

Driving growth through **strong chemistry**

HERANBA INDUSTRIES LIMITED



FY21 Highlights

(IN ₹ MILLION)

12,186.46

REVENUE FROM OPERATIONS

↗28% Y-O-Y

2,283.69

EBITDA

↗57% Y-O-Y

1,542.26

PROFIT AFTER TAX

↗58% Y-O-Y

18.74%

EBITDA MARGIN

↗15.33% compared to in FY20



Further information can be found online by visiting www.heranba.co.in

Read Inside

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Forward-looking statements

This document contains statements about expected future events, financial and operating results of Heranba Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors referred to in the management's discussion and analysis of Heranba Industries Limited's Annual Report, FY2021.

Driving growth through strong chemistry

Agriculture forms an integral part of the world's ecosystem and we play a vital role in helping farmers world over sustain and strengthen it.

We believe it is important to deliver crop solutions and public health products right now – even as we develop innovations for the future.

Every day, we are developing products that maximise farm output, improve crop productivity and health, and make way for better public health. We are pushing boundaries and striving to convert today's knowledge into tomorrow's chemistry.

Everywhere, we are bringing our products to farmers and are committed to help farmers enhance the efficiency of their farms through our crop solutions and improve public health.

We have grown steadily over the years and diversified our business to include intermediates, technicals and formulations that form a crucial part of the value chain in the agrochemicals industry.

Strong chemistry and technical skills are our strengths.

Access to agrochemical solutions for all and better public health is our commitment.

We are proud of who we are and the work that we do.

We are Heranba Industries Limited.



About Heranba Industries Limited

Heranba Industries Limited (HIL) is one of India's leading agrochemical players, with an objective of providing innovative chemistry to farmers.

The Company was founded in 1994 by technocrats Mr. Sadashiv K. Shetty and Mr. Raghuram K. Shetty in Vapi, Gujarat. We began by manufacturing intermediates and gradually forward-integrated the Company and diversified our operations to produce technicals and formulations as well. Today, we are one of the leading domestic producers of synthetic pyrethroids such as:

Cypermethrin Alpha Cypermethrin Permethrin

Lambda Cyhalothrin Deltamethrin

Our pesticides range includes insecticides, herbicides, fungicides and public health products for pest control.

With our in-depth knowledge and expertise in the field of agrochemicals, coupled with our strong manufacturing capabilities, wide export presence and diversified customer base, we are well positioned to become a global agrochemical force to reckon with in the future.



WHAT ARE PYRETHROIDS?

Pyrethroids are synthetic chemical compounds that are used to control pests in farms, homes, communities, restaurants, hospitals and schools. They are organic, cost-effective alternatives to conventionally used insecticides.

MISSION

Our mission is to improve crop productivity and public health. We are committed to the wellness of world citizens and are passionate about providing innovative products to farmers that enhance farm efficiency.

HIL at a glance

650+

EMPLOYEES

3

MANUFACTURING AND PACKAGING FACILITIES

290

PRODUCTS

14,024 TPA

ANNUAL MANUFACTURING CAPACITY

9,400+

DEALERS ACROSS INDIA

361

PRODUCT REGISTRATIONS IN 40 COUNTRIES

60+ Countries

PRESENCE

Awards and recognitions



Recommended Overseas Supplier 2020 awarded by CAC China.



Outstanding Performance in Export Business awarded by International Crop Science Conference and Exhibition 2019



Chemexcil – First award for Large-scale Manufacturer and Merchant Exporter 2016-17 and 2017-18



Chemexcil – Awards for Outstanding Export Performance 2005-06



Overseas Market Expansion Award 2018 and 2019 awarded by CAC China



Rashtriya Udyog Ratan Award by India international Council for Industries and Trade



Export House recognition certificate by Joint Director of Foreign Trade, Ministry of Commerce and Industry



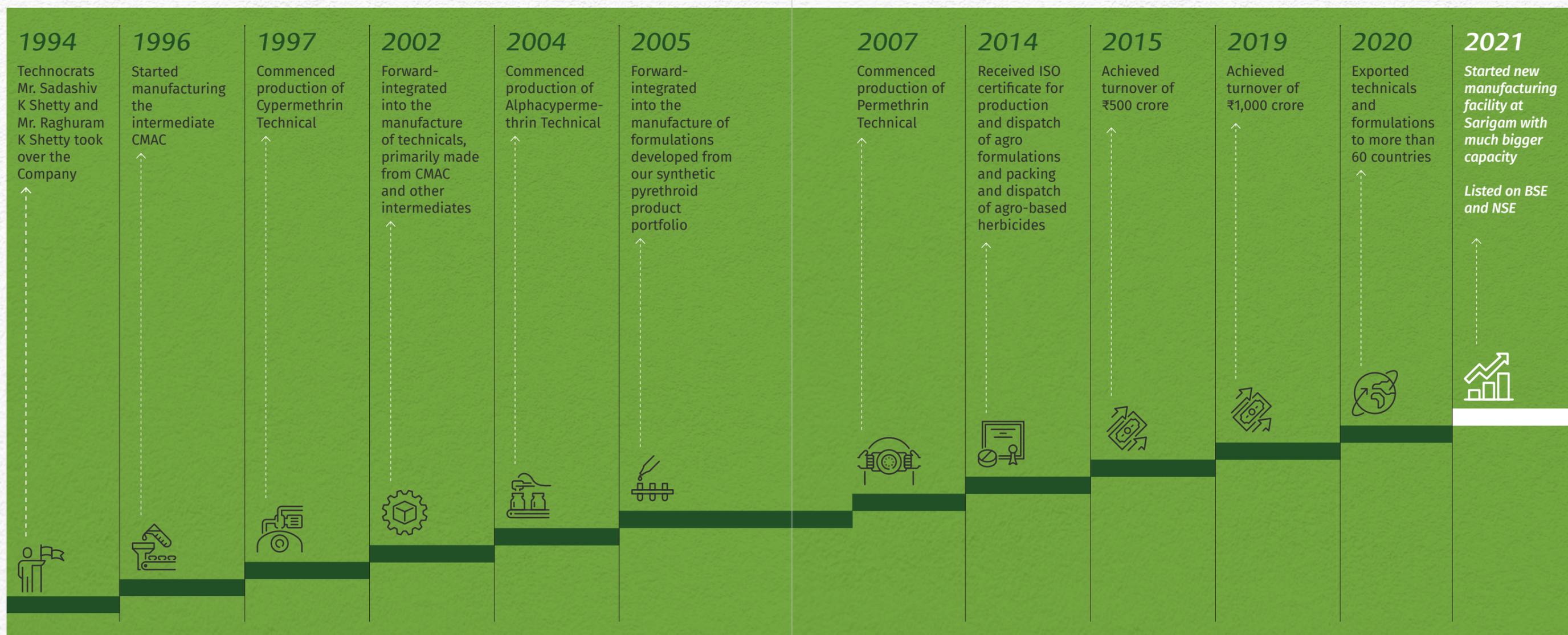
ISO 9001:2015 certified plant



Our Journey

Our journey has been one of steady growth and diversification. We started our manufacturing activity in 1996 with the production of an intermediate product Cypermethric Acid Chloride (CMAC). Over the years, we have diversified our business from manufacturing and selling intermediates to manufacturing, marketing and selling technicals and formulations.

These were some of the milestone years for us:



Products and businesses

We offer a wide range of differentiated products that help farmers enhance their crop yield and, in turn, grow their income. Our portfolio comprises intermediates, technicals and formulations including public health products that are supplied to pest control companies & Government tender for health departments.

We are present in the entire product value chain of the agrochemicals industry.

INTERMEDIATES

8+

INTERMEDIATES

- Cypermethric Acid Chloride (CMAC)
- High CIS CMA
- High CIS CMAC
- High Trans CMA
- High Trans CMAC
- Bromobenzene
- Metaphenoxy Benzaldehyde (MPBD)
- Meta Phenoxy Benzyl Alcohol (MPBAL)

The intermediates we manufacture are used for our own captive consumption for manufacturing technicals and formulations.

TECHNICALS

16+

TECHNICALS

- #### INSECTICIDES
- Cypermethrin
 - Deltamethrin
 - Alpha Cypermethrin
 - Acephate
 - Lambda Cyhalothrin

- #### HERBICIDES
- Glyphosate
 - Metribuzin
 - Clodinofof

- Permethrin
- Profenophos
- Temephos
- Theta Cypermethrin
- Thiamethoxam

- #### FUNGICIDES
- Tricyclazole
 - Hexaconazole

FORMULATIONS

30+

FORMULATIONS

- Emulsifiable Concentrate (EC)
- Water Dispersible Granule & Extruded (WDG)
- Suspension concentrate (SC)
- Capsule Suspension (CS)
- Oil Dispersion (OD)
- Concentrated Aqueous Emulsions (EW)
- Suspoemulsion (SE Formulations)
- ZC formulation

Key formulation brands



We have a large number of registered products.

18

TECHNICALS FOR MANUFACTURE AND SALE IN INDIA

103

TECHNICALS AND FORMULATIONS FOR MANUFACTURE AND SALE IN THE EXPORT MARKETS

169

FORMULATIONS FOR MANUFACTURE AND SALE IN INDIA

371

PRODUCT REGISTRATION IN 41 COUNTRIES

Key markets

INCLUDE MIDDLE EAST, CIS, ASIA, SOUTH EAST ASIA AND AFRICA

172

REGISTRATIONS IN PIPELINE IN 41 COUNTRIES

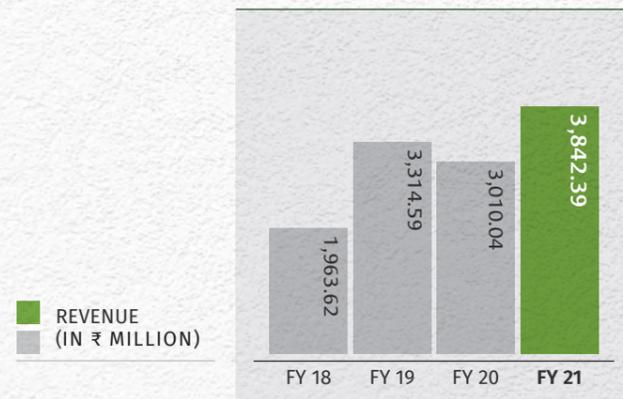
We have five business verticals

1. DOMESTIC SALE OF TECHNICALS



We manufacture and sell technicals in bulk to leading domestic and multinational agrochemical companies operating in India. The companies then use our technicals for further formulation.

DOMESTIC SALE OF TECHNICALS OVER FOUR YEARS

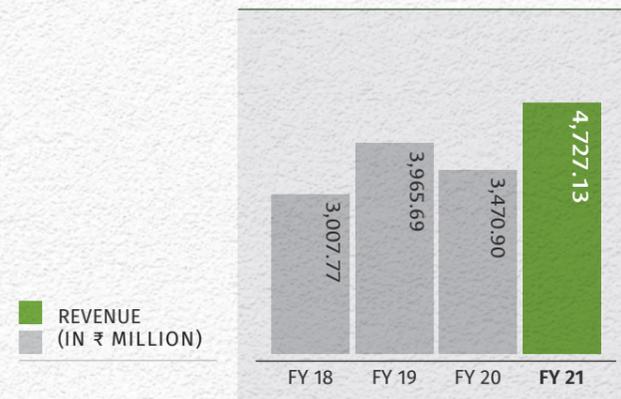


2. EXPORT SALE OF TECHNICALS



We export technicals in bulk to various agrochemical companies across the world. We manufacture 103 technicals and formulations for export alone. We have received the necessary approvals from the Central Insecticides Board and Registration Committee (CIB&RC) for them and have filed applications for registration for seven more technicals and formulations for the export markets.

EXPORT SALE OF TECHNICALS OVER FOUR YEARS

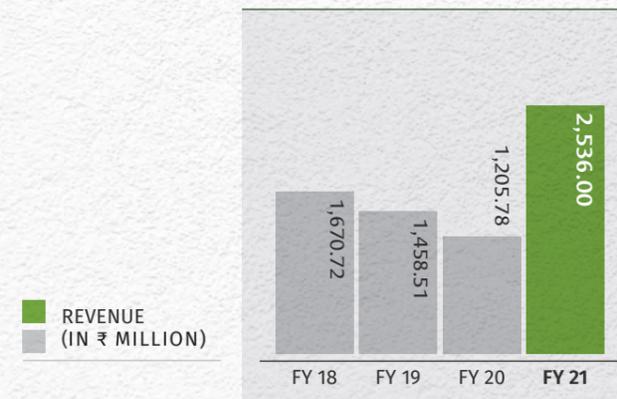


3. BRANDED FORMULATION SALES



We manufacture and sell formulations of insecticides, herbicides, fungicides and public health under our own brands through our own distribution network in India. Our 9,400+ dealers have access to 21 depots of our Company across 16 states and one union territory in India.

BRANDED FORMULATION SALES OVER FOUR YEARS

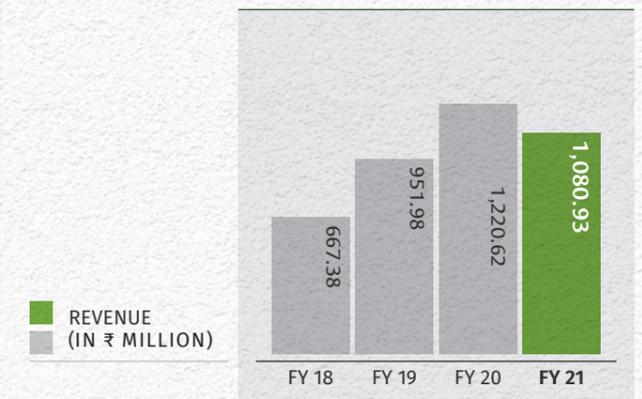


4. EXPORT SALES OF FORMULATIONS



We export formulations in bulk and in customer-specified packaging outside India. We sell our formulations in the international markets through tie-ups with our international distribution partners who import our formulations, in bulk or final packages, after a prolonged and detailed registration process with their respective country's regulatory authority. Our formulations are mostly sold by our international distribution partners under their local brands in these markets. We adhere to the local packaging disclosure requirements for the export and sale of these formulations.

EXPORT SALES OF FORMULATIONS OVER FOUR YEARS

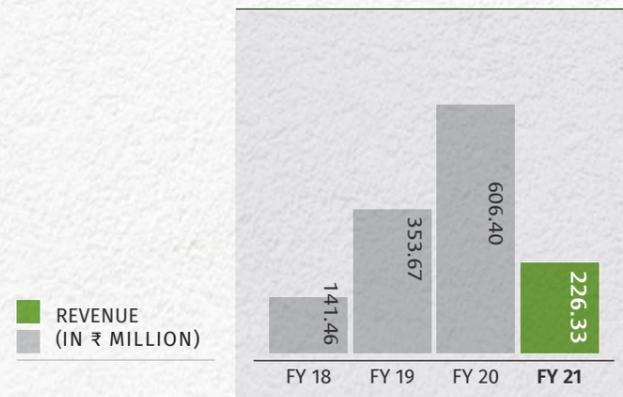


5. PUBLIC HEALTH



We manufacture and sell general insect control chemicals by participating in public health tenders issued by governmental authorities. We also sell to pest management companies. We normally supply these products under our own brands – Alpha Shakti-5WP, Temper EC and Deltaflow – or in bulk as may be required by our clients.

PUBLIC HEALTH SALES OVER FOUR YEARS



Manufacturing infrastructure

Since we manufacture and export a wide range of products, we have a strong manufacturing infrastructure with state-of-the-art, integrated facilities. To continue innovation and offer improved, high-quality crop protection and public health solutions, we have set up a well-equipped R&D facility and quality control laboratory in-house in all three units.

OUR THREE INDEPENDENT MANUFACTURING UNITS ARE SITUATED IN THE INDUSTRIAL BELT OF VAPI, A PRIME INDUSTRIAL TOWNSHIP IN GUJARAT.

Unit I

Unit I is an ISO 14001 2015 certified unit, it manufactures a wide range of synthetic pyrethroids.

Unit II

Unit II manufactures high-quality derivatives of CMAC as per requirements. Cypermethrin and Alphacypermethrin technicals are also manufactured in this plant.

Unit III

Unit III is our ISO 9001: 2015 certified unit with a modern formulation and packing facility capable of handling large capacities of liquid, powders and granules. It specialises in various formulations to cater to the Indian market as well as for export. The unit has a rooftop solar plant generating 185 KW per annum for captive consumption, in addition to the Gujarat Electricity Board (GEB) power connection of 750 KVA.

All our units are equipped with effluent treatment systems to minimise solid, liquid and gaseous effluents and emissions generated from our processes.

14,024 MTPA

AGGREGATE CAPACITY

174

REACTORS

39,800 sq. m

TOTAL AREA IN USE

67,300 sq. m

ADDITIONAL AREA AVAILABLE[#]

^{*} Includes 750 KVA from Gujarat Electricity Board (GEB) plus 4,600 KVA from Dakshin Gujarat Vij Company Limited (DGVCL)

[#] Includes 32,700 sq. m at Unit III, Sarigam plus 34,600 sq. m at Saykha GIDC

Manufacturing process

The process of manufacturing our products can be broadly classified into three stages:

Reaction

The bromine source or other elements are introduced into the molecule. This chemical reaction is known as halogenation. Bromine is a highly corrosive element, so halogenation takes place in a glass-lined reactor. The size of reactors used in different manufacturing processes range from 2 KL to 25 KL depending on the desired batch volume.

Purification

The process of purification depends on the nature of the product. In the case of liquid products, purification involves vacuum distillation, atmospheric distillation, water wash, etc. whereas for solid products, the process involves crystallisation, filtration, centrifuge, drying, etc.

Final blending and packing

The purified material is blended in glass-lined or stainless-steel reactor to make a uniform homogeneous batch and then packed into drums or IBCs suitable for storing the final product.

Formulation and packing capabilities

Liquid formulations and packing

Powder formulations and packing

Granular formulation and packing

Suspensions concentrate formulation and packing

Capsulated suspension formulation and packing

Flowable concentrate for seed treatments and packing

Spray Dried WDG set up under installation

R&D centres

To remain relevant in the market and stay ahead of competition, we must introduce new products and expand our business. At our state-of-the-art R&D centre, we are focusing on developing cost-effective processes for manufacturing active ingredients and intermediates for herbicides, insecticides and fungicides and new formulations of crop protection products. We have also set up our pilot formulation development lab equipped with equipment such as bead mill, air jet mill, extruders and fluidised bed dryer.

Our R&D facilities at Units I and II are recognised by the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India (DSIR).

Our new R&D facility at Unit III, Sarigam became operational from October 2020. It has the latest technology and processes required to conduct research on active ingredients and formulations. We have initiated R&D tests for the following products for selling them for export market:

- 2 fungicide products, which will be effective on rice and fruits and vegetable
- 2 herbicide and 1 insecticide product, which will be effective on Soya bean, Maize, Rice, Cotton, Ground Nut and Sugarcane

Our team of well-qualified research personnel and scientists work together to continuously improve existing products and develop new solutions. They are supported by modern equipment and technology to develop new products.

22 members

R&D TEAM

Quality control laboratory

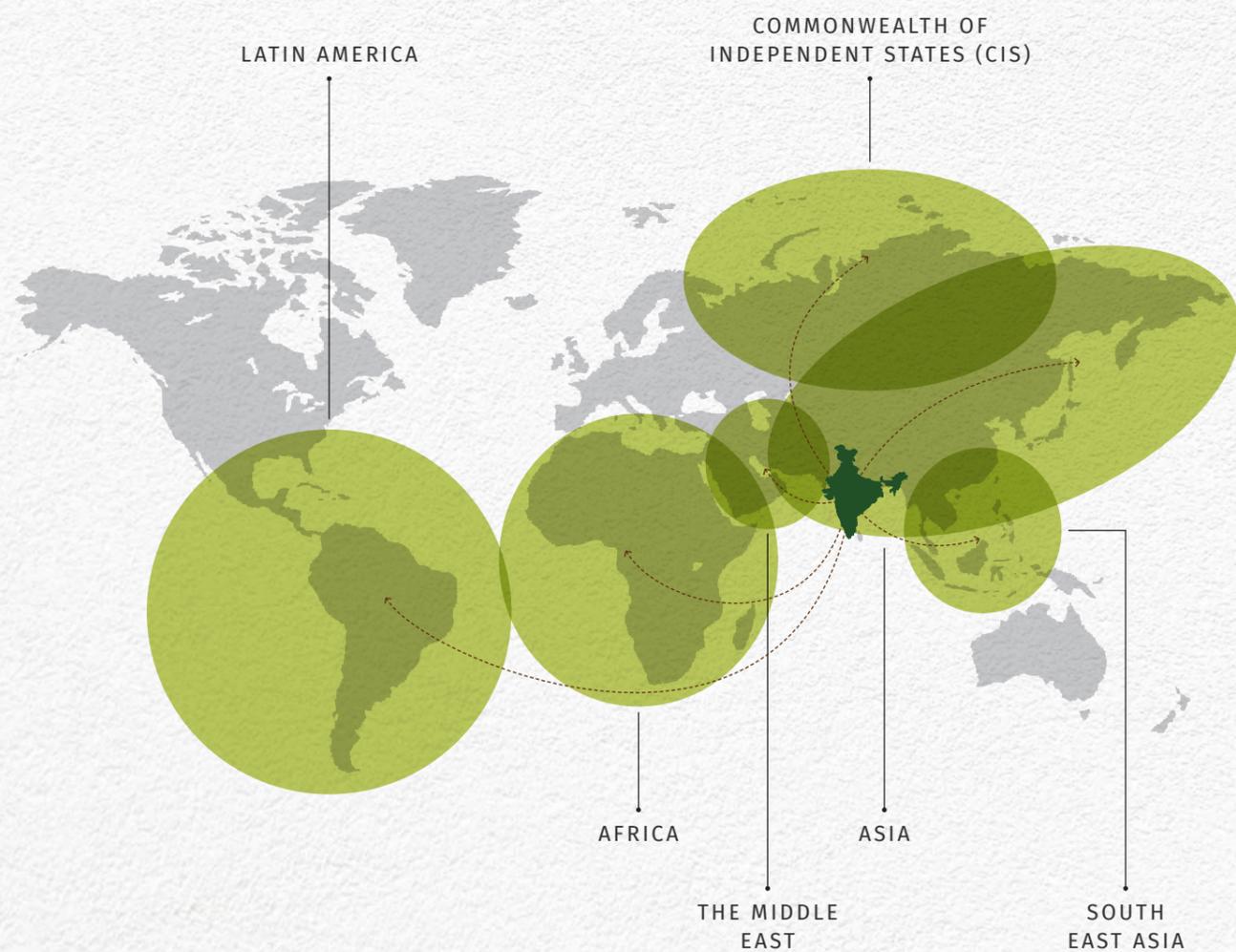
All our units have fully equipped and independent quality control laboratories to monitor the quality of input materials, in-process materials and finished goods. Our laboratories are equipped with sophisticated equipments such as High-performance Liquid Chromatography (HPLC), Gas chromatograph, UV spectro-photometer, Moisture analyser, Particle Size analyser, Electron Microscope. We conduct classical analysis on the melting and boiling points of products and also perform chemical analysis. We also are well equipped to support our Export Division for identifying and quantifying impurities that are so essential for Business in Export Markets.

Our quality assurance laboratories of Unit I and II have been accredited with ISO/IEC 17025:2005 certification by NABL.

Growing presence

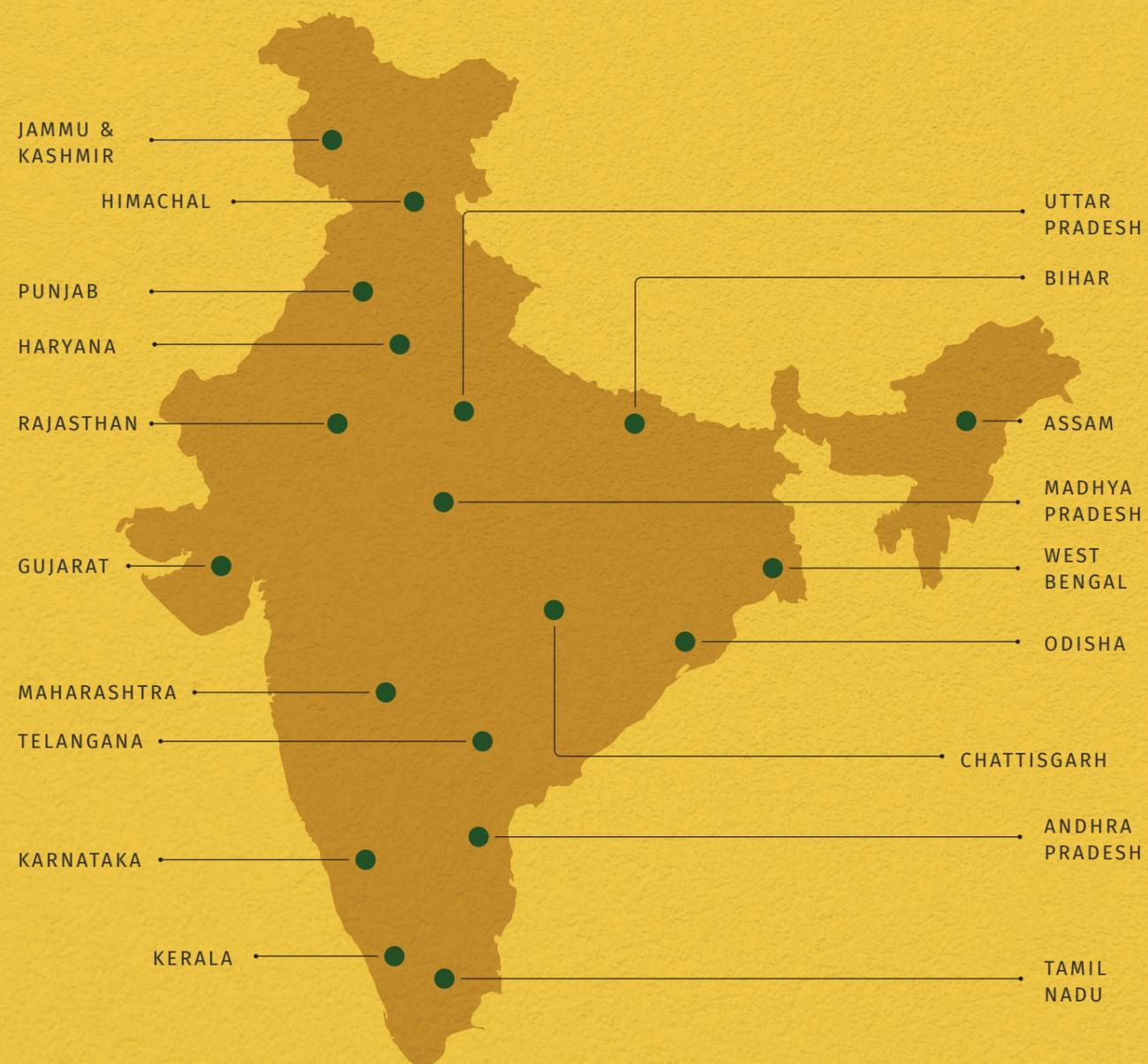
Our innovative technology and quality products are also trusted by organisations globally. 50% of our products are exported to 60+ countries across the seven continents. Over the years, we have also grown from strength to strength in the formulations segment and have established more than 100 brands across 21 stock points in India.

Export presence



Key
● PRESENCE

Domestic footprint



Key
● PRESENCE

Message from the Chairman



We have also adapted very well to the *‘new normal’*

DEAR SHAREHOLDERS,
I sincerely hope all of you are safe and in good health during these trying times.

