 4 times during the financial year ended 31<sup>st</sup> March, 2019.

### **VIGIL MECHANISM:**

The Company has established a vigil mechanism that will oversee through the committee, the genuine concerns expressed by the employees and other Directors. The Company provided adequate safeguards against victimization of employees and Directors who express their concerns.

The Committee Meetings were held 4 times during the financial year ended on 31<sup>st</sup> March, 2019.

### **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Company has constituted the Stakeholders Relationship Committee of the Board in pursuance of the provisions of Regulation 20 and Part D of Schedule II of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and Section 178 of the Companies Act, 2013

The Committee meeting were held 3 times during the financial year ended on 31<sup>st</sup> March, 2019

The constitution of the Stakeholders Relationship Committee is as follows:-

Name of Directors	Status in Committee	Nature of Directorship
Mr. Anil Kumar M. Marlecha	Chairman	Director
Mr. Raghuram K. Shetty	Member	Director
Mr. Ganesh Narayan Vanmali	Member	Director

The terms of reference, powers and scope of the Stakeholders' Relationship Committee include:

- a) To look into the redressal of grievances of shareholders, debenture holders and other security holders;
- b) To investigate complaints relating to allotment of shares, approval of transfer or transmission of shares;
- c) To consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends; and
- d) To carry out any other function as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as and when amended from time to time."

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Company has constituted Nomination and Remuneration Committee in pursuance of the provisions of Regulation 19 and Part D of Schedule II of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**") and Section 178 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014,.

The Committee Meetings were held 3 times during the financial year ended on 31<sup>st</sup> March, 2019.

The constitution of the Nomination and Remuneration Committee is as follows:-

Name of Directors	Status in Committee	Nature of Directorship
Mr. Kaushik Hasmukh Gandhi	Chairman	Director
Mr. Mulky Vishwanath Shetty	Member	Director
Mr. Anil Kumar M. Marlecha	Member	Director

The scope and terms of reference of our Nomination and Remuneration Committee as per Regulation 19

of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per section 178 of the Companies Act, 2013 are:

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommendation to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The Nomination and Remuneration Committee shall, while formulating such policy ensure that (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- (b) Devising a policy on diversity of board of directors;
- (c) Identify persons who are qualified to become directors and whom may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- (d) To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors."

### **CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The Company has constituted the Corporate Social Responsibility (CSR) Committee in pursuance of the provisions of Section 135 and other applicable provisions of, including Schedule VII to, the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015 / Listing Regulations], to the extent applicable from time to time,.

The Committee Meetings were held 2 times during the financial year ended on 31<sup>st</sup> March, 2019.

The constitution of the CSR Committee is as follows:-

Name of Directors	Status in Committee	Nature of Directorship
Mr. Mulky Vishwanath Shetty	Chairman	Director
Mr. Kaushik Hasmukh Gandhi	Member	Director
Mr. Sadashiv K. Shetty	Member	Director

The terms of reference of the Committee , inter-alia, includes—

- (a) formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken either by the Company or through implementing agency as specified in Schedule VII to the Companies Act, 2013 as amended from time to time;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause(a);
- (c) monitor the Corporate Social Responsibility (CSR) Policy of the Company from time to time; and

### **IPO & IPO COMMITTEE**

As you are aware that the Company was contemplating for the issue of its Initial Public Offer (“IPO”) of up to 1,07,00,000 Equity Shares comprising Fresh Issue of up to 34,84,000 Equity Shares and an Offer for Sale of up to 71,36,000 Equity Shares by Sadashiv K Shetty, , up to 40,000 Equity Shares by Babu K Shetty and up to 40,000 Equity Shares by Vittala K Bhandary for which the Company had filed the Draft Red Herring Prospectus dated September 28, 2018 with Securities Exchange Board of India (“SEBI”), National Stock Exchange (“NSE”) and Bombay Stock Exchange (“BSE”). The Company had obtained the in principal approval of its IPO by BSE vide its Letter No-DCS/IPO/DT/IP/1138/2018-19 dated December 10, 2018, by NSE vide its Letter No-NSE/LIST/417 dated January 14, 2019 and by SEBI vide its Letter No-CFD/WRO/AKD/DHD/0493/2/2019 dated February 22, 2019. However due to certain legal issue of the Merchant Banker namely Guinness Corporate Advisory Private Limited with SEBI, the Company had dropped such Merchant Banker and looking for the new Merchant Banker for its IPO. The Company is in the process of the finalization of New Merchant Banker for its proposed IPO.

The Company constituted IPO Committee to manage the proposed Initial Public Offer (“IPO”) of the Company.

The Committee Meetings were held 1 times during the financial year ended on 31st March, 2019.

The constitution of the IPO Committee is as follows:-

Name of Directors	Status in Committee	Nature of Directorship
Mr. Mr. Sadashiv K. Shetty	Chairman	Director
Mr. Raunak R. Shetty	Member	Director
Mr. Kaushik Hasmukh Gandhi	Member	Director
Mr. Nimesh Sahadeo Singh	Member	Director

The IPO Committee is vested with the following roles and responsibilities inter alia:

- (a) to take decisions with regard to proposed Initial Public Offer (“IPO”) of the Company, as it may, in its absolute discretion deem fit and proper in the interest of the Company
- (b) to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with any issue, transfer, offer and allotment of Equity Shares;

**STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY:**

Heranba Industries Limited is exposed to risks such as liquidity risk, Interest rate risk, Credit risk and Operational risk that are inherent in the agrochemical Industry.

By strictly following the regulatory norms and RBI financial Guidelines, the company effectively manages the risks and has a focused Risk Management monitoring in place.

**DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON CORPORATE SOCIAL RESPONSIBILITY:**

During the Year under review the Board has made the expenditure under CSR of Rs. 1,38,09,414/- whereas the total Amount required to be spent was Rs 92,40,278/-for the financial year 2018-19. Your Company had spent on CSR more than the statutory requirement.

The detailed Report on CSR Activities as per **ANNEXURE-IV**

**COMPUNDING OF OFFENCE**

During the year under review , the Company had filed an application with Ministry of Corporate Affairs for compounding of non-compliance in respect of certain company law related matters in the past. The non compliance matter includes inter alia non-appointment of Company Secretary, In the bonus issue made on May 28, 2014, the date of EGM in the resolution attached with the Necessary form has been inadvertently mentioned as June 1, 2014, not having the optimum combination of independent and non-executive Directors in terms of Companies Act, 2013 and non formation of Committees in accordance with the provision of the Companies Act, 2013. However the Company has complied all the Non Compliance. Further the compounding matter is in process.

**NUMBER OF COMPLAINTS RELATING TO CHILD LABOUR, FORCED LABOUR, INVOLUNTARY LABOUR, SEXUAL HARASSMENT IN THE LAST FINANCIAL YEAR AND PENDING, AS ON THE END OF THE FINANCIAL YEAR**

The Company has adopted a policy on prevention, prohibition and Redressal of Sexual harassment at workplace and has duly constituted an Internal Complaints Committee in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. No case of child labour, forced labour, involuntary labour, sexual harassment and discriminatory employment was reported during the FY 2018-19. The Company has a policy on sexual harassment under which employees can register their complaints against sexual harassment. The policy ensures a free and fair enquiry with clear timelines

**SECRETARIAL AUDIT REPORT:**

In compliance of the provisions of Section 204 of the Companies Act, 2013, your Directors have appointed M/s. K. C. Suthar & Co.,Practicing Company Secretary, as Secretarial Auditor of the Company

for the financial year under review. Report given by the company secretary in practice is annexed with the report [MR-3] as **ANNEXURE-II**.

#### **STATUTORY AUDITORS:**

**M/sN S Shetty & Co.**, Chartered Accountants, have been appointed as Statutory Auditors for a period of five financial years in the Annual General Meeting held on 15/09/2017 until the conclusion of the AGM in the Year 2022.

#### **COST AUDITORS:**

Pursuant to the provision of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the cost records in respects of audit of pesticide products manufactured by the company needs to be audited. In compliance to the above, the Board of Directors has appointed Mr. Jayant J. Paleja, Cost Accountants, as the Cost Auditors of the Company for the financial year ended 31st March 2019. In accordance with the above provision the remuneration payable to the cost auditors should be ratified by the members. Accordingly, the Board of Directors recommends the Members to pass the resolution, as stated in the Notice Convening the ensuing Annual General Meeting.

#### **EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS:**

##### **Auditors qualification:**

There were no qualifications, reservations or adverse remarks made by the Auditor in his report made for the financial year under review.

##### **Secretarial Audit report by Practicing Company Secretary:**

The Practicing Company Secretary has made their reports in **FORM MR – 3** which is attached to this report as **ANNEXURE – II**.

#### **DETAILS OF FRAUD REPORTED BY AUDITORS:**

There were no frauds which are reported to have been committed by employees or officers of the Company. The statutory auditors of the Company have vide their report of even date confirmed that no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

There was no Material order passed by the judicial or quasi Judicial Authority which affects the going concern status of the Company during the year under review.

**ANNUAL RETURN:**

The extracts of Annual Return [MGT-9] pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure -III** and is attached to this Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**(A) CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:**

**Power and fuel Consumption-**

The Companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988 require the disclosure of particulars regarding Conservation of Energy in Form-A and Technology Absorption in Form-B as prescribed by the Rules.

The details are as follows:

Particulars	31.03.2019	31.03.2018
<b>(1) Electricity</b>		
Purchased units	18,212,892	17,224,715
Total Amount (Rs.)	139,692,882	131,252,332
Rate per Unit (Rs.)	7.67	7.62
<b>(2) Own Generator</b>		
Fuel (Diesel)	7,365,690	4,254,873
Total Amount (Rs.)	229,441,266	146,920,778
Rate per Liter (Rs.)	31.15	34.53

**TECHNOLOGY ABSORPTION:**

The technology required for the Company is available indigenously.

**FOREIGN EXCHANGE EARNINGS & OUTGO:**

Amt. in "Rupees"

Particulars	31.03.2019	31.03.2018
Earnings	4,798,516,064	3,492,773,636
Outgo	1,096,007,163	449,069,187

**ACKNOWLEDGEMENTS:**

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors deeply appreciate the committed efforts put in by employees at all levels, whose continued commitment and dedication contributed greatly to achieving the goals set by your Company. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

For Heranba Industries Limited

Sadashiv.K .Shetty  
Chairman  
DIN: 00038681  
Date: 06<sup>th</sup> September, 2019  
Place: Mumbai

Raghuram. K. Shetty  
Managing Director  
DIN: 00038703  
Date: 06<sup>th</sup> September, 2019  
Place: Mumbai

**Annexure - I****Form AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

Details of material contracts or arrangement or transactions at arm's length basis during the Financial Year ended 31<sup>st</sup> March, 2019:

(a)	Name(s) of the related party and nature of relationship	Shakti Bioscience Limited	Shakti Bioscience Limited	Sams Industries Limited	Shreya M Shetty
(b)	Nature of contracts / arrangements / transactions	Advance Given/Adjusted	Purchase of Goods	Advance Received/Adjusted	Availing of Service
(c)	Duration of the contracts / arrangements/transactions	Yearly	Yearly	Yearly	Yearly
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Rs. 10,64,168	Rs. 3,30,36,838	Rs.25,000	Rs.18,00,000
(e)	Date(s) of approval by the Board	21.04.2018	21.04.2018	21.04.2018	21.04.2018
(f)	Amount paid as advances, if any:	NIL	NIL	NIL	NIL

For Heranba Industries Limited

Sadashiv.K .Shetty  
Chairman  
DIN: 00038681  
Date: 06<sup>th</sup> September, 2019  
Place: Mumbai

Raghuram. K. Shetty  
Managing Director  
DIN: 00038703  
Date: 06<sup>th</sup> September, 2019  
Place: Mumbai

**ANNEXURE- II****FORM NO. MR -3****SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2019**HERANBA INDUSTRIES LIMITED****[CIN :U24231GJ1992PLC017315]**

***[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]***

The Members,  
Heranba Industries Limited.  
Vapi- Gujarat- 396195

I have conducted the secretarial audit compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Heranba Industries Limited [CIN: U24231GJ1992PLC017315]** (hereinafter called as “the company”) having its registered office situated at Plot No 1504/1505/1506/1 GIDC, Phase- III, Vapi, Valsad – 396195 , Gujarat. The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the company’s books, papers, minute book, forms and returns filed and other records maintained by company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by “the Company” for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made there under;The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI’) are not applicable to the Company as the company is not a listed Company.
  - ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under are not applicable to the company as the company is not a listed Company.

- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under are also applicable to the Company and the company has complied with the same.
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; not applicable to the Company as the company has no Foreign Direct Investment and External Commercial Borrowings during the year under review;
- v. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; is not applicable to the company as the company is not a listed Company;
- vi. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; is not applicable to the company as the company is not a listed Company;
- vii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 is not applicable to the company as the company is not a listed Company;
- viii. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; is not applicable to the company as the company is not a listed Company;
- ix. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; is not applicable to the company as the company is not a listed Company;
- x. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client; is not applicable to the company as the company is not a listed Company;
- xi. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; is not applicable to the company as the company is not a listed Company; and
- xii. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998; is not applicable to the company as the company is not a listed Company;

- xiii. I have also examined compliance with the applicable clauses of the following
  - a. Secretarial Standard issued by The Institute of Company Secretaries of India.
- xiv. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent of its applicability.

**2. I further report that:**

- a. During the year under review, The Board of Directors of the Company is reshuffled as follows :
  - i. all the Directors, who were disqualified in the Previous year ended on 31st March, 2018, were reappointed as Directors with effect from 1st June, 2018 as the disqualification of the Directors has been removed by the Ministry of Corporate Affairs.
  - ii. Mr. Sadashiv K Shetty was appointed as Chairman & Managing Director for 5 years with effect from 1st June, 2018 and Mr. Raghuram K Shetty was appointed as Whole Time Director for 5 years with effect from 1st June, 2018.
  - iii. Mr. Kaushik Hasmukhlal Gandhi and Mr. Mulky Vishwanatha Shetty was appointed as Non-Executive Independent Directors with effect from 09th July, 2018 and Mr. Anilkumar Mohanraj Marlecha, Mr. Ganesh Narayan Vanmali and Mr. Nimesh Sahadeo Singh was appointed as Non-Executive Independent Directors with effect from 31st August, 2018.
  - iv. Mr. Meghraj Shetty and Mr. Roshan R Shetty had resigned from the Board with effect from 24th September, 2018. Mrs. Sujata S Shetty and Mrs. Vanita R Shetty were appointed as Executive Directors with effect from 24th September, 2018.
  - v. Then Mr. Sadashiv K Shetty was redesignated as Chairman & Director for 5 years with effect from 1st November, 2018. Mr. Raghuram K Shetty was redesignated as Managing Director for 5 years with effect from 1st November, 2018.
  - vi. Hence as of now, the Board of Directors is duly constituted with proper balance of Managing Director, Whole time Director, Executive Directors and non-executive Independent Directors.

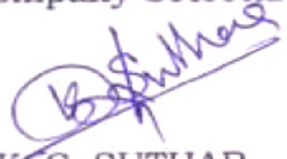
- b. Pursuant to Section 2(51) of the Companies Act, 2013 read with Rules made thereunder, the following person has been designated as Key Managerial Personnel of the Company under the Companies Act, 2013 as on 31st March, 2019
  - i. Mr. Maheshwar Vasant Godbole- Chief Financial Officer with effect from 24th September, 2018.
  - ii. Mr. Abdul Latif-Company Secretary with effect from 21st December, 2018.
- c. The company has duly formed applicable committees during the year i.e. Audit Committee, vigil mechanism committee and Nomination and Remuneration Committee and Corporate Social Responsibility Committee And Stakeholders' Relationship Committee as required under the Act and complied with the Act, rules and regulations made there under.
- d. The company was required to spend a sum of Rs. Rs. 92,40,278/-/- up to closing of financial year 2019 for CSR activities whereas Rs.1,38,09,414/-was spent on CSR activities during the financial year ended on 31st March 2019.
- e. Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
- f. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- g. During the audit period, Preference Shares of the Company was redeemed as per the provision of the Companies Act, 2013.
- h. During the audit period equity shares of the Company was transferred as per the provision of the Companies Act, 2013.
- i. The Company during the financial year under review has allotted 3,12,45,224 (Three Crore Twelve Lakh Forty Five Thousand Two Hundred Twenty Four ) Equity Shares of Rs.10/(Rupees Ten) each, as Bonus Equity Shares in the proportion of 4 (Four) equity

shares for every 1 (One) existing equity shares held by the Members equity shares to its existing shareholders under private placement.

- j. The Company has altered the Memorandum of Association of the company during the financial year ended on 31st March 2019 as follows:
- (i) the existing Authorised Share Capital of the Company of Rs. 10,00,00,000 (Rs.Ten Crores only) divided into 95,00,000 (Ninety Five Lakh) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 50,000 (Fifty Thousand) 12% Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred Only) each was reclassified to Rs. 10,00,00,000 (Rs.Ten Crores only) divided into 1,00,00,000 (One Crore) Equity shares of Rs. 10/- (Rupees Ten Only) each and accordingly the Clause V of the Memorandum of Association was altered under the provision of the Companies Act, 2013.
  - (ii) Then the Authorized share capital of the company was increased from Rs. 10,00,00,000 (Rupees Ten Crore only) divided into 1,00,00,000 (One Crore) equity shares of Rs-10/- (Rupees Ten Each) to Rs. 45,00,00,000 (Rupees Forty Five Crore only) by creation of new Equity shares of Rs. 35,00,00,000 (Rupees Thirty Five Crore Only) divided into 3,50,00,000 (Three Crore Fifty Lakhs) Equity Shares of Rupees 10/- (Rupees Ten Each) and accordingly the Clause V of the Memorandum of Association was altered under the provision of the Companies Act, 2013

- k. The Company has altered the Articles of Association of the company during the financial year ended on 31st March 2019 by replacing the existing Articles of Association of the company with new set of the Articles of Association of the company duly incorporating all the provisions of the Companies Act -2013.
- l. The Company has complied with all the other applicable laws as applicable with the extent of the size of business of the Company.

For K.C.SUTHAR & CO.  
Company Secretaries

  
CS.K. C. SUTHAR  
Proprietor  
C.P. No. 4075



Place: Mumbai

Date: 06<sup>th</sup> September, 2019

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

As on the financial year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies

(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U24231GJ1992PLC017315
ii)	Registration Date	17/03/1992
iii)	Name of the Company	Heranba Industries Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
v)	Address of the Registered office and contact details	PLOT NO 1504/1505/1506/1 GIDC, PHASE-III, VAPI-VALSAD -396195 GJ
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	BIGSHARE SERVICES PRIVATE LIMITED 1ST Floor , Bharat Tin Works Building,Opp. Vasant Oasis, Makwana Road,Marol, Andheri-East, Mumbai-400059

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of Pesticide/Insecticide Products	2421	97.76

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

[No. of Companies for which information is being filled]: 0

\* The Company has no Holding, Subsidiary and Associate Companies.

### i) Category-wise Share Holding

[illegible]

(2)	Non-Institutions	-	-	-	-	-	-	-	-	-
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
i	Indian	-	-	-	-	-	-	-	-	-
ii	Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals –									
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	-	-	-	-	-	-	-	-
(c)	Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (2)</b>		-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>		-	-	-	-	-	-	-	-	-
(c)	<b>Shares held by Custodian for GDRs and ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A)+(B)+(C)</b>		-	78,11,306	78,11,306	100	3,76,30,100	14,26,250	3,90,56,350	100	-

**ii) Shareholding of Promoter (including Promoter Group)**

SR No	Shareholder’s Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumb ered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
PROMOTERS								
1.	Sadashiv K Shetty	31,38,132	40.17%	-	1,41,91,660	36.34%	30%	-3.83%
2.	Raghuram K Shetty	21,26,170	27.09%	-	1,29,82,120	33.24%	-	6.15%
PROMOTERS’ GROUP								
1	Sujata S Shetty	6,46,080	8.27%	-	32,30,400	8.27%	-	-
2	Vanita R Shetty	4,03,600	5.17%	-	20,18,000	5.17%	-	-
3	Sams Industries Ltd	2,85,250	3.65%	-	14,26,250	3.65%	-	-
4	Raghuram K Shetty HUF	2,76,000	3.53%	-	13,80,000	3.53%	-	-
5	Shreya S Shetty	1,88,500	2.41%	-	9,42,500	2.41%	-	-
6	Shriraj S Shetty	1,68,500	2.16%	-	8,42,500	2.16%	-	-
7	Raunak R Shetty	1,27,250	1.63%	-	6,36,250	1.63%	-	-
8	Roshan R Shetty	1,27,250	1.63%	-	6,36,250	1.63%	-	-
9	Sadashiv K Shetty HUF	64,120	0.82%	-	3,20,600	0.82%	-	-
10	Babu K Shetty	45,000	0.58%	-	1,50,000	0.38%	-	-0.19%
11	Sandhya V Bhandary	--	--	-	1,50,000	0.38%	-	0.38%
12	Vittala K Bhandary	30,000	0.38%	-	1,50,000	0.38%	-	-
13	Shanta B Shetty	15,000	0.19%	-	-	-	-	-0.19%
14	R K Shetty/Sujata Shetty	1,80,054	2.31%	-	-	-	-	-2.31%
15	Bhupendra D Patel/ Raghuram Shetty	200	0.00%	-	-	-	-	-
16	Jagdish Patel/ Sadashiv Shetty	200	0.00%	-	-	-	-	-
TOTAL		78,11,306	100%	-	3,90,56,530	100%	30%	-

**iii) Change in Promoter's (including Promoter Group) Shareholding**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year 31.03.2019	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	Refer (ii) Shareholding of Promoters			
Changes during the year				
At the end of the year				

**iv) Shareholding Pattern of top ten Shareholders:****(Other than Directors, Promoters and Holders of GDRs and ADRs):**

There are no Shareholders other than Directors and Promoters who hold more than 5% of shares in the company.

