

July 31, 2023

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001,  <b>Scrip Code: 543266</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, 5 <sup>th</sup> Floor Plot no. C/I, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051.  <b>Symbol: HERANBA</b>
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Dear Sir/Madam,

**Sub: Submission of the Annual Report under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)**

Pursuant to Regulation 34(1) of the Listing Regulations, as amended, we attach herewith the Annual Report of the Company for the financial year 2022-23.

We inform that 31<sup>st</sup> Annual General Meeting of the Company for the F.Y. 2022-23 will be held on **Thursday, August 24, 2023 at 03.30 p.m.** (IST) through Video Conferencing (VC)/Other Audio Visual Means (OAVM) facility.

The said Annual Report is being sent through electronic mode to the shareholders of the Company and is also available on the website of the Company at the following link:

<https://www.heranba.co.in/wp-content/uploads/2023/07/Heranba-Industries-AR2023.pdf>

We request you to kindly take the above information on record.

Thanking you.

**For Heranba Industries Limited**

**Abdul Latif**  
**Company Secretary and Compliance Officer**  
**Membership No.: A17009**



# Perseverance in the Face of Challenges

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### Forward Looking Statement

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, FY23.



**Sadashiv K Shetty**  
Chairman and  
Executive Director

***"Our financial strength gives us the confidence to continue pursuing our long-term objectives, regardless of short-term headwinds."***

Learn more on [page 16](#)



**Raghuram K Shetty**  
Managing Director

***"Our efforts to tap new markets are progressing well, further supported by the Sarigam plant. We are actively pursuing product registrations for both technicals and formulations to strengthen our presence in international markets."***

Learn more on [page 18](#)



## Perseverance in the Face of Challenges

**Amidst a turbulent year of industry headwinds and a challenging market landscape, our unwavering resolve and resilience have shone brightly. As a distinguished manufacturer of agrochemicals and crop protection solutions, we have successfully confronted the ongoing obstacles faced by the entire agrochemical industry throughout the past year.**

At Heranba, our ability to weather the storm stems from a solid foundation built upon robust financial strength, fully integrated manufacturing infrastructure, and robust in-house research and development capabilities.



Learn more  
[www.heranba.co.in](http://www.heranba.co.in)

Through the relentless pursuit of enhancing our chemistry, we have consistently delivered innovative agrochemical solutions that cater to the ever-evolving needs of the agricultural sector. This unwavering commitment to advancements has garnered us a prestigious position in our industry.

Even during this downturn, we have remained resolute in pursuing our strategic initiatives. Our expansion projects moved ahead undeterred, investments in product development persevered, and our long-term vision stayed intact. Embracing that cycles are an intrinsic part of business, we steadfastly adhere to our vision, undeterred by transient market fluctuations.

One of the pillars bolstering our resilience is our robust capital structure, coupled with minimal debt. This financial fortitude grants us the freedom to think long-term, invest in research and development, and seize growth opportunities. By nurturing a future-oriented approach, we are primed to navigate market cycles and emerge even stronger.

**Our unwavering focus on strategic pursuits, even in the face of industry headwinds, epitomises our dedication to long-term growth. Going forward, we stand poised to perpetuate our trajectory of success, solidifying our position as a pivotal force within the agrochemical industry.**

About Heranba Industries

## Heranba Industries and its purpose

**Founded in 1992, Heranba Industries Limited (HIL) stands as a prominent player in the Indian agrochemical sector. Committed to empowering farmers and enhancing agricultural yields, HIL aims to deliver cutting-edge solutions by leveraging the power of chemistry.**

**Heranba Industries embodies the epitome of exceptional chemistry.**



<b>4</b> Manufacturing facilities across Gujarat	<b>70+</b> International presence across 70+ countries	<b>850+</b> Team strength across all functions
<b>60+</b> Active international customers*	<b>10,000+</b> Dealers across 19 states & UT	<b>41%</b> Revenue derived from robust exports
<b>892</b> Cumulative product registrations & 182 registration in pipeline	<b>16,224 MTPA</b> Aggregate capacity across 4 plants	<b>370+</b> Products commercialised till date

\*Institutional Customers includes Technical Exports, Technical Domestic, Branded Formulation and Public Health Clients

## Key Strengths of HIL



### Expansive presence across value chain

We have strategically positioned ourselves across the complete value chain of synthetic pyrethroids and other active ingredients in the agrochemicals sector. Manufacturing intermediates, technicals, and formulations, provides us flexibility and empowers us to adapt and optimise our product offerings according to market conditions, ensuring we meet the needs of our customers effectively.



### Extensive product registrations & international presence

With our product & technical strengths and collaborations with our international distribution partners, we have secured registrations for 892 products in 51 countries worldwide. This ability significantly aids us in expanding our global market presence, enabling us to effectively reach customers around the world.



### Robust domestic brand & product portfolio

We serve farmers across the country through our vast dealer network of over 10,000+ dealers and distributors (including dealers of the subsidiary company), supported by 21 stock depots strategically located across 19 states and union territory in India. This extensive distribution infrastructure ensures efficient and widespread availability of our products to meet the needs of our valued customers nationwide.



### Esteemed institutional clientele

Heranba Industries serves a wide range of domestic and multinational agrochemical companies globally, including UPL, Rallis, Tagros, Gharda Chemicals, ADAMA, Dhanuka, PI Industries, Meghmani, Sumitomo, Sulphur Mills, Biostadt India, Crystal Crop Protection, and more. This diverse customer base underscores our commitment to meeting the needs of the agrochemical industry while strengthening our presence in the global market.



### First-generation technocrat promoters & professional team

Heranba Industries has an optimum blend of youth and experience that is vital to the Company's growth and evolution. With the first-generation promoters boasting over 3 decades of hands-on experience in the agrochemicals sector, they bring valuable expertise & wisdom to the table. Additionally, the second generation of promoters has actively engaged in business operations and is carrying the baton forward, ensuring a seamless transition and continued success for the company.

Driven by the first-generation promoters Sadashiv K. Shetty and Raghuram K. Shetty, Heranba Industries embarked on its journey by initially manufacturing intermediates. Over time, their strategic foresight led the company to expand and diversify operations, encompassing the production of technicals and formulations. As a result, Heranba Industries has evolved into a prominent integrated player in the agrochemical industry, boasting a comprehensive presence throughout the entire value chain.

Our extensive range of pesticides comprises insecticides, herbicides, fungicides, and public health products designed for effective pest control. With an extensive understanding and expertise in agrochemicals, bolstered by robust manufacturing capabilities, a steadfast focus on research and development, and a wide-reaching network of dealers and distributors, we are poised to emerge as a formidable global force in the agrochemical sector.



## Our 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.



Robust Brand & Product Portfolio

# An expansive brand and product portfolio

Heranba takes immense pride in providing farmers with high-quality products & solutions that offer a diverse range of options, ultimately leading to enhanced crop yield and increased incomes.

Our comprehensive portfolio encompasses intermediates, technicals, and formulations, including public health products. Our public health offerings extend beyond agriculture and are supplied to pest control companies and various governmental health departments.

*Product Portfolio Highlights*

**892**  
Cumulative product registrations

**182**  
Product registrations in pipeline

*Registrations of manufacturing & sales in India*

**44**  
Technicals

*Registrations of manufacturing & sales for export markets*

**184**  
Technicals

**51 countries**  
Product registration across 51 countries

Key markets include India, Middle East, CIS, Asia, North America, South East Asia and Africa

**260**  
Formulations

**404**  
Formulations



## Brand Launches in FY23

HAURIS, FENAXYL, QUIZ, QUIZ SUPER, TRIANOL, MANTRA GR



## Top Selling Brands

ASTRON, ANIKA, PROGRESS PLUS, HERACLAIM, GLORY



## Intermediates

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

## Technicals

### Insecticides

- Cypermethrin
- Deltamethrin
- Alpha Cypermethrin
- Acephate
- Lambda Cyhalothrin
- Permethrin
- Profenophos
- Temephos
- Theta Cypermethrin
- Thiamethoxam
- Imidacloprid

### Fungicides

- Tricyclazole
- Hexaconazole
- Tebuconazole

### Herbicides

- Glyphosate
- Metribuzin
- Clodinafop
- Bispyribac Sodium

## Formulations

- Emulsifiable Concentrate (EC)
- Capsule Suspension (CS)
- Suspension Concentrate (SC)
- Oil Dispersion (OD)
- ZC Formulation
- Concentrated Aqueous Emulsions (EW)
- Suspension Concentrate (SC)
- Suspension Concentrate (SC)
- Water Dispersible Granule (WDG)

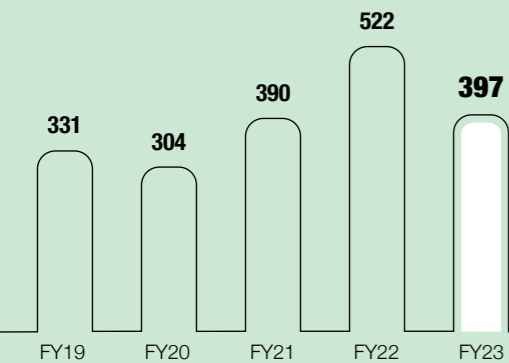
## Heranba's complementary business verticals



### Technicals (Domestic)

Our primary focus lies in the manufacturing and sale of technicals in bulk to both domestic and multinational agrochemical companies. These companies then utilise our high-quality technicals as raw materials to produce various formulations. By providing them with superior quality technicals, we enable our valued partners to develop and deliver effective formulations to meet the diverse needs of farmers and agricultural stakeholders.

**Sales**  
(In ₹ crore)



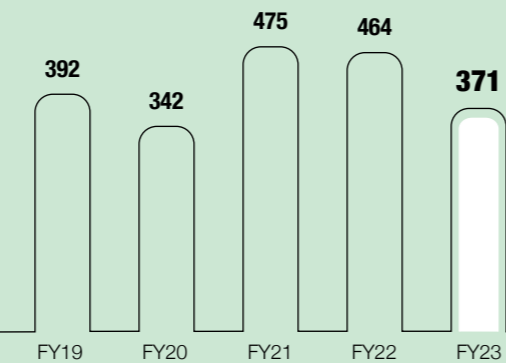
**Contribution**  
(In %)



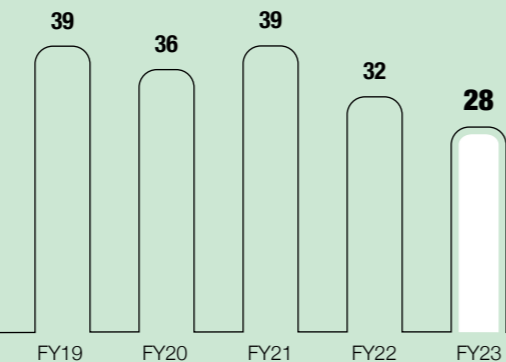
### Technicals (Exports)

Manufacturing technicals to cater to the export market is a key focus area for us. We supply technicals to agrochemical companies worldwide, having obtained the necessary approvals & registration for many products, and ensuring compliance with export market regulatory standards. Additionally, we are currently in the process of securing registrations for additional technicals, which will further expand our product offerings and enable us to meet the evolving demands of the international market.