The COVID-19 pandemic and the related lockdowns have disrupted economies, businesses and society in a never-seen-before manner. While the virus did manage to shake our bearings, what came out strong is the resilience of the human race. We continued to stay united during these times and as a race, have managed to gradually flatten the curve. We have also adapted very well to the ‘new normal’.

“Agro chemicals sector is poised for significant growth in the coming years and as an organisation that is a part of the entire value chain of agrochemicals, we are confident of reaping the wide range of opportunities that are in store.”

In the hope of a healthier and stronger future, I am pleased to share our maiden Annual Report after our listing on the stock exchanges in March 2021. I would like to thank all our investors and shareholders for their tremendous support and confidence in Heramba Industries Limited. You made our IPO a great success. As a listed entity, we are aware of the responsibilities vested in us to create, retain and enhance value for all our stakeholders. This report showcases our strengths and growth strategies that will allow us to fulfil this responsibility.

THE YEAR IN RETROSPECT

The first quarter of FY2021 witnessed significant contraction in India’s GDP. However, with strong recovery measures from the government, the economy gradually came back on the growth trajectory. Several core sectors witnessed green shoots of growth supported by policy-driven initiatives and improved demand from the retail and rural segments.

Recognising the Indian agrochemical sector’s untapped potential for growth, the government is focusing on supporting the industry with the development and adoption of new technologies and techniques, while facilitating investments in the sector. Thus, the sector is poised for significant growth in the coming years and as an organisation that is a part of the entire value chain of agrochemicals, we are confident of reaping the wide range of opportunities that are in store.

IMPACT OF AND RESPONSE TO COVID-19

During the year, we took proactive steps to guard the safety of our people. We ensured that our people followed social distancing and personal hygiene, and wore masks at all times to avoid the spread of the virus.

While the lockdown required private, commercial and industrial establishments to remain shut, we were allowed to operate since manufacturing

of agrochemicals was considered an essential sector. However, we did shut down our Vapi and Sarigam facilities for a few days to take stock of the situation and came up with safety and work-related protocols. We also faced challenges such as labour non-availability supply chain constraints and logistics issues in April 2020, which caused our manufacturing facilities to operate at a sub-optimal capacity. However, despite the hurdles in our way, I am pleased to inform you that we have reported significant growth in our performance for FY2021.

FUTURE-FOCUSED

The agrochemicals sector has huge potential for growth, especially in India, due to the country’s capability in low-cost manufacturing, availability of technically trained human resources, seasonal domestic demand, ample capacity, better price realisation, and a strong presence in generic pesticide manufacturing.

While we might continue to face the impact of the pandemic for the coming few months, we will continue to draw strength from our existing customer relationships in India and overseas, our robust business model and steady financials. We will continue to develop new, improved solutions in our three product segments of intermediates, technicals and formulations through our R&D capabilities.

As we look ahead to a year of recovery, we will continue to prioritise corporate governance and employee well-being. We will continue to set benchmarks in India’s agrochemicals sector and leave no stone unturned in creating sustainable value for all our stakeholders.

Best wishes,
SADASHIV K. SHETTY
CHAIRMAN

From the MD's desk

DEAR SHAREHOLDERS,

I am delighted to present to you our first Annual Report as a listed company. The report presents the growth story of Heranba Industries Limited and I am proud to be leading an organisation that is a crucial contributor in the entire value chain of the agrochemicals industry.

During the year, our focus was on the health and safety of our people. We did and continue to do everything in our capacity to ensure their well-being. Through our value-added products, we continued to create brand recall among our customers and are also exploring new geographies to expand our export footprint. While we worked towards more efficient operations, we also enhanced our focus on sustainability and community empowerment.

RESILIENT PERFORMANCE

I am glad to inform you that despite the challenges posed by the pandemic, your Company managed to deliver steady growth during the year. Our total income stood at ₹12,256.77 million in FY2021, up by 26.63% from ₹9,679.06 million in FY2020. EBITDA also recorded a growth of 56.54% y-o-y to reach ₹2,283.69 million. Our PAT was up by 57.93% y-o-y

and EPS (diluted) stood at ₹39.41 compared to ₹25 in FY2020, recording a growth of 57.64% y-o-y.

Further, we broke new ground for capex at our Vapi unit. The expansion will allow us to set up an additional capacity of 24,900 TPA for manufacturing insecticides, fungicides, herbicides and pesticides intermediates. Commercial production is expected to begin in Q3 FY2022. We have also acquired an industrial plot instead of shed, which we will renovate and merge with Unit II, to enhance our production capacity and upgrade our environmental control facilities.

Our growth over the years has been possible only because of the passion and dedication of our people and the leadership and guidance of our Board and the senior management.

FOCUS ON EMPLOYEE WELL-BEING

Our people have been our backbone and growth driver. Each day, they come to work determined to develop and deliver our crop and public health solutions to farmers all over the globe. When the pandemic struck, we knew that our first duty was towards our skilled workforce. Being categorised under essential services, we were allowed to operate during the pandemic. However, to ensure the safety of our people, we asked our administrative staff to work from home. Laptops and computers were made available to them with ERP. Strict hygiene is maintained at our offices and manufacturing facilities. Every employee entering the premises of our facilities was subject to thermal screening. We ensured our people wore gloves and masks at all times. To spread awareness among our people, we undertook sanitation and awareness campaigns through videos, mailers and posters.

BEING A SOCIALLY RESPONSIBLE CITIZEN

Our ambition is to achieve the twin goals of financial profitability and social prosperity. We are aware of our role as a responsible corporate citizen and carry out social activities in remote areas where our factories are situated. To safeguard the environment and uplift and empower livelihoods, we undertake tree plantation drives.

“We are looking to register our products in the regulated markets of Europe, USA and Latin America. There have already been some positive developments in the EU market and we expect the momentum to continue in the US and Latin America markets as well.”

We also distribute appliances for the specially abled and make donations to various NGOs to aid them in carrying out activities of social empowerment.

A FUTURE FULL OF OPPORTUNITIES

With our listing on the stock exchanges this year, a wide range of opportunities have opened up for us to explore. In the near future, our focus will primarily be on strengthening our R&D capabilities, including the pilot plant facility. At present, we have developed five molecules (two fungicides, two herbicides and one insecticide). We will also enhance our production capabilities and expand our branded formulations and public health business. In addition, our priority will be to focus on product registrations in foreign markets to enhance the export of our technicals and formulations. We are looking to register our products in the regulated markets of Europe, USA and Latin America. There have already been some positive developments in the EU market and we expect the momentum to continue in the US and Latin America markets as along with untapped market. We also see a good potential in our existing markets..

With these focus areas, we are confident of entering regulated markets and other untapped geographies in export markets.

We are proud of the Company we have built and I would like to express my sincere thanks to those who have made it possible – our people, investors, shareholders, the Board and management and the communities around us. We have been able to continue tenaciously on this journey only because of your constant support and faith in us. Together, let us build a stronger Heranba Industries Limited.

Best wishes,
RAGHURAM K. SHETTY
MANAGING DIRECTOR



A distinguished Board



Sadashiv K. Shetty
CHAIRMAN AND EXECUTIVE DIRECTOR



Raghuram K. Shetty
MANAGING DIRECTOR



Raunak R. Shetty
WHOLE-TIME DIRECTOR



Kaushik H. Gandhi
INDEPENDENT DIRECTOR



Mulky V. Shetty
INDEPENDENT DIRECTOR



Anil Kumar M. Marlecha
INDEPENDENT DIRECTOR



Ganesh N. Vanmali
INDEPENDENT DIRECTOR



Nimesh S. Singh
INDEPENDENT DIRECTOR

1. Sadashiv K. Shetty

CHAIRMAN AND EXECUTIVE DIRECTOR

Member of Corporate Social Responsibility Committee

Sadashiv K. Shetty holds a bachelor's (Physics and Chemistry) and master's degree in Science (Chemistry) from University of Mysore. He has more than 3 decades of experience in the agrochemicals industry. He is responsible for the overall supervision, direction and management of the Company and is fully involved in its day-to-day affairs and future business strategies. He has been instrumental in new product development and addition of capacities. Prior to this, he was associated with Sudarshan Chemical Limited, Gharda Chemical Limited, Hoechst Pharmaceuticals and Nirlon Limited.

2. Raghuram K. Shetty

MANAGING DIRECTOR

Member of Stakeholders' Relationship Committee

Raghuram K. Shetty holds a bachelor's degree in Economics from University of Mysore. He has pursued a government commercial diploma from the Department of Education, Bureau of Government Examinations, Maharashtra. He has also done a diploma in export and import management from the India International Trade Centre, Mumbai. He has more than three decades of experience in the agrochemicals industry. He has been instrumental in developing the export business of the Company.

3. Sujata S. Shetty

WHOLE-TIME DIRECTOR

Sujata S. Shetty holds a bachelor's degree in Commerce from University of Mumbai. She has more than 18 years of experience in the agrochemicals industry. She looks after the administrative functions of the Company.

4. Vanita R. Shetty

WHOLE-TIME DIRECTOR

Vanita R. Shetty holds a bachelor's degree in Science (Botany, Geology and Chemistry) from University of Poona. She has over 18 years of experience in the agrochemicals industry. She handles human resource related activities in the Company.

5. Raunak R. Shetty

WHOLE-TIME DIRECTOR

Raunak R. Shetty holds a bachelor's degree in Commerce from University of Mumbai and is an associate member of the Institute of Chartered Accountants of India. He has more than two years of experience in the field of accounts and finance. He looks after product development and finance in the Company.

6. Kaushik H. Gandhi

INDEPENDENT DIRECTOR

Chairperson of Nomination and Remuneration Committee and Audit Committee

Member of Corporate Social Responsibility Committee

Kaushik H. Gandhi holds a bachelor's degree in Commerce from University of Mumbai and is a fellow member of Institute of Chartered Accountants of India. He has been a practicing Chartered Accountant since 2008. He has more than 12 years of experience in audit, project finance, taxation, secretarial and accounting.

7. Mulky V. Shetty

INDEPENDENT DIRECTOR

Chairperson of Corporate Social Responsibility Committee

Member of Nomination and Remuneration Committee and Audit Committee

Mulky V. Shetty holds a bachelor's degree in Science (Physics and Chemistry) from University of Mysore. He has over two decades of experience in the chemical industry in different fields such as product development, plant setup and manufacturing operations. Currently, he acts as a consultant in the chemical industry.

8. Anil Kumar M. Marlecha

INDEPENDENT DIRECTOR

*Chairperson of Stakeholders' Relationship Committee
Member of Nomination and Remuneration Committee*

Anil Kumar M. Marlecha holds a bachelor's degree in Commerce and Law from University of Mumbai. He has obtained a certificate of practice from the Bar Council of India and has over five years of experience in legal practice.

9. Ganesh N. Vanmali

INDEPENDENT DIRECTOR

Member of Stakeholders' Relationship Committee and Audit Committee

Ganesh N. Vanmali holds a bachelor's degree in Commerce and General Laws from University of Mumbai. He completed his CAIIB course from Indian Institute of Banking and Finance. He has over four decades of experience in the banking industry. Earlier, he was associated with the Bank of Maharashtra. Currently, he acts as a consultant in the banking industry.

10. Nimesh S. Singh

INDEPENDENT DIRECTOR

Nimesh S. Singh holds a bachelor's degree in Commerce from University of Mumbai. He has over 10 years of experience in accounting, taxation and financial advisory.

Delivering Steady Growth

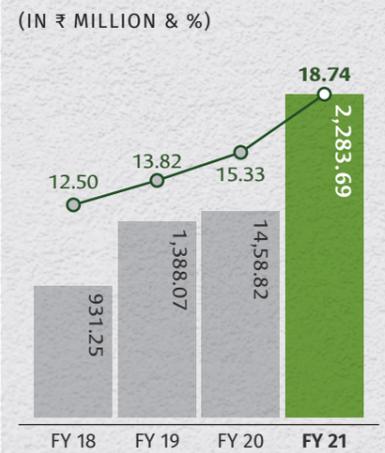
Highlights of the year

- Total income stood at ₹12,256.77 million in FY2021 compared to ₹9,679.06 million in FY2020, marking a growth of 26.63% y-o-y
- Cash and cash equivalent stood at ₹847.80 million in FY2021
- The Company announced a dividend of ₹0.70 per share in the year

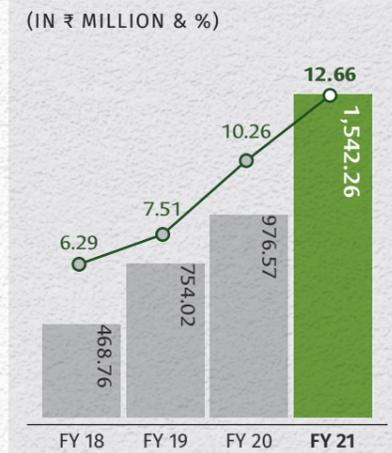
REVENUE FROM OPERATIONS



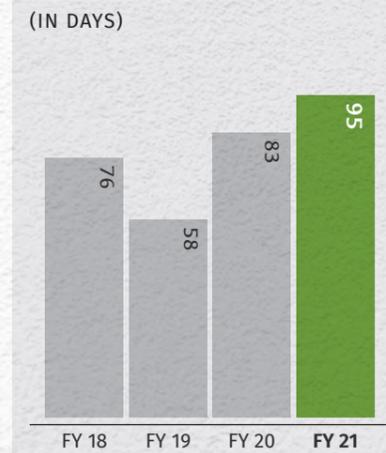
EBITDA & EBITDA MARGINS



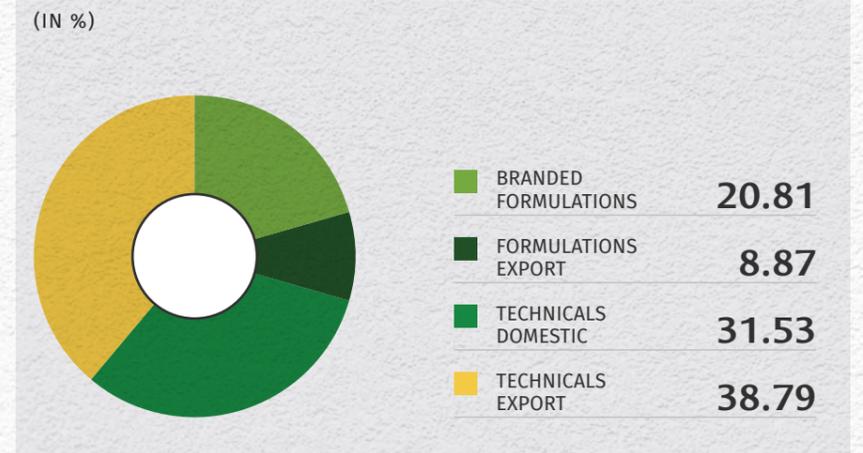
PAT & PAT MARGINS



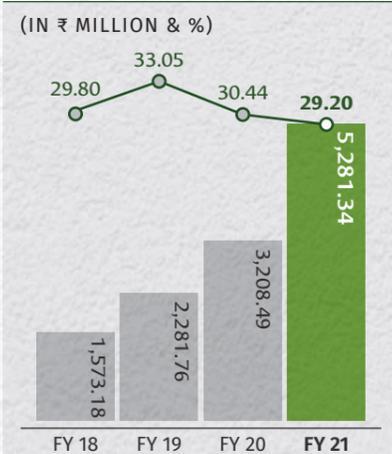
WORKING CAPITAL CYCLE



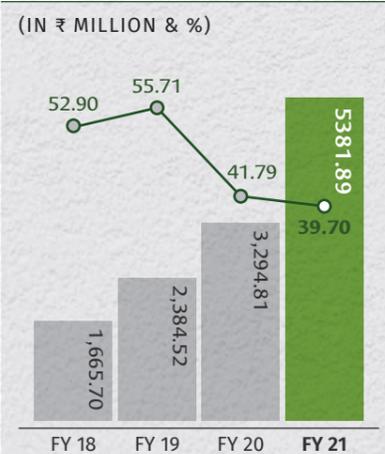
BUSINESS MIX



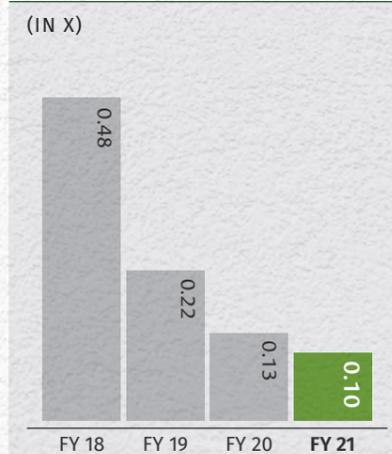
NETWORTH & ROE



CAPITAL EMPLOYED & ROCE



NET DEBT TO EQUITY



REVENUE FROM DOMESTIC SALE AND EXPORTS



Business model

The resources we deploy

Strong financial capital



EQUITY: ₹ **5,281.34** Million
GROSS DEBT: ₹ **502.79** Million
CAPITAL EXPENDITURE: ₹ **241** Million

Well-equipped research and manufacturing facilities



MANUFACTURING UNITS: **3**
R&D CENTRES: **3**
MODERN EQUIPMENT AND TECHNOLOGY

A dedicated workforce



EMPLOYEES: **650+**
MEMBERS IN THE R&D TEAM: **22**
LEARNING AND DEVELOPMENT PROGRAMMES

Contributing to the society and environment



CSR SPEND: ₹ **35.51** Million
ROOFTOP SOLAR PLANT AT UNIT III
EFFLUENT TREATMENT SYSTEMS AT PLANTS

Foundation for growth

MISSION

Our mission is to improve crop productivity and public health. We are committed to the wellness of world citizens and are passionate about providing innovative products to farmers that enhance farm efficiency.

PRODUCTS

Intermediates

Technicals

Formulations

→ Read more on page 06

BUSINESSES

Domestic institutional sale of technicals & formulations

Export of technicals

Branded formulations

Export of formulations

Public health

→ Read more on page 08

GROWTH STRATEGY

- Enhancing and streamlining production capacities and operations
- Development of new products
- Entering the Europe and US markets
- Expanding the reach of formulations and technicals in international markets
- Strengthen and grow the branded formulations and public health products segments

→ Read more on page 26

The value we create



REVENUE FROM OPERATIONS: ₹ **12,186.47** Million
Y-O-Y GROWTH IN REVENUE: **28%**
EBITDA: ₹ **2,283.69** Million
PAT: ₹ **1,542.26** Million
EPS: ₹ **39.41**



TOTAL MANUFACTURING CAPACITY: **14,024** MTPA
PRODUCTS REGISTERED: **371**
EXPORT REGISTRATIONS IN PIPELINE: **172**
PRODUCTS IN THE PROCESS OF DEVELOPMENT: **5**



UPSKILLED WORKFORCE
HIGHER PRODUCTIVITY
BETTER TALENT MANAGEMENT AND RETENTION



SOCIAL LICENSE TO OPERATE
SOLAR POWER GENERATED FOR CAPTIVE CONSUMPTION: **2,66,590** kWh/annum
REDUCED CARBON FOOTPRINT AND MINIMAL ENVIRONMENTAL IMPACT

Strengths



Presence across the value chain of synthetic pyrethroids

→ Read more on page 24



Product registrations in Indian and global markets

→ Read more on page 24



Strong product portfolio and wide distribution network

→ Read more on page 24



Diversified and stable customer base

→ Read more on page 24



Experienced leadership team

→ Read more on page 24

Strengths

Our strategic ambitions to grow our business and reach our products to every part of the world rest on the pillars of our foundation, which we have strengthened over the years. These pillars allow us to provide differentiated products to meet the diverse needs of our customers and improve our productivity and efficiencies.

01

Presence across the value chain of synthetic pyrethroids

Since we manufacture intermediates, technicals and formulations, we form an integral part of the entire value chain of synthetic pyrethroids and other active ingredients in the agrochemicals business. Our presence across the value chain, along with our strong manufacturing capabilities, allows us to shift between products depending on the demand and supply, and the pricing dynamics of the domestic and international agrochemicals markets. Our five business verticals offer us opportunities to enhance revenue and profitability.

We are also expanding our product pipeline – we are awaiting approvals from the CIB&RC for the manufacture and sale in India of 16 technicals and numerous formulations, 7 technicals and formulations for the export markets, and 172 technicals and formulations filed for registration by our international distribution partners in 41 overseas jurisdictions, excluding Europe.

02

Product registrations in Indian and global markets

We have robust R&D and quality control capabilities, which allows us to continuously innovate and offer improved, customised solutions to our clients. We conduct extensive research on active ingredients to create new formulations, for which we prepare dossiers for national and international registrations. Our in-house registration team is led by qualified personnel who facilitate the registration process in India with the CIB&RC and our dealers and customers in overseas jurisdictions, including some highly regulated markets such as Europe. This allows us to manufacture and export a range of technicals and formulations in the international markets.

03

Strong product portfolio and wide

We have over 16 technical products in our portfolio and another 5 in development. We manufacture and supply technicals to leading domestic and multinational agrochemical companies operating within and outside India. These organisations use our technicals to manufacture their own formulations. We supply our formulations to farmers for crop protection and care. To meet the demand from farmers, we have 9,400 dealers and distributors supported by 21 stock depots in 16 states and one union territory in India.

We participate in various international and domestic agrochemical exhibitions and industry conferences to market our products. Our sales and marketing teams travel extensively to maintain enduring relationships with existing and potential customers. We educate farmer communities all over India on crop care and protection by conducting farmer training camps, and participating in village-level programmes and district exhibitions.

04

Diversified and stable customer base

Through our registered high-quality and cost-effective products, we have gained the trust of customers in 16 states and one union territory of India and 60 countries globally. We are proud to be the trusted suppliers of several renowned domestic and multinational agrochemical companies.

Key Clientele



05

Experienced leadership team

We have a strong and dedicated Board and management team, with varying levels of expertise. Our promoters have more than 30 years of individual experience in the agrochemicals sector. They manage the operations of our Company, right from manufacturing and marketing to exporting our products and charting future business strategies. They are also instrumental in the development of new products and venture into markets, both domestic and international. We believe in building a team of young people with new ideas and experienced people who can guide and direct the team, to reach new levels of growth.

Growth strategy

To continue reaching new heights of success, we have defined a growth strategy – a roadmap that will help us realise our vision of becoming the preferred world leader in the agrochemicals space.



Enhancing and streamlining production capacities and operations

We have three manufacturing and packaging facilities in and around the industrial belt of Vapi, Gujarat with 174 reactors having an aggregate manufacturing capacity of 14,024 MTPA. Unit I is dedicated to manufacturing technicals, Unit II for derivatives of CMAC and Unit III in Sarigam manufactures formulations in liquid and powder forms, which are then packed in various sizes as per the required dosage for each crop on a per acre basis. The 55,000 sq. m land on which Unit III stands was acquired by us in 2018 on a lease basis from GIDC. Of the 55,000 sq. m of land, Unit III uses 22,300 sq. m, while the remaining land will be utilised for manufacturing intermediates and technicals, and for establishing administrative facilities. In addition to the land at Sarigam, we have another parcel of land of ~34,600 sq. m at Saykha, GIDC-Dahej extension, Gujarat. We have applied for environmental clearance of the land in Saykha to the Ministry of Environment (Forests and Climate Change), India for the proposed expansion of our manufacturing facilities.



Development of new products

With all the growth drivers in place, we are confident of leveraging the sea of opportunities with our modern infrastructure facilities and robust growth strategies to become a renowned name in the global agrochemicals market. To enter the regulated markets as well as to penetrate deeper in our existing market, we have enhanced our R&D facilities and capabilities by establishing a 2,000 sq. ft R&D facility at Unit III in Sarigam. The R&D centre is equipped with the latest technology and processes required to conduct research on active ingredients and formulations, mainly of molecules going off-patent in the near future. We are focussing on multiple niche & off patent molecules of which 5 molecules have been taken up on 1st phase. We have a strong team of R&D professionals and technicians who use their expertise and skills to develop improved products to meet the evolving demands of customers.



Entering the Europe and US markets

To expand our footprint in the Europe and US markets, we are enhancing our R&D capabilities and focusing on registering the generic versions of technicals' molecules and formulations in the two geographies. We believe there is significant growth potential in these markets with higher margins for our existing and new line of products. We are confident of leveraging our knowledge of the generic agrochemical markets, existing dossiers and registrations across the world to enable new registrations in these highly regulated markets. Our international distribution partners in Europe and the USA have already received or are in the process of receiving the registrations for various molecules.

Indian pyrethroids market

The Indian pyrethroids market is projected to grow at a CAGR of 8.5% during 2020-2025, reaching a production volume of 25,398 tonnes by 2025. Moreover, the production and consumption value are expected to reach a value of US\$ 462 million and US\$ 205 million by 2025, exhibiting a CAGR of 12.5% and 19.6%, respectively.

Read more on the industry in our 'Management Discussion and Analysis' on page 36



Expanding the reach of formulations and technicals in international markets

Sales in the international markets require registration of our formulations with the respective regulatory authorities in various overseas jurisdictions. Our international distribution partners file the application along with various details of the formulations with the respective regulatory authorities. We intend to leverage our existing relationships in the international markets to sell our new products and develop new relationships on the back of our high-quality product portfolio.

Typically, the sale of formulations in the international markets is undertaken by way of tie-ups with international distribution partners who import our formulations, in bulk or final packages, after registration with the local regulatory authority, and sell them mostly under their own brands in their markets. The name of our Company appears on the label of the package of the product as the 'source' or 'manufacturer'. We comply with the local packaging disclosure requirements for the direct export and sale of our formulations.

The manufacture and supply of technicals depends on the demand-supply dynamics in international markets. Our international distribution partners present in these markets regularly provide us the information on the demand-supply situation and place orders accordingly. Our Company officials also travel extensively to various countries to understand the demand-supply patterns.

Till date, we have 103 technicals and formulations for export, and 371 technicals and formulations registered in 41 countries in the international markets by our international distribution partners. We are, thus, well placed for growth in the international markets.



Strengthen and grow the branded formulations and public health products segment

We will continue to manufacture and sell formulations under our own brands in India and enhance our focus on manufacturing and marketing public health products. Some of our branded formulations have already made a name among the farmer community.

Refer to page 07 for a list of our branded products.

Our public health products, which comprise insect control solutions, are supplied to municipal corporations and government bodies or agencies through a bidding process for tenders issued by them for purposes such as controlling the spread of malaria and other such diseases. We also supply these products to pest control companies. We have been able to successfully bid for government tenders issues by the central and state governments on the basis of our high product quality, large supply volume and an impeccable track record. We supply these products under our own brands, such as 'Temper' and 'Rat Kill', or in bulk – as required by them.

Corporate governance

At HIL, we set high ethical standards for the Company and for our people. Integrity is an essential part of our culture. Transparency and fairness characterise the responsible manner in which our business is managed. We are a proactive corporate citizen and our values guide our interaction with our customers, colleagues and other stakeholders.

GOVERNANCE FRAMEWORK

We have adopted a well-defined corporate governance framework in which the Board is responsible for ensuring ethical practices. The Board is supported by four committees that play a crucial role in identifying, mitigating and managing risks. Our Company Secretary acts as the Secretary of all the committees.



COMPOSITION OF THE BOARD



CODE OF CONDUCT

The Board of Directors of the Company have approved a Code of Conduct applicable to the Members of the Board and all employees in the course of day-to-day business operations of the Company. As an organisation, we adhere to a 'zero tolerance' policy towards bribery, corruption, and unethical dealings or behaviours and the Code comprises directives to counter such acts.

All the Board members and senior management personnel have confirmed compliance with the Code. We have provided the necessary training on adherence to the Code to all management staff.



Audit Committee

The Audit Committee reports directly to the Board of Directors and regularly reviews financial statements, internal audit reports, audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards and more. It also undertakes the evaluation of internal financial controls and risk management systems.



Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee periodically reviews the functioning of the shareholder/investor grievance redressal system and oversees improvements in the same, besides reporting serious concerns, if any.