**(V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

For each of Directors and KMP	Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding at the end of the year 31.03.2019	
	No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
<b>DIRECTORS</b>				
Mr. Sadashiv K Shetty (Appointed on 01.06.2018)	31,38,132	40.17%	1,41,91,660	36.34%
Mr. Raghuram K Shetty (Appointed on 01.06.2018)	21,26,170	27.09%	1,29,82,120	33.24%
Mrs. Sujata S Shetty (Appointed on 01.06.2018)	6,46,080	8.27%	32,30,400	8.27%
Mrs. Vanita R K Shetty (Appointed on 01.06.2018)	4,03,600	5.17%	20,18,000	5.17%
Mr. Raunak R Shetty	1,27,250	1.63%	6,36,250	1.63%
Mr. Kaushik H Gandhi (Appointed on 09.07.2018)	-	-	-	-
Mr. Mulky V Shetty (Appointed on 09.07.2018)	-	-	-	-
Mr. Anilkumar M Marlecha (Appointed on 31.08.2018)	-	-	-	-
Mr. Ganesh N Vanmali (Appointed on 31.08.2018)	-	-	-	-
Mr. Nimesh S Singh (Appointed on 31.08.2018)	-	-	-	-
Mr. Roshan R Shetty (Resigned on 24.09.2018)	1,27,250	1.63%	6,36,250	1.63%
Mr. Meghraj D Shetty (Resigned on 24.09.2018)	-	-	-	-
<b>KMP</b>				
Mr. Maheshwar V Godbole (Appointed on 24.09.2018)	-	-	-	-
Ms. Shivani Rohila (Appointed on 26.09.2018 and Resigned on 21.12.2018)	-	-	-	-
Mr. Abdul Latif (Appointed on 21.12.2018)	-	-	-	-

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

**( Rs. in Lakh)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
(i) Principal Amount	75,53,46,578	20,74,121	-	75,74,20,699
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
<b>Total (i + ii + iii)</b>	75,53,46,578	20,74,121	-	75,74,20,699
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	25,66,77,346	20,00,000	-	25,86,77,346
Net Change	25,66,77,346	20,00,000	-	25,86,77,346
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	49,86,69,232	74,121	-	49,87,43,353
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	49,86,69,232	74,121	-	49,87,43,353

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

<b>A. Remuneration of Managing Director, Whole-time Directors and/or Manager</b>								
								<b>Rs. In Lakhs</b>
<b>Particulars of Remuneration</b>	<b>Mr. Sadashiv K Shetty</b>	<b>Mr. Raghuram K Shetty</b>	<b>Mrs. Sujata S Shetty</b>	<b>Mrs. Vanita R Shetty</b>	<b>Mr. Raunak R Shetty</b>	<b>Mr. Roshan R Shetty</b>	<b>Mr. Meghraj D Shetty</b>	<b>Total</b>
<b>Gross Salary</b>								
Salary as per provisions contained in Section 17(1) of the Income Tax, Act 1961	128.25	116.91	12.21	12.21	11.11	Nil	Nil	280.69
Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.64	1.64						2.28
Profits in lieu of salary under Section 17(3) of the Income Tax, Act 1961	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Stock Option	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Commission ( % of the Profit)	Nil	140.75	Nil	Nil	Nil	Nil	Nil	140.75
Others (retirement benefits)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL (A)</b>	<b>128.89</b>	<b>259.30</b>	<b>12.21</b>	<b>12.21</b>	<b>11.11</b>	<b>Nil</b>	<b>Nil</b>	<b>423.75</b>

<b>B. Remuneration to other Non Executive Independent Directors</b>						<b>Rs. In Lakhs</b>
Particulars of Remuneration	Name of Directors					Total Amount
	Mr. Kaushik H Gandhi	Mr. Mulky V Shetty	Mr. Anilkumar Marelecha	Mr. Ganesh N Vanmali	Mr. Nimesh S Singh	
Fees for attending Board/Committee Meeting	0.40	0.25	0.45	0.45	0.10	1.65
Commission	Nil	Nil	Nil	Nil	Nil	Nil
Others Please Specify	Nil	Nil	Nil	Nil	Nil	Nil
<b>TOTAL (B)</b>	0.40	0.25	0.45	0.45	0.10	1.65

<b>C. Remuneration to Key Managerial Personnel other than MDs/EDs</b>					<b>Rs. In Lakhs</b>
Particulars of Remuneration	Key Managerial Personnel (KMP)			Total Amount	
	Mr. Maheshwar V Godbole	Mr. Abdul Latif	Ms. Shivani Rohila		
Salary as per provisions contained in Section 17(1) of the Income Tax, Act 1961	27.93	6.26	0.75	34.94	
Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil	
Profits in lieu of salary under Section 17(3) of the Income Tax, Act 1961	Nil	Nil	Nil	Nil	
Stock Option	Nil	Nil	Nil	Nil	
Sweat Equity	Nil	Nil	Nil	Nil	
Commission (% of Profit)	Nil	Nil	Nil	Nil	
Others (retirement benefits)	Nil	Nil	Nil	Nil	
<b>TOTAL (C)</b>	27.93	6.26	0.75	34.94	

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

*\* There were no Penalties/ Punishments/ Compounding of Offences initiated against the Company, Directors and Other Officers in Default.*

For Heranba Industries Limited

Sadashiv.K .Shetty  
Chairman  
DIN: 00038681  
Date: 06<sup>th</sup> September, 2019  
Place: Mumbai

Raghuram. K. Shetty  
Managing Director  
DIN: 00038703  
Date: 06<sup>th</sup> September, 2019  
Place: Mumbai

**ANNEXURE -IV****ANNUAL REPORT ON CSR ACTIVITIES-**

SR NO.	PARTICULARS	DETAILS	
1.	Brief outline of the Company CSR policy and projects or programs.	The Board of directors has formed the CSR Committee to look after CSR activities and policies, The company has made the policy that the CSR activities shall be carried out in remote area where the factory of the company is situated and to spend more amount on upliftment of poor people and to carry out social activities.	
2.	Composition of the CSR Committee	1.Mr. Mulky Vishwanath Shetty - Chairman 2.Mr. Kaushik Hasmukh Gandhi 3.Mr. Sadashiv K. Shetty	
3.	Avg. Net Profit of the Company for last 3 F.Y.	Rs. 46,20,13,900/-	
4.	CSR Expenditure (2 % of the amount-column No.-3)	Rs. 92,40,278/-	
5.	CSR Spent	Amount required to be spent	Rs. 92,40,278/-
		Amount actually spent	Rs.1,38,09,414/-
		Balance	Nil
6.	Reasons for not spending the amount	Not Applicable	

For Heranba Industries Limited

Sadashiv.K .Shetty  
Chairman  
DIN: 00038681  
Date: 06<sup>th</sup> September, 2019  
Place: Mumbai

Raghuram. K. Shetty  
Managing Director  
DIN: 00038703  
Date: 06<sup>th</sup> September, 2019  
Place: Mumbai

**PROXY FORM****HERENBA INDUSTRIES LIMITED****[CIN: U24231GJ1992PLC017315]***Registered Office:* Plot No 1504/1505/1506/1 GIDC, Phase- III, Vapi, Valsad – 396195**27th Annual General Meeting-30<sup>th</sup> September, 2019****Name of the Member:** .....**Registered Address:** .....**E-mail ID:**.....

<b>DPID No:</b>		<b>Client ID/Folio No.</b>	
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I / We, being the member(s) of shares of the above named company, hereby appoint:

(1) Name ..... Address.....

Email ID ..... Signature..... or  
failing him/her

(2) Name ..... Address.....

Email ID ..... Signature..... or  
failing him/her

(3) Name ..... Address.....

Email ID..... Signature.....

as my/our proxy to attend and vote for me/us and on my/our behalf at Annual General Meeting of the company to be held on 30<sup>th</sup> September, 2019 at 02.30 p.m.at **Plot No -1505, G. I. D. C. Phase-III, Vapi, Gujarat-396195** or at any adjournment thereof in respect of such resolutions.

AS WITNESS my hand /our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Signed by the said \_\_\_\_\_

Rs. 1/-

Note: The proxy form must be deposited at the Registered office of the company not less than 48 hours before the time of the holding the meeting. The proxy need not be a member of the company.

DP ID/Folio No: \_\_\_\_\_ Signature: \_\_\_\_\_

Name of the Shareholder (s): \_\_\_\_\_ Name of Proxy Holder : \_\_\_\_\_

**ATTENDANCE SLIP****HERENBA INDUSTRIES LIMITED****[CIN: U24231GJ1992PLC017315]****Registered Office: Plot No 1504/1505/1506/1 GIDC, Phase- III, Vapi, Valsad – 396195****27th Annual General Meeting-30<sup>TH</sup> SEPTEMBER, 2019**

Name of the Member: .....

<b>DPID :</b>		<b>Client ID/Folio No.</b>	
---------------	--	----------------------------	--

<b>Number of Shares held</b>	
------------------------------	--

I certify that I am a member / proxy / authorized representative for the member of the Company.

I hereby record my presence at the 27th Annual General Meeting- **30<sup>TH</sup> SEPTEMBER, 2019** at 02.30 p.m. at Plot No 1504/1505/1506/1 GIDC, Phase- III, Vapi, Valsad – 396195

.....

Name of the member / proxy

(In BLOCK LETTERS)

.....

Signature of the member / proxy

*Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.*

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of HERANBA INDUSTRIES LIMITED**

#### **Report on the Audit of the Standalone Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of **HERANBA INDUSTRIES LIMITED** ("**the Company**") which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS), of the state of affairs(financial position) of the Company as at March 31, 2019, and itsprofit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

## **Responsibility of Management and those charged with governance 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 state of affairs (financial position), profit and loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

- I. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V of the Act.
- II. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, the Statement of Profit and Loss(including other comprehensive income), the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”; and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as on 31<sup>st</sup> March, 2019 on its financial position in its 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**FOR N S SHETTY & CO.**

Firm Registration No.: 110101W  
Chartered Accountants

**DIVAKAR SHETTY**

Partner

Membership No.: 100306

UDIN : 19100306AAAAA07435

Place : Mumbai

Date: 6<sup>th</sup> September, 2019

**ANNEXURE "A"REFERRED TO IN INDEPENDENT AUDIT REPORTOF EVEN DATE TO THE MEMBERS OF HERANBA INDUSTRIES LIMITEDON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019;**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that: -

- (i)
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b) The Fixed Assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification;
  - c) According to the information and explanations given to us and based on our examination of the records of the Company, the title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') 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 any loans, secured or unsecured, to companies, firms, limited liability partnerships, or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) The Company has not granted any loans or made any investments, or provided any guarantees or any security to the parties covered under section 185 and 186. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us,the Company has not accepted any deposits from the public during the year within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable.
- (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 2019 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 2019 on account of any dispute are given below:

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	2010-2011 to 2012-2013	123.26
			2010-2011 to 2013-2014	157.88
			2010-2011 to 2014-2015	1342.62

Net of amounts paid under protest.

- (viii) On the basis of records examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to debenture holders as at the balance sheet date.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) Based on the audit procedures performed and the information and explanations given by the management, we report that 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) In our opinion, all transactions with the related parties are in compliances with section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable Indian Accounting Standards;
- (xiv) The company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable.

**FOR N S SHETTY & CO.**

Firm Registration No.: 110101W

Chartered Accountants

**DIVAKAR SHETTY**

Partner

Membership No.: 100306

UDIN : 19100306AAAAA07435

Place : Mumbai

Date: 6<sup>th</sup> September, 2019

## **“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE IND AS 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”)

We have audited the internal financial controls over financial reporting of **HERANBA INDUSTRIES LIMITED** (“the Company”) as of 31st March, 2019 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 (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 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.