**Sales**  
(In ₹ crore)



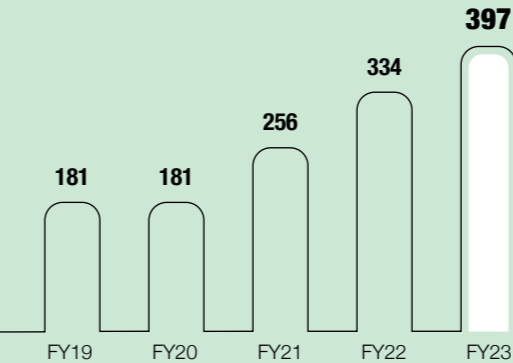
**Contribution**  
(In %)



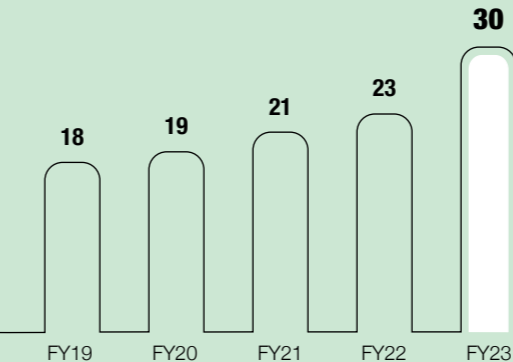
### Formulations (Branded)

Domestically, our branded insecticides, herbicides, fungicides, are effectively marketed through our extensive pan-India distribution network. In our robust distribution infrastructure, we have set up 21 depots located in 19 states and union territory, strategically positioned to efficiently serve our customers. Furthermore, our strong network comprises over 10,000+ dealers (including dealers of the subsidiary company), ensuring widespread availability of our products at retail touchpoints and providing farmers with convenient access to our diverse range of offerings.

**Sales**  
(In ₹ crore)



**Contribution**  
(In %)



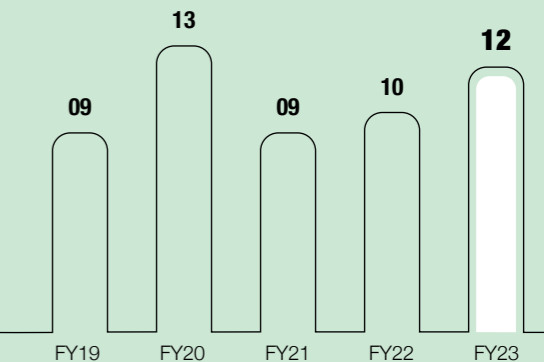
### Formulations (Exports)

Another area of operations for the Company is in the manufacturing of formulations dedicated to the export market, supplied to agrochemical companies worldwide. We have a robust portfolio of product registrations, and are actively working on securing further registrations for export markets, while also expanding our product portfolio to meet the evolving demands of global customers.

**Sales**  
(In ₹ crore)



**Contribution**  
(In %)



# Robust manufacturing infrastructure

In order to cater to a wide range of customers both domestically and internationally, the Company has established a robust manufacturing infrastructure capable of efficiently catering large volumes and intricate processes.

Heranba's cutting-edge manufacturing facilities are equipped with state-of-the-art technology and staffed with highly skilled experts, ensuring the production of top-notch products. Our manufacturing prowess encompasses four distinct units, adept at handling diverse chemistries and a multitude of reactions.



**4**  
Manufacturing facilities

**16,224 MTPA**  
Aggregate manufacturing capacity

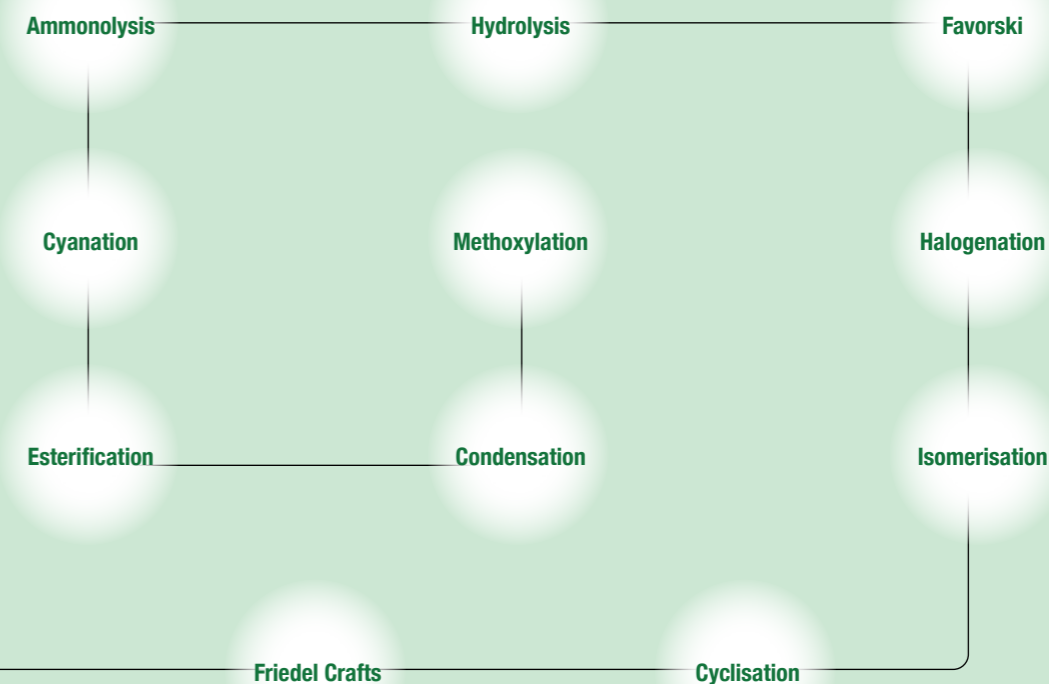
**249**  
Reactors installed across 4 facilities

**42,502 SQ MT**  
Total area in use

**1,37,416 SQ MT**  
Additional area available for expansion

## Key reaction capabilities

We possess exceptional chemical competency with the ability to deliver diverse & complex chemical reactions through our state-of-the-art facilities.



## Manufacturing Infrastructure (Continued)

**UNIT- I GIDC, Vapi**

- Heranba's first facility to manufacture various technical grade Synthetic Pyrethroids and Organophosphorus products and their intermediates
- Large scale manufacturing unit for insecticides, herbicides, fungicides & their intermediates
- ISO 14001:2015 certified unit with a large-scale production house

**UNIT- II GIDC, Vapi**

- Manufacturing Cypermethric Acid Chloride (CMAC) and all other Isomers/derivatives of CMAC as per internal & customer requirements
- Manufactures Cypermethrin and Alpha Cypermethrin technicals
- Recently acquired an industrial plot adjacent to the existing site to enhance its production capacities and upgrade Unit II's environmental pollution control facilities

**UNIT- III GIDC, Sarigam**

- ISO 9001: 2015 certified facility equipped with modern formulation and packing facilities capable of handling large capacities of liquid, powders and granules
- It specialises in various formulations such as EC, SC, SL, SE, EW, CS, ZC, FS, SP, WP, WS, and WDG
- Recently, also installed setup of spray drying facilities for WDG formulations for various formulations of sulphur such as WDG and specific combination formulations of sulphur such as Sulphur/Imidacloprid 70 WG/COC WG, Sulphur/Tebuconazole, and other such spray-dried granulated products
- Equipped with a rooftop solar plant that generates 185.0 KW per annum energy, utilised for captive consumption
- The new technical plant at Sarigam is intended to cope with the increasing demand for different segments including branded, bulk and exports
- The Company expects to commission additional capacity of technicals and their intermediates by end of Q2FY24

**UNIT- IV GIDC, Vapi**

- Unit-IV is the Company's facility to manufacture Liquid Bromine, Phenol, Ammonium Chloride Powder, Poly Ammonium Chloride and Powder, Copper Hydroxide, Bromobenzene, Pure Benzene
- The commercial production from this Unit-IV commenced in FY22. This facility is in line with the Company's commitment and promises towards fostering sustainable growth
- This site has a large volume production facility to produce the highest purity products from by-products and Intermediates, which have agrochemical applications
- This facility enables the Company to become self-dependent, mainly for Bromine recovery, without relying on external job workers

**Saykha**

- The Company possesses a decent land parcel at Saykha for expansion of its current operations
- It has already received an EC from the Ministry of Environment, Forest & Climate Change, Government of India to set up its manufacturing unit with an annual capacity of 10,680 MTPA at the Saykha site
- It has also received a Consent to Establish ("CTE") from the Gujarat Pollution Control Board ("GPCB") for the manufacturing of pesticides, intermediates, fungicides, herbicides and insecticides
- In addition to the above, the Company has also acquired two additional industrial plots at Saykha Industrial Estate for further expansion of its manufacturing units. Out of this one unit has already received Consent to Establish a plant from Gujarat Pollution Control Board



R&D Capabilities

# The foundation of Heranba

With a strong commitment to research and development (R&D), Heranba excels in harnessing new technologies to continuously improve our production processes, achieve unparalleled efficiencies, and elevate the quality of our existing products, while also working on commercialising new molecules.

Our dedicated team of chemists, engineers, and scientists work tirelessly to push the boundaries, driving forward our mission to deliver innovative solutions that meet the evolving needs of our customers. Whether it's enhancing the performance of our current products or spearheading the commercialisation of new molecules, our R&D capabilities are at the forefront of our success.

**3**  
Dedicated state-of-art R&D centres

**25**  
R&D team strength consisting of scientist, engineers and chemists

**₹3.9 crore**  
R&D spends in FY23

The Company's commitment to long-term sustainability and market preeminence rests on its continuous innovation, and its ability to develop and deliver products that meet a wide range of customer needs, ensuring consistent growth in scale of operations.

To achieve this, the Company has allocated substantial resources to its advanced R&D facilities, and employed them with exceptional talent. These facilities focus on developing more efficient manufacturing processes for the active ingredients and intermediates used in herbicide, insecticide, and fungicide products. Additionally, it explores development of new innovative formulations for crop protection products.

The R&D centre has been accorded the recognition by Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, Government of India, overseeing the standard of R&D establishments in India. We also have the certifications of ISO-9001: 2015 QMS, ISO-14001:2017. Further, the analytical laboratory has been accredited by NABL under ISO/IEC-17025:2017.


As part of a pilot project, a formulation development lab has been established with state-of-the-art equipment, including a bead mill, air jet mill, extruders, and fluidized bed dryer. The R&D facilities at Units I and II have also been acknowledged by the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India.