Nomination and Remuneration Committee

The Nomination and Remuneration Committee regularly reviews the remuneration of Directors and persons who may be appointed to senior management and key managerial positions. It also recommends the appointment and removal of the directors to the Board and carries out the evaluation of every director's performance.



Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee formulates and recommends to the Board a CSR Policy which shall indicate the activities to be undertaken either by the Company or through an implementing agency. It also periodically determines and reviews CSR expenditure and social projects as well as their implementation.

Managing risks

Our business is diverse, entrepreneurial and international. Thus, our operations face a significant number of risks. To safeguard our business, we have developed a systematic risk management approach that helps us to proactively identify, assess and manage potentially significant risks.

Our risk management framework is a key mechanism for achieving our short-, medium- and long-term goals.

RISK MANAGEMENT PROCESS

Identification of potential risks

Monitoring and reviewing the risk

Mitigating the risk

Evaluating and analysing the risk

Monitoring the risk

RISKS AND MITIGATION MEASURES

RISK TYPE

MITIGATION MEASURE

Business operations risks

The Company may face risks related to planning, monitoring and reporting systems in the day-to-day management process.

We have a well-defined organisation structure, which ensures seamless flow of information between departments. We ensure sufficient raw material stock and have back-up power-generating capacity to ensure continued production and also undertake steps to reduce production cost. An effective HR team ensures that the right talent is hired and retained.

Liquidity risks

The Company may face risks related to financial solvency, borrowing limits and cash management.

To safeguard the business against these risks, we ensure proper financial planning through annual and quarterly budget, variance analyses and daily cash flow estimates. We avail cash management services from banks to avoid loss of interest on collections. Exposure to foreign exchange transactions are supported by bank guarantee and suitable hedging policy.

Credit risks

The Company might be exposed to risks in settlement of dues by clients.

We have set up systems to assess and ensure the creditworthiness of our customers.

Logistics risks

The Company might incur a risk on the use of outside transport services.

We source only committed and dedicated service providers. To optimise operations, we have explored a combination of transportation modes through road, rail, sea and air. We also have a comprehensive transit risk insurance coverage for all incoming and outgoing goods.

RISK TYPE

MITIGATION MEASURE

Market and industry risks

The Company may face risks related to demand and supply, quality, quantity, lead time, suppliers, interest rate, raw material prices and interruption in raw material supply.

We procure our raw materials from different sources at competitive prices. While we have no control over the demand and supply, we plan our production and sales based on our experience. For uninterrupted raw material supply, we source them from multiple providers and have put in place proper inventory control systems.

Human resource risks

As a growing organisation, the Company is exposed to risks related to employee replacement, training and redundancy in skills.

Our HR team ensures proper recruitment of new talent and performance-based appraisal of existing talent to keep them motivated. We upskill our people through regular training and undertake employee engagement and welfare activities.

Disaster risks

The organisation might be hit by natural disasters such as fire, floods and earthquakes.

While we cannot control natural disasters, we ensure our preparedness for them. Our property is insured against natural risks. Fire hydrants have been installed at all manufacturing locations and regular fire safety drills are carried out. First-aid training is given to watch and ward staff and safety personnel. Our workmen are covered under Employee State Insurance (ESI), Employee Provident Fund (EPF), etc.

System risks

The Company's systems might be exposed to data integrity, and coordinating and interfacing risks.

Our systems administrator monitors and upgrades systems regularly. Our data is secured by passwords and we use only licensed software in our systems. We have also enabled access control to ensure data security.



Uplifting livelihoods

For us, profits go hand in hand with social commitment. We want to support people along our value chain by helping them create decent and resilient livelihoods.

We undertake our CSR activities in remote areas where our factories are situated. We focus primarily on improving the health of the lesser privileged sections of the society.

₹ 35.51 million
CSR SPEND FOR FY2021

DURING THE YEAR, WE UNDERTOOK THE FOLLOWING ACTIVITIES



Distribution of appliances for the physically impaired



Tree plantation



Donation to NGOs



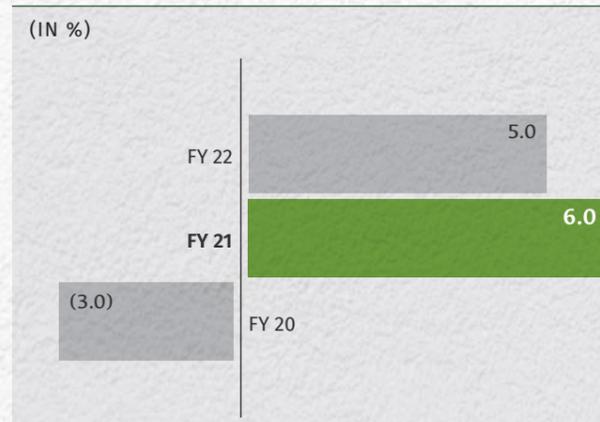
Management Discussion and Analysis

GLOBAL ECONOMY

One year after the Covid-19 pandemic, the world population continues to face intense social and economic pressure as the death rate continues to increase and millions remain jobless. Despite the high degree of confusion around the pandemic's course, a path out of this health and economic crisis is becoming progressively apparent. Hundreds of millions of citizens are being vaccinated with global vaccination efforts, which is likely to fuel recovery efforts in several countries later this year. Additionally, economies have begun to respond to modern forms of operating despite decreased mobility, resulting in a greater than expected regional recovery.

According to the IMF, global GDP is forecast to grow by 6% in 2021, before slowing to 4.9% in 2022. The forecasts for 2021 and 2022 are more optimistic than those in the October 2020 WEO report. The upward revision represents increased fiscal stimulus in a few major economies, the expected vaccine-driven rebound in the second half of 2021, and economic activity's continuing adaptation to the new normal. Because of the pandemic's trajectory, the future is fraught with uncertainty; however, strong policy assistance in bridging the gap to vaccines and returning to normalcy is contributing to an optimistic evolution of financial conditions.

IMF FORECAST

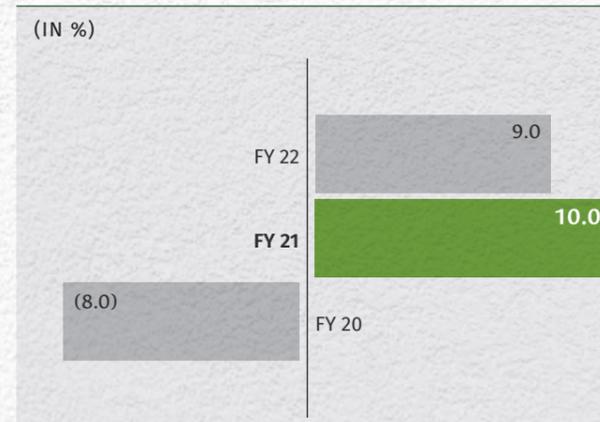


INDIAN ECONOMY

Though India's vicious COVID-19 Second wave continues to astound the nation, several economic organizations have begun revising their estimates for Indian GDP for the fiscal year 2021-22, with Oxford Economics downgrading India's development to 10.2% from 11.8%. The UN predicts that India's economy will grow by 7.5% this CY21 and 10.5% the following year, though with the emphasis that the outlook is "very fragile" due to the brutal Covid-19 second wave. The UN outlook for India is lower than the International Monetary Fund's (IMF) optimistic 9.5% forecast last month for FY21 & higher than 8.5% for FY22.

As per the Centre for Monitoring the Indian Economy (CMIE) around March and April 2020, farmers lost virtually no jobs and increased employment year over year. However, 6 million fewer farmers were employed in April 2021 than in March 2021, and 3 million fewer farmers were employed in April 2020. The medium-term growth forecast for the country is projected to strengthen to about 7.3% by 2025, owing to solid macroeconomic fundamentals such as low inflation, the execution of critical structural reforms, and strengthened fiscal and monetary policies.

IMF FORECAST

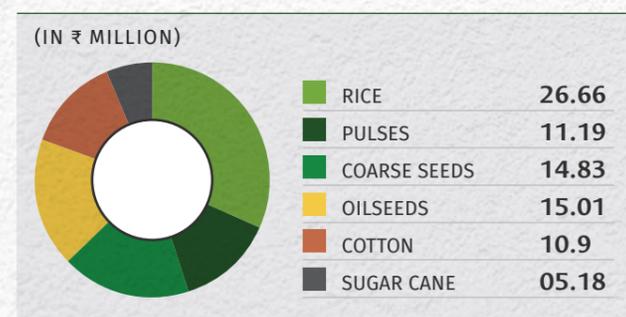


AGRICULTURE SECTOR OVERVIEW

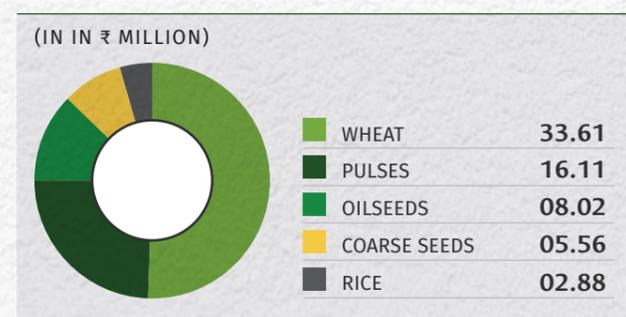
The Indian economy has grown dramatically in the post-independence period, from a ship-to-mouth economy to one of the world's largest economies. Agriculture is now the largest sector of the Indian economy. Along with significant structural reforms, government programmes such as the Green Revolution have been instrumental in reforming the country's agriculture sector and stimulating economic development. The vision of India being a USD 5 trillion economy by 2025 has given strategic guidance to all sectors in India, and they are currently engaged in developing their roadmaps for sustainable development.

According to the most recent Economic Survey of India, India is transforming into a service economy. However, India remains a leading agrarian market, with a 16% agricultural-to-GDP ratio, compared to the global average of 6.4%. At 16% of GDP, USD421 billion in GVA, 44% of the workforce working, 9th in agricultural exports to the world, and record absolute production of food grains and horticultural crops (nearly 300 MTs of each), Indian agriculture generated historically high yields in 2020, amid a slowdown in overall economic development. Nonetheless, the largest employer in all industries is grappling with historically low property, manpower, capital, and digitalization tools. Tractors are used on less than 1% of overall agriculture, as 87% of farms are less than 3 acres in scale, making mechanization economically unviable. As a result, the country has one of the world's lowest farmer incomes, at USD 1,700 per farmer. This factor has resulted in more space for growth and development in the Agriculture sector going ahead and matching the world standards.

KHARIF AREA SOWN IN 2020-21*



RABI AREA SOWN IN 2019-20*



(Source: IBEF) (*As on January 31, 2020)

Following the India Meteorological Department's (IMD) prediction of a 'normal' monsoon, the government has set a new record goal of increasing food grain production by 2% YoY during the 2021-22 crop year, which begins in July. The goal for overall food grain production in 2021-22 is a record 307.31 million tonnes (MT), with 151.43 MT produced during the kharif season and 155.88 MT produced during the rabi season. In 2020-21, output was 303.34 million tonnes, above the goal of 301 million tonnes. Rice output has been set at 121.1 million tonnes (MT) for 2021-22, wheat production at 110 million tonnes (MT), pulses at 25 million tonnes (MT), coarse cereals at 51.21 million tonnes (MT), and oilseeds at 37.5 million tonnes (MT). Agriculture productivity is expected to remain robust in the coming years as a result of favourable crop prices and steady reservoir levels. Thus, the upcoming Kharif season appears to be stable for domestic agri-input firms from an industry perspective. Government support, robust demand for paddy crops and pulses, and a normal monsoon will all significantly contribute to the industry's growth.

The Government of India (GoI) has implemented a series of reforms to boost the agriculture sector's functioning and double farmers' income by 2022. These reforms include a focus on agriculture marketing, expanding farmers' access to institutional credit, and liberating the sector from numerous constraints through adequately backed legislation. These reforms are to bolster rural economies and lend significant support to the vision of a modern India. The agrochemicals sector is projected to play a significant role in achieving the government's goal.

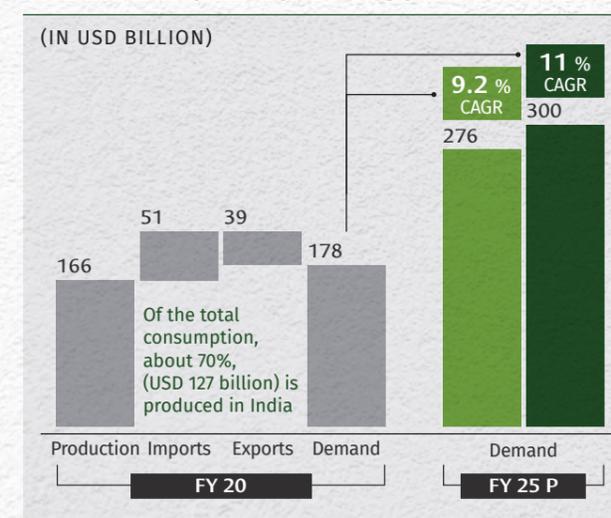
GOVERNMENT POLICIES TO SUPPORT AGRICULTURE AND ALLIED SECTORS

- The Government of India has announced Minimum Support Prices (MSPs) for 22 mandated crops; and fair & remunerative prices for sugarcane, with a view to encouraging higher investment and production.
- Pradhan Mantri Kisan Samman Nidhi- Under this Scheme, an income support of ₹ 6000 per year is provided to all farmer families across the country, in three equal instalments of ₹ 2000, every quarter.
- In the last Budget FY21-22, the government underlined the important role agriculture has played in these difficult times and has taken the following measures to enable its growth further:
 - To raise MSP to 1.5 times the cost of production.
 - The credit target for agriculture has been raised from 15 lakh crores in FY21 to 16.5 lakh crores in FY22.
 - Focus on agri-infrastructure and product creation through Cess.

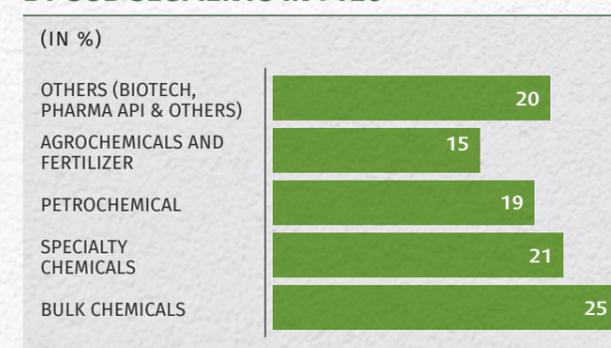
CHEMICAL INDUSTRY OVERVIEW

Historically, multinational chemical companies have streamlined their supply chains to the point that most raw materials are already sourced from only one or two countries. This supply chain concentration was prompted by the desire to reduce prices, the need to manufacture greater volumes, and tighter environmental standards in developed countries. Global Value Chains (GVCs) have, though, developed quickly over the past few years. Global trade uncertainties, increasing environmental restrictions and growing labour costs in China, a possible overall diversification of global manufacturing ('China+1'), and the effects of the Covid-19 pandemic are driving the next phase of value transfer in chemicals from China to markets such as India.

THE INDIAN CHEMICAL INDUSTRY MARKET



THE INDIAN CHEMICAL INDUSTRY MARKET BY SUB SEGMENTS IN FY20



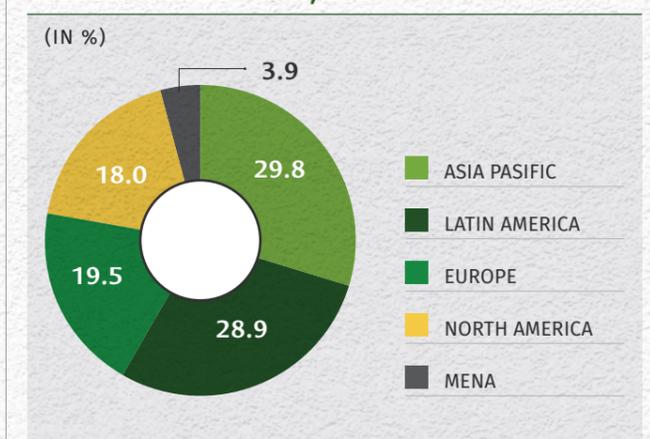
India is on the verge of an industrial boom, and the Indian chemical industry has the opportunity to become a world leader in chemical manufacturing. The pandemic of Covid-19 has initiated many changes in global trade and supply chains, presenting India with an ability to quickly expand its reach and capabilities throughout the Chemical Industry. India's core advantages involve a demographic dividend

and the resulting supply of skilled labour, an increasingly increasing middle class, a stable long-term growth forecast for GDP, and many government policies aimed at enhancing the chemicals sector's global competitiveness.

GLOBAL CROP PROTECTION MARKET

Crop protection chemicals are primarily classified into insecticides, herbicides and fungicides, followed by nematicides and rodenticides. This classification is based on the fact that a crop needs protection against insects, plants, fungi, nematodes, or rodents. According to a recent report by Technavio, the agricultural pesticides market is expected to grow by USD 26.23 billion between 2021 and 2025.

GLOBAL: AGROCHEMICALS MARKET: BREAKUP BY REGION, 2019



New technologies such as precision farming, integrated pest management (IPM), and the recent proliferation of off-patent products are dramatically reshaping the market. And it all has the ability to have an impact on agrochemical revenue. Although the future of agrochemicals appears to be promising, global population growth, coupled with increasing affluence, is causing a change in consumption habits. The key driver of demand for crop protection chemicals is the rising demand for food security to satisfy the needs of a growing population. Crop protection chemical industries are expected to grow rapidly as a result of increased pest attacks around the world. However, the sector faces risks as a result of long product production cycles and rising prices, increasing complexity of regulatory conditions, reductions in government agricultural subsidies, and the industry's increased speed of transition within adjacent markets.

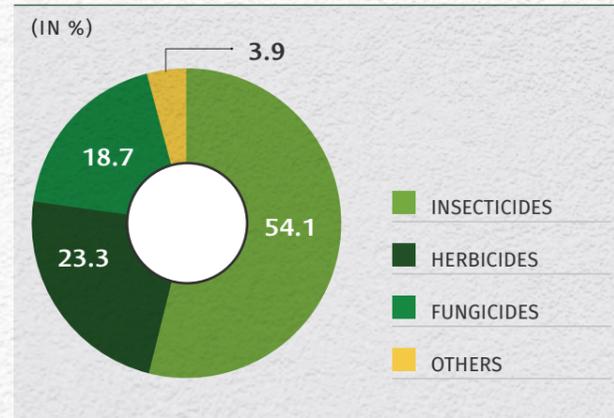
INDIAN CROP PROTECTION MARKET

Agriculture has been instrumental in transforming India's development and creating employment opportunities for more than half of the population. Agrochemicals are becoming increasingly critical in feeding a growing population by raising agricultural output in the face of

declining agricultural land, inadequate irrigation coverage, and increasing strain on cultivable land.

The agrochemical industry has grown strongly as a result of rising domestic demand and exports. India is the world's fourth largest manufacturer of agrochemicals. According to a recent PwC study, the Indian agrochemicals industry was worth approximately ₹ 42,000 crore in FY20, with domestic consumption totaling approximately ₹ 20,000 crore and exports totaling approximately ₹ 22,000 crore. The industry is projected to grow at an 8–10% CAGR until 2025, owing to a number of growth drivers, including a growing population, decreasing arable land, increasing demand for high-value agricultural products, and increased efforts by industry and government to increase awareness and technology penetration.

INDIA: AGROCHEMICALS MARKET: BREAKUP BY PRODUCT TYPE, 2019



Pests and diseases kill between 20% and 25% of the food produced in India each year, costing the country H1.48 lakh crore in agricultural output due to rodents, weeds, and plant diseases. Agrochemicals are a critical input for crop safety and yield enhancement, as food crops deal with about 30,000 weed organisms, 3,000 nematode species, and 10,000 plant-eating insects. According to the study 'Doubling Farmers Income,' pesticides account for about 0.4% of the overall expense borne by farmers. India ranks fourth in terms of agrochemical output, behind the United States, Japan, and China, and is a net exporter of agrochemicals.

Currently, India's agricultural industry uses the least amount of agrochemicals in the world, with just 0.6 kg of pesticides used per hectare (ha), as opposed to the global average of 2.3 kg/ha. indicating that there is considerable growth potential for crop protection chemicals in India, as they increase agricultural production and compensate for farm labour shortages by widespread usage of them. In the export market, more business leaders are reorienting their strategies in the post-pandemic environment toward new approaches that combine the need for cost competitiveness

with the need for risk competitiveness. With continuity as the guiding principle for global supply chains, more businesses are implementing policies that emphasise dual or diversified procurement, supply chain streamlining, and manufacturing localization where possible.

GLOBAL PYRETHROIDS MARKET

Pyrethroids are synthetic chemical compounds that are volatile, soluble in water and have low mobility in soil. Owing to these properties, they are used to control pest insects in farms, homes, communities, restaurants, hospitals and schools. Pyrethroids, when compared with organophosphates, are safer for humans because mammals, unlike other classes of organisms, have more extensive enzyme systems that are capable of metabolizing and detoxifying the pyrethroid. The global pyrethroids demand is expected to hit USD 3.3 billion in 2020, according to a recent EMR report. Additionally, the industry is projected to grow at a CAGR of 4.2% between 2021 and 2026, reaching a value of approximately USD 4.3 billion by 2026. It was also reported that Asia Pacific is the primary consumer of pyrethroid insecticides, owing to the region's huge population. China, India, Malaysia, Thailand, and Indonesia are major users of pyrethroid insecticides for usage in a range of insecticide formulations. The demand in densely populated areas, like China and India, is rising rapidly, as is the population's income. This is expected to increase demand for hygienic goods and pyrethroid insecticides as a result. Significant industry players have established manufacturing facilities in this area due to the low cost of labour, as well as the availability of land and relatively lax chemical laws and regulations.

Heranba Industries is an attractive partner for large producers and organisations due to its size and worldwide delivery presence. Through its global presence, they are able to provide consumers with high-quality goods at affordable rates, as well as its increasing portfolio of innovative, differentiated products that address a broader spectrum of the needs across the crop lifecycle. Heranba's strong product line and global footprint, long-term consumer partnerships, protect the company from adverse seasonal or commercial pressures in any one region, while still offering a variety of expansion opportunities in major crop protection markets around the world, including high-growth markets like India and China.

INDIA PYRETHROIDS MARKET

According to the IMARC Group report, pyrethroid output in India hit 17,747 tonnes in 2019, increasing at a CAGR of 7.2% from 2014 to 2019. The industry achieved a volume of US \$313 million in supply and US \$110 million in demand in 2019, growing at a CAGR of 7.7% and 7.4%, respectively, from 2014 to 2019. Agriculture accounted for 79.5% of the global demand for Pyrethroids in 2019. Agriculture came in second place (17.1%), led by environmental health and animal health (3.4%). Looking forward, the report anticipates the Pyrethroids demand in India to increase at an 8.5% CAGR between 2020

and 2025, touching an output volume of 25,398 Tons by 2025. Additionally, the output and demand values are forecast to hit US \$462 million and US \$205 million, respectively, by 2025, showing a CAGR of 12.5% and 19.6%.

The product's widespread usage in agriculture and the residential sector is a major factor driving the pyrethroid market's rise. With a growing population and declining agricultural land, farmers worldwide are implementing creative farming methods to boost yields. Pyrethroids are widely employed in livestock and related sectors as a result. They are a more affordable option than conventional insecticides. Additionally, to compete with synthetic substitutes, producers focus on improving pyrethroid development and distribution. Additionally, since these insecticides are less toxic to humans and birds, they selectively replace organophosphates, which are widely found in plants such as carrots and lettuce. Also, demand for pyrethroids in fabric treatment and mosquito protection is increasing across the residential and industrial sectors, which is expected to further fuel the pyrethroid market's rise.

Heranba Industries' proven product production and registration capabilities in Indian markets enables it to rapidly produce and sell novel, distinguished, and value-added products and formulations. Its state-of-the-art manufacturing facilities and widely spread distribution network enable them to provide products to customers swiftly, which is crucial considering the weather-dependent aspect of crop production and crop protection product demand trends.

PUBLIC HEALTH MARKET OVERVIEW

According to a latest ResearchandMarket report, the global pest control market is expected to hit USD 22.7 billion in 2021 and rise at a 5.1% compound annual growth rate to USD 29.1 billion by 2026.

The pest control demand is a result of advances in insecticide formulations, increased urbanisation activity, and the emergence of megacities, both of which have had a significant effect on pest control demand. The widespread usage of chemical substances to eradicate or manage insect infestations has resulted in the production of pest tolerance to traditional pest control items. By pest category, the termites segment is expected to rise at the fastest rate in the market during the forecast period. Around 2021 and 2026, the residential market is expected to have the highest market share. The residential market is expected to provide a significant opportunity for pest control service providers. This opportunity is mostly driven by the growing middle class and increased buying power parity of people.

Asia Pacific is expected to be the fastest-growing market according to the same report, owing to the high potential

for growth associated with large-scale urbanisation and the growing need for pest control in China and India's megacities. Additionally, the report notes, service providers and pesticide manufacturers are focusing their efforts on the Asia Pacific area in response to growing consumer awareness of pests and are aiming to increase their market share through joint ventures and acquisitions.

COMPANY OVERVIEW

Heranba Industries Limited (HIL) is one of the leading agrochemical companies in India. It provides innovative crop care solutions to farmers and public health products such as pesticides to pest control companies. We manufacture intermediates, formulations and technicals through our three state-of-the-art manufacturing facilities in and around the industrial belt of Vapi, Gujarat. We have an in-house R&D team for product development and improvisation, which is well supported by our product registration team.

On the back of our diverse product portfolio, strong R&D and innovation capabilities and growth strategies, we are well positioned to further expand our presence across the globe and become a force to reckon with in the agrochemicals industry.

COMPANY SEGMENTS OVERVIEW

We develop, manufacture and sell crop protection solutions including herbicides, insecticides and fungicides that help growers protect crops against weeds, pests and disease. We operate primarily in the off-patent market, providing customers with long-standing foundational products and unique formulations. Our business is one of the leading domestic producers of synthetic pyrethroids like cypermethrin, alphacypermethrin, deltamethrin, permethrin, lambda cyhalothrin etc. Our pesticides range includes insecticides, herbicides, fungicides and public health products for pest control. As of FY2021 we have a presence and are focused on growing our footprint in the Middle East, CIS, Asia, Southeast Asia and Africa.

Based on the "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. In the sections below, we capture some of the key highlights of the industries that we operate in including drivers of growth and the changing business trends that are sweeping all sectors.

RISKS AND CONCERNS

Company had strong growth in revenue, even during the Covid-19 pandemic and will continue to build on it. Additionally, the recently increased capacity of the company is expected to support revenue growth in FY2022, while operating

margins are expected to remain strong. The recent past has witnessed a high volatility in the foreign exchange market. However, the company has been able to manage during the recent past including the year under review.

While agriculture is more robust than other sectors since it provides vital commodities, if the COVID-19 pandemic persists for an extended period of time, resulting in lockdowns, economic activity may be disrupted. It may result in problems with labour availability, interstate commerce, exports and imports, all of which can have a negative effect on the sectors in which we operate.

As an agricultural sector, the company's operations are very susceptible to weather conditions, particularly extremes such as drought and natural catastrophes. The supply of raw materials needed for operations and demand for goods may be harmed by prolonged periods of excessive rainfall in some areas or a drought in India. The presence of any unfavourable weather patterns may have a detrimental effect on company operations, financial situation, and results of operations.