### **Auditors’ Responsibility**

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

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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, 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 31st March 2019, 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.**

Firm Registration No.: 110101W  
Chartered Accountants

### **DIVAKAR SHETTY**

Partner

Membership No.: 100306

UDIN : 19100306AAAAA07435

Place: Mumbai

Date: 6<sup>th</sup> September, 2019

**HERANBA INDUSTRIES LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2019**

Particulars	Note No.	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Property, plant and equipment	4	51,13,91,982	46,24,21,118
(b) Capital work-in-progress	4	15,96,99,282	1,16,14,992
(c) Financial assets			
(i) Investments	5	2,42,312	2,29,274
(ii) Other financial assets	6	7,09,98,816	6,24,23,032
(d) Current tax assets (Net)	7	14,84,706	-
(e) Other non-current assets	8	34,45,75,129	22,34,52,468
<b>Total Non-Current Assets</b>		<b>1,08,83,92,227</b>	<b>76,01,40,884</b>
<b>Current Assets</b>			
(a) Inventories	9	1,13,89,41,387	93,99,78,110
(b) Financial assets			
(i) Trade receivables	10	2,53,27,21,226	2,03,08,25,062
(ii) Cash and cash equivalents	11	20,96,47,522	11,77,65,058
(iii) Other financial assets	6	1,53,99,632	1,48,99,622
(c) Other current assets	8	53,96,50,482	64,10,41,409
<b>Total Current Assets</b>		<b>4,43,63,60,249</b>	<b>3,74,45,09,261</b>
<b>TOTAL ASSETS</b>		<b>5,52,47,52,476</b>	<b>4,50,46,50,145</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	39,05,65,300	7,81,13,060
(b) Other equity	13	1,90,05,16,048	1,49,50,68,330
<b>Total Equity</b>		<b>2,29,10,81,348</b>	<b>1,57,31,81,390</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	-	25,12,100
(ii) Other Financial Liabilities	15	5,72,74,793	5,22,25,593
(b) Provisions	16	42,15,765	18,05,850
(c) Deferred Tax Liabilities	17	4,12,66,441	3,59,76,371
<b>Total Non-Current Liabilities</b>		<b>10,27,56,999</b>	<b>9,25,19,914</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	49,87,43,353	75,74,20,699
(ii) Trade payables	18	2,26,30,72,363	1,78,41,94,446
(iii) Other Financial Liabilities	15	12,18,87,800	7,01,61,448
(b) Current tax Liabilities (Net)	7	10,16,82,712	12,94,76,182
(c) Other current liabilities	19	9,64,55,926	4,93,57,948
(d) Provisions	16	4,90,71,975	4,83,38,119
<b>Total Current Liabilities</b>		<b>3,13,09,14,129</b>	<b>2,83,89,48,841</b>
<b>Total Liabilities</b>		<b>3,23,36,71,128</b>	<b>2,93,14,68,755</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,52,47,52,476</b>	<b>4,50,46,50,145</b>

**The accompanying notes are an integral part of the financial statements**

As per our report of even date

For Heranba Industries Limited

**For N S Shetty & Co.**

**Chartered Accountants**

**Firm Registration No. 110101W**

**S. K. Shetty**  
Chairman  
DIN: 00038681

**R. K. Shetty**  
Managing Director  
DIN: 00038703

**Divakar Shetty**  
**Partner**

Membership No. 100306

Mumbai

Date: 6th September, 2019

**Maheshwar V Godbole**  
Chief Financial Officer

**Abdul Latif**  
Company Secretary

**HERANBA INDUSTRIES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2019**

Particulars	Note No.	Year ended 31st March, 2019 Rs.	Year ended 31st March, 2018 Rs.
<b>I INCOME</b>			
Revenue from Operations	20	10,05,16,72,025	7,45,09,50,152
Other Income	21	7,39,41,973	5,31,46,905
<b>TOTAL INCOME</b>		<b>10,12,56,13,998</b>	<b>7,50,40,97,057</b>
<b>II EXPENSES</b>			
Cost of materials consumed	22	7,14,82,65,379	4,97,00,72,529
Changes in Inventories of Finished Goods and Work-in-Progress	23	-17,06,87,813	6,74,29,677
Excise Duty on Finished Goods		-	3,84,55,557
Employee Benefits Expense	24	38,00,54,897	33,21,00,113
Finance Costs	25	10,73,28,049	11,80,52,201
Depreciation and Amortisation Expenses	26	5,95,35,723	5,01,27,435
Other Expenses	27	1,37,06,02,046	1,16,47,88,293
<b>TOTAL EXPENSES</b>		<b>8,89,50,98,281</b>	<b>6,74,10,25,805</b>
<b>Profit before Tax</b>		<b>1,23,05,15,717</b>	<b>76,30,71,252</b>
Tax Expense			
(a) Current Tax	7	45,75,00,000	28,00,00,000
(b) Deferred tax charge / (credit)	17	52,90,070	76,89,063
(c) (Excess) / Short provision for taxation in respect of earlier years		43,89,904	66,26,210
		46,71,79,974	29,43,15,273
<b>Profit for the Year</b>		<b>76,33,35,743</b>	<b>46,87,55,979</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability / asset		16,48,768	8,83,875
<b>Total other Comprehensive Income</b>		<b>16,48,768</b>	<b>8,83,875</b>
<b>Total Comprehensive Income for the year</b>		<b>76,49,84,511</b>	<b>46,96,39,854</b>
<b>Earning per equity share of nominal value of ` 10/- each (in Rupees)</b>	28		
Basic and Diluted		19.54	12.00

**The accompanying notes are an integral part of the financial statements**

As per our report of even date

For Heranba Industries Limited

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

**S. K. Shetty**  
Chairman  
DIN: 00038681

**R. K. Shetty**  
Managing Director  
DIN: 00038703

**Divakar Shetty**  
Partner  
Membership No. 100306

**Maheshwar V Godbole**  
Chief Financial Officer

**Abdul Latif**  
Company Secretary

**Mumbai**  
**Date: 6th September, 2019**

**HERANBA INDUSTRIES LIMITED**
**Cash Flow Statement for the year ended 31st March, 2019**

Particulars	Year ended 31st March, 2019 Rs.	Year ended 31st March, 2018 Rs.
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation as per Statement of Profit and Loss	1,23,05,15,718	76,30,71,252
<b>Adjustments for:</b>		
Finance costs	10,73,28,049	11,80,52,201
Depreciation and amortisation	5,95,35,723	5,01,27,435
Dividend Income	-19,989	-19,665
(Profit) / Loss on sale of fixed assets (Net)	10,572	-99,236
Interest income	-96,03,786	-1,47,54,680
Remeasurement of the net defined benefit liability / asset	16,48,768	8,83,875
Fair Valuation of Investment	4,962	-3,528
Provision for doubtful debts, advances and investment	56,19,403	50,68,715
Bad Debts	-	10,22,91,000
	<b>16,45,23,702</b>	<b>26,15,46,118</b>
<b>Operating profit before working capital changes</b>	<b>1,39,50,39,420</b>	<b>1,02,46,17,369</b>
<b>Add / (Less) :</b>		
(Increase) / Decrease in inventories	-19,89,63,277	4,35,91,729
(Increase) / Decrease in trade and other receivables	-40,95,27,453	-1,23,67,05,448
Increase / (Decrease) in trade and other payables	58,16,43,176	86,11,63,365
<b>Cash generated from operations</b>	<b>1,36,81,91,866</b>	<b>69,26,67,015</b>
Less: Direct taxes paid	-49,11,68,080	-17,31,97,041
<b>Net cash flow from operating activities</b>	<b>87,70,23,785</b>	<b>51,94,69,974</b>
<b>II. Cash flows arising from investing activities</b>		
<b>Inflow / (Outflow) on account of :</b>		
Dividend from investments	19,989	19,665
Interest income received	95,44,006	1,61,69,771
(Increase) / Decrease in Capital Advance	-12,11,22,661	-14,13,58,278
(Increase) / Decrease in deposits with maturity of more than three months	-56,13,201	2,00,82,217
Sale/(Purchase) of fixed assets, including capital work -in- progress (net)	-25,66,01,449	-14,19,00,369
(Purchase)/Maturity of Long term / Current investments (net)	-18,000	1,25,477
<b>Net cash flow from investing activities</b>	<b>-37,37,91,315</b>	<b>-24,68,61,518</b>
<b>III. Cash flows arising from financing activities</b>		
<b>Inflow / (Outflow) on account of :</b>		
Increase / (Decrease) in long term and short term borrowings	-26,11,89,445	-8,26,95,778
Dividend Paid	-4,70,84,553	-6,11,10,972
Finance Cost Paid	-10,30,76,007	-11,42,30,168
<b>Net cash flow from financing activities</b>	<b>-41,13,50,006</b>	<b>-25,80,36,918</b>
<b>Net increase in cash and cash equivalents ( I + II + III )</b>	<b>9,18,82,464</b>	<b>1,45,71,538</b>
<b>Add: Balance at the beginning of the year</b>	<b>11,77,65,058</b>	<b>10,31,93,520</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>20,96,47,522</b>	<b>11,77,65,058</b>
<b>Components of cash and cash equivalents</b>		
Cash and cash equivalents:		
Cash on hand	13,89,823	11,65,610
Balances with banks		
- On Current accounts	20,82,57,699	11,65,99,448
	<b>20,96,47,522</b>	<b>11,77,65,058</b>

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 Heranba Industries Limited

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

**S. K. Shetty**  
Chairman  
DIN: 00038681

**R. K. Shetty**  
Managing Director  
DIN: 00038703

**Divakar Shetty**  
Partner  
Membership No. 100306

**Maheshwar V Godbole**  
Chief Financial Officer

**Abdul Latif**  
Company Secretary

**Mumbai**  
Date: 6th September, 2019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**

**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 6th September, 2019

**Note 2. Recent Accounting Pronouncement**

**Ind AS 116**

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities.

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of IND AS 116 is expected to be insignificant.

**Note 3. Basis of Preparation of Financial Statements**

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. The accounting policies are applied consistently to all the periods presented in the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019

## Summary of Significant Accounting Policies

## II. Revenue Recognition

The Company recognizes revenue when control over the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

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

## A. Sale of goods

The Company recognises revenue generally at the point in time when the products are delivered to customer or when it is delivered to a carrier for export sale, which is when the control over product is transferred to the customer. In contracts where freight is arranged by the Company and recovered from the customers, the same is treated as a separate performance obligation and revenue is recognized when such freight services are rendered.

Revenue is adjusted for variable consideration such as discounts, rebates, refunds, credits, price concessions, incentives, or other similar items in a contract when they are highly probable to be provided. The amount of revenue excludes any amount collected on behalf of third parties.

## B. Interest and dividend:

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

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	20
Servers and networks	6
Computer desktops and laptops	3
Laboratory Equipments	10
Office Equipments	5
Plumbing and Piping	20
Electical Installation	10
Factory Building	30
Non Factory Buildings	60
Vehicles	8
Furniture and Fixture	10
Leasehold Land	Over Primary Lease period

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**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 are recognized in the statement of profit and Loss. Other net gains and losses are recognized in 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 which 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**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 )**

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.

**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 historically 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019

## 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 differences 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.

## 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.

## 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 contributions are accounted for as defined contribution plan and the contributions are recognised as 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 amendments or curtailments are recognised immediately in the statement 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019****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

**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.

The number of equity shares are adjusted retrospectively for all periods presented for any bonus shares issues.

**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.

**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 occurrence or non-occurrence 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 separately.

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 increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March, 2019

	Notes	Amount
<b>A. EQUITY SHARE CAPITAL</b>		
As at 1st April, 2017	12	7,81,13,060
Changes in equity share capital		-
As at 31st March, 2018		7,81,13,060
Changes in equity share capital		31,24,52,240
As at 31st March, 2019		39,05,65,300

## B. OTHER EQUITY

	Reserves and Surplus				
	Securities Premium reserve	Capital Redemption Reserve	General reserve	Retained Earnings	Total
Balance at 1st April, 2017	7,92,15,540	-	20,75,00,000	80,21,42,654	1,08,88,58,194
Profit / (Loss) for the year	-	-	-	46,87,55,979	46,87,55,979
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	8,83,875	8,83,875
Transfer (to)/from General Reserve	-	-	5,00,00,000	(5,00,00,000)	-
Interim Dividend Paid and Tax thereon	-	-	-	(5,17,09,284)	(5,17,09,284)
Proposed dividend paid and tax thereon	-	-	-	(94,01,688)	(94,01,688)
Prior Period Adjustment	-	-	-	(23,18,745)	(23,18,745)
Balance at 31st March, 2018	7,92,15,540	-	25,75,00,000	1,15,83,52,791	1,49,50,68,331
Profit for the year	-	-	-	76,33,35,743	76,33,35,743
Less : Capitalised for issue of Bonus shares	(7,50,00,000)	-	-	(23,74,52,240)	(31,24,52,240)
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	16,48,768	16,48,768
Transfer (to)/from Capital Redemption Reserve	-	25,12,100	-	(25,12,100)	-
Transfer (to)/from General Reserve	-	-	5,00,00,000	(5,00,00,000)	-
Proposed dividend paid and tax thereon	-	-	-	(4,70,84,553)	(4,70,84,553)
Balance at 31st March, 2019	42,15,540	25,12,100	30,75,00,000	1,58,62,88,408	1,90,05,16,048