In 2020, the Company's new R&D facility at Unit III became operational, equipped with the latest technologies, equipment and processes. This facility enables comprehensive research on active ingredients and formulations, particularly for export markets. Ongoing tests are being conducted on fungicide products effective for rice, fruits, and vegetables, as well as herbicides and insecticide products that exhibit effectiveness on soybean, maize, rice, cotton, groundnut, and sugarcane.

Our research and development endeavours are bolstered by a team of highly qualified experts and scientists. Equipped with cutting-edge equipment and technology, they collaborate synergistically to enhance existing products and pioneer new ones.

**R&D focus area in FY23**

In FY23, our R&D team worked on developing three herbicides, three fungicides, and three insecticides. Three of these compounds are being developed for sales in export markets such as the USA & Brazil.




## Key R&D focus areas

- 01

**New product development**
- 02

**Improving process efficiencies**
- 03

**Enhancing existing product quality**

## Quality control laboratory

All three of our units are equipped with independent and fully-functional quality control laboratories. These labs play a crucial role in consistently monitoring the quality and consistency of raw materials, in-process materials, and finished goods. To maintain the highest standards of quality, we employ advanced equipment such as High-performance Liquid Chromatography (HPLC), Gas chromatograph (GC), UV spectrophotometer, Moisture analyzer, Particle Size analyzer, and Electron Microscopes.

Our quality control laboratories conduct comprehensive tests, including classical methods such as melting and boiling point tests, as well as chemical analysis of the materials. These tests ensure that our products meet the stringent quality requirements.

Moreover, we place a particular emphasis on our export markets, and our labs enable us to identify and quantify impurities accurately. This capability is crucial for meeting the specific demands of the export business vertical.

By leveraging our state-of-the-art equipment and rigorous testing protocols, we can guarantee the precision and reliability of our products, reinforcing our commitment to delivering the highest quality standards to our customers.

Geographical Presence

# Reaching customers far and wide

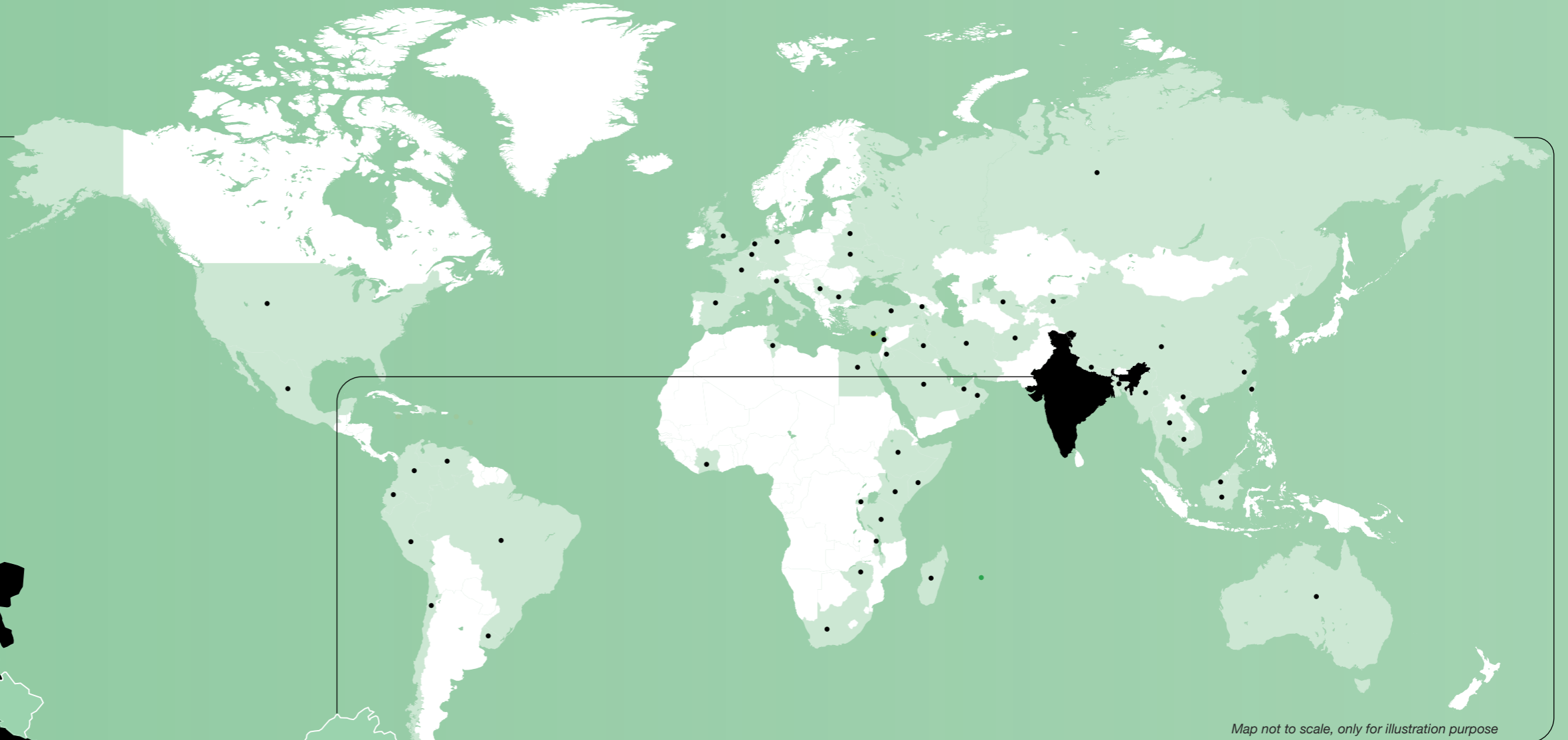
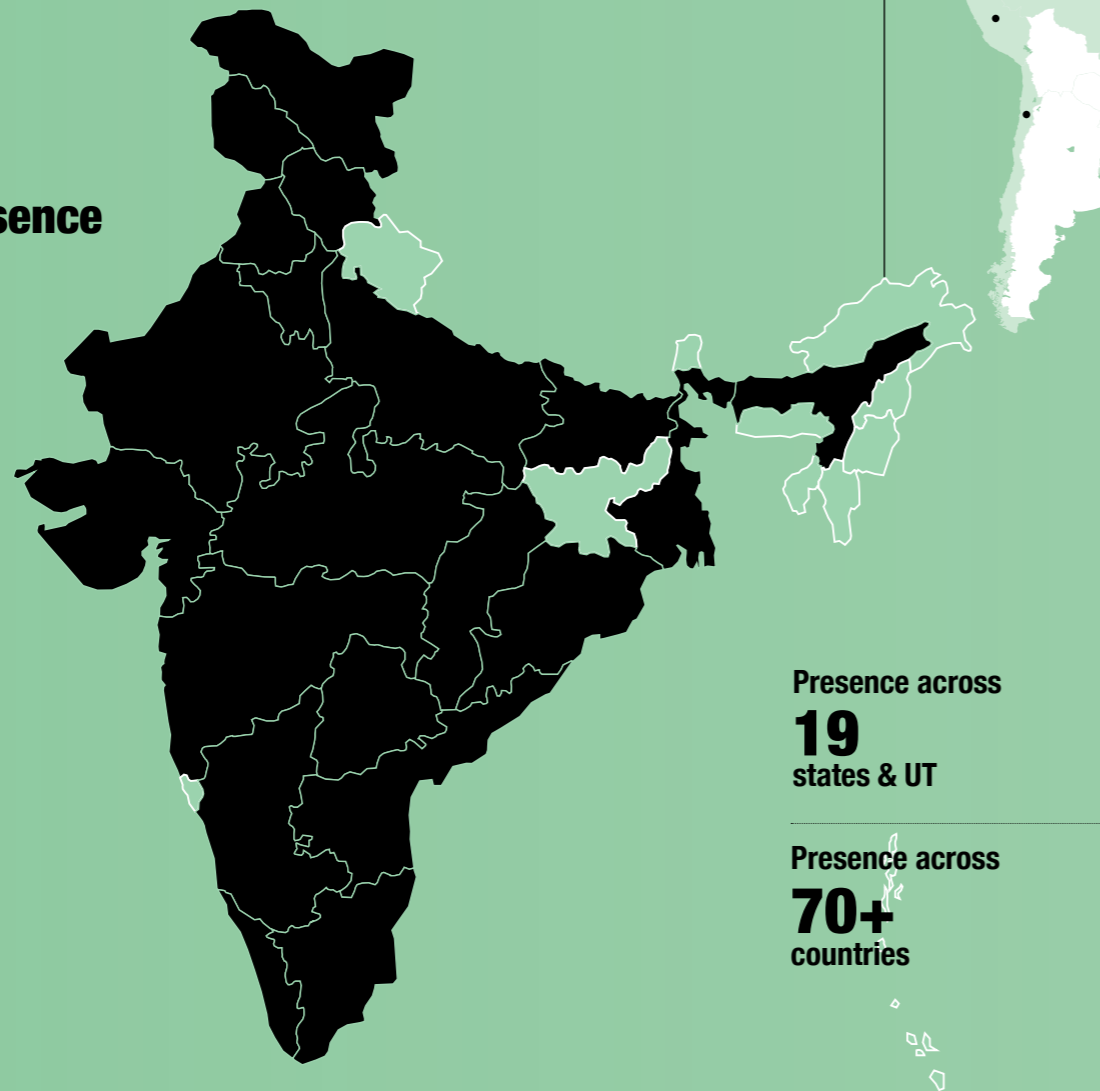
Heranba takes pride in its extensive presence across India and various countries worldwide. Through gradual and strategic expansion, the Company has made its products available across the world.

We have achieved significant milestones by successfully entering key markets, including the USA and Europe, which have become valuable associations for the Company. By establishing a presence in these markets, Heranba believes it is well-positioned to seize opportunities and capitalise on the potential for growth. The Company's expansion into these key markets has strengthened its outlook and reinforced its potential for future success.

## Domestic Presence

- Andhra Pradesh
- Assam
- Bihar
- Chhattisgarh
- Gujarat
- Haryana
- Himachal Pradesh
- Karnataka
- Kerala
- Madhya Pradesh
- Maharashtra
- Odisha
- Punjab
- Rajasthan
- Tamil Nadu
- Telangana
- Uttar Pradesh
- West Bengal

- UNION TERRITORIES**
- Jammu and Kashmir



## Global Presence

### ASIA

- Afghanistan
- Armenia
- Bangladesh
- Cambodia
- China
- Hongkong
- Indonesia
- Iran
- Iraq
- Jordan
- Korea
- Kuwait
- Kyrgyzstan
- Lebanon
- Malaysia
- Mauritius
- Myanmar
- Nepal
- Oman
- Saudi Arabia
- Singapore
- Taiwan
- Thailand
- U.A.E
- Uzbekistan
- Vietnam

### EUROPE

- Belgium
- Bulgaria
- Cyprus
- France
- Germany
- Italy
- Liechtenstein
- Netherland
- Republic Of Belarus
- Russia
- Serbia
- Spain
- Turkey
- Ukraine
- United Kingdom

### AFRICA

- Algeria
- Egypt
- Ethiopia
- Ghana
- Ivory Coast
- Kenya
- Madagascar
- Malawi
- Nigeria
- Rwanda
- Somalia
- South Africa
- Swaziland
- Tanzania
- Tunisia
- Zimbabwe

### AUSTRALIA

- Australia

### NORTH AMERICA

- Canada
- Dominican Republic
- Jamaica
- Mexico
- Nevis
- U.S.A.