During the manufacturing, transportation, and storage of the goods that your Company produces or processes, they are exposed to hazards such as contamination, adulteration, and product tampering. Product liability or recall claims are inherent company risks if goods fail to satisfy necessary quality standards or are claimed to cause damage to purchasers. These hazards may be mitigated, but not eliminated, by following good manufacturing practises and doing final product testing. While the Company has product liability insurance coverage for its operations in both domestic and foreign markets, it cannot guarantee that the coverage is sufficient or that any losses would be adequately compensated by the insurers in the case of a product liability claim.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a robust system of internal controls to safeguard and preserve its assets from loss, illegal use, or disposal. All transactions are approved, documented, and reported to Management in a timely manner. The Company complies with all relevant accounting standards for the appropriate maintenance of books of accounts and the presentation of financial statements. The Audit Committee establishes the scope, operation, frequency, and technique for internal auditing. Internal auditors conduct audits, which include monitoring and evaluating the effectiveness and adequacy of the Company's internal control systems, as well as compliance with operating systems, accounting procedures, and policies across all locations. They also submit periodical internal audit reports to the Audit Committee. Process owners take required measures in their respective areas based on the internal audit report and evaluation by the Audit committee. Internal auditors have said that the Company's internal

control system is strong and effective. Additionally, the Board has established a legal compliance framework to guarantee compliance with all relevant laws and that such procedures are sufficient and effective.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Company has always regarded its workers as its most valuable asset. We are committed to maximising the organization's human resources and enhancing employee performance in order to accomplish the organization's goals. Companies strive to strike a balance between employee needs and satisfaction and the profitability and capabilities of the company to achieve its goals.

The company considers its workforce as a critical component of its success. The Company assists employees in developing their goals and monitors their progress and helps them grow via learning and skill development initiatives. The Company's employees are highly motivated by its performance-based compensation scheme.

The Company wishes to express its heartfelt appreciation for the significant contribution and support of its employees to the Company's success and development. The management staff is composed of a mix of seasoned & young professionals. The Company is dedicated to human capital growth and knows the importance of human resources in maximising outcomes in all of its areas of operation and that commitment remains unchanged during the year under review. Company's industrial relations remained cordial during the period.

FINANCIAL PERFORMANCE

The year under review has been difficult in terms of the operating business environment. Economic downturns on a global and national scale have wreaked havoc. Despite the odds, the business remains strong and continues to grow.

Particular (₹ in millions)	FY19-20	FY20-21
Revenue from Operations	9,513.74	12,186.47
Other Income	165.32	70.3
Total Income	9,679.06	12,256.77
Gross Profit	3,139.4	4,391.46
Finance Costs	88.36	53.97
Depreciation and Amortization Expenses	82.04	146.87
Profit for the year before extraordinary item and tax expenses	1,288.42	2,082.85
Extraordinary Item	-	-
Profit for the year before tax expenses	1,288.42	2,082.85
Tax Expenses	311.85	540.59
Profit after Tax	976.57	1542.26

RESULTS OF OPERATIONS

During the year under review, the Company on a Consolidated basis earned a total income of ₹ 12,256.77 million compared to ₹9,679.06 million in the previous year, an increase of 26.63%. The profit after tax (PAT) stood at ₹ 1,542.26 million (Previous year ₹ 976.57 million) an increase of 57.93%.

Particular	Units	FY20-21	FY19-20
Debtors Turnover Ratio	Times (x)	3.78	4.08
Inventory Turnover Ratio (on Cost of Goods Sold)	Times (x)	7.46	7.87
Interest Coverage Ratio ^a	Times (x)	15.58	39.59
Current Ratio ^b	Times (x)	1.60	2.15
Debt Equity Ratio ^c	Times (x)	0.12	(0.07)
Operating Profit (PBIT) Margin (%)	%	14.22%	17.43%
Net Profit Margin (%) ^d	%	10.09%	12.58%
Return on Net Worth (RoNW)	%	30.44%	29.20%

Key Financial Ratios as per SEBI Listing Obligations and Disclosure Requirements (Amendment) Regulations, 2018.

Notes on Significant deviation in the values:

- Increase in interest coverage ratio is due to an 80% increase in D&A after capitalizing new plants.
- Increase in Debt Equity ratio is due to reduction of interest cost by reducing working capital & due to receipt of money from Fresh issue of equity share capital and internal accruals
- Decrease is due to receipt of money from Fresh issue of equity share capital and internal accruals
- Increase is due to stable raw material prices & operational efficiencies.

Formulas used for computation of key financial ratios are as follows:

Debtors Turnover Ratio	Net sales (i.e. Revenue from Operations) / Average of opening and closing trade receivables
Inventory Turnover Ratio (on Cost of Goods Sold)	Net sales / Average of opening and closing inventories
Interest Coverage Ratio	Profit before interest and taxes / Finance costs
Current Ratio	Current assets / Current liabilities
Debt Equity Ratio	Debt (net of cash) / Total equity
Operating Profit (PBIT) Margin (%)	Profit before interest and taxes / Net sales
Net Profit Margin (%)	Profit after tax / Net sales
Return on Net Worth (RoNW)	Profit after tax / Average of total equity

CAUTIONARY STATEMENT

Some of the statements in this "Management Discussion and Analysis", describing the Company's objectives, projections, estimates, expectations, and predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied, since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, based on any subsequent developments, information or events.

Notice

NOTICE is hereby given that the 29th (Twenty-ninth) Annual General Meeting of the members of M/sHeranba Industries Limited will be held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) facility on Tuesday, the 14th September, 2021 at 03.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on March 31, 2021 together with the Reports of Auditor's and Director's thereon.
2. To confirm and further declare a dividend @ ₹ 0.70/- per shares (i.e. 7% of Face Value of ₹ 10) on Equity Shares of the Company for the financial year ended March 31, 2021.
3. To appoint a Director in place of Mr. Raghuram K Shetty [DIN: 00038703], Managing Director of the Company, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mrs. Vanita R Shetty [DIN: 02493401], Whole Time Director of the Company, who retires by rotation and being eligible, offers herself for reappointment.

SPECIAL BUSINESS:

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

To increase the annual remuneration payable to Whole Time Director **Mr. Raunak R Shetty** [DIN:08006529].

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") (including any statutory modification or re-enactment thereof) read with Schedule V to the Act and the rules framed thereunder and Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, the approval of the members of the Company,

be and is hereby accorded for the increase in annual remuneration of **Mr. Raunak R Shetty** [DIN:08006529] from ₹ 1.45 million to ₹ 3.00 million w.e.f. 1st April, 2021, on such terms and conditions including remuneration as mentioned in the explanatory statement annexed to this Notice.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the remuneration and terms and conditions of said appointment to the extent recommended by the Nomination and Remuneration Committee, from time to time, as may be considered appropriate, subject to the overall limits specified in the Act and as may be approved by the Board of Directors of the Company."

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:

To ratify the remuneration payable to the Cost Auditors of the Company for the financial year ending March 31, 2022.

"RESOLVED THAT pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and upon recommendation of the Audit Committee and as proposed by the Board of Directors, consent of the Company be and is hereby accorded to pay remuneration of ₹ **1,50,000/-** (Rupees One Lakh Fifty Thousand only) plus GST thereon and reimbursement of out of pocket expenses at actual to M/s Paresh Jaisih Sampat, Cost Accountant, Mumbai (Registration No. 102421) who has been appointed by the Board as Cost Auditors of the Company for the financial year 2021- 2022."

By order of the Board
For **Heranba Industries Limited**

Mr. Abdul Latif
Company Secretary

Date: August 10, 2021
Place: Mumbai

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”), which sets out details relating to Special Business at the meeting, is annexed hereto.

2. Due to on-going threat of COVID -19 pandemic, the Ministry of Corporate Affairs (“MCA”) and Securities and Exchange Board of India (“SEBI”) have vide various circulars, allowed companies:

- (i) To send the annual reports to shareholders who have registered their email ID with the Company / Depositories only on email; and
- (ii) To hold Annual General Meeting (“AGM”) through VC or OAVM without the physical presence of members at a common venue.

Hence, in accordance with these Circulars, the 29th AGM of the Members of the Company is being held through VC / OAVM. The venue of the Meeting shall be deemed to be the registered office of the Company. The detailed procedure for participating in the meeting through VC / OAVM is given below herewith and available at the Company’s website www.heranba.co.in.

3. Since this AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

However, in pursuance of Section 112 and 113 of the Act, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC / OAVM and cast their votes through e-voting.

4. In case of joint holders attending the Meeting, the member whose name appears as the first holder in the order of names as per Register of Members will be entitled to vote.

5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF/ NRI, etc.) are required to send a scanned copy (PDF / JPG format) of its Board or governing body resolution / authorisation etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said resolution / authorisation shall be sent to the Scrutiniser by email through its registered email address to sutharkc@gmail.com at least 48 hours before the commencement of AGM.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection

without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. **September 14, 2021**. Members seeking to inspect such documents can send an email to compliance@heranba.com

7. Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India, details of Directors seeking re-appointment and proposal for continuation of directorship of Mr. Raghuram K Shetty and Mrs. Vanita R Shetty forms part of this notice and is appended to the notice.

8. Members are requested to address all correspondence in connection with shares held by them, to the Company’s Registrar & Transfer Agent (“RTA”) at viz., Bigshare Services Private Limited, 1STFloor , Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri-East, Mumbai-400059, Telephone No-022-62638200/222, Email id- investor@bigshareonline.com by quoting their Folio number or their DPID and Client ID number, as the case may be.

9. In accordance with the provisions of the Income Tax Act, 1961 as amended read with the provisions of the Finance Act, 2020, w.e.f. 1 April 2020, dividend declared and paid by the Company is taxable in the hands of its member and the company is required to deduct Tax at Source (TDS) from dividend paid to the members at the applicable rates. As such, whenever dividend is declared an email will be sent to the registered email ID of the members intimating about detailed process to be followed for submission of documents/ declarations. Sufficient time will be provided for submitting the documents /declarations by the members who would desire to claim beneficial tax treatment.

10. Members are requested to do following, if not done yet:

- (i) Provide / update details of their bank accounts indicating the name of the bank, branch, account number and the nine-digit MICR code and IFSC code (as appearing on the cheque) along with photocopy of the cheque / cancelled cheque, self- attested identity proof and address proof, for remittance of dividend through ECS / NEFT and prevent fraudulent encashment of dividend warrants.
- (ii) Dematerialise the shares held by them in physical form.
- (iii) Update Permanent Account Number (PAN) against folio / demat account as also for deletion of name of deceased holder, transmission / transposition of shares.
- (iv) Members holding shares in dematerialised form are requested to intimate / update all particulars of bank mandates, PAN, nominations, power of attorney, change of address, e-mail address, contact numbers etc. to their Depository Participants (DPs).

11. NRI Members are requested to inform the RTA immediately:

- (i) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier and
- (ii) Change in their residential status and address in India on their return to India for permanent settlement.

12. In terms of Sections 124 of the Act, any dividend remaining unpaid for a period of seven years from the due date of payment and underlying shares thereon are required to be transferred to the Investor Education and Protection Fund (IEPF). However, the company does not have any unpaid dividend lying in dividend account. Shareholders can visit the Company's website www.heranba.co.in to get the details of unclaimed dividend under the Investors' section and claim the same timely to avoid transfer of the same and underlying shares thereon to IEPF account- if any.

13. Pursuant to provisions of section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all the underlying shares on which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred to IEPF authority as notified by the Ministry of Corporate Affairs.

14. To support the green initiative and as per relaxation given by the Government, only electronic copy of the Annual report for the year ended 31 March 2021 and notice of the 29th AGM are being sent to the members whose mail IDs are available with your Company / DP(s). Physical copy of the report is not sent to anyone. Annual Report and the notice of the 29th Annual General Meeting are also posted on the website www.heranba.co.in for download. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of Central Depository Services (India) Limited ("CDSL") (agency for providing the remote e-voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

15. To disseminate all the communication promptly, members who have not registered their email IDs so far, are requested to register the same with DP / RTA for receiving all the communications including Annual Reports, Notices etc. electronically.

- (i) Registration of email ID for shareholders holding physical shares: Members holding Equity Shares of the Company in physical form and who have not registered their email addresses may get their email addresses registered with RTA, Bigshare Services Private Limited, by clicking the link: <https://www.bigshareonline.com/InvestorRegistration.aspx> on their website <https://www.bigshareonline.com/Index.aspx> at the Investor Services tab by choosing the email / bank registration heading and follow the

registration process as guided therein. Members are requested to provide details such as Name, folio number, certificate number, PAN, mobile number and email ID and also upload the image of share certificate in PDF or JPEG format (upto 1 MB). On submission of the shareholders details a OTP will be received by the shareholder which needs to be entered in the link for verification.

- (ii) For temporary registration for Demat shareholders: Members of the Company holding Equity Shares of the Company in demat form and who have not registered their email addresses may temporarily get their email addresses registered with Bigshare Services Private Limited, by clicking the link: <https://www.bigshareonline.com/InvestorRegistration.aspx> on their website www.bigshareonline.com at the Investor Services tab by choosing the email registration heading and follow the registration process as guided therein. The members are requested to provide details such as Name, DPID / Client ID, PAN, mobile number and email ID. This email ID will be used for sending annual report, notices for general meetings and other corporate communications as permitted.

16. At the Twenty-fifth AGM held on 15th September, 2017, the members had approved appointment of M/s. N S Shetty & Co., Chartered Accountants (Firm's Registration No. 110101W) as Statutory Auditors of your Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the Thirtieth AGM.

17. Since the AGM will be held through VC/OAVM in accordance with the Circulars, the route map is not attached to this Notice.

18. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI Listing Regulation (as amended), and MCA Circulars dated 8 April 2020, 13 April 2020, 5 May 2020 and 13 January 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with CDSL for facilitating voting through electronic means, as the authorised e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

19. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who

are allowed to attend the AGM without restriction on account of first come first served basis.

20. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

21. The Company has fixed **Tuesday, September 07, 2021** as the Record Date for determining the eligibility and entitlement of the Members to the Final Dividend for the Financial Year ended March 31, 2021. Further the Registrar of Members and Share Transfer Books of the Company will remain closed from **Wednesday, September 08, 2021 to Tuesday September 14, 2021** (both days inclusive) for the purpose of 29th Annual General Meeting of the Company.

22. The Company has fixed **September 07, 2021** as the Cut-off date for the purpose of Remote E-voting for ascertaining the name of the Shareholders holding shares both in physical form or dematerialization form who will be entitled to cast their votes electronically in respect of the business to be transacted at the 29th AGM of the Company.

23. Instructions for Shareholders for Remote e-voting are as under:

(i) The remote e-voting period begins on **September 11, 2021 at 10 AM (IST)** and ends on **September 13, 2021 at 5 PM (IST)** During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of **September 07, 2021** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. Any person holding shares in physical form

and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com. However, if he / she is already registered with CDSL for remote e-voting then he /she can use his / her existing User ID and password for casting the vote. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date may follow steps mentioned under **“Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode.”**

(ii) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(iii) Pursuant to Regulation 44 of the Listing Regulations and SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on “e-voting facility provided by Listed Companies”, e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

(iv) Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-voting facility.

(v) Pursuant to above said SEBI Circular, Login method for remote e-voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL -	<ol style="list-style-type: none"> Existing users who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. After successful login of Easi / Easiest the user will be also able to see the e-voting Menu. The Menu will have link of ESP i.e. CDSL portal. Click on CDSL to cast your vote. If the user is not registered for Easi / Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile & email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP i.e. CDSL where the e-voting is in progress.

Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on “Access to e-voting” under e-voting services and you will be able to see e-voting page. Click on company name or ESP i.e. CDSL and you will be re-directed to ESP website for casting your vote during the remote e-voting period or joining virtual meeting & e-voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp. Then please follow steps given in point no 1 above. 3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or ESP name and you will be redirected to ESP website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. Individual Shareholders (holding securities in demat mode) login through their Depository Participants You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or ESP - CDSL and you will be redirected to e-voting website of CDSL for casting your vote during the remote e-voting period or joining virtual meeting & e-voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or ESP - CDSL and you will be redirected to e-voting website of CDSL for casting your vote during the remote e-voting period or joining virtual meeting & e-voting during the meeting

IMPORTANT NOTE:

Members who are unable to retrieve User ID / Password are advised to use Forgot User ID and Forgot Password option available at respective website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022 - 23058738 or 022 - 23058542/43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 or 1800 22 44 30

(vi) Login method for e-voting and joining virtual meeting for shareholders other than individual shareholders & physical shareholders.

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID :
 - a. For CDSL: 16 digits beneficiary ID;
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID;
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and click on Login.
- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form	
PAN –	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	Shareholders who have not updated their PAN with your Company / Depository Participant are requested to use the sequence number sent by Company / RTA or contact Company / RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd / mm / yyyy format) as recorded in your demat account or in your Company records in order to login.
	If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Shareholders holding shares in physical form will then directly reach your Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login Id and password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN of the Company on which you choose to vote
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the options "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- (xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Facility for Non-Individual Shareholders and Custodians – Remote Voting
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - A scanned copy of the Registration form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
 - Alternatively Non Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to sutharkc@gmail.com
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutiniser at the email address viz; sutharkc@gmail.com and to your Company at the email address viz.; compliance@heranba.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.
- ii. The link for VC / OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for remote e-voting.
- iii. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- iv. Further shareholders will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting.
- v. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- vi. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance on or before cut off Date i.e. **September 07, 2021** mentioning their name, demat account number / folio number, email id, mobile number, PAN at compliance@heranba.com. The shareholders who do not wish to speak during the AGM but have queries, may send their queries in advance 5 days prior to the meeting mentioning their name, demat account number / folio number, email id, mobile number, PAN at compliance@heranba.com. These queries will be replied to by your Company suitably by email.
- vii. Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time during the AGM.
- viii. Only those shareholders, who are present in the AGM through VC / OAVM facility and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
- ix. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC / OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

24. Instructions for Shareholders attending the AGM through VC/OAVM & e-voting during Meeting are as under:

- i. The procedure for attending meeting & e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

Process for those Shareholders whose email addresses are not registered with the Company/RTA/Depositories for obtaining login credentials for e-voting for the resolutions proposed in this Notice - Please refer to serial no. 15 of the AGM Notice.

If you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at +91 22 2305-8640/8624/8639/8642/8663.

All grievances connected with the facility for voting by electronic means may be addressed to Rakesh Dalvi, on +91 22 23058543, , +91 22 23058542, or members can send mail at rakeshd@cdslindia.com, helpdesk.evoting@cdslindia.com.

25. M/s. K C Suthar & Co., a Practicing Company Secretary, Mumbai (Membership No. 5191 & Certificate of Practice No. 4075) has been appointed as the Scrutiniser to scrutinise the

voting and remote e-voting process in a fair and transparent manner.

26. The Scrutiniser will submit his report to the Chairman of the Company or to any other person authorised by the Chairman after the completion of the scrutiny of the e-voting (votes casted during the AGM and votes casted through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutiniser's report shall be communicated to the Stock Exchanges, CDSL and RTA and will also be displayed on your Company's website, <https://www.heranba.co.in>

By order of the Board of Directors

Abdul Latif

Company Secretary

Registered office:

PLOT NO 1504/1505/1506/1,

GIDC, PHASE-III VAPI

Valsad-396195

Explanatory statement pursuant to Section 102(1) of the Companies Act, 2013

ITEM NO. 5

Mr. Raunak R Shetty, is currently Whole Time & Non-Independent director of the company. Currently he is drawing annual managerial remuneration of ₹ 1.45 millions for the financial year 31st March 2021. The Board proposed to increase his remuneration from current financial year w.e.f 1st April 2021 on such terms and conditions as may be decided between the Company and Mr. Raunak R. Shetty. The Board proposed to increase his remuneration from ₹ 1.45 millions to ₹ 3.00 millions .

The Board seeks your consent to increase such remuneration.

Mr. Raghuram K Shetty, Mrs.Vanita R. Shetty and Mr. Raunak R Shetty are deemed to be concerned or interested in the resolution set out at Item no. 5.

No other directors and/or Key Managerial Personnel of the Company and their relatives, are deemed to be concerned or interested in the resolution, financially or otherwise.

The Board recommends the special resolution at item no. 5 of accompanying notice for approval of members of the company.

The other details of Mr. Raunak R Shetty, as required to be given pursuant to Regulation 36 of the Listing Regulations and Clause 1.2.5 of Secretarial Standard on General Meetings in respect of resolution set out in item no. 5 of the Notice are as under:

Particulars	Details
Name of Director	Raunak R Shetty
Date of Birth	September 02, 1992
DIN No.	08006529
Date of Appointment	December 04, 2017 Change in designation from Director to Whole Time Director on April 01, 2019
Qualifications:	1. Holds a bachelor's degree in commerce 2. Associate member of Institute of Chartered Accountant of India in Short, B.Com, ACA
Experience in years	More than 2 years in the field of Accounts and Finance
No. of shares held in your Company	6,36,250
No. of Board meetings attended during F.Y. 2021	10
Relationship with other Directors and Key Managerial Personnel :	Son of Mr. Raghuram K Shetty, Managing Director and Mrs. Vanita R Shetty, Whole Time Director
Terms and conditions of appointment	Liable to retire by rotation
Other Directorships in Companies :	1. Sams Industries Limited, 2. Heranba Agro Science Limited
Details of remuneration paid	₹ 1.45 Million per annum

ITEM NO. 6

As per Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall, based on the recommendation of the Audit Committee appoint a cost accountant in practice, for auditing cost records of your Company and fix their remuneration. The remuneration of Cost Auditors approved by the Board shall be subject to ratification by the shareholders. In pursuance thereof, on the recommendation of Audit Committee, the Board has at its meeting held on 30 April 2021 considered and approved appointment of M/s Paresh Jaisih Sampat., Cost Accountant, Mumbai (having membership No.33451), for Cost Audit of the cost records maintained by the Company for the financial year ending 31 March 2022, at a remuneration of ₹ 1.50 lakhs plus GST as applicable and reimbursement of actual travel and out-of-pocket expenses, subject to ratification by the members.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

The Board recommends the Resolution at Item No. 6 of the accompanying Notice for approval of the Members of the Company.

By order of the Board
For **Heranba Industries Limited**

Mr. Abdul Latif
Company Secretary

Date: August 10, 2021
Place: Mumbai

DETAILS OF THE DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT TWENTY-NINTH ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36 OF THE LISTING REGULATIONS AND CLAUSE 1.2.5 OF SECRETARIAL STANDARD ON GENERAL MEETINGS).

Name of Director	Raghuram K Shetty	Vanita R Shetty
Date of Birth	25/03/1959	14/11/1966
DIN No.	00038703	02493401
Date of Appointment	01 st June, 2018 Change in designation to Managing Director on November 01, 2018	01 st June, 2018 Change in designation to Whole Time Director on April 01, 2019
Qualifications:	Bachelor's (physics and chemistry) and Master's (chemistry) degree	Bachelor's degree in science (botany, geology and chemistry)
Experience in years	He has experience of more than three (3) decades in agrochemicals industry	She has experience of more than eighteen (18) years in agrochemicals industry
No. of shares held in your Company	1,18,49,946	20,18,000
No. of Board meetings attended during F.Y. 2021	12	3
Relationship with other Directors and Key Managerial Personnel :	1. Brother of Mr. Sadashiv K Shetty (Chairman) 2. Husband of Mrs. Vanita R Shetty (Whole time Director) 3. Father of Mr. Raunak R Shetty (Whole time Director)	1. Wife of Mr. Raghuram K. Shetty, (Managing Director) 2. Mother of Mr. Raunak R Shetty (Whole time Director)
Terms and conditions of appointment	Liable to retire by rotation	Liable to retire by rotation
Other Directorships in Companies :	1. Sams Industries Limited, 2. Crop care Federation of India, 3. North South Infra Private Limited	Nil
Details of remuneration paid	₹ 73.80 million per annum [Includes commission]	₹ 1.32 million per annum

Director's Report

To the Members,

Your Directors have pleasure in submitting their 29th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2021.

FINANCIAL HIGHLIGHTS:

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

(₹ in million except per share)

Particulars	Financial Year Ended	
	31/03/2021	31/03/2020
Revenue from Business Operations	12,186.47	9,513.73
Other Income	70.30	165.33
Total Income	12,256.77	9,679.06
Total Expenses	10,173.92	8,390.64
Profit/(loss) before Tax	2,082.85	1,288.42
Less: Tax Expenses (including for earlier years)	540.59	311.85
Net Profit/(Loss) After Tax	1,542.26	976.57
Paid Up Equity Share Capital (Face Value ₹ 10 each fully paid up)	400.13	390.56
Other Equity	4881.21	2817.93
Earning Per Share (Basic/Diluted)	39.41	25.00

COMPANY'S PERFORMANCE REVIEW:

Your Company's total income stood at ₹ 12,256.77 million in FY21 as compared to ₹ 9,679.06 million in FY20 – growth of 26.63% Y-o-Y basis. EBITDA(incl. Other Income) at ₹ 2,283.69 million in FY21 as compared to ₹ 1,458.82 million in FY20 – growth of 56.54% Y-o-Y. Profit After Tax at ₹ 1,542.26 million in FY21 as compared to ₹ 976.57 million in FY20 – growth of 57.93% Y-o-Y. Earnings Per Share (Diluted) was ₹ 39.41 in FY21 as compared to ₹ 25.00 in FY20 – growth of 57.64% Y-o-Y. Cash and Cash equivalent stood at ₹ 847.80 million in FY21.

BUSINESS OPERATIONS:

Financial Year 2020-21 was a very good year for the Company. Due to normal monsoon, there was good demand of the Company's products and therefore, the overall performance of the Company improved. Further, Indian Meteorological Department (IMD) has forecasted normal monsoon this year. The Company hopes to further improve its performance during Financial Year 2021-22.

During the financial year under review the company has completed successfully Initial Public Offering ("IPO") of 99,71,937 Equity Shares of face value of ₹ 10.00 each for cash at a price of ₹ 627 each which was oversubscribed by more than 80 times. The Equity Shares of the Company was listed on main board of BSE Limited and National Stock Exchange of India Limited.

Your Company continues to remain debt-free due to robust financial management. Additionally, it has a healthy Net worth of ₹ 5281.34 million as at 31st March, 2021.

CRISIL Rating Limited (A Credit Rating Agency "CRISIL") has upgraded its ratings on the Total Bank Loan Facilities of Heranba Industries Limited to **CRISIL A/Stable/ CRISIL A1** as under:

Long -Term Rating	CRISIL A /Stable (Upgraded from CRISIL A-/Stable)
Short-Term Rating	CRISIL A1 (Upgraded from CRISIL A2+)

Further the entire term loan of ₹ 350 Million availed by its group company 'Insunt Trading Private Limited' from the Aditya Birla Finance Ltd ("ABFL") in which Heranba Industries and Shakti Bio Science were Co-Borrowers for said Term Loan, has been repaid to ABFL. Accordingly, ABFL had released the Charges created on all securities, of Heranba Industries vis-à-vis its Group Companies and issued a NO DUES CERTIFICATE in this regards.

Your Company is adding capacity at Unit 4 situated at Plot No.1409, GIDC, Vapi – 396 195 for which the Company have started the Capital Expenditure.

The Company has acquired Industrial Shed No-A/2211 measuring 2702 sq. mt. adjacent to Manufacturing Unit II of the Company located at Plot No. A-2/2214, A-2/2215, III Phase GIDC, Vapi, Taluka – Pardi, District – Valsad, Gujarat. This acquisition will enable the Company to enhance Production Capacity as well as upgrade the Environmental Pollution Control Facilities of Unit II. The Company will renovate and merge this Industrial Shed with Unit II.

The Company has received a Consent to Establish (“CTE”) from Gujarat Pollution Control Board (“GPCB”) for manufacturing of pesticides, intermediates, fungicides, herbicides and insecticides (“Products”) at its Plot situated at Plot No. C-195 and C-196 in the Saykha Industrial Estate, within the village limits of Saykha, Taluka- Vagra, Dist. Bharuch (“**Saykha Plot**”). Heranba has a parcel of land measuring around 34,600 square metres at Saykha, for further expansion. It had already received the Environmental Clearance from the Ministry of Environment, Forest & Climate Change, Government of India to setting up manufacturing unit of capacity 10680 TPA at Saykha Plot for its ‘**Products**’.