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Heranba Industries Limited

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

S. K. Shetty  
Chairman  
DIN: 00038681

R. K. Shetty  
Managing Director  
DIN: 00038703

Divakar Shetty  
Partner  
Membership No. 100306

Maheshwar V Godbole  
Chief Financial Officer

Abdul Latif  
Company Secretary

Mumbai  
Date: 6th September, 2019

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

## 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
<b>Gross Carrying Value (At Deemed Cost)</b>												
<b>Balance at 1st April, 2017</b>	7,42,09,998	59,96,58,095	7,55,35,926	2,75,79,780	5,65,74,648	68,88,776	60,66,361	83,90,831	2,96,55,587	75,16,587	89,20,76,589	20,97,156
Additions		13,11,13,275					76,017	56,000	10,58,998		13,23,04,290	95,17,836
Disposals									7,30,562		7,30,562	
<b>Balance at 31st March, 2018</b>	7,42,09,998	73,07,71,370	7,55,35,926	2,75,79,780	5,65,74,648	68,88,776	61,42,378	84,46,831	2,99,84,023	75,16,587	1,02,36,50,317	1,16,14,992
<b>Accumulated depreciation and impairment</b>												
<b>Balance at 1st April, 2017</b>	81,08,037	32,91,79,692	5,50,86,354	2,61,62,304	4,47,08,042	63,92,184	54,45,416	77,49,389	2,17,52,872	74,25,514	51,20,09,804	-
Eliminated on disposal of assets									5,39,798	3,68,242	9,08,040	-
Depreciation charge	9,72,842	4,36,40,170	14,77,861	30,429	12,90,711	70,688	1,97,238	2,01,755	22,22,196	23,545	5,01,27,435	-
<b>Balance at 31st March, 2018</b>	90,80,879	37,28,19,862	5,65,64,215	2,61,92,733	4,59,98,753	64,62,872	56,42,654	79,51,144	2,34,35,270	70,80,817	56,12,29,199	-
<b>Net carrying value as on 31st March, 2018</b>	<b>6,51,29,119</b>	<b>35,79,51,508</b>	<b>1,89,71,711</b>	<b>13,87,047</b>	<b>1,05,75,895</b>	<b>4,25,904</b>	<b>4,99,724</b>	<b>4,95,687</b>	<b>65,48,753</b>	<b>4,35,770</b>	<b>46,24,21,118</b>	<b>1,16,14,992</b>
	Leasehold land	Plant and Machinery	Buildings	Electical Installation	Piping	laboratory equipments	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Total	Capital work-in-progress
<b>Gross Carrying Value (At Deemed Cost)</b>												
<b>Balance at 1st April, 2018</b>	7,42,09,998	73,07,71,370	7,55,35,926	2,75,79,780	5,65,74,648	68,88,776	61,42,378	84,46,831	2,99,84,023	75,16,587	1,02,36,50,317	1,16,14,992
Additions	-	9,53,78,921	-	83,60,796	-	3,12,041	-	37,150	46,53,251	-	10,87,42,159	14,80,84,290
Disposals	-	-	-	-	-	-	-	-	8,18,103	-	8,18,103	-
<b>Balance at 31st March, 2019</b>	7,42,09,998	82,61,50,291	7,55,35,926	3,59,40,576	5,65,74,648	72,00,817	61,42,378	84,83,981	3,38,19,171	75,16,587	1,13,15,74,373	15,96,99,282
<b>Accumulated depreciation and impairment</b>												
<b>Balance at 1st April, 2018</b>	90,80,879	37,28,19,862	5,65,64,215	2,61,92,733	4,59,98,753	64,62,872	56,42,654	79,51,144	2,34,35,270	70,80,817	56,12,29,199	-
Eliminated on disposal of assets									5 82 531		5,82,531	-
Depreciation charge	9,72,842	5,23,57,259	13,59,068	7,49,364	11,48,634	1,20,710	1,08,518	87,610	26,14,678	17,040	5,95,35,723	-
<b>Balance at 31st March, 2019</b>	1,00,53,721	42,51,77,121	5,79,23,283	2,69,42,097	4,71,47,387	65,83,582	57,51,172	80,38,754	2,54,67,417	70,97,857	62,01,82,391	-
<b>Net carrying value as on 31st March, 2019</b>	<b>6,41,56,277</b>	<b>40,09,73,170</b>	<b>1,76,12,643</b>	<b>89,98,479</b>	<b>94,27,261</b>	<b>6,17,235</b>	<b>3,91,206</b>	<b>4,45,227</b>	<b>83,51,754</b>	<b>4,18,730</b>	<b>51,13,91,982</b>	<b>15,96,99,282</b>

## Foot Notes:

## 1. Capital work in progress

Capital work in progress comprises expenditure for the plant and factory building in the course of construction.

## 2. Contractual Obligation

Refer note 32 (B) on disclosure of contractual commitments for the acquisition of Property, Plant & Equipment.

## 3. Property, Plant &amp; Equipment taken on finance lease

The Property, Plant & Equipment includes leasehold land where the company is a lessee under finance lease. The lease term in respect of leasehold land is long term lease with ability to opt for renewal of the lease term.

	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>Note 5. Investments</b>		
<b><u>Non Current</u></b>		
<b><u>Investments in equity instruments (un-quoted) At Deemed Cost</u></b>		
2,000 (As at March 31, 2018, 2000) Equity Shares of The Shamrao Vithal Co-op. Bank Ltd.	50,025	50,025
1,000 (As at March 31, 2018, 1,000) Equity shares of Matrubhumi Co-op. Credit Society Limited	1,00,000	1,00,000
100 (As at March 31, 2018, 100) Equity Shares of The Kalupur Commercial Co-op Bank Ltd.	2,500	2,500
<b><u>Investments in equity instruments (At fair value through profit / loss) (quoted):</u></b>		
41 (As at March 31, 2018, 41) Equity Shares of United Phosphorus Ltd.	26,208	29,850
200 (As at March 31, 2018, 200) Equity Shares of Aditya Birla Money Ltd.	8,430	10,040
500 (As at March 31, 2018, 500) Equity Shares of Gujarat State Financial Corporation Ltd.	600	1,310
<b>Other Investment (un-quoted)</b>		
National Savings Certificates [Lodged with Government Departments as security]	54,549	35,549
<b>Total Non Current Investments (A+B+C)</b>	<b>2,42,312</b>	<b>2,29,274</b>
<b>Aggregate amount of quoted investments</b>	35,238	41,200
<b>Aggregate amount of un-quoted investments</b>	2,07,074	1,88,074

**HERANBA INDUSTRIES LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019**

	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>Note 6. Other financial assets</b>		
<b>Non-current</b>		
Bank balances (Refer Footnote)		
- Deposits with maturity of more than twelve months	4,43,05,239	3,86,92,039
Security deposits	2,64,23,335	2,34,44,849
Advance Rental Credit	2,70,242	2,86,144
<b>Total</b>	<b>7,09,98,816</b>	<b>6,24,23,032</b>
Footnote:		
Balances with bank in fixed deposits are kept as security for guarantees / other facilities.		
<b>Current</b>		
Security deposits	1,41,14,435	1,36,74,205
Interest Accrued and Due	12,11,124	11,51,344
Advance Rental Credit	74,073	74,073
<b>Total</b>	<b>1,53,99,632</b>	<b>1,48,99,622</b>
<b>Note 7. Current Tax Assets (Net)</b>		
Current tax assets	14,84,706	-
Current tax liabilities	(10,16,82,712)	(12,94,76,182)
<b>Total</b>	<b>(10,01,98,006)</b>	<b>(12,94,76,182)</b>
<b>Income Tax expenses</b>	<b>31st March, 2019 Rs.</b>	<b>31st March, 2018 Rs.</b>
(a) Current Tax		
Tax for the year	45,75,00,000	28,00,00,000
Tax in respect of earlier years	43,89,904	66,26,210
Total Current Tax Expenses	<b>46,18,89,904</b>	<b>28,66,26,210</b>
Deferred Tax Expenses	52,90,070	76,89,063
<b>Income Tax expense</b>	<b>46,71,79,974</b>	<b>29,43,15,273</b>
(b) Reconciliation of tax expense and the accounting profit multiplied by the Company's tax rate		
	<b>31st March, 2019</b>	<b>31st March, 2018</b>
Profit for the Year	<b>1,23,05,15,717</b>	<b>76,30,71,252</b>
Applicable Rate of Tax		
Income tax expense calculated at 34.608%	42,58,56,879	26,40,83,699
<b>Tax effects of amounts that are not deductible (taxable) in calculating taxable income:</b>		
Effect of expenses that are not deductible in determining taxable profit	4,42,17,184	3,37,27,301
Effect of expenses that are deductible in determining taxable profit due to timing difference	(4,05,43,375)	(45,72,872)
Effect on deferred tax due to timing difference (Refer Note 17)	52,90,070	76,89,063
Adjustments for current tax of prior periods	43,89,904	66,26,210
Others	2,79,69,311	(1,32,38,128)
<b>Income tax expense</b>	<b>46,71,79,974</b>	<b>29,43,15,273</b>

**HERANBA INDUSTRIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019**

	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>Note 8. Other assets</b>		
<b><u>Non-current</u></b>		
Capital Advances (Unsecured, considered good)	34,45,75,129	22,34,52,468
<b>Total</b>	<b>34,45,75,129</b>	<b>22,34,52,468</b>
<b><u>Current</u></b>		
Advance to Suppliers	54,63,044	9,94,81,127
Balance with Revenue Authorities	52,57,98,789	53,60,61,726
Other Advances		
Prepaid Expense	11,68,880	10,80,199
Others	72,19,769	44,18,357
<b>Total</b>	<b>53,96,50,482</b>	<b>64,10,41,409</b>
<b>Note 9. Inventories</b>		
<b>As valued and certified by management</b>		
Inventories (lower of cost or net realisable value)		
Raw materials (Includes Stock in transit Rs.4,79,04,494)		
As at 31st March 19 Rs. NIL As at 31st March 18)	37,37,78,617	29,17,07,347
Work In Progress	5,16,92,257	4,39,11,549
Finished Goods (Includes Stock in transit		
Rs.10,68,70,680 As at 31st March 19 Rs. 4,34,72,400 As		
at 31st March 18)	67,35,05,097	55,40,70,392
Packing materials	3,11,61,079	4,16,38,843
Stores And Spares	88,04,337	86,49,979
<b>Total</b>	<b>1,13,89,41,387</b>	<b>93,99,78,110</b>
<b>Note 10. Trade Receivables</b>		
Unsecured but considered good	2,67,37,69,400	2,17,81,27,195
Trade Receivables which have significant increase in Credit Risk	6,38,56,806	5,82,37,403
Trade Receivables - credit impaired		-
Less: Impairment loss allowance	6,38,56,806	5,82,37,403
Less: Bills discounted	14,10,48,174	14,73,02,133
<b>Total</b>	<b>2,53,27,21,226</b>	<b>2,03,08,25,062</b>
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 partner, or a director or a member.		
ii) Trade receivable are non- interest bearing and generally on terms of 30 to 90 days		
<b>Note 11. Cash and cash equivalents</b>		
Balances with banks:		
- in current accounts	20,82,57,699	11,65,99,448
Cash on hand	13,89,823	11,65,610
<b>Total</b>	<b>20,96,47,522</b>	<b>11,77,65,058</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

	As at 31 March, 2019 Rs.	As at 31 March, 2018 Rs.
<b>Note 12. Share capital</b>		
<b>Authorised Share Capital:</b>		
4,50,00,000 (As at 31st March, 2018: 95,00,000) Equity Shares of ` 10/- each	45,00,00,000	9,50,00,000
NIL (As at 31st March, 2018: 50,000) Preference Shares of Rs.100/- each	-	50,00,000
<b>Issued and subscribed capital:</b>		
3,90,56,530 (As at 31st March, 2018: 78,11,306 ) Equity Shares of ` 10/- each fully paid up	39,05,65,300	7,81,13,060
	<b>39,05,65,300</b>	<b>7,81,13,060</b>

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

	Number of shares	Share Capital
<b>Fully paid equity shares</b>		
Balance at 1st April, 2017	78,11,306	7,81,13,060
Increase/ (Decrease) during the year	-	-
Balance at 31st March, 2018	78,11,306	7,81,13,060
Increase/ (Decrease) during the year/Bonus shares	3,12,45,224	31,24,52,240
<b>Balance at 31st March, 2019</b>	<b>3,90,56,530</b>	<b>39,05,65,300</b>

**b) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

During the year ended March 31, 2019, the bonus issue in the proportion of 4:1 i.e.4 (Four) bonus equity share of `10 each for every 1 (One) fully paid-up equity shares held was approved by the shareholders of the Company on .09th July, 2018 through voting at the Meeting by show of hands. Subsequently, on 09th July,2018, the Company allotted 3,12,45,224 (Three Crore Twelve Lakh Forty Five Thousand Two Hundred Twenty Four ) equity shares to shareholders who held equity shares as on the record date of 09th July,2018 and Rs. 31,24,52,240 (representing par value of ` 10 per share) was transferred from securities premium and retained earnings to the share capital.