### SOUTH AMERICA

- Argentina
- Brazil
- Chile
- Colombia
- Ecuador
- Peru
- Uruguay
- Venezuela

## A roadmap to our long-term vision

**“Our financial strength gives us the confidence to continue pursuing our long-term objectives, regardless of short-term headwinds.”**

**Sadashiv K Shetty**  
Chairman and  
Executive Director

**Q2FY24**  
Expected Commissioning of  
Sarigam Expansion

### Dear Shareholders,

*I hope this letter finds you in good health and high spirits. I write to you with an update on our Company's performance for the financial year 2022-23. As many of you may be aware, we have faced several industry headwinds and challenges during the previous year that have impacted our financial results in FY23. This is true for much of the agrochemicals and crop protection space. However, I am pleased to inform you that despite these near-term obstacles, we have demonstrated resilience and maintained a strong position in the market.*

The challenges we encountered during this period were primarily driven by industry headwinds and to an extent an unfavourable global economic scenario. There has been an inventory build-up in the trade channels post the Covid led price escalation across the chemicals and agrochemicals value chain, a trend which is reversing now. This reversal has led to destocking across the supply chain. Moreover, we experienced sluggish demand from some key export regions. Consequently, the prices of base raw materials and agrochemicals witnessed a persistent decrease, impacting both our top line and bottom line.

Nevertheless, it is important to note that these challenges and scenarios are not unfamiliar to us. Throughout our Company's history, we have weathered many industry cycles and demonstrated remarkable agility in the face of adversities. Our ability to navigate through such cycles has been a testament to the strength and resilience of our organisation, and a litmus test for our business model.

One of the factors that have contributed to our resilience in the current cycle is our robust capital structure. We are proud to maintain a robust capital structure with a net-debt free status, and our surplus cash and cash equivalents provide us with the financial stability needed to execute our growth oriented projects while weathering this challenging period. This financial strength gives us the confidence to continue pursuing our long-term objectives, regardless of short-term headwinds.

Moving forward, we remain unwavering in our focus on our long-term priorities. Despite the short-term headwinds, our commitment to product development and research and development initiatives remains steadfast. We are dedicated to commercialising new products for our upcoming Sarigam plant, and I am pleased to inform you that the work is progressing in full swing. We expect the commissioning of the Sarigam plant to take place by the end of Q2FY24.

This new facility will be instrumental in further strengthening our market position and supporting our growth strategy.

Furthermore, we are actively pursuing opportunities to tap into new markets, particularly in developed ones, such as the US and Europe. Our efforts to expand our reach and diversify our customer base are in full force. By entering these new markets, we aim to create additional avenues for growth and create long-term value for our shareholders.

Despite the short-term challenges, we remain optimistic about the long-term prospects of our industry. The agrochemical sector has at times experienced cyclical patterns, and we are confident that demand will eventually rebound. Our focus on innovation and product development positions us well to capitalise on future market opportunities. We are continuously investing in research and development initiatives to ensure that we have a robust pipeline of products that meet the evolving needs of our customers.

In addition to our product development efforts, we are also investing in operational efficiency and cost optimization. We believe that by streamlining our operations and leveraging better technology, we can enhance our competitiveness and mitigate the impact of external challenges. Our goal is to emerge from this challenging period as a leaner and more agile organisation.

We understand that you, as our valued shareholders, have placed your trust in us, and we are committed to delivering sustainable growth and value. We are focused on optimising our resources, enhancing our operational efficiencies, and expanding our market presence. Our aim is to create long-term value for our shareholders and ensure that we are well-positioned to capture growth opportunities when the market conditions improve.

In conclusion, despite the challenges we faced during the fiscal year 2023, I firmly believe that our Company's strong foundation and long-term focus will pave the way for sustainable growth and value creation. We are well-positioned to overcome the current obstacles and emerge even stronger. Thank you for your unwavering commitment to our Company.

Yours sincerely,

**Sadashiv K Shetty**  
Chairman and Executive Director

Message from the MD

## Navigating adversities with agility

*Dear Shareholders,*

*I hope this letter finds you well. I would like to reflect upon and run you through the last financial year and provide you with an update on our Company's performance in context of the current scenario of the agrochemical industry.*

Undoubtedly, the past financial year has been a challenging one, not only for our Company but for the entire agrochemical industry in India and across the world. We faced headwinds arising from an unfavourable global economic scenario, inventory build-up in the system, and sluggish demand from key export regions. These factors significantly impacted our overall performance.

As a consequence, our Revenue from Operations for the financial year stood at ₹1,324.38 crore, compared to ₹1,450.37 crore in the previous year. Additionally, our EBITDA margin for FY23 stood at 13.3%, down from 19.2% in FY22, primarily due to lower sales, reduced price realisations, and higher power and fuel costs. Consequently, our Profit After Tax for the year amounted to ₹110.11 crore, compared to ₹189.06 crore in FY22.

While these figures reflect the challenges we faced, it is important to acknowledge the silver linings amidst all of the uncertainty. Despite the testing circumstances, our formulation products experienced decent traction in both domestic and export markets. This achievement underscores the resilience of our business model built on diversification over multiple revenue verticals.

Moreover, despite the challenging year, I am pleased to report that Heranba's Balance Sheet remains robust, with a 'Net Debt Free' status and a healthy gross cash and cash equivalents balance of ₹118.63 crore as of March 31, 2023. This financial stability not only safeguards our operations but also fuels our CAPEX plans, enabling us to invest in future growth.

Another noteworthy accomplishment recently was the receipt of 6 Central Insecticide Board and Registration Committee (CIB&RC) registrations between March and April 2023. These registrations align with our strategy to launch 5 new products from the Sarigam technical plant.



**“Our efforts to tap new markets are progressing well, further supported by the Sarigam plant. We are actively pursuing product registrations for both technicals and formulations to strengthen our presence in international markets.”**

**Raghuram K Shetty**  
Managing Director

**6**  
**Central Insecticide Board and Registration Committee (CIB&RC) registrations between March and April 2023**

**₹118.63 crore**  
**Cash and Cash Equivalents as of March 31, 2023**

These products have already demonstrated success at the pilot stage after receiving R&D clearance. Initially, we will manufacture small batches of technicals for our own branded formulations. Subsequently, once the Sarigam technical plant starts commercial production, we plan to enter the institutional customer segment for these products.

Our efforts to tap new markets are progressing well, further supported by the Sarigam plant. We are actively pursuing product registrations for both technicals and formulations to strengthen our presence in international markets. In the coming years, several technicals are set to go off-patent, providing us with opportunities to commercialise these molecules worldwide. We are particularly focused on registering some of these molecules in regulated markets.

Our strategic plan includes a comprehensive initiative aimed at achieving \$25 million in sales in the US market within the next few years. This underscores our commitment to establishing a strong foothold in the US, a significant market for our industry. Additionally, we have an active pipeline of 10-12 molecules undergoing development by our dedicated R&D team. Depending on the receipt of necessary product registrations and the success of our research and development efforts, we plan to commercialise a few new molecules in FY24.

We have also strengthened our team with the addition of a few senior industry veterans who possess extensive experience in the industry. Our augmented management bandwidth will be fundamental in the development of new strategic initiatives of the Company.

Looking ahead, our primary focus will be on strengthening our position in the pyrethroids segment, particularly as the market shifts towards pyrethroids, which are more environmentally friendly than organophosphorus. This transition presents us with an opportunity to become the dominant player in the crop protection market.

In closing, I would like to express our gratitude to all our stakeholders for their unwavering commitment in the face of uncertainties. We deeply appreciate your trust and support. Together, we will forge a brighter and more inclusive future, creating value for all our shareholders.

With regards,

**Raghuram K Shetty**  
Managing Director

Value Creation Model

# Creating value for all

## Inputs



### Financial Capital

- Total Equity **₹816.11 crore**
- CAPEX **₹79.89 crore**
- Net Debt Free Status



### Technological & Infrastructure Capital

- Manufacturing Facilities **4**
- R&D Centres **3**



### Human Capital

- Employee Strength **850+**
- R&D Team Strength **25**



### Community and Environmental Capital

- Committed & Invested Towards Sustainability Initiatives
- Proactive Towards CSR, Having Deployed Effective Solutions Towards That End

## Value Creation

### Mission

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.

### Strengths

Presence in a wide range of products across the entire value chain of synthetic pyrethroids

Product registrations in the domestic and international markets enabling global outreach

Strong product portfolio and wide distribution network

Diversified and stable customer base

Experienced technocrat promoters and professional management team

### Strategic Priorities

Enhancing and streamlining production capacities and operations

Commercialising new molecules

Establishing presence in the US and Europe markets

Expanding the reach of formulations and technicals vertical in international markets

Strengthening and expanding the branded formulations and public health products segment

## Outputs

### Business Verticals

- Technicals (Domestic)
- Technicals (Exports)
- Formulations (Branded)
- Formulations (Exports)

### Products

- Intermediates
- Technicals
- Formulations

## Outcomes



### Robust Financial Health

- Revenue **₹1,324.38 crore**
- EBITDA **₹174.64 crore**
- PAT **₹110.11 crore**
- EPS **₹27.52**



### Superior Manufacturing Capabilities

- Total Manufacturing Capacity **16,224 MTPA**
- Cumulative Product Registrations **892**
- Product Registration in Pipeline **182**
- Product Registrations Across **51 Countries**



### Committed Workforce

- Upskilled, Motivated and Experienced Workforce



### Community Development and Environmental Stewardship

- Generated 202,000 kWh Solar Power for Captive Consumption in FY23
- Reduced Carbon Footprint
- Minimised Environmental Impact

## Overlooking the transient



### Enhancing and streamlining production capacities and operations

- The Phase-I expansion of the Sarigam facility is expected to be completed by the end of Q2FY24.
- The Company has plans to commercialise 5 molecules from this facility in Phase-I. These products will cater to both domestic and export markets, and the Company aims to enhance its geographical diversification through the commercialization of this facility.
- Additionally, the Company has made provisions for Phase-II at the Sarigam facility. This expansion will be initiated once the existing capacity reaches optimal utilisation levels.