The Company is expected to receive Environmental Clearance from Ministry of Environment, Forest and Climate Change of Government of India, for expansion of Pesticides Intermediates, Fungicides, Herbicides, Insecticides Manufacturing at Plot No-2817/1, Chemical Zone, Near Sandhya Chemical, Notified Industrial Area, GIDC Sarigam, TalukaUmbergaon, District Valsad, Gujarat (“**Sarigam Plant**”). The estimated cost for this expansion is ₹ **1100 million** which includes an existing investment of ₹ **200 million**. This Project will create employment opportunities for 170 persons directly & 100 persons indirectly.

PRODUCT LAUNCHES:

During the year, the Company launched products in the following categories .These products will prove to be the backbone of future company operations.

Sl. No.	Molecule Name	Trade Name	Type
1	AZOXYSTROBIN 18.2% + DIFENOCONAZOLE 11.4% SC	ASTROLE	Fungicide
2	THIAMETHOXAM 75% SG	PROMPT SUPER	Insecticide
3	PYRIPROXYFEN 10%+BIFENTHRIN 10% EC	ROXSTAR	Insecticide
4	PYRIPROXYFEN 5%+DIAFENTHURON 25% SE	ROXYFIN	Insecticide
5	PYMETROZINE 50 WG	TROZAN	Insecticide
6	CAPTAN 70% + HEXACONAZOLE 5% WP	CAPZOLE	Fungicide
7	IMIDACLOPRID 0.3% GR	MANTRA GR	Insecticide
8	MYCORRHIZA GR (1Kg and 4 Kg)	HERARICH	Plant Growth
9	TEBUCONAZOLE 10% + SULPHUR 65% WG	ROLEX	Fungicide
10	PROPARGITE 57% EC	PRIDE	Miticide

IMPACT OF COVID 19:

Due to Covid-19 Pandemic, the Company’s operations were temporarily disrupted at manufacturing facilities and Sales Depots across the Country. However The Agrochemical industry was categorized under essential commodities and allowed to operate during the lockdown hence there is no major impact of Covid 19 on the business. At Factory, Steps were initiated to monitor and control the operations including the travel ban, thermal screening, sanitation and awareness campaigns have been conducted through video, mailers, posters, etc. The initial period (about a week) of lockdown operations were at a slow pace due to streamlining of processes by the Government authorities for movement of materials and personnel. Post this, operations are started improving on a week by week basis. Sales of goods are almost normal even in the initial period of lockdown. Heranba Team has exhibited very good teamwork to maintain and accelerate operations during these toughest days. There is no significant impact on the operations of Heranba and the Company is poised to generate growth in the operations.

The Factories and Depot were closed for short period during lockdown and thereafter opened with all safety, security and other measures / precautions as required by Government and Health advisories, for uninterrupted supply of essential commodities. All safety, security and other measures / precautions are taken at Factories, Depots and Offices as required by Government and Health advisories.

The Company was prompt to implement various measures to protect employees, communities, and operations from ensuring that the supply chain was not impacted. The Company also encouraged non-critical operations to work from home and carry out interactions electronically. Laptops/ Computers has been made available to Employees at their Home with ERP connectivity so that they could do the Work from Home without any problem. Full Salary was paid to the Employees without any cut.

The Company closely engages with suppliers, vendors and distributors to ensure that there is a minimal impact on business operations. Further, relationships with the domestic

manufacturers and distributors have helped the Company to sustain inventories in the pipeline during the lockdown period.

DIVIDEND:

Your Board of Directors has declared and paid an Interim Dividend @ ₹ 1.00 per equity shares (i.e. 10% of the face value) amounting to ₹ 39.05 million on August 21, 2020. The Board of Directors has recommended the final dividend of ₹ 0.70 Paise (Seventy Paise) per equity share (i.e. 7% of the face value) of the face value of ₹ 10.00 (Rupees Ten) each for the financial year ended March 31, 2021, subject to approval of the shareholders at the ensuing 29th Annual General Meeting (AGM). Dividend, if approved by the Shareholders at the ensuing Annual General Meeting will amount to ₹ 28.01 million. The Final Dividend shall be paid within 30 days of its declaration at the 29th AGM. Your company is in the growth phase with steady profits and looks forward to more such dividends in near future.

DIVIDEND DISTRIBUTION POLICY:

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') requires the top 1000 listed entities, based on market capitalization calculated as on March 31 of every Financial Year, to formulate a Dividend Distribution Policy and disclose the same in the Annual Report and on the website of the Company.

The Board of Directors of the Company has adopted a Dividend Distribution Policy, which aims to ensure fairness, sustainability and consistency in distributing profits to the Shareholders. The Policy is attached as "Annexure-I" and is also available on the website of the Company i.e., www.heranba.co.in under the Investors Relations-section.

TRANSFER TO RESERVES:

The Company has carried ₹ 50.00 million 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).

SHARE CAPITAL:

As on 31st March, 2021, the Authorized share capital of the company stood at ₹ 450.00 million divided into 4,50,00,000 (Four core and fifty lakh) equity shares of ₹ 10/- (₹ Ten) Each.

During the financial year under review the company has made **Initial Public Offering of 99, 71,937*** Equity Shares of face value of ₹ 10.00 each for **cash at a price of ₹ 627** each, aggregating to ₹ 6,252.40 million comprising the **Fresh Issue of 9,56,937 Equity Shares** and the **Offer for Sale of 90,15,000 Equity Shares** by the Selling Shareholders and complied with applicable laws, rules, regulations and guidelines.

As on 31st March, 2021, the issued, subscribed and paid up Equity share capital of your Company stood at ₹ 400.13 million divided into 4,00,13,467 (Four Crore Thirteen Four Hundred And Sixty Seven) Equity shares of ₹ 10/- (₹ Ten) each.

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-II 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.

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.

DEMATERIALIZATION:

As on 31st March, 2021, the 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 KD Practice Consulting Pvt Ltd. as the Internal Auditor 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, 2021 was ₹ 847.80 million (Previous Year ₹ 31.91 million) The Company's working capital management is based on a well-organized process of continuous monitoring and control on Receivables, Inventories and other parameters.

INSURANCE:

All properties and insurable interests of the Company including buildings, plant and machinery and stocks have been fully insured.

CREDIT RATING :

CRISIL Rating Limited (A Credit Rating Agency "CRISIL") has upgraded its ratings on the Total Bank Loan Facilities of Heranba Industries Limited to **CRISIL A/Stable/ CRISIL A1** as under:

Long -Term Rating	CRISIL A /Stable (Upgraded from CRISIL A-/Stable)
Short-Term Rating	CRISIL A1 (Upgraded from CRISIL A2+)

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	13
Audit Committee	7
Stakeholders' Relationship Committee	1
Nomination & Remuneration Committee	1
Corporate Social Responsibility committee	3
IPO Committee	1
Extraordinary General Meeting	1
Annual General Meeting	1
Class Meeting	NIL

DIRECTORS:

At the ensuing Annual General Meeting, **Mr. Raghuram K Shetty and Mrs. Vanita R Shetty** would retire by rotation and being eligible for the re-appointment, offers themselves for re-appointment.

KEY MANAGERIAL PERSONNEL(KMP) OTHER THAN DIRECTORS:

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.

- Mr. Maheshwar Vasant Godbole will retire from the post of Chief Financial Officer with effect from June 30, 2021.
- Mr. Rajkumar Bafna is appointed as Chief Financial Officer with effect from July 01, 2021.
- Mr. Abdul Latif – Company Secretary with effect from 21st 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:—

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- The directors had prepared the annual accounts on a going concern basis; and
- 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:

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 maybe 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 of the Directors has, on the recommendation of Nomination and Remuneration Committee approved and adopted the Evaluation Policy, Remuneration Policy and The criteria for determining qualifications, positive attributes and independence of a director. Based on the above policies and criteria, the Nomination and Remuneration Committee evaluated the performance of Individual directors. The Independent Directors at their separate meeting, also reviewed the performance of the non independent directors and Board as a whole and also review the performance of the Chairman and further assessed the quality of flow of the information between the Board and Management. In addition to the above evaluation, 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. The performance of Individual Director vis-à-vis Board and Committees found satisfactory.

VIGIL MECHANISM/WHISTLE BLOWER POLICY:

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 Company has a Fraud Risk and Management Policy to deal with instances of fraud and mismanagement, if any. The FRM Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

CODE OF CONDUCT:

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. The Company believes in "Zero Tolerance"

against bribery, corruption and unethical dealings / behaviours of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as “code of business conduct” which forms an Appendix to the Code. The Code has been posted on the Company’s website www.heranba.co.in.

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behavior from an employee in a given situation and the reporting structure.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were given appropriate training in this regard.

PREVENTION OF INSIDER TRADING:

In January 2015, SEBI notified the SEBI (Prohibition of insider trading) Regulations, 2015 which came into effect from May 15, 2015. Pursuant thereto, the Company has formulated and adopted a new Code for Prevention of Insider Trading.

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company’s shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

CORPORATE GOVERNANCE:

Your Company maintains the highest level of transparency, accountability and good management practices through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities.

The Board has also evolved and adopted a Code of Conduct as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 based on the principles of good Corporate Governance and Best Management Practices. The Code is available on the Company’s website i.e. www.heranba.co.in under “Investors Relation- Corporate Governance” Section.

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Report on Corporate Governance along with the Practising Company

Secretary’s Certificate confirming compliance with Corporate Governance norms is annexed to this Report.

CEO/CFO CERTIFICATION:

In terms of the Listing Regulations, The Certificate duly signed by Shri. Raghuram K. Shetty, Managing Director and Shri. Maheshwar Vasant Godbole, Chief Financial Officer (CFO), of the company was placed before the Board of Directors along with the Annual Financial Statement for the year ended March 31, 2021 at its meeting held on June 11, 2021. The said Certificate also annexed to the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report is given separately and forms part of the 29th Annual Report of the Company.

BUSINESS RESPONSIBILITY REPORT:

Business Responsibility Report as stipulated under Regulation 34 of the SEBI (LODR) Regulations, 2018 is annexed with this Board Report separately and available at the website of the Company i.e. www.heranba.co.in under “Investors Relation- Corporate Governance” Section

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE COMPANY’S FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT U/S 134 OF THE COMPANIES ACT, 2013:

Except as disclosed in the Report, there have been no material changes and commitments, affecting the financial, position of the Company between the end of the Financial Year till the date of this Report.

AUDIT COMMITTEE:

The Company has an Audit Committee in pursuance of 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

The term of reference and power of the Audit Committee is as per the provision of the Companies Act, 2013 read with SEBI(LODR) Regulation.

STAKEHOLDERS’ RELATIONSHIP COMMITTEE:

The Company has the Stakeholders Relationship Committee of the Board in pursuance of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, (“SEBI LODR Regulations”) read with Section 178 of the Companies Act, 2013.

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 term of reference and power of the Stakeholder Relationship Committee is as per the provision of the Companies Act, 2013 read with SEBI (LODR) Regulation.

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 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 term of reference and power of the Nomination and Remuneration Committee is as per the provision of the Companies Act, 2013 read with SEBI(LODR) Regulation.

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 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 term of reference and power of the CSR Committee is as per the provision of the Companies Act, 2013 read with SEBI (LODR) Regulation.

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.

At present the company has not identified any element of risk which may threaten the existence of the company.

INDUSTRIAL RELATIONS:

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

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 ₹ 35.51 million where as the total Amount required to be spent was ₹ 21.89 million for the financial year 2020-21. The detailed Report on CSR Activities is annexed as **Annexure-III**.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

A New Wholly Owned Subsidiary Company was incorporated in china under the name of Chang Zhou Heranba Crop Science and Technology Co., Ltd on (date). The Company shall subscribe to all the Share Capital of the aforesaid Subsidiary Company in China however till date the Company has not yet remitted the fund to subscribe to the Subscribed Capital of the aforesaid Subsidiary Company in China. A Statement containing basic financial details of this Company in Form AOC-I is annexed as **Annexure-IV**.

COMPUNDING OF OFFENCE:

There have been certain non-compliances in respect of company law related matters for which the Compounding applications was filed with Registrar of Companies which is pending as on the date of this report.

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 2020-21. 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-V**.

SECRETARIAL STANDARDS:

The Company has complied with the applicable secretarial standards issued by the Institute of Company Secretaries of India.

STATUTORY AUDITORS:

M/s N 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 2021.

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:

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

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-VI** and is attached to this Report.

The annual return of the company has been placed on the website of the company and can be accessed at www.heranba.co.in.

NON DISQUALIFICATIONS OF DIRECTORS:

None of the Directors on the Board of the Company for the Financial Year ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority. Practicing Company Secretary's Certificate confirming the above is annexed herewith as **Annexure-VII**.

STATUS OF LISTING FEES:

The shares of the company are continued to be listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

Listing Fees for the Financial Year 2021-22 have been duly paid to BSE and NSE, where Company's shares are Listed.

REGISTRAR AND SHARE TRANSFER AGENT:

M/s Big share Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri-East, Mumbai-400059 is the Registrar and Share Transfer Agent of the company for the physical as well as Demat shares. The members are requested to contact the Registrar directly for any of their requirement.

MATERIAL ORDERS PASSED BY REGULATORS, COURTS OR TRIBUNAL:

There were no significant or material orders passed by the Regulators, Courts or Tribunal which impact the going concern status of the Company and the Company's operations in future.

RESEARCH AND DEVELOPMENT AND QUALITY CONTROL :

The activities of R&D consist of improvement in the processes of existing products, decrease of effluent load and to develop new products and by-products.

The management is committed to maintain Quality control and it is the strength of the company. All raw materials and finished products dispatched and material at various stages of processing pass through stringent quality checks for better results and product.

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	31.03.2021	31.03.2020
(1) Electricity		
Purchased units	2,80,21,026	2,33,82,940
Total Amount (₹ in million)	216.04	177.94
Rate per Unit (in ₹)	7.71	7.61
(2) Own Generator		
Fuel (Diesel) units	84,85,182	77,91,386
Total Amount (₹ in million)	266.60	238.65
Rate per Liter (in ₹)	31.42	30.63

TECHNOLOGY ABSORPTION:

The technology required for the Company is available indigenously.

FOREIGN EXCHANGE EARNINGS & OUTGO:

(₹ in million)

Particulars	31.03.2021	31.03.2020
Earnings	5,479.11	4,691.52
Outgo	1,369.73	1,318.74

PARTICULARS OF EMPLOYEES

The Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules"), is appended as **Annexure-VIII** to this Report.

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: 11-06-2021

Place: Mumbai

Raghuram. K. Shetty

Managing Director

DIN: 00038703

Date: 11-06-2021

Place: Mumbai

Annexure I

DIVIDEND DISTRIBUTION POLICY

1. OBJECTIVE

The objective of this Policy document is to articulate HERENBA INDUSTRIES LIMITED'S Dividend Distribution Policy (DDP). This Policy applies to all types of Dividend declared or recommended by the Board of Directors of the Company and seeks to conform to the requirements of Section 123 of the Companies Act, 2013, the notified rules thereof and other such provisions.

2. PHILOSOPHY

At HERENBA INDUSTRIES LIMITED we respect, and are committed to, our role towards shareholders and meeting our obligations to the communities in which we do business. We believe that sustainable growth can be achieved by creating wealth and jobs, developing useful skills, and investing time and money in people. HERENBA INDUSTRIES LIMITED aims to share its prosperity with the shareholders by way of declaring dividend subject to liquidity and growth requirement.

3. THE REGULATORY FRAMEWORK

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 1000 Listed Companies in India as per Market Capitalization as on the preceding Financial Year shall formulate a dividend distribution policy. HERENBA INDUSTRIES LIMITED falls within the list of Top 1000 Listed Companies.

4. DEFINITIONS

Unless repugnant to the context:

4.1 "Act" shall mean the Companies Act, 2013 including the Rules made thereunder.

4.2 "Company or HERENBA INDUSTRIES" shall mean Herenba Industries Limited

4.3 "Chairman" shall mean the Chairman of the Board of Directors of the Company.

4.4 "Board" or "Board of Directors" shall mean Board of Directors of the Company.

4.5 "Dividend" shall mean Dividend as defined under Companies Act, 2013 or SEBI Regulations.

4.6 "SEBI Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued there under, including any statutory modifications or re-enactments thereof for the time being in force.

5. POLICY

5.1. Frequency of payment of dividend:

5.1.1 Herenba Industries Limited believes in rewarding its shareholders as and when the funds are available for

distribution as dividend and generally strive to recommend Final Dividend to the Members at the Annual General Meeting of the Company.

5.2. Internal and external factors that would be considered for declaration of dividend:

5.2.1 Herenba Industries Limited considers several Internal and External Factors before deciding declaration or recommendation of dividend.

5.2.2 The Internal Factors are adequacy of profits for last three years and likely profits for next year, allocation of funds towards capital expenditure and working capital requirements.

5.2.3 The External Factors that would impact dividend payout are alternative investment opportunities, interest rate on surplus funds, taxation on distribution of dividend and dividend payout ratios of comparable companies.

5.3. The financial parameters that will be considered while declaring dividends:

5.3.1 In order to maximize corporate value over the long term, internal capital resources will be secured for measures that will increase corporate value. These measures include investments in R&D and Capital Investments, which are vital to future business expansion.

5.3.2 After taking into consideration the required investments for future growth and the level of free cash flow, surplus will be distributed to the shareholders to the maximum extent possible.

5.4. The circumstances under which the shareholders can or cannot expect dividend:

In an event where Company has undertaken a significant project requiring higher allocation of capital or in event where the company's profits are inadequate or company makes losses, the Company would like to use the Company's reserves judiciously and not declare dividend or declare dividend lower than its normal rate of dividend.

5.5. Policy as to how the retained earnings will be utilized:

5.5.1 The Company would like to retain the balances in Reserves and Surplus to give the required strength to the balance sheet for exploring leverage options for supporting growth.

5.5.2 The Company would be very cautious in declaring dividend out of past profits and reserves.

5.6. Transfer of Profits to Reserves:

The Company will not transfer any amount to reserves unless there is statutory requirement.

5.7. Provisions regarding class of shares:

Currently, the Company has issued only Equity Shares and this Policy shall be applicable to Equity Shares. As and when the Company issues other kind of shares, the Board shall amend this Policy along with Rationale at the time or before issue of other class of shares.

6. Procedure

6.1 The Board of Directors of the Company will analyze all the parameters and recommend appropriate dividend.

6.2 The Company Secretary & Compliance Officer of the Company shall ensure compliance of Insider Trading Rules of the Company and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6.3 The Board of Directors shall approve the declaration or recommendation of Dividend after ensuring compliance of Act, SEBI Regulations and this Policy.

6.4 The Company shall ensure compliance of provisions of Act, SEBI Regulations and this Policy in relation to dividend.

7. DISTRIBUTION OF DIVIDEND**A) Periodicity:**

On Completion of Financial Year

The Board of Directors of the Company may recommend a Dividend for respective financial year and may be declared in the Annual General Meeting.

B) Dividend Entitlement

The members, whose name appear in the register of members as on the record date / Book Closure, shall be entitled for the dividend.

C) Mode of Payment

The payment of the dividend would be in cash:

- i) Through electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. for making payment of dividend. OR
- ii) Through issuance of 'payable-at-par' warrants/ cheques, in case where bank details are not available or the electronic payment instructions have failed or have been rejected by the bank,

D) Transfer to IEPF

The dividend remained unpaid and unclaimed for a period of 7 years (as per the provisions of Sections 124(5) of the Companies Act, 2013) shall be transferred to Investors Education and Protection Fund set up by the Government in that regard.

8. GENERAL

8.1 This Policy would be subject to revision/ amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs and/or Securities Exchange Board of India from time to time, on the subject matter.

8.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

8.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Annexure - II

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 with related parties at arm's length basis during the Financial Year ended 31st March, 2021:

RELATED PARTY(IES)-ENTITIES		(₹ in million)
(a)	Name(s) of the related party	Shakti Bioscience Limited
(b)	Nature of Relationship	A Company in which Directors are interested
(c)	Nature of contracts / arrangements / transactions	Purchase of goods/ job work/ other expenses
(d)	Duration of the contracts / arrangements / transactions	Yearly
(e)	Salient terms of the contracts or arrangements or transactions including the value, if any	32.23
(f)	Date(s) of approval by the Board	04.06.2020
(g)	Amount paid as advances, if any:	NIL

RELATED PARTY(IES)-INDIVIDUALS			(₹ in million)
(a)	Name(s) of the related party	Mrs. Shreya M. Shetty	Shriraj S Shetty
(b)	Nature of Relationship	Relative of Director	Relative of Director
(c)	Nature of contracts / arrangements / transactions	Professional Charges	Remuneration
(d)	Duration of the contracts / arrangements / transactions	Yearly	Yearly
(e)	Salient terms of the contracts or arrangements or transactions including the value, if any	1.80	1.45
(f)	Date(s) of approval by the Board	04.06.2020	04.06.2020
(g)	Amount paid as advances, if any:	NIL	NIL

For **Heranba Industries Limited**

Sadashiv.K .Shetty

Chairman

DIN: 00038681

Date: 11-06-2021

Place: Mumbai

Raghuram. K. Shetty

Managing Director

DIN: 00038703

Date: 11-06-2021

Place: Mumbai

Annexure - III

ANNUAL REPORT ON CSR ACTIVITIES-

Sr. No.	Particulars	Details						
1.	Brief outline of the Company CSR policy and projects or programs.	<p>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. The Company has carried the following CSR activities:</p> <ul style="list-style-type: none"> • Corrective Surgery - Cleft Lip /Cleft Palate • Distribution Of Appliances For Physically Impaired • Tree Plantation • Public Health • Donation to various NGOs 						
2.	Composition of the CSR Committee	<ol style="list-style-type: none"> 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.	₹ 1094.50 million						
4.	CSR Expenditure (2 % of the amount- column No.-3)	₹ 21.89 million						
5.	CSR Spent	<table border="1"> <tbody> <tr> <td>Amount required to be spent</td> <td>₹ 21.89 million</td> </tr> <tr> <td>Amount actually spent</td> <td>₹ 35.51* million</td> </tr> <tr> <td>Balance</td> <td>NIL</td> </tr> </tbody> </table>	Amount required to be spent	₹ 21.89 million	Amount actually spent	₹ 35.51* million	Balance	NIL
Amount required to be spent	₹ 21.89 million							
Amount actually spent	₹ 35.51* million							
Balance	NIL							
6.	Reasons for not spending the amount	N.A						

*It includes the balance amount of previous years.

For **Heranba Industries Limited**

Sadashiv.K .Shetty

Chairman

DIN: 00038681

Date: 11-06-2021

Place: Mumbai

Raghuram. K. Shetty

Managing Director

DIN: 00038703

Date: 11-06-2021

Place: Mumbai

Annexure - IV

FORM AOC-1

[AS ON 31st MARCH 2021]

(Pursuant to first provision to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate or joint ventures companies.

Part- A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sr. No.		
1.	Name of the subsidiary	CHANGZRHOU Heranba Crop Science and Technology Co Ltd
2.	The date since when subsidiary was acquired/incorporated:	July 18, 2019
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	N.A.
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	USD
5.	Share Capital (Authorized):	USD 160,000
6.	Reserves and surplus	0.00
7.	Total assets	0.00
8.	Total Liabilities	0.00
9.	Investments	0.00
10.	Turnover	0.00
11.	Profit before taxation	0.00
12.	Provision for taxation	0.00
13.	Profit after taxation	0.00
14.	Proposed Dividend	0.00
15.	Extent of shareholding (in percentage)	100%

Notes: The following information shall be furnished at end of the statement:

1. The Company has not yet subscribed the capital of aforesaid subsidiary.
2. The aforesaid subsidiary has not yet commence operations.
3. There is no subsidiaries which have been liquidated or sold during the year.

For **Heranba Industries Limited**

Sdashiv.K .Shetty

Chairman

DIN: 00038681

Date: 11-06-2021

Place: Mumbai

Raghuram. K. Shetty

Managing Director

DIN: 00038703

Date: 11-06-2021

Place: Mumbai

Annexure - V

[FORM NO MR -3]

Secretarial Audit Report for the Financial year ended 31st March 2021 Heranba Industries Limited (CIN: L24231GJ1992PLC017315)

[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

We have conducted the secretarial audit compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Heranba Industries Limited [CIN: L24231GJ1992PLC017315] (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 31st March, 2021, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by “the Company” for the financial year ended on 31st March, 2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made there under.
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- 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; **applicable to the Company as the company has Foreign Direct Investment during the year under review.**
 - a. The company was not require to complied with the provisions of the Companies Act, 2013 and Foreign Exchange Management Act and other applicable acts and rules and regulations made there under, as the company **has not invested in its Wholly Owned Subsidiary based in CHINA , named:**

Chang Zhou Heranba Crop Science and Technology Company Limited.
- v. As M/s Heranba Industries Limited having CIN: L24231GJ1992PLC017315 has listed **its shares on recognised stock exchange at BSE and NSE on 05/03/2021.** The following Regulations and Guidelines prescribed under Securities Exchange Board of India Act, 1992 (“SEBI Act”) are applicable to the company.
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not applicable as there was no reportable event during the financial year under review;**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014; **Not applicable as there was no reportable event during the financial year under review;**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable as there was no reportable event during the financial year under review;**
 - f. 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. **Not applicable as the company is not a RTA.**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable as there was no reportable event during the financial year under review;**
 - h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; **Not applicable as there was no reportable event during the financial year under review;**
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi. Management has identified and confirmed the following laws as being specifically applicable to the Company:

1. Financial and Other Laws applicable to the Company:

- a) The Income Tax Act, 1961;
- b) The Goods and Service Tax Act (“GST”)
- c) Trade Marks Act, 1999
- d) The Export (Quality Control And Inspection) Act, 1963
- e) Consumer Protection Act, 2019
- f) Bureau of Indian Standards Act, 2016
- g) The MSME Act
- h) Foreign Trade (Development and Regulation) act, 1992

2. Industry Specific Laws and Regulations applicable to the company:

- a) The Insecticides Act, 1968
- b) The Insecticides Rules, 1971
- c) The Draft Pesticides Management Bill, 2017
- d) The Legal Metrology Act, 2009;
- e) The Legal Metrology (Packaged Commodities) Rules, 2011;
- f) The Petroleum Act, 1934
- g) The Solvent, Raffinate and slop (Acquisition, Sale, Storage And Prevention Of Use In Automobile), Order, 2000;
- h) The Indian Explosives Act, 1884;
- i) The Poisons Act, 1919;
- j) The Indian Boilers Act, 1923;
- k) Shop And Establishment Act

3. Environmental Laws and Regulations applicable to the Company:

- a) Environment Protection Act, 1986
- b) Environment (Protection) Rules, 1986
- c) The Pollution Control Act, 1986

- d) Air (Prevention and control of Pollution) Act, 1981
- e) Water (Prevention and control of Pollution) Act, 1974
- f) Hazardous and other wastes (Management and Transboundary Movements) rules, 2016
- g) Water (Prevention & Control of Pollution) Cess Act, 1977
- h) Water (Control of Pollution) Cess Rules, 1978
- i) Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
- j) The Chemical Accident (Emergency Planning, Preparedness And Response) rules, 1996
- k) Public liability insurance act, 1991

4. Labour Law and Regulations applicable on the Company;

- a) The Factories Act, 1948
- b) Contract Labour (Regulation & Abolition) Act, 1970
- c) Industrial Employment (standing orders) Act, 1946
- d) POSH Act- prevention of sexual harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013
- e) Industrial (Development and Regulation) Act, 1951
- f) Minimum wages Act,1948
- g) The payment of wages Act, 1936
- h) Employees’ provident funds Act, 1952
- i) Employees state insurance Act, 1948
- j) Payment of Bonus Act, 1965
- k) Payment of Gratuity Act, 1976
- l) Equal Remuneration Act, 1976
- m) Professional tax Act
- n) Labour Welfare Fund
- o) National and festival holidays Act
- p) Maternity Benefit Act, 1961.
- q) The Child and Adolescent Labour (prohibition & regulation) Act, 1986

- r) The Employees' Compensation Act, 1923
- s) Inter State Migrant Workmen Act, 1979
- t) Labour Laws (simplification of procedure for furnishing returns & maintaining registers by certain establishments) Act, 1988
- u) Industrial Disputes Act, 1947

vii. The company has complied with the applicable rules, regulation and guidelines issued by the regulatory bodies from time to time with respect to **Import And Export of goods and materials.**

We have also examined the compliance with the applicable clauses of the following:

- a. Secretarial Standards with respect to Meetings of Board of Directors (SS-1), General Meetings (SS-2), Dividend (SS-3) issued by The Institute of Company Secretaries of India (ICSI);
- b. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

- i. The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors.
- ii. Adequate notice is given to all Directors to schedule 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 clarifications on agenda items before the meeting and for meaningful participation at the meeting;
- iii. All the decisions of the Board and Committees thereof were carried through with requisite majority.