**c) 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.

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

	As at 31st March, 2019		As at 31st March, 2018	
	No of shares held	% holding of this class of shares	No of shares held	% holding of this class of shares
<b>Fully paid equity shares</b>				
Mr. Sadashiv K. Shetty	1,41,91,660	36.34%	31,38,132	40.17%
Mr. Raghuram K. Shetty	1,29,82,120	33.24%	21,16,170	27.09%
Mrs. Sujata S. Shetty	32,30,400	8.27%	6,46,080	8.27%
Mrs. Vanita R. Shetty	20,18,000	5.17%	4,03,600	5.17%

**e) Reconciliation of number of preference share outstanding at the beginning and at the end of the year**

	Number of shares	Share Capital
<b>Fully paid preference shares</b>		
Balance at 1st April, 2017	25,121	25,12,100
Increase/ (Decrease) during the year	-	-
Balance at 31st March, 2018	25,121	25,12,100
Increase/ (Decrease) during the year	(25,121)	(25,12,100)
<b>Balance at 31st March, 2019</b>	<b>-</b>	<b>-</b>

**f) During the year, company has redeemed 25,121 Redeemable cumulative preference shares of `100 each at par**

**HERANBA INDUSTRIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019**

	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>Note 13. Other Equity</b>		
<b>Securities premium</b>		
Balance at the beginning of the year	7,92,15,540	7,92,15,540
Add / (Less) :		
Appropriations for issue of bonus shares	7,50,00,000	-
<b>Balance at the end of the year</b>	<b>42,15,540</b>	<b>7,92,15,540</b>
The Company has issued and allotted 3,12,45,224 equity shares of ` 10 each as a bonus shares in the ratio of four equity shares for every one equity share held by the members.		
<b>General reserve</b>		
Balance at the beginning of the year	25,75,00,000	20,75,00,000
Add / (Less) :		
Additions During the year	5,00,00,000	5,00,00,000
Amount transferred from Debenture redemption reserve	-	-
<b>Balance at the end of the year</b>	<b>30,75,00,000</b>	<b>25,75,00,000</b>
<b>Capital Redemption Reserve</b>		
Balance at the beginning of the year	-	-
Add / (Less) :		
Transfer from Retain Earnings	25,12,100	-
<b>Balance at the end of the year</b>	<b>25,12,100</b>	<b>-</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	1,15,83,52,790	80,21,42,654
Profit For the Year	76,49,84,511	46,96,39,854
<b>Less:</b>		
Prior Period Adjustment	-	(23,18,745)
Capitalised for Bonus issue 4:1	23,74,52,240	-
<b>Less: Appropriation</b>		
Transfer to Capital Redemption Reserve	25,12,100	-
Transfer to general reserve	5,00,00,000	5,00,00,000
Proposed dividend - equity shares	3,90,54,530	78,11,306
Interim dividend	-	4,29,62,183
Tax on proposed dividend	80,30,023	15,90,382
Tax on interim dividend	-	87,47,101
<b>Balance at the end of the year</b>	<b>1,58,62,88,408</b>	<b>1,15,83,52,790</b>
<b>Total</b>	<b>1,90,05,16,048</b>	<b>1,49,50,68,330</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>Note 14. Borrowings</b>		
<b><u>Non-current</u></b>		
(i) NIL (As at 31st March, 2018: 25,121) Redeemable cumulative preference shares of the face value of Rs.100 each	-	25,12,100
(ii) Vehicle Loans		
- From banks (Refer note b)	54,726	16,27,073
	<b>54,726</b>	<b>41,39,173</b>
Less: Transferred to Current Maturities Of Long Term Loan from Banks	-54,726	-16,27,073
	-54,726	-16,27,073
<b>Total</b>	<b>-</b>	<b>25,12,100</b>
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		
<b><u>Current</u></b>		
<b><u>Secured</u></b>		
(i) <b>From Banks:</b>		
Cash Credit (Refer note a & b)	40,03,90,251	63,29,00,178
Packing Credit (Refer note c)	9,82,78,981	12,24,46,400
	<b>49,86,69,232</b>	<b>75,53,46,578</b>
a Cash Credit - Corporation Bank		
Sanction limit 53 crores (Previous Year Rs. 53 crores);Interest Rate 13.25 % (Previous Year 13.30 %),Exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future		
b. Cash Credit - Syndicate Bank		
Sanction limit 14.50 crores (Previous Year Rs. 18.50 crores);Interest Rate 11.95 % (Previous Year 12.45 %),Exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future		
c. Packing Credit		
Sanction limit 14 crores (Previous Year Rs. 14 crores);Interest Rate 3.40 % (Previous Year 3.40 %), Exclusive first charge on hvpothecation of entire inventories. Book debts and other current assets present & future		
<b>The above facilities are secured as follows,</b>		
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.		
<b>Unsecured, Considered good</b>		
Payable on demand		
From shareholders/directors (Refer note)	74,121	20,74,121
	<b>74,121</b>	<b>20,74,121</b>
<b>Total</b>	<b>49,87,43,353</b>	<b>75,74,20,699</b>
Unsecured loans taken from shareholders / directors are interest free and repayable on demand		
<b>Note 15. Other financial liabilities</b>		
<b><u>Non-current</u></b>		
Security Deposit from Dealers ( Interest bearing @ 9% p.a)	5,72,74,793	5,22,25,593
<b>Total</b>	<b>5,72,74,793</b>	<b>5,22,25,593</b>
<b><u>Current</u></b>		
Current maturities and overdue installments of long-term debts	54,726	16,27,073
Interest accrued and due	2,82,84,752	2,40,32,711
Unclaimed/unpaid dividends	41,608	1,55,695
Other payables	9,35,06,714	4,43,45,970
<b>Total</b>	<b>12,18,87,800</b>	<b>7,01,61,448</b>

**HERANBA INDUSTRIES LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019**

	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>Note 16. Provisions</b>		
<b><u>Non-current</u></b>		
Employee Benefits		
Provision for leave benefit	42,15,765	18,05,850
	<b>42,15,765</b>	<b>18,05,850</b>
<b><u>Current</u></b>		
Employee Benefits		
Provision for Gratuity	3,91,91,106	3,66,34,560
Provision for leave benefit	98,80,869	1,17,03,559
<b>Total</b>	<b>4,90,71,975</b>	<b>4,83,38,119</b>

**Note 17. Deferred Tax balances (Net)**

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

Deferred Tax Asset	72,62,798	63,87,295
Deferred Tax Liability	(4,85,29,239)	(4,23,63,666)
<b>Total</b>	<b>(4,12,66,441)</b>	<b>(3,59,76,371)</b>

**2018-2019**

Deferred tax assets / (liabilities) in relation to:	Opening Balance	Recognised in profit or loss	Closing Balance
Property, Plant and Equipment	(4,22,27,704)	63,01,535	(4,85,29,239)
Provisions	46,33,114	(6,83,204)	53,16,318
Impairment Allowance for trade receivables	17,54,181	(1,90,582)	19,44,763
Fair Valuation of Investment	(1,221)	(2,938)	1,717
Others	(1,34,740)	(1,34,740)	-
	<b>(3,59,76,371)</b>	<b>52,90,070</b>	<b>(4,12,66,441)</b>

**2017-2018**

Deferred tax assets / (liabilities) in relation to:	Opening Balance	Recognised in profit or loss	Closing Balance
Property, Plant and Equipment	(3,27,38,167)	(94,89,537)	(4,22,27,704)
Provisions	43,34,147	2,98,967	46,33,114
Impairment Allowance for trade receivables	9,52,912	8,01,269	17,54,181
Fair Valuation of Investment	(4,354)	3,133	(1,221)
Others	(8,31,844)	6,97,104	(1,34,740)
	<b>(2,82,87,307)</b>	<b>(76,89,064)</b>	<b>(3,59,76,371)</b>

**HERANBA INDUSTRIES LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019**

	As at 31st March, 2019 Rs.	As at 31st March, 2018 Rs.
<b>Note 18. Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises	6,91,95,934	84,40,853
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,19,38,76,429	1,77,57,53,593
<b>Total</b>	<b>2,26,30,72,363</b>	<b>1,78,41,94,446</b>

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

Dues to Micro & Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditor. Moreover the Company is in the process of updating its suppliers data, as to the status as a Micro Small & Medium Enterprise with a copy of the Memorandum filed as per the provisions of Section 8 of the Micro Small & Medium Enterprises Development Act, 2006.

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year :		
<u>Principal</u>	6,91,95,934	84,40,853
<u>Interest</u>	6,67,390	1,78,771
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year,	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

**Note 19. Other Liabilities**
**Current**

Advance against orders	4,70,30,481	68,37,877
Other payables :		
Statutory liabilities	36,22,118	22,04,126
Employee Benefits Payable	4,58,03,327	4,03,15,945
<b>Total</b>	<b>9,64,55,926</b>	<b>4,93,57,948</b>

**HERANBA INDUSTRIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019**

	Year ended 31st March, 2019 Rs.	Year ended 31st March, 2018 Rs.
<b>Note 20. Revenue from operations</b>		
Sale from operations :		
Sale of Goods	9,92,97,98,857	7,38,16,07,714
Other operating revenue :		
Export Incentive	12,18,73,168	6,93,42,438
<b>Total</b>	<b>10,05,16,72,025</b>	<b>7,45,09,50,152</b>
<b>Note 21. Other income</b>		
Interest Income	96,03,786	1,47,54,680
Dividend Income	19,989	19,665
Foreign Exchange Fluctuation Gain (Net)	3,18,28,804	3,79,78,800
Gain/(Loss) Fair Valuation of Investment	-4,962	3,528
	<b>4,14,47,617</b>	<b>5,27,56,673</b>
Other gains and losses		
Surplus on sale of fixed assets	-	99,236
	<b>-</b>	<b>99,236</b>
Miscellaneous income	3,24,94,356	2,90,996
<b>Total</b>	<b>7,39,41,973</b>	<b>5,31,46,905</b>

**Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after 1 April 2018 replaces the existing revenue recognition standards. The application of Ind AS 115 did not have any significant impact on financial statement of the Company.

Particulars	As at 31 March 2019	As at 31 March 2018
Revenue from customers	9,92,97,98,857	7,38,16,07,714
Other operating revenue	12,18,73,168	6,93,42,438
<b>Total revenue from operations</b>	<b>10,05,16,72,025</b>	<b>7,45,09,50,152</b>
India	5,12,67,70,275	3,77,58,03,915
Outside India	4,92,49,01,750	3,67,51,49,765
<b>Total revenue from operations</b>	<b>10,05,16,72,025</b>	<b>7,45,09,53,680</b>
<b>Timing of revenue recognition</b>		
At a point in time	10,05,16,72,025	7,45,09,50,152
<b>Total revenue from operations</b>	<b>10,05,16,72,025</b>	<b>7,45,09,50,152</b>
<b>Contract Balances</b>		
<b>Particulars</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
Trade Receivables (Gross) (refer note 10)	2,67,37,69,400	2,17,81,27,195
<b>Contract liabilities</b>		
Advance from customers (refer note 19)	4,70,30,481	68,37,877

The credit period on sales of goods ranges from 30 to 90 days with or without security.