### Strengthening and expanding the branded formulations and public health products segment

- The Company is actively participating in international and domestic agrochemical exhibitions and industry trade shows to promote its business on the institutional front, be it for technicals or formulations.
- In addition, on the ground, the Company conducted numerous farmer training camps, engaged in village-level programs, and participated in exhibitions across India to educate farmers about the benefits of using its products and establish direct connections with the farming communities. The Company undertakes brand building and demand generation initiatives as a continuous function to establish and further strengthen its brands among end-users.
- Moving forward, the Company will utilise its sales and marketing teams to maintain and strengthen existing customer relationships, while also exploring opportunities to establish new connections with potential customers.
- The Company will continue to promote its branded formulations through various events and initiatives, aiming to bring the products closer to farmers.

Heranba's forward-thinking approach and proactive planning have been instrumental in its scale-up in the last few years. As the Company ventures into new realms of operations, with developed markets taking centre stage, it is fully committed to long-term strategic priorities. To ensure continued progress and elevate its position, Heranba has established areas of focus i.e. strategic priorities that serve as a roadmap for growth. These priorities not only enhance the existing business model but also enable the Company to navigate industry challenges, like ones prevalent in the current context. By adhering to these strategic priorities, Heranba aims to not only stay on track but also scale to new heights of success.

### Expanding the reach of formulations and technicals vertical in international markets

- With the upcoming capacity at the Sarigam unit, the Company has strategic plans to expand its Technicals business vertical in both domestic and export markets.
- Furthermore, there is a strong focus on obtaining product registrations for both technicals and formulations to strengthen the business in international markets.
- The Company aims to take advantage of upcoming opportunities as several technicals are set to go off-patent in the coming years. It plans to commercialise these molecules worldwide, with a particular emphasis on registering these molecules in regulated markets.

### Commercialising new molecules

- The Company has an active pipeline of 10-12 molecules that are currently undergoing development by our dedicated R&D team. Depending on the receipt of necessary product registrations and the success of our research and development efforts, Heranba plans to commercialise a few new molecules in FY24.
- Moving forward, our primary focus will be on strengthening our position in this segment. Additionally, the shift towards pyrethroids, which are more environmentally friendly than organophosphorus, presents an opportunity for it to become the dominant insecticide segment in the crop protection market.

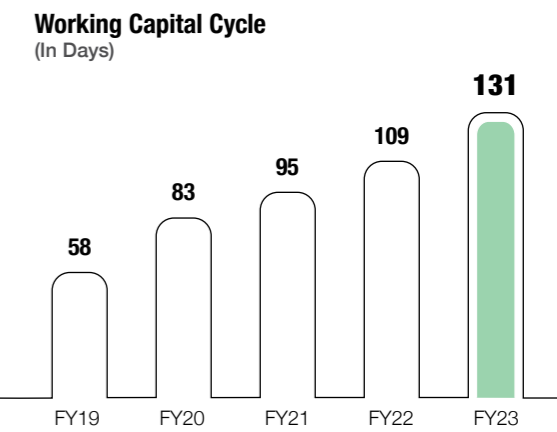
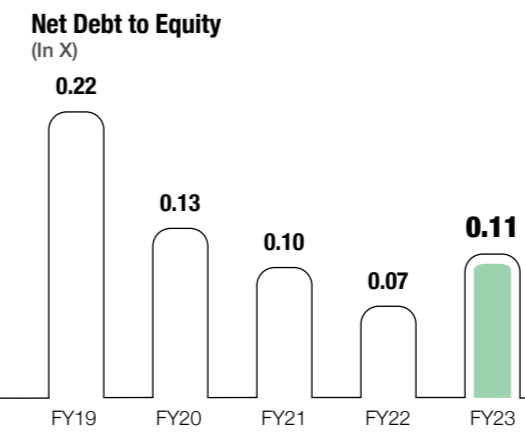
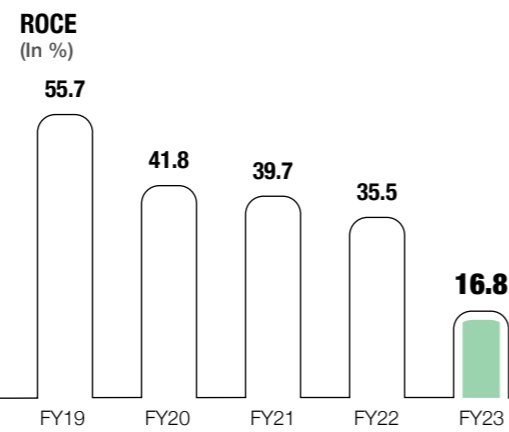
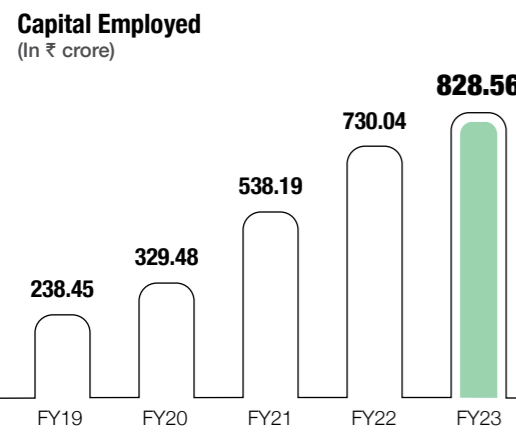
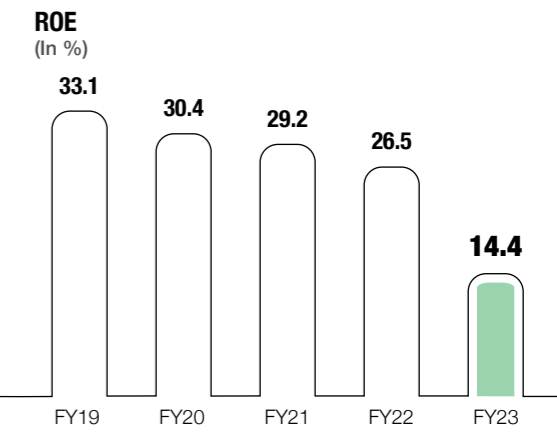
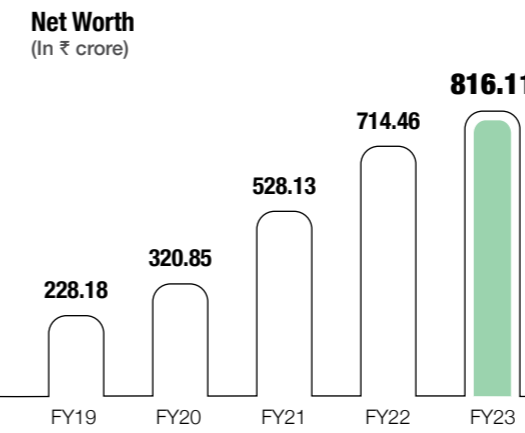
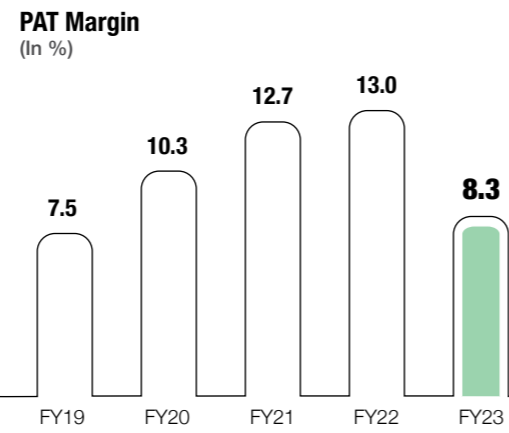
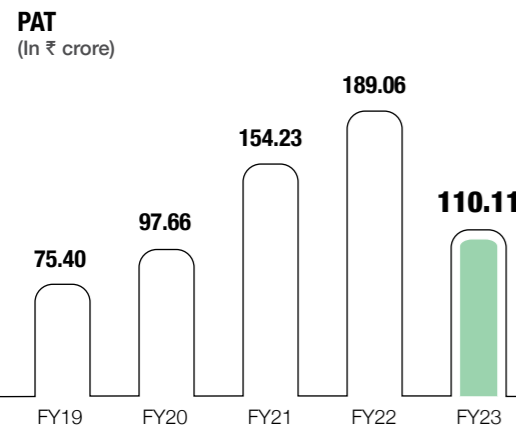
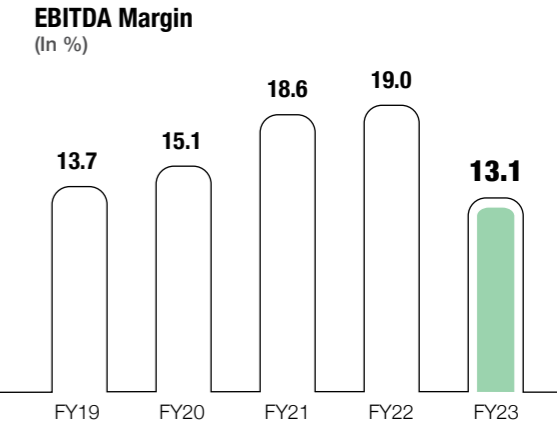
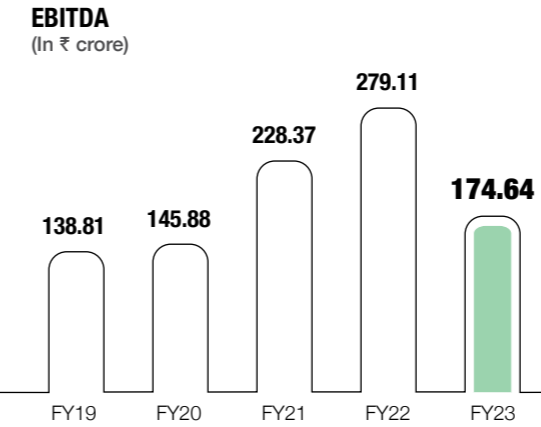
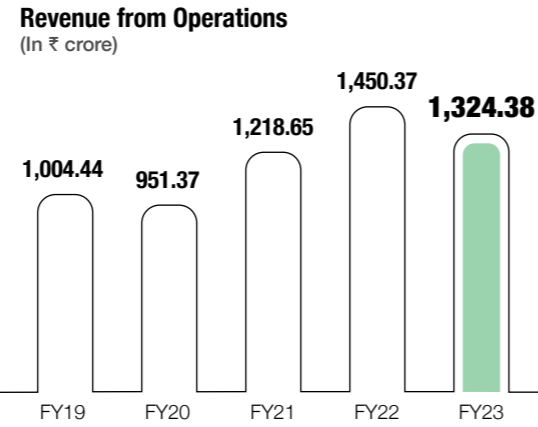
### Establishing presence in the US and Europe markets

- Heranba's endeavours to enter developed markets, including the US and Europe, are making significant progress. Following our initial consignment in 2021, we have intensified our efforts in this area.
- The commissioning of the Sarigam facility will be a positive step towards expanding our presence in these markets. Our dedicated R&D team is currently focusing on developing a few molecules specifically for the US, Europe and Brazil markets.
- Furthermore, we have devised a comprehensive plan with the aim of achieving \$25 million in sales in the US within the next few years. This strategic initiative reflects our commitment to establishing a strong foothold in the US market.