We further report that:

Based on the detailed record provided on compliance mechanism Pursuant to section 123 of the Companies Act 2013 the company has declared **Interim Dividend during the year** and complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards as provided under the Act.

We further report that:

Based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines; and

- a. As informed, the Company has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary if any.

We further report that:

During the financial year under review, following events/ actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., have occurred:

- a. The company has made **Initial Public Offering of 99,71,937*** Equity Shares of face value of ₹ 10.00 each for **cash at a price of ₹ 627** each, aggregating to **₹ 6,252.40 Million** comprising the **Fresh Issue of 9,56,937 Equity Shares** aggregating to **₹ 600 million** and the **Offer for Sale of 90,15,000 Equity Shares** aggregating to **₹ 5,652.40 million** by the Selling Shareholders and complied with applicable laws, rules, regulations and guidelines.
- b. Pursuant to **Initial Public Offer of Equity Shares** and the Listing Agreement entered by the company with the **recognised stock exchanges, the company's equity shares got listed at BSE and NSE with effect from 05/03/2021.**

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

For **K.C. Suthar & Co.**
Company Secretaries

DATE: 11-06-2021
Place: Mumbai

K.C. Suthar
Proprietor
FCS: 5191
COP: 4075

UDIN: F005191C000493184

Annexure A

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

MANAGEMENT'S RESPONSIBILITY

1. It is the responsibility of management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

AUDITOR'S RESPONSIBILITY

1. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
2. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
3. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

DISCLAIMER

1. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For **K.C. Suthar & Co.**
Company Secretaries

DATE: 11-06-2021
Place: Mumbai

K.C. Suthar
Proprietor
FCS: 5191
COP: 4075
UDIN: F005191C000493184

Annexure - VII

CERTIFICATE ON NON DISQUALIFICATIONS OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The members
Heranba Industries Limited
Plot No 1504/1505/1506/1 Gidc,
Phase-III Vapi, Valsad,
Gujarat 396195, India

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HERANBA INDUSTRIES LIMITED having CIN L24231GJ1992PLC017315 and having registered office at PLOT NO 1504/1505/1506/1 GIDC, PHASE-III VAPI, Valsad, GUJARAT 396195, INDIA, produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr no.	Name of Director	Designation	DIN	Date of Appointment in Company*
1	Sadashiv Kanyana Shetty	Chairperson and Director	00038681	01/06/2018
2	Raghuram Kanyan Shetty	Managing Director	00038703	01/06/2018
3	Sujata S Shetty	Wholetime Director	00632563	01/06/2018
4	Vanita R Shetty	Wholetime Director	02493401	01/06/2018
5	Raunak R Shetty	Wholetime Director	08006529	04/12/2017
6	Kaushik H Gandhi	Independent Director	01265059	09/07/2018
7	Mulky V Shetty	Independent Director	08168960	09/07/2018
8	Anil Kumar M Marlecha	Independent Director	08193193	31/08/2018
9	Ganesh N Vanmali	Independent Director	07833853	31/08/2018
10	Nimesh S Singh	Independent Director	00062998	31/08/2018

*the date of appointment is as per the MCA Portal.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **K.C. Suthar & Co.**
Company Secretaries

DATE: 11-06-2021
Place: Mumbai

K.C. Suthar
Proprietor
FCS: 5191
COP: 4075

UDIN: F005191C000493151

Annexure - VIII

Disclosure required under section 197(2) of the companies act, 2013 read with rule 5(1) of the companies (appointment and remuneration of managerial personnel) rules, 2014

i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year ended 31st March, 2021.

Name of Director	Nature of Directorship	Ratio to median* remuneration of employees
Sadashiv K Shetty	Chairman	38.88
Raghuram K Shetty**	Managing Director	184.50
Sujata S Shetty	Whole Time Director	3.30
Vanita R Shetty	Whole Time Director	3.30
Raunak R Shetty	Whole Time Director	3.63
Kaushik H Gandhi	Non Executive Independent Director	0.25
Mulky V Shetty	Non Executive Independent Director	0.25
Anilkumar M Marlecha	Non Executive Independent Director	0.23
Ganesh N Vanmali	Non Executive Independent Director	0.25
Nimesh S Singh	Non Executive Independent Director	0.23

* Median salary of employees during
FY 2020-21: ₹ 4.00 Lacs p.a.
FY 2019-20: ₹ 3.67 Lacs p.a.

All the Non-executive Independent Directors were paid only sitting fees for attending the Board and Committee meetings. The Sitting fees was paid in accordance with the Companies Act.

ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year 2020-21

Name of Director	Nature of Directorship	% Increase (decrease) in the remuneration
Sadashiv K Shetty	Chairman	Nil
Raghuram K Shetty*	Managing Director	Nil
Sujata S Shetty	Whole Time Director	Nil
Vanita R Shetty	Whole Time Director	Nil
Raunak R Shetty	Whole Time Director	Nil
Kaushik H Gandhi	Non Executive Independent Director	Nil
Mulky V Shetty	Non Executive Independent Director	Nil
Anilkumar M Marlecha	Non Executive Independent Director	Nil
Ganesh N Vanmali	Non Executive Independent Director	Nil
Nimesh S Singh	Non Executive Independent Director	Nil
Maheshwar V Godbole	Chief Financial Officer	9.39
Abdul Latif	Company Secretary	8.02

III) THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR 2020-21: 8.99%

IV) THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF COMPANY AS ON MARCH 31, 2021: 601

Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. FY 2020-21 and its comparison with the percentile increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration:

Average percentile increase in salaries of employees other than Managerial Personnel is higher than average percentile increase in the managerial remuneration.

v) The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

vi) As per rule 5(3) of the Companies (Appointment and Remuneration) Rules, 2014, employees who draw salary exceeding the limit of ₹ 1.02 Crores is as follows:

There were no employees other than the followings who were in receipt of remuneration in excess of above specified limit during the year 2020-21.

Name & Age	Designation	Remuneration p.a. (₹ in million)	Qualification / Experience	Date of Joining	Previous Employment & Designation	Percentage of shares held	Relation to any Director or Manager
Sadashiv K. Shetty (67 Years)	Chairman	15.55	Bachelor's (physics and chemistry) and Master's (chemistry) degree Having experience of more than three (3) decades in agrochemicals industry	Since September, 1994	Previously associated with Sudarshan Chemical Limited, Gharda Chemical Limited, Hoechst Pharmaceuticals and Nirlon Limited.	18%	Brother- Raghuram K Shetty Wife:-Sujata K Shetty
Raghuram K. Shetty (62 Years)	Managing Director	73.80*	Bachelor's degree in economics, Diploma in export and import management Having experience of more than three (3) decades in agrochemicals industry	Since September, 1994	Own Business	29.61%	Brother- Sadashiv K Shetty Wife:-Vanita R Shetty Son: Raunak R Shetty

*Remuneration of Raghuram K Shetty includes the commission. The Commission was paid in accordance with the Companies Act.

Report on Corporate Governance

1. PHILOSOPHY:

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance even before they were mandated by the legislation. Transparency, integrity, professionalism and accountability - based values form the basis of the Company's philosophy for Corporate Governance. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations. Your company has fulfilled all the existing guidelines prescribed by the Securities and Exchange Board of India (SEBI) in chapter IV read with schedule V of SEBI(Listing Obligations and Disclosure requirements) Regulations, 2015.

2. BOARD OF DIRECTORS:

A) COMPOSITION, CATEGORY OF DIRECTORS AND THEIR OTHER DIRECTORSHIP AS ON MARCH 31, 2021

Name of The Director	Category of Directorship	No. of Directorship in other public Limited/ Private Companies	No. of shares held
Sadashiv K Shetty	Chairman & Executive Director)	3	7201796
Raghuram k shetty	Managing Director	3	11849946
Sujata S shetty	Executive Director [Woman Director]	1	3230400
Vanita R shetty	Executive Director [Woman Director]	Nil	2018000
Raunak R shetty	Non-Executive (Independent Director)	2	636250
Kaushik H Gandhi	Non-Executive (Independent Director)	1	Nil
Mulky V Shetty	Non-Executive (Independent Director)	Nil	Nil
Anilkumar M Marlecha	Non-Executive (Independent Director)	Nil	Nil
Ganesh N Vanmali	Non-Executive (Independent Director)	Nil	Nil
Nimesh S Singh	Non-Executive (Independent Director)	2	Nil

Note: Mr. Sadashiv k Shetty, Mr. Raghuram k Shetty, Mrs. Sujata S Shetty, Mrs. Vanita R Shetty and Mr. Raunak R Shetty are related to each other.

B) NUMBER OF BOARD MEETINGS

During the year ended March 31, 2021, **13 (Thirteen)** Meetings were held on below mentioned Date :

Sr. No.	Date of Board Meeting
1	June 04, 2020
2	August 21, 2020
3	September 09, 2020
4	September 23, 2020
5	November 27, 2020
6	December 04, 2020
7	February 10, 2021
8	February 15, 2021
9	February 22, 2021
10	February 26, 2021
11	February 27, 2021
12	March 02, 2021
13	March 16, 2021

C) DIRECTORS' ATTENDANCE RECORD:

Name of The Director	Board Meetings Attended during the year	Whether attended Last AGM
Sadashiv Kanyana Shetty	12	Yes
Raghuram Kanyan Shetty	12	Yes
Sujata Sadashiv Shetty	2	Yes
Vanita Raghuram Shetty	3	Yes
Raunak Raghuram Shetty	10	Yes
Mulky Vishwanatha Shetty	13	Yes
Anilkumar Mohanraj Marlecha	12	Yes
Kaushik Hasmukhlal Gandhi	12	Yes
Nimesh Sahadeo Singh	11	No
Ganesh Narayan Vanmali	13	Yes

3. COMMITTEES OF THE BOARD:

A) AUDIT COMMITTEE

i) Terms of Reference:

Apart from all the matters provided in regulation 18 of SEBI (Listing obligations and disclosure requirements) Regulation, 2015 and section 177 of the Companies Act 2013, the Audit committee reviews reports of the internal auditor, meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the company.

ii) Composition:

The Audit committee presently consists of three independent directors, Mr. Kaushik H Gandhi, Mr. Mulky V Shetty and Mr. Ganesh N Vanmali. Mr. Kaushik H Gandhi has been designated as chairman of the committee. The committee met **7 (seven)** times during the financial year ended March 31, 2021. The attendance record of the members at the meeting were as follows:

Name of The Member	Designation	No. of Meetings Attended
Kaushik H Gandhi	Chairman	7
Mulky V Shetty	Member	7
Ganesh N Vanmali	Member	7

B) NOMINATION & REMUNERATION COMMITTEE AND POLICY

The nomination & remuneration committee for nomination & remuneration of executive directors presently consists of three independent Directors viz. Mr. Kaushik H Gandhi, Mr. Mulky V Shetty and Mr. Anil Kumar M Marlecha.

Name of The Member	Designation
Kaushik H Gandhi	Chairman
Mulky V Shetty	Member
Anil Kumar M Marlecha	Member

The committee met **1 (One)** times during the financial year ended March 31, 2021. The attendance record of the members at the meeting were as follows:

Name of The Member	Designation	No. of Meetings Attended
Kaushik H Gandhi	Chairman	1
Mulky V Shetty	Member	1
Anil Kumar M Marlecha	Member	1

The details of remuneration for the year ended March 31, 2021 to the Executive Directors are as follows:

Name	Designation	Remuneration (₹ in million)
Sadashiv K Shetty	Chairman & Executive Director	15.55
Raghuram K Shetty	Managing Director	73.80*

Sujata S Shetty	Executive Director	1.32
Vanita R Shetty	Executive Director	1.32
Raunak R Shetty	Executive Director	1.45

*includes commission

The Company has paid sitting fees of ₹ 10,000/- per board meeting and ₹ 5,000/- per committee meeting to Non-Executive Independent Directors during the financial year 2020-21.

Policy for selection and appointment of directors and their remuneration.

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

Criteria of selection of Non Executive Directors

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- Qualification, expertise and experience of the Directors in their respective fields;
- Personal, Professional or business standing;
- Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees for participation in the Board meetings.

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CEO & Managing Director - Criteria for selection / appointment

For the purpose of selection of the CEO & MD, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the CEO & Managing Director

At the time of appointment or re-appointment, the CEO & Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the CEO & Managing Director within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the CEO & Managing Director comprises only of fixed component. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits.

Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the N&R Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

C) STAKEHOLDER'S RELATIONSHIP COMMITTEE

During the year 2020-21 the Stakeholders relationship committee that also acts as Share Transfer Committee met **1 (One)** times.

The attendance at the Shareholders/Investors Grievance Committee is given below:

Name of The Member	No. of Meeting Held	No. of Meeting Attended
Anil Kumar M Marlecha	1	1
Ganesh N Vanmali	1	1
Raghuram K Shetty	1	1

During the year 2020-21, 10 (Ten) Complaints were received from shareholders and investors, out of which 6 (six) has been resolved till March 31, 2021 and 4 (four) has been resolved thereafter. As on the date of this Report, no complaints is pending. All the complaints have generally been resolved to

the satisfaction of the complainants except for disputed cases and sub-judice matters, if any, which would be solved on final disposal by the courts/ forums where they are pending.

D) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

As required under section 135 of the Companies Act, 2013 the company has formed a CSR committee consisting of the following members:

Name of The Member	Designation
Mulky V Shetty	Chairman
Kaushik H Gandhi	Member
Sadashiv K Shetty	Member

The committee met **3 (Three)** times during the financial year ended March 31, 2021. The attendance record of the members at the meeting were as follows:

Name of The Member	Designation	No. of Meetings Attended
Mulky V Shetty	Chairman	3
Kaushik H Gandhi	Member	3
Sadashiv K Shetty	Member	3

Independent directors meeting:

During the year under review, the Independent Directors met on March 16, 2021, inter alia, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors;
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors were present at the meeting.

4. SHAREHOLDERS:

A (i) MEANS OF COMMUNICATION :

The Quarterly Un-Audited (Provisional) Results and the Annual Audited Financial results of the company are sent to the stock exchanges immediately after they are approved by the Board and are also published in one vernacular news paper viz. "Financial Express and Mumbai Lakshadeep" and in English news paper viz. "Financial Express Mumbai and Ahmadabad edition". Also they are uploaded on the company's website www.heranba.co.in The results are published in accordance with the guidelines of the Stock Exchanges.

(ii) In line with the exiting provisions of the Listing Agreement, the Company has created a separate e-mail address viz. compliance@heranba.com to receive complaints and grievances of the investors.

B. SHARE TRANSFERS AGENTS:

M/s. Big share Services Private Limited.,

1st Floor, Bharat Tin Works Building, Opp: Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai- 400059 Email : ipo@bigshareonline.com

C. SHARE TRANSFER SYSTEM:

Entire Share Capital of the Company are dematerialized and No shares are held in Physical mode.

D. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings are as under:

Financial Year	Date	Time	Venue
2019-20	September 28, 2020	11.00 A.M.	1504/1505/1506/1 gidc, phase- iii, vapi, valsad – 396195
2018-19	September 30, 2019	2.30 P.M.	1504/1505/1506/1 gidc, phase- iii, vapi, valsad – 396195
2017-18	August 31, 2018	2.30 P.M.	1504/1505/1506/1 gidc, phase- iii, vapi, valsad – 396195

Postal Ballot:

For the year ended March 31, 2021 there have been no ordinary or special resolutions passed by the Company's Shareholders through postal ballot.

5. ADDITIONAL SHAREHOLDERS INFORMATION:

Date, Day, Time and Venue of Annual General Meeting is given in the Notice of the Annual General Meeting

A) FINANCIAL CALENDAR

Financial Year: April 01 to March 31 for the financial year 2021-22, the tentative dates for declaration of Quarterly unaudited results will be, by July 31, 2021, October 31, 2021, January 31, 2022 and April 30, 2022.

F) DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021

Size Of holding	No. of Share Holders	*Percentage (%)	No. of Shares	Percentage (%)
1-5000	110906	99.17	3447448	8.61
5001-10000	508	0.45	383448	0.96
10001-20000	189	0.16	280302	0.70
20001-30000	73	0.06	185612	0.46
30001-40000	31	0.02	111348	0.27
40001-50000	20	0.01	91920	0.22
50001-100000	34	0.03	268758	0.67
100001-99999999	68	0.06	35244631	88.08
Total	111829	100.00	40013467	100.00

*The list of shareholders is non PAN based.

B) DIVIDEND PAYMENT DATE:

Dividend will be paid within 30 days of the approval of the same in the Annual General Meeting.

C) LISTING IN STOCK EXCHANGES AND STOCK CODES

The names of stock exchanges at which the equity shares are listed and respective stock codes are as under:

Name of the stock Exchanges	Stock Code No.
The Bombay stock Exchange	543266
The National Stock Exchange	HERANBA

The ISIN number allotted to the company for demat of shares are as under.

NSDL: INE694N01015

CDSL: INE694N01015

D) STOCK DATA:

High/Low of Market price of Company's equity shares traded on the **BSE** Ltd. During the financial year ended on March 31, 2021 was as follows:

Month	High	Low
March -2021	944.95	627.10

*The company is listed on Stock exchange with effect from 5th March 2021.

E) STOCK DATA:

High/Low of Market price of Company's equity shares traded on **National Stock Exchange**. During the financial year ended on March 31, 2021 was as follows:

Month	High	Low
March -2021	945.00	627.00

*The company is listed on Stock exchange with effect from 5th March 2021.

Share Holding Pattern:

Sr. No.	Category	No. of Shares	% of Share Holding
1	Promoters including Promoter Group	2,96,71,530	74.15%
2	Foreign Portfolio Investor	15,40,387	3.85%
3	Alternate Investment Fund	6,61,044	1.65%
4	Insurance Companies	6,57,113	1.64%
3	Mutual Fund	6,04,384	1.51%
4	Bodies Corporate(Indian)	548,393	1.37%
5	Individuals shareholders holding upto ₹ 2 Lakhs	42,83,082	10.70%
6	Individuals shareholders holding in excess of ₹ 2 Lakhs	15,48,134	3.87%
7	Clearing Members	2,94,643	0.74%
8	HUF	1,59,887	0.40%
9	Trust	23	0.00
10	NRI (Non Repatriable)	12,983	0.03%
11	NRI (Repatriable)	31,864	0.07%
TOTAL		4,00,13,467	100%

G) SHARES HELD IN PHYSICAL AND DEMATERIALIZED FORM: As on March 31, 2021, 100 % of shares were held in dematerialized form.

H) OUTSTANDING GDR'S/ADR'S/WARRANT'S/CONVERTIBLE INSTRUMENTS AND THEIR IMPACT ON EQUITY. NIL

I) PLANT LOCATION

- Unit-I-Plot No. 1504/1505,1506/1, at III Phase GIDC, Vapi, Taluka – Pardi, District – Valsad, Gujarat.
- Unit-II-Plot No. A-2/2214, A-2/2215, III Phase GIDC, Vapi, Taluka – Pardi, District – Valsad, Gujarat
- Unit –III/ Sarigam Unit-Plot No.2817/1, GIDC Sarigam, Taluka – Umbergaon, District – Valsad, Gujarat

J) ADDRESS FOR CORRESPONDENCE

101 / 102, KANCHANGANGA, FACTORY LANE, BORIVALI - WEST, MUMBAI 400092 MH Telephone: +91-22-28987912

E-Mail: compliance@heranba.com Website: www.heranba.co.in

K) SHARES HELD IN ELECTRONIC FORM

Shareholders holding shares in the electronic form may furnish their bank details, which they wish to incorporate on their dividend warrants, to their depository participants. As per the regulations of NSDL and CDSL the company is required to print the bank details on the dividend warrants, as furnished by these depositories to the Company.

6. DISCLOSURES:

The company has not entered into any transaction of a material nature with the Promoters, the Directors or the Management, their relatives etc. that may have any potential conflict with the interests of the company.

The company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last Quarter. There were no penalties imposed nor any strictures issued on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors have pleasure in presenting the management discussion and analysis report for the year ended on March 31, 2021 which is attached separately along with this Report.

CORPORATE SOCIAL RESPONSIBILITY.

The company has fully complied with the mandatory norms prescribed for contributions towards corporate social responsibility.

(A) Material developments in human resources/industrial relations front, including number of people employed.

As on March 31, 2021 the company had 650 (approximately) permanent employees at its manufacturing plant and administrative office.

The company recognizes the importance of human value and ensures that proper encouragement both moral and financial is extended to employees to motivate them.

The company has provided rent free accommodation to all its staff & workers adjacent to the factory premises of the company. The company enjoyed excellent relationship with workers and staff during the last year.

Cautionary Statement

The statements in the “Management Discussion and Analysis Report” section describes the Company’s objectives, projections, estimates, expectations and predictions, which may be “forward looking statements” within the meaning of the applicable laws and regulations. The annual results can differ materially from those expressed or implied, depending upon the economic and climatic conditions, Government policies and other incidental factors.

Certificate of Chief Executive Officer and Chief Financial Officer on Corporate Governance

The Board of Directors
M/s. Heranba Industries Limited

We have reviewed the financial statements and the cash flow statement of Heranba Industries Limited for the financial year 2020-21 and certify that:

- a) These statements to the best of our knowledge and belief:
 - I. Do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading;
 - II. Present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, there are no transactions entered into by the Directors and Senior Management Personnel during the year, which are fraudulent, illegal or Violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company for such reporting.
- d) We have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which we are aware of and the steps taken and/or proposed to be taken to rectify these deficiencies.
- e) We have also indicated to the Auditors and the Audit Committee.
 - I. Significant changes in Internal Controls with respect to financial reporting during the year.
 - II. Significant changes in accounting policies during the Year and these have been disclosed in the notes to the financial statements.
- f) To the best of our knowledge and belief, there are no instances of significant fraud involving either the management or employees having a significant role in the Company's internal control systems with respect to financial reporting.

Raghuram K Shetty
Managing Director
DIN: 00038703

Maheshwar Vasant Godbole
Chief Financial Officer

Date: 11-06-2021
Place: Mumbai

Certificate on Corporate Governance

To,
The Members
Heranba Industries Limited
Plot No 1504/1505/1506/1 Gidc,
Phase-Iii Vapi, Valsad,
Gujarat 396195, India

We have examined the compliance of the conditions of Corporate Governance by Heranba Industries Limited, CIN: L24231GJ1992PLC017315 for the year ended on March 31, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021.

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

For **K.C. Suthar & Co.**
Company Secretaries

DATE: 11-06-2021
Place: Mumbai

K.C. Suthar
Proprietor
FCS: 5191
COP: 4075
UDIN: F005191C000493195

Independent Auditor's Report

To the Members of HERANBA INDUSTRIES LIMITED

Report on the Audit of the 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, 2021, 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 (hereinafter referred to as "the financial statements").

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) prescribed under section 133 of the Act read with Companies Indian Accounting Standard Rules, 2015 as amended of the state of affairs (financial position) of the Company as at March 31, 2021, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

We have determined the matter described below to be the key audit matter to be communicated in our report,

Key audit matter	How our audit address the key audit matter
Revenue is measured net of discounts, incentives, rebates and sales return. Given the significant judgment required and complexity involved in estimating discounts, incentives, rebates and sales return, this is considered as a key audit matter. Due to the Company's presence across different locations and the competitive business environment, the estimation of various types of discounts, incentives and rebate schemes which are recognised based on sales made is considered to be complex and judgmental.	We performed following audit procedures: a) Obtained and reviewed schemes and policies relating to discounts, incentives, rebates and sales return; b) Evaluated the design and tested the operating effectiveness of Company's internal controls over discounts, incentives and rebates and sales return; c) Obtained location wise calculations for discounts, incentives and rebates accruals under applicable schemes. Verified on a sample basis and compared the accruals made with the approved schemes; d) Obtained and inspected, on a sample basis, supporting documentation for payment towards discounts, incentives and rebates during the year e) Analysed the historical trend of payments made towards discounts, incentives, rebates and that of sales return and compared actuals with accruals; and f) Assessed the adequacy of the disclosures as per the applicable Indian accounting standards.

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 (ICAI) 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 Standards on Auditing 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 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.

- Due to Covid-19 situation, there have been several restrictions imposed by the Central and State Government on travel, goods movement and transportation considering public health and safety measures. In this context, the audit has been done via virtual mode for few documents. Inspection of original or source document is commonly used tool for the auditor to test controls. In the current scenario this was done based on scanned / screenshot documents that were provided. A reliance has been placed on the management for authenticity of the data provided which is extracted from software and made available. We have applied our professional skepticism in the best possible manner. In the view of current situation, we believe the audit evidences provided were sufficient and appropriate to provide a basis of our opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 31st March, 2021 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 has been no delay in transferring 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

Place: Mumbai
Date: 11th June, 2021

Divakar Shetty
Partner
Membership No.: 100306
UDIN: 21100306AAAABD3124

Annexure “A” referred to in Independent Audit Report of even date to the members of Heranba Industries Limited on the Financial Statements for the year ended 31st March, 2021;

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 Property, Plant and Equipment ;
- b) The Company has a regular programme of physical verification of its Property, Plant and Equipment by which Property, Plant and Equipment are verified in a phased manner over a period of three years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain Property, Plant and Equipment were verified 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 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 is 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, during the year 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.
- (iv) Based on the information and explanation given to us in respect of the loans, investments, guarantees and

securities, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013.

- (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 in general during the year by the Company with the appropriate authorities.
- (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 2021 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 2021 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 (₹ in million)
Central Excise Act	Excise Duty and Penalty	Appellate Authority	2010-2011 to 2012-2013	12.33
			2010-2011 to 2013-2014	15.79
			2010-2011 to 2014-2015	134.26
VAT UP	VAT	Addl Commissioner - Appeals	2014-2015	2.25

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 borrowing from bank as at the balance sheet date.
- (ix) In our opinion, and according to the information and explanations given to us, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purposes for which they were obtained.
- (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

Place: Mumbai
Date: 11th June, 2021

Divakar Shetty
 Partner
 Membership No.: 100306
 UDIN: 21100306AAAABD3124

Annexure “B” referred to in our Independent Auditors Report of even date to the members of Heranba Industries Limited on the Financial Statements for the year ended 31st March, 2021;

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 March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE 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 Act.