As at 31 March 2019, Rs. 6,38,56,806 (As at 31 March 2018 Rs. 5,82,37,403) was recognised as provision for allowance for doubtful debts on trade receivables.

Amount of revenue recognized from amounts included in the contract liabilities at As at 1st April 2018 Rs. 68,37,873 (As at 31 March 2017 Rs. 50,93,808)

Out of the total contract liabilities outstanding as on 31 March 2019, Rs. 4,70,30,481 will be recognized by 31 March 2020.

Significant adjustments between the contracted price and revenue recognized in the Statement of profit and loss account:

**Reconciliation of revenue from operations with Contract Price**

Contract Price	10,59,48,39,731	7,73,28,90,324
<b>Less:</b>		
Sales Returns	53,89,87,180	24,65,69,791
Discounts	12,60,53,695	10,47,12,819
<b>Total Revenue from operations</b>	<b>9,92,97,98,857</b>	<b>7,38,16,07,714</b>

**HERANBA INDUSTRIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019**

	<b>Year ended 31st March, 2019 Rs.</b>	<b>Year ended 31st March, 2018 Rs.</b>
<b>Note 22. Cost of materials consumed</b>		
Opening Stock	37,68,18,590	35,00,67,437
Add : Purchases	7,18,51,90,822	4,99,68,23,682
Less : Closing stock	41,37,44,033	37,68,18,590
<b>Total</b>	<b>7,14,82,65,379</b>	<b>4,97,00,72,529</b>
<b>Note 23. Changes in Inventories of Finished Goods and Work-in-Progress</b>		
Opening Stock of Finished Goods	51,05,97,992	55,32,72,862
Opening Stock of Work In Progress	4,39,11,549	8,02,29,540
	55,45,09,541	63,35,02,402
Less : Closing Stock of Finished Goods	67,35,05,097	51,05,97,992
Closing Stock of Work In Progress	5,16,92,257	4,39,11,549
	72,51,97,354	55,45,09,541
Less: Provision for Excise duty on opening stock	-	1,15,63,184
<b>Total</b>	<b>-17,06,87,813</b>	<b>6,74,29,677</b>
<b>Note 24. Employee Benefits Expense</b>		
Salaries, wages and bonus, etc.	35,54,56,545	30,97,24,150
Contribution to provident and other funds	99,91,582	1,17,19,976
Staff welfare expenses	1,46,06,770	1,06,55,987
<b>Total</b>	<b>38,00,54,897</b>	<b>33,21,00,113</b>

**HERANBA INDUSTRIES LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019**

	Year ended 31st March, 2019 Rs.	Year ended 31st March, 2018 Rs.
<b>Note 25. Finance Costs</b>		
Interest on :		
- Fixed loans	60,47,410	4,96,16,827
- Cash Credits	7,00,64,025	4,10,30,436
- Bill Discounting	56,89,470	49,73,839
Other interest expense	2,52,25,692	2,20,68,271
Interest on Redemable Preference shares and Tax thereon	3,01,452	3,62,828
<b>Total</b>	<b>10,73,28,049</b>	<b>11,80,52,201</b>
<b>Note 26. Depreciation and Amortisation</b>		
Depreciation of property, plant and equipment	5,95,35,723	5,01,27,435
<b>Total</b>	<b>5,95,35,723</b>	<b>5,01,27,435</b>
<b>Note 27. Other Expenses</b>		
Consumption of Stores and Spares	29,02,56,382	23,69,14,739
Repairs & Maintainance to:		
- Machinery	31,00,026	1,56,96,132
- Building	3,02,07,744	2,47,09,761
- Vehicle	12,43,815	7,12,330
- Others	3,04,18,692	3,17,89,813
Insurance	1,35,69,651	1,43,31,310
Rent, Rates and taxes	1,54,90,218	1,28,12,114
Bad Debts written off	-	10,22,91,000
Allowances for doubtful debts	56,19,403	50,68,715
Payment to Auditor (Refer Note a)	15,00,000	12,96,000
Power and Fuel	36,91,34,147	27,97,51,955
Freight	20,69,58,214	16,51,40,486
Corporate Social Responsibility	1,38,09,414	26,06,119
Loss on sales of assets	10,572	-
Other expenses	38,92,83,768	27,16,67,819
<b>Total</b>	<b>1,37,06,02,046</b>	<b>1,16,47,88,293</b>
<b>a) Payment to Auditors</b>		
As Auditor :		
- Audit fees	12,00,000	10,00,000
In other capacity :		
- Other services (Certification fees)	3,00,000	2,96,000
	<b>15,00,000</b>	<b>12,96,000</b>
<b>b) Corporate Social Responsibility</b>		

Gross Amount required to be spent during the year is `1,38,09,414 (P.Y.`26,06,119), the amount spent during the year on purpose other than construction/acquisition of asset is `NIL (P.Y. `NIL).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Note 28. Earnings per share (EPS)</b>		
Basic and Diluted Earning Per Share (In Rs.)	19.54	12.00
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	76,33,35,743	46,87,55,979
Weighted average number of equity shares for the purposes of basic and diluted earnings per share (Nos.)	3,90,56,530	3,90,56,530
<b>Footnote:</b>		
Earnings per share and number of shares outstanding for the year ended March 31, 2018, has been proportionately adjusted for the bonus issue in the ratio of 4:1 i.e. 4 (four ) bonus equity share of Rs. 10 each for every 1 (One ) fully paid-up equity shares held.		
<b>Note 29. Disclosure relating to employee benefits as per Ind AS 19 'Employee Benefits'</b>		
<b>A. Defined benefit obligation - Gratuity</b>		
The Principal assumptions used for the purpose of the actuarial valuations were as follows,		
	<b>31st March, 2019</b>	<b>31st March, 2018</b>
Discount Rate	7.59%	7.30%
Expected rate of salary increase	8.00%	8.00%
Expected average remaining service	11.32	11.53
<b>Service cost</b>		
Current service cost	66,10,856	61,13,255
Past service cost and (gain)/loss from settlement	24,95,437	27,30,159
Net interest expense	-	20,32,088
<b>component of define benefit cost recognised in profit or loss</b>	<b>91,06,293</b>	<b>1,08,75,502</b>
Actuarial (gains) / losses for the period		
Actuarial (gains) / losses arising from experience adjustments	-	2,18,345
Actuarial (gains) / losses arising from financial assumptions	(18,47,952)	(12,33,069)
Actuarial (gains) / losses arising from Demographic assumptions	-	-
Adjustment for restriction on the defined benefit asset	-	-
Return on plan assets (excluding amounts included in net interest expense)	1,99,184.00	1,30,839
<b>Component of defined benefit cost recognised in OCI</b>	<b>(16,48,768)</b>	<b>(8,83,885)</b>
<b>Total</b>	<b>1,07,55,061</b>	<b>1,17,59,387</b>
Present value of funded define benefit obligation	5,75,96,479	5,00,07,907
Fair value of plan assets	(1,84,05,373)	(1,33,73,347)
<b>Funded status</b>	<b>3,91,91,106</b>	<b>3,66,34,560</b>
<b>Net liability arising from define benefit obligation</b>		
<b>Movement in PV of defined benefit obligation</b>		
Opening define benefit obligation	5,00,07,907	3,96,79,316
Current service cost	66,10,856	61,13,255
Interest cost	24,95,437	27,83,443
Remesaurement (gains) / (losses):		
Actuarial gains and losses arising from changes in demogaphic assumption		
Actuarial gains and losses arising from changes in financial assumption	(18,47,952)	(12,33,069)
Past Service Cost -(vested benefits)	11,26,091	27,30,159
Actuarial gains and losses arising from changes in experience adjustment	-	2,18,345
Benefits paid	(7,95,860)	(2,83,542)
<b>closing define benefit obligation</b>	<b>5,75,96,479</b>	<b>5,00,07,907</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>Movements in fair value of plan asstes</b>		
Opening fair value of plan assets	1,33,73,347.00	85,92,494
Interest income	11,26,091.00	7,51,355
Return on plan asstes (excluding amounts included in net interest expense)	(1,99,184)	(1,30,839)
Contribution from employer	49,00,979.00	44,43,879
Benefits paid	(7,95,860)	(2,83,542)
<b>clsosing fair value of plan assets</b>	<b>1,84,05,373</b>	<b>1,33,73,347</b>
<b>Asset Information:</b>	<b>Total Amount</b>	<b>Total Amount</b>
Gratuity Fund		
LIC of India	1,84,05,373	1,33,73,347
<b>Expected Payout:</b>		
<b>Year</b>	<b>PVO Payout</b>	<b>PVO Payout</b>
Expected Outgo First	72,25,802	69,58,421
Expected Outgo Second	37,18,269	59,94,121
Expected Outgo Third	38,30,792	45,96,229
Expected Outgo Fourth	42,39,805	47,11,439
Expected Outgo Fifth	34,56,764	48,75,234
Expected Outgo Sixth to Tenth Years	2,22,09,067	3,77,47,058

**Sensitivity Analysis:**

As of 31st March, 2019, every percentage point increase in discount rate will affect our gratuity benefit obligation Rs. 5,28,48,686

As of 31st March, 2019, every percentage point decrease in discount rate will affect our gratuity benefit obligation Rs.6,31,46,274

As of 31st March, 2019, every percentage point increase in salary escalation rate will affect our gratuity benefit obligation Rs. 6,27,77,823.

As of 31st March, 2019, every percentage point decrease in salary escalation rate will affect our gratuity benefit obligation Rs. 5,30,30,100

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 2020 is Rs. 7,508,247

**Narrations:****1 Analysis of Defined Benefit Obligation**

The number of members under the scheme have increased by 4.24%.

The total salary has increased by 18.53% during the accounting period.

The resultant liability at the end of the period over the beginning of the period has increased by 15.17%.

**2 Expected rate of return basis:**

EROA is the discount rate as at previous valuation date as per the accounting standard

**3 Description of Plan Assets and Reimbursement Conditions**

100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to insurer's Surrender Policy

**4 Investment / Interest Risk**

The Company is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

**5 Longevity Risk**

The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

	Year ended 31st March, 2019	Year ended 31st March, 2018
<b>NOTE 30.</b>		
<b>Operating Lease commitments - Company as Lessee</b>		
The Company has entered into operating lease arrangements for its office premises, depots and godown during the year Rs. 135.12 lakhs (PY Rs. 96.12 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,2019 Rs.	31st March,2018 Rs.
For a period:		
- Not later than one year	1,35,40,892	97,71,257
- Later than one year and not later than five years	1,05,79,424	1,01,73,830
- Later than five years	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

## 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 Agrosience 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>B. Transactions with Related Parties</b>			
<b>i. Advance Given / Adjusted</b>			
	Shakti Bioscience Limited	-	10,64,168
		(-)	(1,04,74,470)
	<b>Advance Received / Adjusted</b>		
	Sams Industries Limited	-	25,000
		(-)	(1,17,78,729)
<b>ii. Purchase of Goods</b>			
	Shakti Bioscience Limited	-	3,30,36,838
		(-)	(25,42,995)
	<b>Professional Charges</b>		
	Mrs. Shreya M. Shetty	18,00,000	-
		(18,00,000)	(-)
<b>iii. Payment of Dividend</b>			
	<b>Interim Dividend</b>		
	Sadashiv K Shetty	1,41,90,660	-
		(1,72,60,826)	(-)
	Raghuram K Shetty	1,29,82,120	-
		(1,26,30,332)	(-)
	Sujata S Shetty	32,30,400	-
		(35,53,440)	(-)
	Vanita R Shetty	20,18,000	-
		(22,19,800)	(-)
	Shriraj S Shetty	8,42,500	-
		(9,26,750)	(-)
	Raunak R Shetty	6,36,250	-
		(6,99,875)	(-)
	Shreya Shetty	9,42,500	-
		(10,36,750)	(-)
	Roshan R Shetty	6,36,250	-
		(6,99,875)	(-)
	Sadashiv K Shetty - HUF	3,20,600	-
		(3,52,660)	(-)
	Raghuram K Shetty - HUF	13,80,000	-
		(15,18,000)	(-)
	Sams Industries Limited	14,26,250	-
		(15,68,875)	(-)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