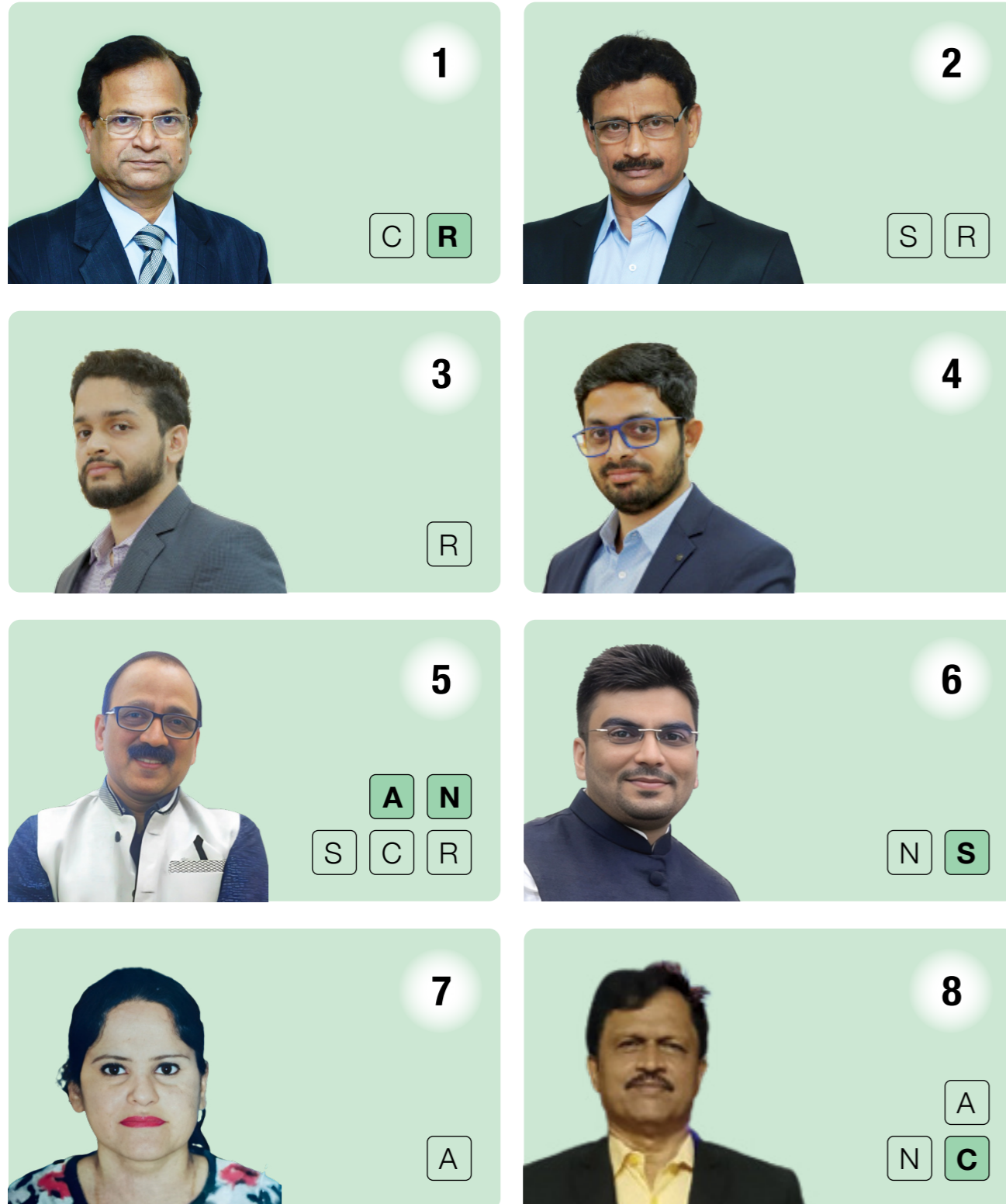
Key Performance Indicators

# Demonstrating resilience in performance

Heranba's resilient financial performance serves as evidence of its business model strength, capable of delivering results in various industry environments, including challenging macro environments and industry headwinds. Over the past few years, the Company has consistently demonstrated a track record of growth along with healthy return ratios, pointing to the scalability of its business model. This accomplishment showcases Heranba's ability to navigate the market successfully and underscores the effectiveness of its business strategies.



## Empowered by a strong leadership



### 1. MR. SADASHIV K SHETTY

#### Chairman & Executive Director

Since 1994, Mr. Sadashiv K. Shetty has been an integral part of the Company, boasting over thirty years of experience in the agrochemicals industry. With a Bachelor's degree in Physics and Chemistry, as well as a Master's degree in Chemistry from the University of Mysore, he possesses a strong educational foundation.

As a driving force behind the development of new products, Mr. Shetty has played a crucial role in enhancing the Company's capacities and capabilities. His extensive skill set includes expertise in business leadership, operations, risk management, governance, strategic planning, general management, functional and managerial experience, in-depth chemical industry knowledge, manufacturing, and research and development.

### 2. MR. RAGHURAM K SHETTY

#### Managing Director

Mr. Raghuram K. Shetty has been an invaluable part of the Company since 1994, having assumed responsibility for overall management and daily operations, while also shaping future business strategies. He serves as the driving force behind various aspects, including business development, operations, risk management, governance, finance, accounting, strategic planning, procurement, sales and marketing, managerial operations, international trade, export business management, banking, product development, plant setup, investor relations, supply chain, human resources, administrative reforms, decision-making, litigation management, intellectual property rights, and more.

With over three decades of experience in the agrochemicals industry, Mr. Shetty brings a wealth of knowledge and expertise to his role. He holds a Bachelor's degree in Economics from the University of Mysore, as well as a Government Commercial Diploma from the Department of Education, Bureau of Government Examinations, Maharashtra. Furthermore, he has successfully completed a Diploma in Export and Import Management from the India International Trade Centre in Mumbai.

### 3. MR. RAUNAK R SHETTY

#### Whole-Time Director

Mr. Raunak R. Shetty joined the Company in 2016 and is responsible for various key functions, including Finance & Banking, Standardization of Systems and Processes, Procurement, Marketing, Investor Relations, Business Development, new Project and Product Development, as well as exploring new technologies and fostering innovation within the organisation. He holds a Bachelor of Commerce degree from the University of Mumbai and is an associate member of the Institute of Chartered Accountants of India. With his expertise in these areas, Mr. Shetty contributes to the growth of the Company.

#### Keys:

Chairman  Member

Audit (A) | Nomination and Remuneration (N) | Stakeholders' Relationship (S) | Corporate Social Responsibility (C) | Risk Management (R)

### 4. MR. SHRIRAJ S SHETTY

#### Whole-Time Director

Mr. Shiriraj S Shetty has been a valued member of the Company since 2014, overseeing various critical functions including Business Operations, Risk Management & Governance, Technical Process Improvement, Process Implementation, Technical Innovation Expertise, Team Management, Production Improvements, Product Quality and Safety, Procurement, Sales & Marketing, as well as demonstrating extensive experience in functional and managerial roles. He holds a Bachelor's degree in Chemical Engineering and has also earned a M. Tech. degree in Chemical Engineering. With his strong educational background and expertise in these areas, he contributes significantly to the Company's operations, driving efficiency, innovation, and excellence.

### 5. MR. GANESH N VANMALI

#### Independent Director

Mr. Ganesh N. Vanmali, is a Certified Associate of the Indian Institute of Bankers from the Indian Institute of Banking and Finance, bringing a wealth of experience in the banking industry, spanning over four decades. He has previously worked with the Bank of Maharashtra, further enhancing his expertise in the field. Mr. Vanmali holds a Bachelor's degree in Commerce and General Laws from the University of Mumbai. In addition to his banking career, he serves as a consultant, leveraging his extensive knowledge and insights to provide valuable guidance in the banking industry.

### 6. MR. ANILKUMAR M MARLECHA

#### Independent Director

Mr. Anilkumar M. Marlecha is a distinguished advocate with an active practice, holding a certificate of practice issued by the Bar Council of India. With over nine years of experience, including in the legal profession, he has established himself as a reputable legal practitioner. Mr. Marlecha has a strong educational background, having obtained a Bachelor's degree in Commerce and Law from the University of Mumbai. His expertise and commitment to his profession make him a valuable asset in providing his valuable guidance to the Company.

### 7. MS. RESHMA D WADKAR

#### Independent Director

With over two decades of experience in finance, accounting, taxation, and banking, Ms. Reshma D Wadkar brings a wealth of expertise to her role. She holds a Bachelor of Commerce degree from the University of Mumbai, providing her with a strong foundation in the field. Her extensive experience and knowledge in financial matters make her a valuable member of the Board, capable of delivering sound financial guidance and other domains of expertise.

### 8. MR. MULKY V SHETTY

#### Independent Director

Mr. Mulky V. Shetty, a seasoned consultant in the chemicals industry, brings with him over two decades of experience across multiple domains within the sector. His expertise extends to areas such as product development, plant setup, and manufacturing operations. He holds a bachelor's degree in Science, with a focus on Physics and Chemistry, from the University of Mysore. With his in-depth knowledge and extensive background in the field, Mr. Shetty offers valuable insights and guidance to the Company.



# Delivering value transparently

Heranba takes great pride in its robust code of ethics and conduct, which upholds the highest standards of integrity, transparency, and accountability. The company is dedicated to operating and expanding its business in a sustainable and socially responsible manner, ensuring long-term value generation for all stakeholders. Guided by strong principles of business integrity and ethics, Heranba remains committed to making a lasting positive impact in the industry and beyond.

### A Proactive Board

**6** Board Meetings Conducted during FY23

**98%** Overall Attendance at Board Meetings

## Balanced Board Composition



**50%** Non-executive Directors

**50%** Executive Directors

## Board Committees

**Audit Committee**

**Nomination and Remuneration Committee**

**Stakeholders' Relationship Committee**

**Corporate Social Responsibility Committee**

**Risk Management Committee**

### Audit Committee

Entrusted with regular review of financial statements, internal audit reports, audit plans, audit findings, adequacy of internal controls, compliance with accounting standards and more of such crucial activities. The Committee is also responsible for evaluation of the internal financial controls and risk management systems.

### Nomination and Remuneration Committee

Entrusted with regular review of the remuneration of directors and persons who may be appointed as senior management and key managerial personnels. The Committee is also responsible for carrying out evaluation of the director's performances and recommending appointments and dismissals of the directors to the Board.

### Stakeholders' Relationship Committee

Engaged in periodic review of the functioning of the shareholder/investor grievance redressal system and overseeing incremental improvements in the same, besides reporting critical concerns, if any.

## Skills and expertise of the Board

The Board of Directors comprises a well-balanced mix of professionals with diverse skill sets. Further, the Board features a balanced composition consisting of an equal number of Executive and Non-executive Directors. Their collective expertise encompasses the agrochemicals industry, financial and organisational management, and a thorough understanding of relevant laws and regulations. The Board members bring a dynamic blend of experience and fresh perspectives, fostering the introduction of new ideas & innovation, while also leveraging their lived experiences.