AUDITORS’ RESPONSIBILITY FOR THE AUDIT OF THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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 Act, to the extent applicable to an audit of internal financial controls. 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 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 March 31, 2021, 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

Place: Mumbai
Date: 11th June, 2021

Divakar Shetty
Partner
Membership No.: 100306
UDIN: 21100306AAAABD3124

Balance Sheet

as at 31st March, 2021

(₹ in Million)

Particulars	Note No.	As at 31 st March, 2021	As at 31 st March, 2020
ASSETS			
Non-Current Assets			
(a) Property, plant and equipment	4	1,334.36	954.42
(b) Capital work-in-progress	4	96.95	377.72
(c) Financial assets			
(i) Investments	5	100.98	37.31
(ii) Other financial assets	6	241.71	84.27
(d) Deferred tax assets (Net)	17	10.20	-
(e) Other non-current assets	8	97.01	80.66
Total Non-Current Assets		1,881.21	1,534.38
Current Assets			
(a) Inventories	9	1,659.86	1,455.18
(b) Financial assets			
(i) Trade receivables	10	3,417.62	2,584.67
(ii) Cash and cash equivalents	11	847.80	31.94
(iii) Loans	11a	-	8.95
(iv) Other financial assets	6	19.97	17.17
(c) Other current assets	8	606.66	615.34
Total Current Assets		6,551.91	4,713.25
TOTAL ASSETS		8,433.12	6,247.63
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	400.13	390.56
(b) Other equity	13	4,881.21	2,817.93
Total Equity		5,281.34	3,208.49
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Other Financial Liabilities	15	66.41	61.45
(b) Provisions	16	22.43	6.49
(c) Deferred Tax Liabilities	17	-	16.09
(d) Other Non-current liabilities	19	11.71	2.28
Total Non-Current Liabilities		100.55	86.31
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	14	502.79	430.79
(ii) Trade payables	18	1,955.82	2,124.68
(iii) Other Financial Liabilities	15	283.27	139.31
(b) Current tax Liabilities (Net)	7	88.37	37.46
(c) Other current liabilities	19	159.73	163.19
(d) Provisions	16	61.25	57.40
Total Current Liabilities		3,051.23	2,952.83
Total Liabilities		3,151.78	3,039.14
TOTAL EQUITY AND LIABILITIES		8,433.12	6,247.63

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

Divakar Shetty

Partner

Membership No. 100306

S. K. Shetty

Chairman

DIN: 00038681

R. K. Shetty

Managing Director

DIN: 00038703

Place: Mumbai

Date: 11th June, 2021

Maheshwar V Godbole

Chief Financial Officer

Abdul Latif

Company Secretary

Statement of Profit & Loss

for the year ended 31st March, 2021

(₹ in Million)

Particulars	Note No.	As at 31 st March, 2021	As at 31 st March, 2020
I INCOME			
Revenue from Operations	20	12,186.47	9,513.74
Other Income	21	70.30	165.32
TOTAL INCOME		12,256.77	9,679.06
II EXPENSES			
Cost of materials consumed	22	7,783.39	6,397.80
Purchase of stock in trade		140.56	153.08
Changes in Inventories of Finished Goods and Work-in-Progress	23	(128.94)	(176.54)
Employee Benefits Expense	24	521.81	464.65
Finance Costs	25	53.97	88.36
Depreciation and Amortisation Expenses	26	146.87	82.03
Other Expenses	27	1,656.26	1,381.25
TOTAL EXPENSES		10,173.92	8,390.63
Profit before Tax		2,082.85	1,288.43
Tax Expense			
(a) Current Tax	7	567.00	336.10
(b) Deferred tax charge / (credit)	17	(26.98)	(24.24)
(c) (Excess) / Short provision for taxation in respect of earlier years	7	0.57	-
		540.59	311.86
Profit for the Year		1,542.26	976.57
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of the net defined benefit liability / asset		0.89	(5.76)
- Income Tax relating to items that may not be reclassified to profit and loss	17	(0.22)	1.45
Items that will be reclassified to profit or loss			
- Fair Value of Investment		3.65	2.08
- Time value of derivatives designated as cash flow hedges		(1.82)	-
- Income Tax relating to items that may be reclassified to profit and loss	17	(0.46)	(0.52)
Total other Comprehensive Income		2.04	(2.75)
Total Comprehensive Income for the year		1,544.30	973.82
Earning per equity share of nominal value of ₹ 10/- each (in Rupees)	28		
Basic and Diluted		39.41	25.00

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

Divakar Shetty

Partner

Membership No. 100306

S. K. Shetty

Chairman

DIN: 00038681

R. K. Shetty

Managing Director

DIN: 00038703

Place: Mumbai

Date: 11th June, 2021

Maheshwar V Godbole

Chief Financial Officer

Abdul Latif

Company Secretary

Cash Flow Statement

for the year ended 31st March, 2021

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
[A] CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	2,082.85	1,288.43
Adjustments for:		
Depreciation/Amortisation/Impairment of Property, Plant and Equipments	146.87	82.03
Dividend Income	-	(0.02)
Interest Income	(7.19)	(5.53)
Interest Expenses	53.97	88.36
Provision for Doubtful Receivables/Advances/Sundry balances written off	101.20	6.39
Fair value of Investment	(0.02)	0.02
(Profit)/Loss on sale of Property, Plant and Equipments (Net)	(0.45)	(0.27)
(Profit)/Loss on sale of Investments (Net)	(3.81)	-
Unrealised foreign exchange (gain)/loss (Net)	(41.77)	(64.34)
Remeasurement of the net defined benefit liability	0.89	(5.76)
Operating Profit/(Loss) before changes in working capital	2,332.54	1,389.31
Adjustment for (Increase)/Decrease in Operating Assets		
Adjustments for decrease (increase) in inventories	(204.68)	(316.23)
Adjustments for decrease (increase) in trade receivables, current	(898.33)	24.30
Adjustments for decrease (increase) in other current assets	8.67	3.98
Adjustments for other financial assets, non-current	(30.76)	(10.60)
Adjustments for other financial assets, current	(2.79)	(1.36)
Adjustment for Increase/(Decrease) in Operating Liabilities		
Adjustments for increase (decrease) in trade payables, current	(164.28)	(245.67)
Adjustments for increase (decrease) in other current liabilities	(10.41)	66.73
Adjustments for provisions, current	3.85	8.32
Adjustments for provisions, non-current	15.94	2.27
Adjustments for other financial liabilities, current	65.92	15.71
Adjustments for other financial liabilities, non-current	4.96	4.17
Cash flow from operations after changes in working capital	1,120.64	940.93
Net Direct Taxes (Paid)/Refunded	(516.65)	(398.84)
Net Cash Flow from/(used in) Operating Activities	603.99	542.09
[B] CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	0.62	0.32
Purchase of property, plant and equipment	(241.00)	(479.21)
Purchase of investment	(56.20)	(35.00)
Loans made to other parties	-	(8.95)
Proceeds from Loan	8.95	-
Dividends received	-	0.02
Interest received	7.18	5.11
Investment in Bank Deposit	(126.68)	(2.68)
Net Cash Flow from/(used in) Investing Activities	(407.13)	(520.39)
[C] CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuing shares	600.01	-
Proceeds from IPO towards Offer for sale of existing shareholders	5,652.38	-
Payments towards Offer for sale to existing shareholders	(5,577.05)	-
Net Proceeds from short term borrowings	71.56	(67.95)
Payments of finance lease liabilities	(5.18)	(0.59)
Payments of IPO Expense	(12.87)	-
Dividends paid	(58.58)	(47.09)
Interest paid	(51.27)	(83.79)
Net Cash Flow from/(used in) Financing Activities	619.00	(199.42)
Net Increase/ (Decrease) in Cash and Cash Equivalents	815.86	(177.72)
Cash & Cash Equivalents at beginning of period (see Note 1)	31.94	209.66
Cash and Cash Equivalents at end of period (see Note 1)	847.80	31.94

Notes:

(₹ in Million)

1 Cash and Cash equivalents comprise of:		
Cash on Hands	1.23	0.83
Balance with Banks	264.19	31.11
Restricted cash and cash equivalents	81.87	-
In deposit with maturity of less than three months	500.51	-
Cash and Cash equivalents	847.80	31.94

2 Figures of the previous year have been regrouped / reclassified wherever necessary.

3 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standards (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

Divakar Shetty
Partner
Membership No. 100306

S. K. Shetty
Chairman
DIN: 00038681

R. K. Shetty
Managing Director
DIN: 00038703

Place: Mumbai
Date: 11th June, 2021

Maheshwar V Godbole
Chief Financial Officer

Abdul Latif
Company Secretary

Statement of Changes in Equity

for the year Ended 31st March, 2021

A. EQUITY SHARE CAPITAL

(₹ in Million)

Particulars	Notes	Amount
As at 1st April, 2019	12	390.56
Changes in equity share capital		-
As at 31st March, 2020		390.56
Changes in equity share capital		9.57
As at 31st March, 2021		400.13

B. OTHER EQUITY

(₹ in Million)

Particulars	Reserves and Surplus				Other Comprehensive Income		Total
	Securities Premium reserve	Capital Redemption Reserve	General reserve	Retained Earnings	Fair valuation of Investment	Time value of derivatives designated as cash flow hedges	
Balance at 31st March, 2019	4.22	2.51	307.50	1,576.97	-	-	1,891.20
Profit for the year	-	-	-	976.57	-	-	976.57
Less : Capitalised for issue of Bonus shares	-	-	-	-	-	-	-
Items of Other Comprehensive Income: Fair Valuation of investment	-	-	-	-	1.56	-	1.56
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	(4.31)	-	-	(4.31)
Transfer (to)/from General Reserve	-	-	50.00	(50.00)	-	-	-
Dividend paid and tax thereon	-	-	-	(47.09)	-	-	(47.09)
Balance at 31st March, 2020	4.22	2.51	357.50	2,452.15	1.56	-	2,817.93
Profit for the year	-	-	-	1,542.26	-	-	1,542.26
Add: Increase in share premium	590.43	-	-	-	-	-	590.43
Less : IPO Expense (Net of Tax)	(12.87)	-	-	-	-	-	(12.87)
Items of Other Comprehensive Income: Fair Valuation of investment	-	-	-	-	2.73	-	2.73
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	0.67	-	-	0.67
Time value of derivatives designated as cash flow hedges	-	-	-	-	-	(1.36)	(1.36)
Transfer (to)/from General Reserve	-	-	50.00	(50.00)	-	-	-
Interim Dividend Paid and Tax thereon	-	-	-	(58.58)	-	-	(58.58)
Balance at 31st March, 2021	581.78	2.51	407.50	3,886.49	4.29	(1.36)	4,881.21

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

Divakar Shetty

Partner

Membership No. 100306

S. K. Shetty

Chairman

DIN: 00038681

R. K. Shetty

Managing Director

DIN: 00038703

Place: Mumbai

Date: 11th June, 2021

Maheshwar V Godbole

Chief Financial Officer

Abdul Latif

Company Secretary

Notes to the Financial Statements

for the year Ended 31st March, 2021

NOTE 1. COMPANY OVERVIEW

1.1 HERANBA INDUSTRIES LIMITED is a public limited company domiciled in India, incorporated in 1992 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 During the year ended March 31, 2021, the Company has completed the Initial Public Offer ("The Offer/IPO"). The issue size was ₹ 6,252.40 million (Fresh issue ₹ 600 Million and offer for sale 5652.40 million). Pursuant to the IPO, the equity shares of the Company have got listed on BSE Limited and NSE Limited on March 05, 2021.

1.3 The financial statements are approved for issue by the Company's Board of Directors on 11th June, 2021.

NOTE 2. 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 statement is 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 :

- a) Estimation of defined benefit obligation
- b) Impairment of financial asset such as trade receivables
- c) Impairment of Non- financial Assets
- d) Estimation of Tax Expense and Liability

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. 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.

II. 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'.

III. PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND DEPRECIATION / AMORTISATION

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
Electrical 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.

IV. 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 recognized 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 recognized and accumulated in OCI are not reclassified to Profit or Loss on derecognition.

B. Financial Liabilities

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

i) Recognition and Initial Measurement

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

ii) Classification and Subsequent Measurement

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

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

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.

D. Derivative financial instruments and Hedge Accounting:

Derivative financial instruments such as forward contracts to hedge its foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Statement of Profit and Loss in the period when they arise.

Derivatives are carried as Financial Assets when the fair value is positive and as Financial Liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedge which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or is treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a Non-Financial Assets or Non-Financial liability.

Cash Flow Hedge:

The Company designates derivative contracts or non-derivative Financial Assets/ Liabilities as hedging instruments

to mitigate the risk of movement in interest rates and foreign exchange rates for foreign exchange exposure on highly probable future cash flows attributable to a recognised asset or liability or forecast cash transactions

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in the cash flow hedging reserve being part of Other Comprehensive Income. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold or terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the underlying transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the underlying transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified in the Statement of Profit and Loss.

V. 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.

c. 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 date and adjusted to reflect the current best estimates.

VI. 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.

VII. 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.

VIII. 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 ₹ 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.

IX. BORROWINGS AND BORROWING COSTS

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

X. 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.

XI. 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.

XII. 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.

XIII. 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.

XIV. 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.

XV. 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.

XVI. Leases

Effective from April 1, 2019, the company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at end of the year, ended March 31, 2019 have not been retrospectively adjusted.

Measurement of Lease Liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is –

- 1) increased by interest on lease liability;
- 2) reduced by lease payments made; and
- 3) remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

Measurement of Right-of-use assets

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of

borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 for low value assets and short term leases has been adopted by Company.

NOTE 4. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

(₹ in Million)

Particulars	Leasehold land	Plant and Machinery	Buildings	Electrical Installation	Piping	laboratory equipments	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Right to use Asset	Total	Capital work-in-progress
Gross Carrying Value (At Deemed Cost)													
Balance at 1st April, 2019	74.21	826.15	75.54	35.94	56.57	7.20	6.14	8.48	33.82	7.52	-	1,131.57	159.70
Additions	318.40	180.09	6.05	7.77	-	3.75	0.05	0.22	3.85	-	4.93	525.11	218.02
Disposals	-	-	-	-	-	-	-	-	0.78	-	-	0.78	-
Balance at 31st March, 2020	392.61	1,006.24	81.59	43.71	56.57	10.95	6.19	8.70	36.89	7.52	4.93	1,655.90	377.72
Accumulated depreciation and impairment													
Balance at 1st April, 2019	10.05	425.18	57.92	26.94	47.15	6.58	5.75	8.04	25.47	7.10	-	620.18	-
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	0.73	-	-	0.73	-
Depreciation charge	4.06	67.22	1.69	3.39	1.02	0.77	0.07	0.07	2.44	0.01	1.29	82.03	-
Balance at 31st March, 2020	14.11	492.40	59.61	30.33	48.17	7.35	5.82	8.11	27.18	7.11	1.29	701.48	-
Net carrying value as on 31st March, 2020	378.50	513.84	21.98	13.38	8.40	3.60	0.37	0.59	9.71	0.41	3.64	954.42	377.72

Particulars	(₹ in Million)												
	Leasehold land	Plant and Machinery	Buildings	Electrical Installation	Piping	laboratory equipments	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Right to use Asset	Total	Capital work-in-progress
Gross Carrying Value (At Deemed Cost)													
Balance at 1 st April, 2020	392.61	1,006.24	81.59	43.71	56.57	10.95	6.19	8.70	36.89	7.52	4.93	1,655.90	377.72
Additions	6.36	187.20	226.24	69.77	-	5.55	1.14	2.41	2.52	4.23	21.56	526.98	96.95
Disposals	-	-	-	-	-	-	-	-	1.96	-	-	1.96	377.72
Balance at 31st March, 2021	398.97	1,193.44	307.83	113.48	56.57	16.50	7.33	11.11	37.45	11.75	26.49	2,180.92	96.95
Accumulated depreciation and impairment													
Balance at 1 st April, 2020	14.11	492.40	59.61	30.33	48.17	7.35	5.82	8.11	27.18	7.11	1.29	701.48	-
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	1.79	-	-	1.79	-
Depreciation charge	4.61	87.00	21.28	18.76	0.91	1.99	0.41	1.14	3.30	0.96	6.51	146.87	-
Balance at 31st March, 2021	18.72	579.40	80.89	49.09	49.08	9.34	6.23	9.25	28.69	8.07	7.80	846.56	-
Net carrying value as on 31st March, 2021	380.25	614.04	226.94	64.39	7.49	7.16	1.10	1.86	8.76	3.68	18.69	1,334.36	96.95

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 & 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.

4. During the year ABFL has released its charge on land at Sarigam (Further refer note 14D)

NOTE 5. INVESTMENTS

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Non Current		
Investments in equity instruments (un-quoted) At Deemed Cost		
2,000 (As at March 31, 2020, 2000) Equity Shares of The Shamrao Vithal Co-op. Bank Ltd.	0.05	0.05
1,000 (As at March 31, 2020, 1,000) Equity shares of Matrubhumi Co-op. Credit Society Limited	0.10	0.10
A)	0.15	0.15
Investments in equity instruments (At fair value through profit / loss) (quoted):		
41 (As at March 31, 2020) Equity Shares of United Phosphorus Ltd.	0.03	0.01
200 (As at March 31, 2020, 200) Equity Shares of Aditya Birla Money Ltd.	0.01	0.00
500 (As at March 31, 2020, 500) Equity Shares of Gujarat State Financial Corporation Ltd.	0.00	0.00
B)	0.04	0.01
Investments in Debt instruments (At fair value through OCI) (quoted):		
156351.222 Units of Aditya Birla Sunlife Mutual Fund (As at March, 31 2020, 76685.87) (Refer footnote 14D)	80.73	37.09
19,99,900.005 (As at March 31, 2020 NIL) Units of Baroda Banking & PSU Bond Fund	20.00	-
C)	100.73	37.09
Other Investment (un-quoted)		
National Savings Certificates [Lodged with Government Departments as security]	0.06	0.06
D)	0.06	0.06
Total Non Current Investments (A+B+C+D)	100.98	37.31
Aggregate amount of quoted investments	100.77	37.10
Aggregate amount of un-quoted investments	0.21	0.21

NOTE 6. OTHER FINANCIAL ASSETS

(₹ in Million)

Non-current

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Bank balances (Refer Footnote)		
- Deposits with maturity of more than twelve months	173.66	46.98
Security deposits	68.00	37.15
Advance Rental Credit	0.05	0.14
Total	241.71	84.27

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

Current		(₹ in Million)	
Particulars	As at 31st March, 2021	As at 31st March, 2020	
Security deposits	17.59	15.47	
Interest Accrued and Due	1.64	1.63	
Fair value of foreign exchange derivative assets	0.67	-	
Advance Rental Credit	0.07	0.07	
	19.97	17.17	

NOTE 7. CURRENT TAX LIABILITIES (NET)		(₹ in Million)	
Particulars	As at 31st March, 2021	As at 31st March, 2020	
Current tax assets	-	-	
Current tax liabilities	(88.37)	(37.46)	
Total	(88.37)	(37.46)	

Income Tax expenses		(₹ in Million)	
Particulars	As at 31st March, 2021	As at 31st March, 2020	
(a) Current Tax			
Tax for the year	567.00	336.10	
Tax in respect of earlier years	0.57	-	
Total Current Tax Expenses	567.57	336.10	
Deferred Tax Expenses	(26.98)	(24.24)	
Income Tax expense	540.59	311.86	

(b) Reconciliation of tax expense and the accounting profit multiplied by the Company's tax rate		(₹ in Million)	
Particulars	As at 31st March, 2021	As at 31st March, 2020	
Profit for the Year (Refer Note 39)	2,082.85	1,288.43	
Applicable Rate of Tax			
Income tax expense calculated at 25.168% (P.Y. @25.168%)	524.21	324.27	
Deductible (taxable) in calculating taxable income			
Effect of expenses that are not deductible in determining taxable profit	83.24	38.35	
Effect of expenses that are deductible in determining taxable profit due to timing difference	(41.22)	(27.51)	
Effect on deferred tax due to timing difference (Refer Note 17)	(26.98)	(24.24)	
Adjustments for current tax of prior periods	0.57	-	
Others	0.77	0.99	
Income tax expense	540.59	311.86	

NOTE 8. OTHER ASSETS

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Non-current		
Capital Advances (Unsecured, considered good)	97.01	80.66
Total	97.01	80.66
Current		
Advance to Suppliers (Includes advance to related party for ₹ NIL (P.Y. ₹ 70.87 Million))	38.83	75.87
Balance with Revenue Authorities	555.20	521.16
Other Advances		
Prepaid Expense	5.38	5.86
Others	7.25	12.45
Total	606.66	615.34

NOTE 9. INVENTORIES

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
As valued and certified by management		
Inventories (lower of cost or net realisable value)		
Raw materials (Includes Stock in transit ₹ Nil as at 31 st March 2021 (₹ 57.49 Million As at 31 st March 2020)	551.12	474.88
Work In Progress	116.67	69.14
Finished Goods (Includes Stock in transit ₹ 3.04 Million As at 31 st March 2021 (₹ 49.31 Million As at 31 st March 2020)	914.01	832.60
Packing materials	58.69	69.07
Stores And Spares	19.37	9.49
Total	1,659.86	1,455.18

NOTE 10. TRADE RECEIVABLES

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Unsecured but considered good	3,506.73	2,694.23
Trade Receivables which have significant increase in Credit Risk	171.10	70.25
Trade Receivables - credit impaired	-	-
Less: Impairment loss allowance	171.10	70.25
Less: Bills discounted	89.11	109.56
Total	3,417.62	2,584.67

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

NOTE 11. CASH AND CASH EQUIVALENTS

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Balances with banks:		
- in current accounts (includes ₹ 81.87 Millions in IPO Escrow Account)	346.06	31.11
- in deposit with maturity of less than three months	500.51	-
Cash on hand	1.23	0.83
Total	847.80	31.94

Note 11a Loans

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Loan to Related Party (Refer Footnote)	-	8.95
Total	-	8.95

Footnote:

The Company had a Interest bearing Loan outstanding of ₹ 8.95 Million as on 31st March 2020 to Insunt Trading Private Limited, a Company in which a Director of Heranba is interested as a Director and Shareholder. The Company had obtained the approval of the Shareholders by way of Special Resolution and complied all other condition of the Section 185 of the Companies Act, 2013. The entire loan amount was repaid during the FY 2020-21.

NOTE 12. SHARE CAPITAL

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Authorised Share Capital:		
4,50,00,000 (As at 31 st March, 2020: 4,50,00,000) Equity Shares of ₹ 10/- each	450.00	450.00
Issued and subscribed capital:		
4,00,13,467 (As at 31 st March, 2020: 3,90,56,530) Equity Shares of ₹ 10/- each fully paid up	400.13	390.56
	400.13	390.56

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

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Fully paid equity shares		
Balance at 1 st April, 2019	3,90,56,530	390.56
Increase/ (Decrease) during the year	-	-
Balance at 31st March, 2020	3,90,56,530	390.56
Increase/ (Decrease) during the year/Bonus shares	9,56,937	9.57
Balance at 31st March, 2021	4,00,13,467	400.13

b) Initial Public Offer

During the year the company completed the Initial Public offer ("the offer/IPO") of 99,71,937 Equity Shares of Face Value of ₹ 10/- each at a price of ₹ 627/- per equity share (including a premium of ₹ 617/- per share)

The offer comprised of a fresh issue of 9,56,937 equity shares aggregating to ₹ 600 million and an offer for sale of 90,15,000 equity shares aggregating to ₹ 5,652.40 million.

Of the Proceeds received from the Fresh issue of shares amounting to ₹ 600 millions after adjusting ₹ 17.20 millions towards Company's share of IPO expenses, has been used by the company for the working capital requirement of the company. Amount unutilised as on 31.03.2021 amounting to ₹ 500.51 million is kept as fixed deposit in bank.

c) 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 ₹ 312.45 Million (representing par value of ₹ 10 per share) was transferred from securities premium and retained earnings to the share capital.

d) 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.

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

(₹ in Million)

Particulars	As at 31 st March, 2021		As at 31 st March, 2020	
	No of shares held	% holding of this class of shares	No of shares held	% holding of this class of shares
Fully paid equity shares				
Mr. Sadashiv K. Shetty	72,01,796	18.00%	1,30,51,796	33.42%
Mr. Raghuram K. Shetty	1,18,49,946	29.61%	1,41,21,984	36.16%
Mrs. Sujata S. Shetty	32,30,400	8.07%	32,30,400	8.27%
Mrs. Vanita R. Shetty	20,18,000	5.04%	20,18,000	5.17%

NOTE 13. OTHER EQUITY

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Securities premium		
Balance at the beginning of the year	4.22	4.22
Add : Addition during the year	590.43	-
	594.65	4.22
Less : IPO expenses (Net of Tax) (Refer footnote)	12.87	-
Balance at the end of the year	581.78	4.22

Footnote:

The company has incurred during the year ₹ 179.19 million (net of GST) as IPO related expenses and allocated such expenses between the Company ₹ 17.20 million and selling Shareholders ₹ 161.99 million. Such amounts were allocated based on agreement between the various parties and in proportion to the total proceeds in the IPO . The Company's share of expenses ₹ 12.87 million (net of taxes) has been adjusted to security premium

The Company has issued and allotted during the year ended 31/03/2019, 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.

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
General reserve		
Balance at the beginning of the year	357.50	307.50
Add / (Less) :		
Additions During the year	50.00	50.00

Balance at the end of the year	407.50	357.50
Capital Redemption Reserve		
Balance at the beginning of the year	2.51	2.51
Add / (Less) :		
Transfer from Retain Earnings	-	-
Balance at the end of the year	2.51	2.51
Retained Earnings		
Balance at the beginning of the year	2,453.70	1,576.97
Profit For the Year	1,544.30	973.82
Less: Appropriation		
Transfer to general reserve	50.00	50.00
Dividend - equity shares	58.58	39.06
Tax on dividend	-	8.03
Balance at the end of the year	3,889.42	2,453.70
Total	4,881.21	2,817.93

Security Premium :

Security Premium represents the premium received on issue of shares. It can be utilised to pay-off equity related expenses or for issuance of bonus shares and its related issue expenses.

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up share capital of the Company for that year, then the total dividend distribution is less than total distributable reserve for that year. Consequent to introduction of the Companies Act 2013, the requirement to mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn. However the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Capital Redemption Reserve

Capital redemption reserve represents the amount of profits transferred from general reserve for the purpose of redemption of preference shares or for the buyback of shares.

NOTE 14. BORROWINGS

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Current		
Secured		
From Banks:		
- Cash Credit (Refer note A)	-	299.15
- Foreign Currency Loan (Refer note B)	303.11	-
- Packing Credit (Refer note C)	199.68	131.57
A	502.79	430.72
Unsecured, Considered Good		
Payable on demand (Interest free)	-	-
From Shareholders / Directors	-	0.07
B	-	0.07
Grand Total (A+B)	502.79	430.79

Notes**A. Cash Credit - Bank Of Baroda**

Sanctioned Limit ₹ 747.50 Million (Previous year NIL, Interest rate 9.90% p.a.)

Cash Credit - Corporation Bank 747.50

Sanction Limit NIL (Previous year ₹ 530.00 Million; Interest Rate 12.00 %)

Cash Credit - Syndicate Bank

Sanction limit NIL (Previous year ₹ 145.00 Million ;Interest Rate 11.95 %)

B. Foreign Currency Loan - Bank of Baroda :- is a sublimit sanctioned under overall Cash Credit limit of ₹ 747.50 Million (Previous year NIL, Interest rate ranging from 2.75% to 3.00% p.a.)

C. Packing Credit - Bank of Baroda

Sanctioned limit ₹ 200.00 Million Interest rate 1.52% p.a.

(Previous year from Corporation Bank sanction limit ₹ 140 Million ;Interest Rate 4.45 %)

Above cash credit and packing credit limits are secured by way of exclusive first charge on hypothecation of entire inventories, Book debts and other current assets present & future.