**Final Dividend**

Sadashiv K Shetty	-	-
	(31,38,132)	(-)
Raghuram K Shetty	-	-
	(22,96,224)	(-)
Sujata S Shetty	-	-
	(6,46,080)	(-)
Vanita R Shetty	-	-
	(4,03,600)	(-)
Shriraj S Shetty	-	-
	(1,68,500)	(-)
Raunak R Shetty	-	-
	(1,27,250)	(-)
Shreya Shetty	-	-
	(1,88,500)	(-)
Roshan R Shetty	-	-
	(1,27,250)	(-)
Sadashiv K Shetty - HUF	-	-
	(64,120)	(-)
Raghuram K Shetty - HUF	-	-
	(2,76,000)	(-)
Sams Industries Limited	-	-
	(2,85,250)	(-)
<b>iv. Remuneration of key management personnel</b>		
Sadashiv K Shetty	1,28,90,122	-
	(1,17,76,694)	(-)
Raghuram K Shetty	1,18,55,293	-
	(1,14,55,566)	(-)
Sujata S Shetty	12,21,600	-
	(13,21,600)	(-)
Vanita R Shetty	12,21,600	-
	(13,21,600)	(-)
Shriraj S Shetty	11,11,600	-
	(9,10,000)	(-)
Raunak R Shetty	11,11,600	-
	(9,10,000)	(-)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

	31st March, 2019 Rs.	31st March, 2018 Rs.
<b>C. Outstanding as at Balance Sheet Date</b>		
<b>i. Receivables</b>		
Heranba Agrosience Limited	22,37,243	33,97,176
Shakti Bioscience Limited	7,74,11,852	7,63,47,685
Sams Industries Ltd	25,000	-
<b>ii. Guarantee given by key management personnel to Bank</b>	49,86,69,232	75,53,46,578
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, 2019 Rs.	As at 31st March, 2018 Rs.
<b>A Claims against the company not acknowledged as debts</b>		
1 Gurantees issued by bank	4,26,83,940	4,27,84,000
2 Disputed Excise Duty/ Custom Duty Demands	16,23,76,000	18,51,22,000
3 Disputed Income Tax Liabiltiy	-	1,90,49,000
4 Export bills discounted with Bank	14,10,48,174	14,73,02,133
<b>B Commitments</b>		
Estimated amount of contracts remaining to be executed in Capital Accout and not provided for (Net of Advance)	8,66,86,907	7,89,22,452

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019

## 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:

Particulars	Currency	31st March, 2019	31st March, 2018
<b>Borrowing (PCFC)</b>	INR	9,82,78,981	12,24,46,400
<b>Trade Receivable</b>	INR	1,09,01,33,018	83,48,36,847
<b>Trade Payable</b>	INR	87,79,04,537	32,03,72,106

## Sensitivity

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

Particulars	31st March, 2019		31st March, 2018	
	5% Increase	5% Decrease	5% Increase	5% Decrease
USD (Recivables)	7,86,744	-7,86,744	6,37,087	-6,37,087
USD (Payables)	-6,33,579	6,33,579	-1,80,583	1,80,583
Increase/(Decrease) in Profit or loss (in USD)	<b>1,53,164</b>	<b>-1,53,164</b>	<b>4,56,504</b>	<b>-4,56,504</b>

## 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 management 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 instrument 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, 2019	31st March, 2018
Not due	1,53,55,64,153	1,46,17,48,464
past due upto 90 days	72,71,29,539	42,67,80,125
Past due more than 90 days	41,10,75,708	34,78,36,009
Total	2,67,37,69,400	2,23,63,64,598
Less: Impairment Allownace	6,38,56,806	5,82,37,403
<b>Total</b>	<b>2,60,99,12,593</b>	<b>2,17,81,27,195</b>

Expected credit loss assessment for customers as at 31 March 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**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 Company manages its liquidity risk 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
<b>Year Ended 31st March 2019</b>			
Borrowing	49,87,43,353	-	49,87,43,353
Trade Payable	2,26,30,72,363	-	2,26,30,72,363
Other Financial Liabilities	12,18,87,800	5,72,74,793	17,91,62,593
<b>Year Ended 31st March 2018</b>			
Borrowing	75,74,20,699	25,12,100	75,99,32,799
Trade Payable	1,78,41,94,446	-	1,78,41,94,446
Other Financial Liabilities	7,01,61,448	5,22,25,593	12,23,87,041

**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	Year Ended
	31st March, 2019	31st March, 2018
	Rs.	Rs.
<b>Revenue(Gross Sale)</b>		
India	5,12,67,70,275	3,77,58,03,915
Overseas	4,92,49,01,750	3,67,51,49,765
<b>Total</b>	<b>10,05,16,72,025</b>	<b>7,45,09,53,680</b>
<b>Non-current assets other than Financial Assets</b>		
India	1,01,56,66,393	69,74,88,578
Overseas	-	-
<b>Total</b>	<b>1,01,56,66,393</b>	<b>69,74,88,578</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2019

## Note 35. Fair Value Measurements

## i) Financial Instrument by Category:

	31st March, 2019			31st March, 2018			Fair Value Hierarchy				Fair Value Hierarchy			
	FVOCI	FVTPL	Amortised Cost	FVOCI	FVTPL	Amortised Cost	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>														
Investments	-	35,238	2,07,074	-	41,200	1,88,074	35,238	-	-	35,238	41,200			41,200
Trade receivables	-		2,53,27,21,226	-	-	2,03,08,25,062	-	-	-	-				-
Cash and cash equivalents	-		20,96,47,522	-	-	11,77,65,058	-	-	-	-				-
Other financial assets	-		8,63,98,448	-	-	7,73,22,655	-	-	-	-				-
<b>Total</b>	<b>-</b>	<b>35,238</b>	<b>2,82,89,74,271</b>	<b>-</b>	<b>41,200</b>	<b>2,22,61,00,849</b>	<b>35,238</b>	<b>-</b>	<b>-</b>	<b>35,238</b>	<b>41,200</b>	<b>-</b>	<b>-</b>	<b>41,200</b>
<b>Financial Liabilities</b>														
Borrowings	-	-	49,87,43,353	-	-	75,99,32,799	-	-	-	-	-	-	-	-
Trade payables	-	-	2,26,30,72,363	-	-	1,78,41,94,446	-	-	-	-	-	-	-	-
Other Financial liabilities	-	-	17,91,62,592	-	-	12,23,87,041	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,94,09,78,308</b>	<b>-</b>	<b>-</b>	<b>2,66,65,14,285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ii) Fair value hierarchy:

The company uses the following hierarchy for determining and disclosing the fair value of financial

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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019****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

	<b>As at 31st March, 2019</b>	<b>As at 31st March, 2018</b>
Debt	49,87,98,079	76,15,59,872
Less: Cash and cash equivalents	20,96,47,522	11,77,65,058
Net Debt (A)	<b>28,91,50,557</b>	<b>64,37,94,813</b>
Equity Share Capital	39,05,65,300	7,81,13,060
Other Equity	1,90,05,16,048	1,49,50,68,330
Total Equity (B)	<b>2,29,10,81,348</b>	<b>1,57,31,81,390</b>
Debt Equity Ratio (A/B)	0.13	0.41

**Note 37:**

Previous period figures have been restated for prior period adjustments and regrouped / reclassified wherever necessary , to make them comparable with current period figures.

**The accompanying notes are an integral part of the financial statements**

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As per our report of even date

**For Heranba Industries Limited**

**For N S Shetty & Co.**

**Chartered Accountants**

**Firm Registration No. 110101W**

**Divakar Shetty**

Partner

Membership No. 100306

Mumbai

Date: 6th September, 2019

**S. K. Shetty**

Chairman

DIN: 00038681

**R. K. Shetty**

Managing Director

DIN: 00038703

**Maheshwar V Godbole**

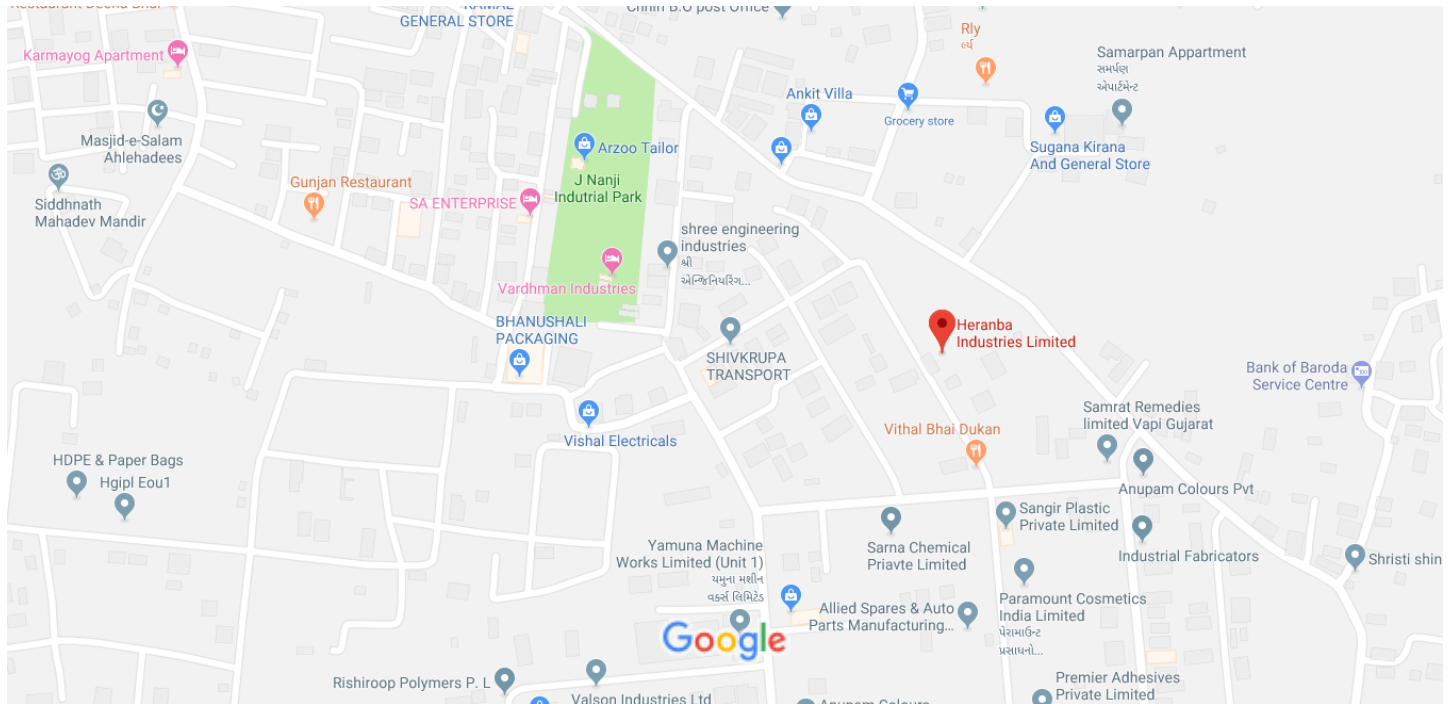
Chief Financial Officer

**Abdul Latif**

Company Secretary



## Heranba Industries Limited



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## Heranba Industries Limited

4.2 ★ ★ ★ ★ (18)

Chemical industry



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