While governance practices are mandated for listed companies, Heranba goes beyond the norm by actively embracing and promoting good practices, even if they fall outside the gambit of general norms. The Company's approach to governance is driven by strong ethical values rather than mere compliance, which has contributed to its exceptional reputation. Heranba has voluntarily developed several policies to maintain its commitment to excellence. These policies reflect the Company's unwavering dedication to upholding high standards and staying on the path of continuous improvement.

## Policies adopted by the Board

- Prohibition of Child and Forced Labour Policy
- Anti Discrimination Policy    Labour and Human Right Policy
- Grievance Redressal Policy    BRSR Policy
- Anti-Corruption Policy    Determination of Materiality Policy
- Code of Conduct for Board of Directors and Senior Management    Sexual Harassment Policy
- KMP for Determining Materiality    Fair Disclosure Code
- Diversity on The Board Of Directors Policy    CSR Policy
- Materiality of Related Party Transactions policy
- Risk Assessment and Minimisation Policy
- Preservation of Documents Policy    Vigil Mechanism Policy
- Dividend Distribution Policy    Insider Trading Policy
- Familiarisation Program for Independent Directors Policy
- Terms and Conditions of Appointment of Independent Directors
- Remuneration Policy    Succession Policy
- Materiality Subsidiary Policy

[Click to access the respective policy documents](#)

### Corporate Social Responsibility Committee

Engaged in formulating and recommending an appropriate CSR Policy to the Board, and indicating activities that are to be undertaken by the Company, either directly or through an implementation agency. The Committee is also responsible for periodic review of the CSR programs, its implementation and its expenditure.

### Risk Management Committee

Engaged in formulating and recommending an appropriate Risk Management Policy to the Board. The Committee is also responsible for:

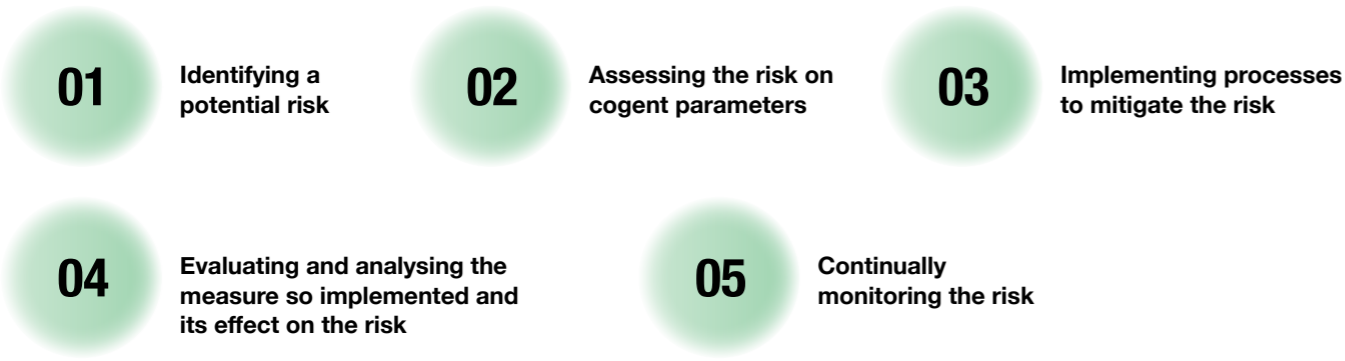
1. Ensuring appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
2. Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems.
3. Periodically reviewing the risk management policy.
4. Keeping the Board of Directors informed about the nature and content of its discussions, and subsequently recommendations and actions to be taken.

# Embracing & mitigating uncertainty

Considering the diverse nature of our business operations, and revenue streams derived from across the world, we recognize that we are exposed to a wide range of risks. To ensure proactive identification, assessment, and management of these risks, we have implemented a comprehensive and resilient risk management framework. This systematic approach enables us to effectively address and mitigate potential risks.

By diligently following our risk management measures, we are able to anticipate and navigate challenges that may arise in our operations. This approach empowers us to transform potential risks into avenues for progress and development. Through continuous monitoring and evaluation, we remain committed to upholding a proactive risk management culture that safeguards our business interests and promotes sustainable growth.

## Robust Risk Management Framework



**Risk Type**

**Mitigation Measures**

**Business Operations**

The Company faces risks when it comes to the planning, monitoring, and reporting tasks involved in its daily operations.

Our organisation has a clearly defined structure that facilitates smooth information flow across departments. We maintain ample stock of raw materials and have backup power generation capacity to ensure uninterrupted production. Additionally, we take measures to minimise production costs. A proficient HR team ensures the recruitment and retention of talented individuals.

**Liquidity**

The Company may encounter risks pertaining to financial solvency, borrowing constraints, and cash management.

To mitigate these risks, we implement various measures. We engage in comprehensive financial planning by creating annual and quarterly budgets, conducting variance analyses, and estimating daily cash flows. To prevent the loss of interest on collections, we utilise cash management services offered by banks. Additionally, we support our foreign exchange transactions with bank guarantees and implement a suitable hedging policy.

**Credit**

The Company is exposed to the risk of uncertainties concerning the recovery of outstanding dues.

We have established systems to evaluate and ensure the creditworthiness of our customers.

**Logistics**

The Company may face risk on account of availing services of third-party transporters.

We exclusively engage with committed and dedicated service providers to mitigate risks associated with third-party transporters. To optimise our operations, we have implemented a combination of transportation modes, including road, rail, sea, and air. Additionally, we have obtained comprehensive transit risk insurance coverage for all incoming and outgoing goods.

**Market & Industry**

The Company is exposed to various risks, including those related to demand and supply, quality and quantity of products, lead time, suppliers, interest rates, raw material prices, and potential interruptions in raw material supplies.

We strategically procure our raw materials from multiple sources to obtain competitive prices. Although we have no direct control over demand and supply, we leverage our experience to plan our production and sales accordingly. To ensure uninterrupted raw material supply, we have established relationships with multiple providers and implemented effective inventory control systems.

**Human Resource**

The Company is susceptible to risks stemming from turnover within its workforce, the need for training, and potential skill redundancies.

Our HR team is dedicated to ensuring the appropriate recruitment of new talent and conducting performance-based appraisals to keep our employees motivated. We prioritise upskilling our workforce through regular training initiatives and actively engage in employee engagement and welfare activities.

**Disaster**

The Company's infrastructure and operations are vulnerable to force majeure events such as fires, floods, seismic activity, and other unforeseen circumstances.

While we cannot prevent natural disasters, we prioritise preparedness for such events. We have insured our properties against natural risks to minimise potential losses. Additionally, fire hydrants have been installed at all our manufacturing locations, and we conduct regular fire safety drills. Our watch and ward staff, as well as safety personnel, receive first-aid training. Furthermore, our workmen are covered under various schemes such as Employee State Insurance (ESI), Employee Provident Fund (EPF), and more.

**System**

The Company's IT infrastructure may be open to data security, as well as interoperability risks.

Our systems administrator diligently monitors and performs regular upgrades to our systems. To enhance data security, we employ password protection measures and exclusively use licensed software. We have implemented access control mechanisms to safeguard our data from unauthorised access.

# Fostering sustainable and inclusive growth

At Heranba, we firmly believe that businesses have a vital role to play in fostering social and environmental progress. As a responsible corporate citizen, we have integrated Corporate Social Responsibility (CSR) into our core values and operations. Our CSR initiatives are built on the pillars of Education, Health & Sanitation, Cultural Programs, and Sports Promotion. Through partnerships with various implementing agencies such as trusts and NGOs, we strive to create a positive and lasting impact on the communities we serve.



## EDUCATION

### Empowering Minds for a Brighter Future

Education is the foundation of progress, and at Heranba, we recognize its significance in shaping a brighter future for the younger generation. Through our CSR programs, we have been actively involved in providing vocational training to underprivileged students in Rajasthan, Uttar Pradesh, and Gujarat. By equipping these students with valuable skills, we aim to enhance their employability and enable them to lead self-reliant lives.

Furthermore, our commitment to education extends beyond skill-building. We have collaborated with various trusts to fund classroom development initiatives. By improving infrastructure and enhancing learning environments, we aspire to create a conducive space for nurturing young minds and fostering a passion for learning.



## HEALTH & SANITATION

### Nurturing Healthy Communities

Health and sanitation are fundamental human rights, and Heranba is dedicated to promoting their accessibility. As part of our CSR efforts, we have undertaken the development of Green Community Toilets at GIDC Vapi, in the vicinity of our manufacturing facilities. These eco-friendly toilets not only address sanitation needs but also contribute to environmental sustainability.



## SPORTS PROMOTION

### Empowering Athletes for Excellence

Heranba is committed to nurturing talent and promoting sports development. We proudly contribute towards sports initiatives, with a particular focus on badminton. By funding training expenses for athletes, we seek to create opportunities for aspiring players to excel in their chosen field. Through our support, we hope to contribute to the growth and recognition of sports as an essential part of a healthy and dynamic society.



## INCLUSIVE INITIATIVES

### Empathy and Care for Differently-abled Individuals

At Heranba, we firmly believe in creating an inclusive society that embraces diversity and empowers differently-abled individuals. As part of our CSR endeavors, we have distributed free appliances to differently-abled people in Gujarat. These contributions are a testament to our commitment to ensuring that all members of society have equal access to resources and opportunities.