The above facilities are secured as follows,

- a. Pari pasu First charge on the current assets of the company.
- b. Parri pasu Equitable Mortgage of land, buildings and hypothecation of plant and machinery at factory at Vapi
- c. Joint and several guarantee by all directors of the Company in individual capacity. During the period Bank of Baroda has sanctioned to the company credit facilities totaling to ₹ 1600 Million by taking over credit facilities granted to the company by consortium of bankers namely Corporation Bank and Syndicate Bank amounting to ₹ 1207.10 Million with enhancement of ₹ 392.90 Million.
- d. During the previous year, related parties of the company namely Insunt Trading Pvt Ltd (Borrower) and Shakti Bio Science Limited (Co Borrower) along with the company as a co borrower had entered into an borrowing arrangement for a term loan of ₹ 350 Million with Aditya Birla Finance Limited (ABFL) ["The Lender"] to discharge the liabilities of Shakti Bioscience Limited to its Banker in its capacity as a Co-borrower (Balance outstanding as on 31/03/2021 for ₹ 288.70 Million (P.Y. ₹ 335.40 Million).

As a co borrower, Company has provided following security to the lender,

- i) Put option on the company, if default happens
- ii) Lien on units invested in Aditya Birla Sunlife Mutual Fund amounting to ₹ 75.01 Million.
- iii) First charge on Land situated at Sarigam
- iv) Personal Guarantee of Chairman and his family members.

Tenure of the loan is 60 months from date of first disbursement and Interest rate is 11.75% P.A.

During the year ABFL has released its charge on land at Sarigam and hypothecation on current assets and lien on Investment in Aditya Birla Sunlife Mutual Fund referred in Note 14(D)(ii) above. The Loan to ABFL is since repaid fully and the company has received No Due Certificate for the same on 28th April, 2021.

NOTE 15. OTHER FINANCIAL LIABILITIES

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Non-current		
Security Deposit from Dealers (Interest bearing @ 9% p.a)	66.41	61.45
Total	66.41	61.45
Current		
Interest accrued and due	34.98	32.28
Unclaimed/unpaid dividends	-	0.04
Other payables	248.29	106.99
Total	283.27	139.31

NOTE 16. PROVISIONS

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Non-current		
Employee Benefits		
Provision for leave benefit	22.43	6.49
	22.43	6.49
Current		
Employee Benefits		
Provision for Gratuity	54.25	43.79
Provision for leave benefit	7.00	13.61
Total	61.25	57.40

NOTE 17. DEFERRED TAX BALANCES (NET)

(₹ in Million)

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

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Deferred Tax Asset	38.27	4.57
Deferred Tax Liability	(28.07)	(20.66)
Total	10.20	(16.09)

2020 - 2021

(₹ in Million)

Particulars	Opening Balance	Recognised in profit or loss (Including OCI)	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax assets / (liabilities) in relation to:				
Property, Plant and Equipment	(20.66)	6.49	-	(27.15)
Provisions	3.41	(8.59)	-	12.00
Impairment Allowance for trade receivables	1.61	(23.86)	-	25.47
Fair Valuation of Investment	(0.52)	-	0.40	(0.92)
Time value of derivatives designated as cash flow hedges	-	-	(0.46)	0.46
Others	0.07	(0.05)	(0.22)	0.34
	(16.09)	(26.01)	(0.28)	10.20

2019-2020

(₹ in Million)

Particulars	Opening Balance	Recognised in profit or loss (Including OCI)	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax assets / (liabilities) in relation to:				
Property, Plant and Equipment	(48.53)	(27.87)	-	(20.66)
Provisions	5.31	1.90	-	3.41
Impairment Allowance for trade receivables	1.95	0.34	-	1.61
Fair Valuation of Investment	0.00	-	0.52	(0.52)
Others	-	-	(0.07)	0.07
	(41.27)	(25.63)	0.45	(16.09)

Note: Pursuant to notification of Taxation Laws (Amendment) Ordinance 2019, the company has opted to pay tax as per section 115BAA at the income rate of 22 percent (Plus applicable surcharge and cess). Consequently, during the year ended March 31, 2020,

the company has recognised the impact of remeasurement of net deferred tax assets / liabilities and the current tax charge. Accordingly the excess net deferred tax liabilities of ₹ 6.25 Million has been reversed during the year ended March 31, 2020.

NOTE 18. TRADE PAYABLES

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Total outstanding dues of micro enterprises and small enterprises	56.69	39.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,899.13	2,085.50
Total	1,955.82	2,124.68

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 :

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Principal	56.69	39.18
Interest	-	0.10
Interest paid by the buyer along with amount of payment made to the suppliers beyond the appointed day during the year.	0.02	-
Interest due and payable towards payments already made	-	0.85
The amount of interest accrued and remaining unpaid at the end of each accounting year, and	-	0.94
Further interest remaining due and payable in succeeding years, until such interest is actually paid	-	0.94

NOTE 19. OTHER LIABILITIES

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Non Current		
Lease Liability	11.71	2.28
Total	11.71	2.28
Current		
Advance against orders	77.11	98.52
Lease Liability	8.56	1.62
Other payables :		
Statutory liabilities	19.18	8.58
Employee Benefits Payable	54.88	54.47
Total	159.73	163.19

NOTE 20. REVENUE FROM OPERATIONS

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Sale from operations :		
Sale of Goods	11,859.41	9,172.97
Sale of Traded Goods	160.83	169.68
	12,020.24	9,342.65

Other operating revenue :		
Export Incentive (Refer Note 39)	166.23	171.09
Total	12,186.47	9,513.74

NOTE 21. OTHER INCOME

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Interest Income	7.19	5.53
Dividend Income	-	0.02
Foreign Exchange Fluctuation Gain (Net)	51.99	143.53
Gain/(Loss) Fair Valuation of Investment	0.02	(0.02)
(A)	59.20	149.06
Other gains and losses		
Surplus on sale of fixed assets	0.45	0.27
Profit on sale of investment	3.81	-
(B)	4.26	0.27
Miscellaneous income (C)	6.84	15.99
Total (A+B+C)	70.30	165.32

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.

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Revenue from customers	12,020.24	9,342.65
Other operating revenue	166.23	171.09
Total revenue from operations	12,186.47	9,513.74
India	6,378.08	4,822.22
Outside India	5,808.39	4,691.52
Total revenue from operations	12,186.47	9,513.74
Timing of revenue recognition		
At a point in time	12,186.47	9,513.74
Total revenue from operations	12,186.47	9,513.74

Contract Balances

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Trade Receivables (Gross) (refer note 10)	3,506.73	2,694.23
Contract liabilities		
Advance from customers (refer note 19)	77.11	98.52

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

As at 31 March 2021, ₹ 171.10 Millions (As at 31 March 2020 ₹ 70.25 Millions) 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 2020 ₹ 98.52 Millions (As at 31 March 2019 ₹ 47.03 Million)

Out of the total contract liabilities outstanding as on 31 March 2021, ₹ 77.11 million will be recognized by 31 March 2022.

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

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Contract Price	12,998.57	10,059.85
Less:		
Sales Returns	594.66	424.45
Discounts	217.44	121.66
Total Revenue from operations	12,186.47	9,513.74

NOTE 22. COST OF MATERIALS CONSUMED

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Opening Stock	543.95	413.74
Add : Purchases	7,849.25	6,528.01
Less : Closing stock	609.81	543.95
Total	7,783.39	6,397.80

NOTE 23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Opening Stock of Finished Goods	832.60	673.51
Opening Stock of Work In Progress	69.14	51.69
	901.74	725.20
Less : Closing Stock of Finished Goods	914.01	832.60
Closing Stock of Work In Progress	116.67	69.14
	1,030.68	901.74
Total	(128.94)	(176.54)

NOTE 24. EMPLOYEE BENEFITS EXPENSE

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Salaries, wages and bonus, etc.	479.94	445.90
Contribution to provident and other funds	12.94	5.18
Staff welfare expenses	28.93	13.57
Total	521.81	464.65

NOTE 25. FINANCE COSTS

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Interest on :		
- Cash Credits & PCFC	19.81	47.65
- Bill Discounting	1.67	5.73
- Interest on statutory Dues	0.67	3.65
Other interest expense	31.82	31.33
Total	53.97	88.36

NOTE 26. DEPRECIATION AND AMORTISATION

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Depreciation of property, plant and equipment	146.87	82.03
Total	146.87	82.03

NOTE 27. OTHER EXPENSES

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Consumption of Stores and Spares	226.57	264.19
Repairs & Maintenance to:		
- Machinery	35.90	25.32
- Building	0.62	5.54
- Vehicle	0.85	1.04
- Others	6.91	9.02
Insurance	19.72	11.25
Rent, Rates and taxes	15.23	28.69
Donations (It includes ₹ Nil (P.Y. 0.50 Million) paid to Political Party)	0.40	0.85
Allowances for doubtful debts	101.20	6.39
Payment to Auditor (Refer Note a)	4.05	1.50
Power and Fuel (Refer Note 39)	483.96	416.59
Freight (Refer note 39)	303.33	197.53
Corporate Social Responsibility	35.51	12.99
Other expenses	422.01	400.35
Total	1,656.26	1,381.25

a) Payment to Auditors

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
As Auditor :		
- Audit fees	3.25	1.20
In other capacity :		
- Other services (Certification fees)	0.80	0.30
	4.05	1.50

b) Corporate Social Responsibility

Gross Amount required to be spent during the year is ₹ 21.89 million/- (P.Y. ₹ 15.58 Million), the amount spent during the year on purpose other than construction/acquisition of asset is ₹ 35.51 million (P.Y. ₹ 12.99 million).

NOTE 28. EARNINGS PER SHARE (EPS)

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Basic and Diluted Earnings Per Share (in ₹)	39.41	25.00
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 (₹ in Millions)	1,542.26	976.57
Weighted average number of equity shares for the purposes of basic and diluted earnings per share (Nos. in Millions)	39.14	39.06

As per para 28 of Ind AS 33, Earnings Per Share, in a capitalisation or bonus issue or a share split, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented. Weighted average number of equity shares has been considered accordingly.

NOTE 29. DISCLOSURE RELATING TO EMPLOYEE BENEFITS AS PER IND AS 19 'EMPLOYEE BENEFITS'**A. Defined benefit obligation - Gratuity**

The Principal assumptions used for the purpose of the actuarial valuations were as follows,

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Discount Rate	6.86%	6.80%
Expected rate of salary increase	8.00%	8.00%
Expected average remaining service	11.00	11.10
Service cost		
Current service cost	9.07	7.51
Past service cost and (gain)/loss from settlement	-	2.76
Net interest expense	3.38	-
component of define benefit cost recognised in profit or loss	12.45	10.27
Actuarial (gains) / losses for the period		
Actuarial (gains) / losses arising from experience adjustments	(0.42)	0.47
Actuarial (gains) / losses arising from financial assumptions	(0.43)	4.94
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)	(0.04)	(0.34)
Component of defined benefit cost recognised in OCI	(0.89)	5.07
Total	13.34	5.20
Present value of funded define benefit obligation	82.15	57.60
Fair value of plan assets	(27.91)	(22.49)
Funded status	54.25	35.11
Net liability arising from define benefit obligation		
Movement in PV of defined benefit obligation		

Opening define benefit obligation	72.15	57.60
Current service cost	9.07	7.51
Interest cost	4.91	4.27
Remeasurement (gains) / (losses):		
Actuarial gains and losses arising from changes in demographic assumption		
Actuarial gains and losses arising from changes in financial assumption	(0.43)	4.94
Actuarial gains and losses arising from changes in experience adjustment	(0.42)	0.47
Past Service Cost -(vested benefits)		
Benefits paid	(3.13)	(2.64)
Closing define benefit obligation	82.15	72.15
Movements in fair value of plan assets		
Opening fair value of plan assets	22.49	18.41
Interest income	1.53	1.51
Return on plan assets (excluding amounts included in net interest expense)	0.04	(0.34)
Contribution from employer	6.98	5.56
Benefits paid	(3.13)	(2.64)
Closing fair value of plan assets	27.91	22.49

Asset Information:

Particulars	Total Amount
Gratuity Fund	
LIC of India	27.91

Expected Payout:

Particulars	PVO Payout
Year	
Expected Outgo First	9.57
Expected Outgo Second	4.69
Expected Outgo Third	4.50
Expected Outgo Fourth	5.63
Expected Outgo Fifth	6.46
Expected Outgo Sixth to Tenth Years	31.44

Sensitivity Analysis:

As of 31st March, 2021, every percentage point increase in discount rate will affect our gratuity benefit obligation ₹ 6.62 Million

As of 31st March, 2021, every percentage point decrease in discount rate will affect our gratuity benefit obligation ₹ 7.47 Million

As of 31st March, 2021, every percentage point increase in salary escalation rate will affect our gratuity benefit obligation ₹ 5.79 Million

As of 31st March, 2021, every percentage point decrease in salary escalation rate will affect our gratuity benefit obligation ₹ 8.06 Million

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.

Expected Contribution as on 31st March 2022 is ₹ 6.00 Million

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

- 1 Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
- 2 Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
- 3 Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
- 4 Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.
- 5 Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
- 6 Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

NOTE 30. OPERATING LEASE COMMITMENTS - COMPANY AS LESSEE

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

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
For a period:		
- Not later than one year	4.19	14.58
- Later than one year and not later than five years	-	5.93
- Later than five years	-	-

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
- d Insunt Trading P Ltd.

Key Management Personnel and their Relatives

- a Sadashiv K Shetty (Chairman and executive director) w.e.f. 01st November, 2018 (Earlier chairman and managing director)
- b Raghuram K Shetty (Managing director) w.e.f. 01st November, 2018 (Earlier whole time director)
- c Sujata S Shetty (Whole time and executive director) w.e.f 01st April, 2019
- d Vanita R Shetty (Whole time and executive director) w.e.f 01st April, 2019
- e Shiraj S Shetty
- f Raunak R Shetty (Whole time and executive director) w.e.f. 01st April, 2019
- g Shreya Shetty
- h Roshan R Shetty (resigned as director on 24th September, 2018)
- i Sadashiv Shetty - HUF
- j Raghuram Shetty - HUF
- k Maheshwar V Godbole (CFO) w.e.f. 24th September, 2018
- l Abdul Latif (Company Secretary) w.e.f 21st December, 2018

(₹ in Million)

Sr. No.	Nature of transaction	Key management personnel, their relatives	Enterprises over which key management personnel and their relatives exercise control
B.	TRANSACTIONS WITH RELATED PARTIES		
i.	Advance Given / Adjusted		
	Shakti Bioscience Limited	-	17.02
		(-)	(-)
	Sams Industries Limited	-	11.78
		(-)	(-)
	Insunt Trading P Ltd.	-	18.15
		(-)	(10.41)
	Advance Received / Adjusted		
	Insunt Trading P Ltd.	-	27.04
		(-)	(42.50)
	Sams Industries Limited		11.80
			(-)
ii.	Purchase of Goods / Jobwork / Other Expense		
	Shakti Bioscience Limited	-	32.23
		(-)	(54.75)
	Lease Rent		
	Heranba Agrosience Ltd.	-	-
		(-)	(0.49)
	Interest Paid		
	Insunt Trading P Ltd.	-	-
		(-)	(1.78)
	Professional Charges		
	Mrs. Shreya M. Shetty	1.80	-
		(1.80)	(-)
iii.	Interest Received		
	Insunt Trading P Ltd.	-	0.89
		(-)	(0.16)
iii.	Payment of Dividend		
	Interim Dividend		
	Sadashiv K Shetty	19.58	-
		(13.05)	(-)
	Raghuram K Shetty	21.18	-
		(14.12)	(-)
	Sujata S Shetty	4.85	-
		(3.23)	(-)
	Vanita R Shetty	3.03	-
		(2.02)	(-)
	Shriraj S Shetty	1.26	-
		(0.84)	(-)

Raunak R Shetty	0.95	-
	(0.64)	(-)
Shreya Shetty	1.41	-
	(0.94)	(-)
Roshan R Shetty	0.95	-
	(0.64)	(-)
Sadashiv K Shetty - HUF	0.48	-
	(0.32)	(-)
Raghuram K Shetty - HUF	2.07	-
	(1.38)	(-)
Sams Industries Limited	-	2.14
	(-)	(1.43)
iv. Remuneration of key management personnel		
Sadashiv K Shetty	15.55	-
	(17.85)	(-)
Raghuram K Shetty	73.80	-
	(75.26)	(-)
Sujata S Shetty	1.32	-
	(1.32)	(-)
Vanita R Shetty	1.32	-
	(1.32)	(-)
Shriraj S Shetty	1.45	-
	(1.28)	(-)
Raunak R Shetty	1.45	-
	(1.28)	(-)
Maheshwar V. Godbole	3.03	-
CFO	(2.77)	(-)
Abdul Latif	2.02	-
Company Secretary	(1.88)	(-)

C. OUTSTANDING AS AT BALANCE SHEET DATE

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
i. Receivables / (Payable)		
Heranba Agrosience Limited	-	(0.49)
Shakti Bioscience Limited	-	70.85
Sams Industries Ltd	-	0.03
Insunt Trading P Ltd.	-	8.95
ii. Guarantee given by Directors to Bank	676.80	581.57
iii. Security provide by the Company as a Co-borrower to Aditya Birla Finance Ltd.	288.75	335.42

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):

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
A Claims against the company not acknowledged as debts		
1 Guarantees issued by bank	84.90	41.29
2 In respect of security provided to Aditya Birla Finance Limited for Loan availed by related party (Refer Note 14)	288.75	335.42
3 Disputed Excise Duty/ Custom Duty Demands	162.38	162.38
4 Disputed VAT Liability - UP state (deposited against appeal ₹ 2.25 Million/-)	4.50	4.50
5 Export bills discounted with Bank	89.11	109.56
6 Pursuant to notice of demand dated 19/05/2021, received u/s 156 for the A.Y. 18-19, on completion of Assessment u/s 143(3), amounting to ₹ 46.85 million, the company has preferred to file an appeal with CIT (Appeals) before the due date of filing appeal.		
B Commitments		
Estimated amount of contracts remaining to be executed in Capital Account and not provided for (Net of Advance) i.e. the amount payable for the undelivered capital expenditure items.	76.39	171.52

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.

Derivative contracts outstanding

(₹ in Million)

Particulars	Currency	As at 31 st March, 2021	As at 31 st March, 2020
Forward contracts to sell USD	USD	5.56	-

Uncovered risks in foreign currency transactions disclosed as at:

(₹ in Million)

Particulars	Currency	As at 31 st March, 2021	As at 31 st March, 2020
Borrowing (PCFC)	USD	2.73	1.75
Bank (EEFC)	USD	4.15	-
Trade Receivable	USD	17.66	14.92
Trade Payable	USD	4.66	11.65

Sensitivity

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

(₹ in Million)

Particulars	As at 31 st March, 2021		As at 31 st March, 2020	
	5% Increase	5% Decrease	5% Increase	5% Decrease
USD (Receivables)	0.88	(0.88)	0.75	(0.75)
USD (Payables)	(0.58)	0.58	(0.67)	0.67
Increase/(Decrease) in Profit or loss (in USD)	0.31	(0.31)	0.08	(0.08)

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.

Hedge Accounting:

The Company's business objective includes safe-guarding its earnings against adverse price movements of foreign exchange. The Company has adopted a structured risk management policy to hedge all risks within an acceptable risk limit and an approved hedge accounting framework which allows for Cash Flow hedges. Hedging instruments include exchange traded forwards to achieve this objective

There is an economic relationship between the hedged items and the hedging instruments. The Company has established a hedge ratio of 1:1 for the hedging relationships.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows
- Different indexes
- The counterparties' credit risk differently impacting the fair value movements.

Movement in Cash Flow Hedge:

Sr. No.	Particulars	2021	2020	Line Item in Balance Sheet/ Statement of Profit and Loss
1	At the beginning of the year	-	-	
2	Gain/ (loss) recognised in other comprehensive income during the year.	(0.05)	-	Items that will be reclassified to Profit & Loss
3	Amount reclassified to Profit and Loss during the year	1.86	-	Value of Sale
4	At the end of the year	1.82	-	Other Comprehensive Income

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 up to 90 days except export receivables, if any.

Summary of company's exposure to credit risk by age of the outstandings from various customer is as follows (₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Not due	2,110.68	1,440.31
past due up to 90 days	889.55	652.92
Past due more than 90 days	677.60	671.25
Total	3,677.83	2,764.48
Less: Impairment Allowance	171.10	70.25
Total	3,506.73	2,694.23

Expected credit loss assessment for customers as at 31 March 2021

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.

(₹ in Million)

Particulars	Less than 1 year	1 to 5 years	Total
Year Ended 31st March 2021			
Borrowing	502.79	-	502.79
Trade Payable	1,955.82	-	1,955.82
Other Financial Liabilities	283.27	66.41	349.68
Year Ended 31st March 2020			
Borrowing	430.79	-	430.79
Trade Payable	2,124.68	-	2,124.68
Other Financial Liabilities	139.31	61.44	200.74

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

(₹ in Million)

Particulars	Year ended 31 st March, 2021	Year ended 31 st March, 2020
Revenue(Gross Sale)		
India	6,378.08	4,822.22
Overseas	5,808.39	4,691.52
Total	12,186.47	9,513.74
Non-current assets other than Financial Assets		
India	1,528.31	1,412.80
Overseas	-	-
Total	1,528.31	1,412.80

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

NOTE 35. FAIR VALUE MEASUREMENTS**I) FINANCIAL INSTRUMENT BY CATEGORY:**

(₹ in Million)

	31 st March, 2021				31 st March, 2020				Fair Value Hierarchy				Total		
	FVOCI		Amortised Cost		FVOCI		Amortised Cost		Level 1		Level 2			Level 3	
	FVTPL		FVTPL		FVTPL		FVTPL		Level 1	Level 2	Level 3	Level 1		Level 2	Level 3
Financial Assets															
Investments	100.73	0.04	0.21	37.09	0.02	0.21	100.77	-	100.77	37.10	-	-	-	-	37.10
Trade receivables	-	-	3,417.62	-	-	2,584.67	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	847.80	-	-	31.94	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	8.95	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	261.68	-	-	101.44	-	-	-	-	-	-	-	-	-
Total	100.73	0.04	4,527.31	37.09	0.02	2,727.22	100.77	-	100.77	37.10	-	-	-	-	37.10
Financial Liabilities															
Borrowings	-	-	502.79	-	-	430.79	-	-	-	-	-	-	-	-	-
Trade payables	-	-	1,955.82	-	-	2,124.68	-	-	-	-	-	-	-	-	-
Other Financial liabilities	-	-	349.68	-	-	200.75	-	-	-	-	-	-	-	-	-
Total	-	-	2,808.29	-	-	2,756.22	-	-	-	-	-	-	-	-	-

II) FAIR VALUE HIERARCHY:

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

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

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

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

III) THE COMPANY HAS FAIR VALUED ITS EQUITY INVESTMENT THROUGH PROFIT AND LOSS AND LIQUID INVESTMENT THROUGH OCI BASED ON QUOTED PRICES OF SUCH INVESTMENTS IN ACTIVE MARKET. HENCE IT FALLS UNDER

level 1 valuations technique.

NOTE 36. IND AS 116 LEASES

The Company's lease asset primarily consist of leases for for buildings (premises) for Depo and warehouses having various lease terms. The Company has adopted Ind AS 116, 'Leases', effective 1st April 2019, using modified retrospective approach, as a result of which comparative information are not required to be restated.

THE MATURITY ANALYSIS OF LEASE LIABILITIES ARE DISCLOSED AS FOLLOWS,

(₹ in Million)

Particulars	Less than 1 year	1 to 5 years	Total
As at March 2021			
Finance lease (Discounted)	8.56	11.71	20.27
As at March 2020			
Finance lease (Discounted)	1.62	2.28	3.90

THE BALANCE SHEET DISCLOSES THE FOLLOWING AMOUNTS RELATING TO LEASES:

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Lease Liabilities		
Current	8.56	1.62
Non Current	11.71	2.28
Amounts recognised in statement of profit and loss:		
Interest Expense included in Finance Cost	2.61	0.59

NOTE 37. 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 maximize 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

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Debt	502.79	430.79
Less: Cash and cash equivalents	847.80	31.94
Net Debt (A)	(345.01)	398.85
Equity Share Capital	400.13	390.56
Other Equity	4,881.21	2,817.93
Total Equity (B)	5,281.34	3,208.49
Debt Equity Ratio (A/B)	(0.07)	0.12

NET DEBT RECONCILIATION

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Cash and cash equivalents	847.80	31.94
Current borrowings	(502.79)	(430.79)
Non current borrowings	-	-
Interest on above borrowings	-	-
Lease Liability	(20.27)	(3.90)
Net debt	324.73	(402.75)

Particulars	Other assets		Liabilities from financing activities		Total
	Cash and cash equivalents	Current borrowings	Interest on above borrowings	Lease Liability	
Net Debt as at March 31, 2020	31.94	(430.79)	-	(3.90)	(402.75)
Acquisition of RoU asset	-	-	-	(21.56)	(21.56)
Cash flows	815.86	-	-	5.19	821.05
Net proceeds from Short term borrowing	-	(72.00)	-	-	(72.00)
Interest expense	-	-	19.81	2.61	22.42
Interest paid	-	-	(19.81)	(2.61)	(22.42)
Net Debt as at March 31, 2021	847.80	(502.79)	-	(20.27)	324.73

Particulars	Other assets		Liabilities from financing activities		Total
	Cash and cash equivalents	Current borrowings	Interest on above borrowings	Lease Liability	
Net Debt as at March 31, 2019	209.66	(498.74)	-	-	(289.09)
Acquisition of RoU asset	-	-	-	(4.93)	(4.93)
Cash flows	(177.71)	-	-	1.03	(176.68)
Net proceeds from Short term borrowing	-	67.95	-	-	67.95
Interest expense	-	-	47.65	0.59	48.24
Interest paid	-	-	(47.65)	(0.59)	(48.24)
Net Debt as at March 31, 2020	31.94	(430.79)	-	(3.90)	(402.75)

NOTE 38.

During the Financial Year 2019-20 the Company incorporated a company to be a wholly owned Subsidiary company namely CHANG ZHOU Heranba crop science and technology Co. Ltd in China having address at No.2 Building 53, Hengsheng Science Park, Tianning District, Changzhou City. As on reporting date i.e. 31/03/2021, the company has not contributed any amount towards capital of the subsidiary. Further, no shares have been allotted by the subsidiary to the company till reporting date.

NOTE 39.

Agro- chemical products being essential goods, the company continued to operate during lock down in the crisis situation of COVID-19, which has been declared as pandemic by World Health Organisation. The agro chemical is among the businesses that are least impacted due to COVID-19. The Company believes that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company. Further, the company is not expecting any significant change in estimates as of now as the company is running its business and operations as usual without any major disruptions.

NOTE 40. PRIOR PERIOD DISCLOSURE:

Following expenses have been reinstated in the previous year ended 31st March 2019 to give impact of prior period expense incurred during the year ended 31st March, 2020.

(₹ in Million)

Particulars	As at 31 st March, 2021	As at 31 st March, 2020
Freight Expense	-	1.03
Return of Export Incentive	-	7.23
Gas Expense	-	1.05
Total	-	9.32

Due to aforesaid expenses, profit for the previous year 2018-19 and closing retained earning has been reinstated to the extent of ₹ 9.32 million.

NOTE 41.

No significant subsequent events have occurred which may require adjustments to the balance sheet.

NOTE 42.

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

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

Place: Mumbai
Date: 11th June, 2021

S. K. Shetty
Chairman
DIN: 00038681

Maheshwar V Godbole
Chief Financial Officer

R. K. Shetty
Managing Director
DIN: 00038703

Abdul Latif
Company Secretary

HERANBA INDUSTRIES LIMITED

REGISTERED OFFICE

Heranba Industries Ltd.
Plot No. 1504/1505/1506/1,
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CORPORATE OFFICE

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