# Management Discussion and Analysis



## Economic Overview



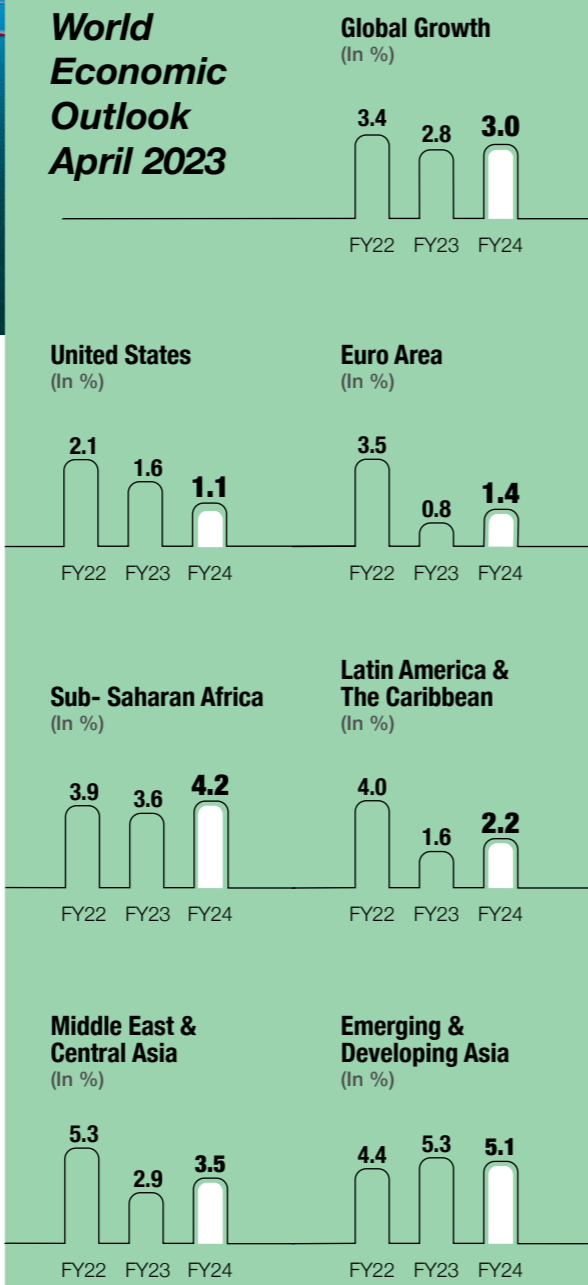
### Global Economy

FY23 was marked by various disruptions including the Russia & Ukraine conflict, higher interest rates, elevated inflation, increased global debt levels, reduced spending, the after effects of the COVID-19 pandemic, escalating geopolitical tensions, and financial turbulence. These factors have contributed to a fragile and uncertain global economic outlook in the near term. According to the IMF's World Economic Outlook (WEO) report in April 2023, global economic growth is projected to decelerate from 3.4% in 2022 to 2.8% in 2023 before experiencing a modest recovery to 3.0% in 2024.

Global inflation reached a multi-decade high of 8.7% in 2022, driven by pent-up demand, supply disruptions, and surges in commodity prices. Central banks responded by rapidly tightening monetary policies to curb inflation and keep inflation under control. It is expected that global inflation will ease to 7.0% in 2023 and further decrease to 4.9% in 2024.

Source: IMF, World Economic Outlook, April 2023.

## World Economic Outlook April 2023



Source: IMF, World Economic Outlook, April 2023.



## Indian Economy

The momentum of growth significantly weakened in the United States, the European Union, and other developed economies, negatively impacting the global economy as a whole. The projected economic growth rate for the United States is 1.6% in 2023 and 1.1% in 2024, primarily due to lower real incomes, high inflation, and the consequences of substantial interest rate hikes by the Federal Reserve, which increased rates from nearly 0% in March 2022 to a range of 4.75-5.0% in March 2023. By the end of 2023, interest rates are expected to be in the range of 5.0-5.5% as part of efforts to restore price stability and balance in the US economy. Moreover, concerns about the viability of the US financial system have been triggered by the instability in the banking sector in mid-March 2023.

The Eurozone is expected to experience a significant decline in economic growth, dropping from 3.5% in 2022 to 0.8% in 2023, with a subsequent recovery to 1.4% in 2024. This downturn is attributed to the ongoing war in Ukraine, which shows little signs of resolution. Many European countries are likely to face a mild recession, characterised by increased energy costs, high inflation, and tighter financial conditions. These factors are expected to dampen household consumption and investment.

On the other hand, emerging and developing countries in Asia are projected to see a rebound in economic growth. After experiencing a deeper-than-expected slowdown to 4.4% in 2022, these countries are anticipated to achieve growth rates of 5.3% in 2023 and 5.1% in 2024. China's reopening and the subsequent boost to its economy are significant contributors to this upward trajectory.



According to the Fiscal Policy statements, India's Nominal Gross Domestic Product (GGP) is projected to grow at a rate of 15.4% year-on-year (Y-o-Y) in FY 2022-23, compared to 19.5% in the previous year. The real GDP growth is projected to be 7% Y-o-Y, down from 8.7% in 2021-22.

The agriculture sector is expected to show robust growth, with a projected growth rate of 3.5% in FY 2022-23. India has emerged as a net exporter of agricultural products, with agricultural exports reaching \$50.2 billion in the same period. The total kharif food grain production is estimated to be 149.9 million tonnes, higher than the average of the previous five years, despite a slightly lower area sown under paddy compared to the previous year.

The industry sector is expected to experience modest growth of 4.1% in FY 2022-23, driven by positive indicators such as domestic auto sales and tractor, two-wheeler, and three-wheeler sales, signalling improvement in rural demand.

The services sector is predicted to rebound with a Y-o-Y growth rate of 9.1% in FY 2022-23, driven by pent-up demand for contact-intensive services following the successful vaccination program. Private consumption is estimated to grow at 7.7% in FY 2022-23, slightly lower than the previous year.

Despite supply chain disruptions and an uncertain geopolitical environment, exports are expected to grow by 12.5% in FY 2022-23, with the share of exports in GDP increasing compared to the previous year.

Looking ahead to FY 2023-24, the growth trajectory will be supported by strong domestic demand and increased capital investment. Structural changes such as the Insolvency and Bankruptcy Code (IBC) and Goods and Services Tax (GST) have improved the efficiency and transparency of the economy. The expansion of India's public digital infrastructure is accelerating financial inclusion and formalisation, which are expected to be growth drivers in the coming years.

Path-breaking policies like PM Gati Shakti, National Logistics Policy, and the Production-Linked Incentive (PLI) schemes will further strengthen infrastructure and manufacturing capabilities while reducing costs in the value chain. These initiatives lay a solid foundation for sustained economic growth and increased resilience in the Indian economy.

Source: Ministry of Finance



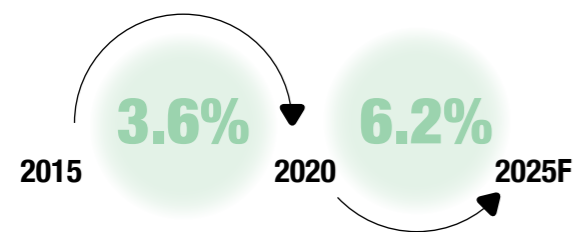
**Industry Overview**



**Global Chemical Industry Overview**

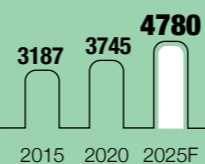
The global chemicals market had an estimated value of approximately \$ 5,027 billion, with China holding the largest market share of 39%, followed by the European Union at 15% and the United States at 13%. India contributed around 4% to the global chemicals market. Projections indicate that the global chemicals market will grow at a compound annual growth rate (CAGR) of 6.2%, reaching \$ 6,780 billion by 2025. During the forecast period (2020-2025), the Asia-Pacific (APAC) region is expected to experience the highest growth rate of 7-8%. Conversely, the chemicals markets in Western Europe, North America, and Japan, being more mature, are likely to witness slower growth rates of approximately 3-4%.

**Growth (CAGR)**



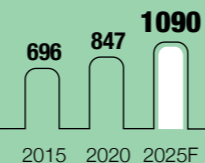
**Commodity Chemicals**

(\$ billion)



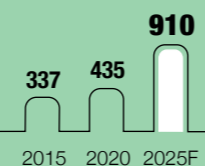
**Speciality Chemicals**

(\$ billion)



**Others**

(\$ billion)



Source: Frost & Sullivan Primary Research & Analysis



**Global Agrochemicals & Fertilisers Overview**

By 2025, the global Agrochemicals & Fertilizer Market is projected to generate revenues of approximately \$ 250-260 billion, with a compound annual growth rate (CAGR) ranging from 5.5% to 6% during the forecast period of 2020-2025. Synthetic fertilisers, pesticides, hormones, and other chemical substances play a vital role in regulating plant growth in agriculture. The expansion of agriculture in emerging markets like South America, Africa, and the Middle East presents lucrative opportunities for market players. Furthermore, agrochemical manufacturers' strong emphasis on product innovation is expected to provide them with a competitive edge over their counterparts.

In China and India, the consumption and production of fertilisers, particularly nitrogen-based and potassium-based fertilisers, are anticipated to drive substantial growth in the agrochemicals & fertilisers market. These countries serve as major exporters of agrochemicals & fertilisers to regions such as Latin America, Asia Pacific, and others, thereby establishing a robust platform for the growth of the Chinese and Indian markets.

The strong growth potential of traditional crop protection chemicals in high-volume-high-growth markets like India ensures a promising trajectory. Here are some critical success factors for players in the crop protection chemicals industry:

- **Backward Integration of Technical Active Ingredients:** To achieve high profit margins, formulators must prioritise backward integration of their technical active ingredients. Having control over the entire production process allows them to optimise costs and ensure a reliable supply of key components.
- **Comprehensive Product Portfolio:** Providing a comprehensive product portfolio that serves as a one-stop solution for farmers' agrochemical needs is a key driver of success. Offering a wide range of effective and diverse solutions positions a company favourably compared to competitors.
- **Strong Distribution Network:** A robust distribution network is crucial for reaching fragmented farmer populations worldwide. It facilitates efficient product delivery, establishes effective feedback mechanisms, and fosters strong customer relationships, contributing to market success.



**Indian Agrochemicals Market Overview**

India crop protection chemicals consumption (domestic market) has grown at a CAGR of 3.9% from \$ 1.79 billion in 2015, to \$ 2.16 billion in 2020. It is further projected to grow at 4.3% during the forecast period of 2020-25, reaching \$ 2.66 billion by 2025. At the same time, during the period from 2015 to 2020, India witnessed a CAGR of nearly 7% in its crop protection chemicals exports. In 2020, the export contribution of crop protection chemicals accounted for approximately 50% of the total domestic production value. Projections indicate that by 2025, exports will further increase to around 55% of the total domestic production value, reaching \$ 3.4 billion, while the overall domestic production value is estimated at \$ 6.1 billion.

In terms of imports, India ranks 13<sup>th</sup> globally in pesticide imports. Brazil holds the largest market share in crop protection chemical imports, accounting for 7% of the global imports (2018, based on volume). Following Brazil are France (5%), Canada (5%), the United States (4%), Germany (4%), Thailand (4%), Australia (3%), Belgium (3%), the United Kingdom (3%), Nigeria (3%), Spain (3%), Italy (3%), and India (2%).

Furthermore, in 2018, India ranked as the world's 3<sup>rd</sup> largest pesticide exporter based on volume. China leads the global pesticide exports, holding a market share of 27%. Germany follows with 8.3%, and India holds an 8% market share. Other significant pesticide exporters include the United States, Belgium, and France. These figures demonstrate India's significant presence in the global crop protection chemicals market, both as an exporter and an importer.

India has one of the lowest per capita consumption rates of crop protection chemicals per hectare compared to developed nations like the United States or Japan. In countries like Taiwan, China, and Japan, the consumption of crop protection chemicals per hectare reaches double-digit kilograms. In contrast, India's per hectare consumption stood at just 0.6 kilograms in 2019. This significant disparity indicates a vast potential for growth in the crop protection chemicals sector in India.

By increasing the usage of crop protection chemicals, such as herbicides, India has the opportunity to enhance agricultural productivity and compensate for the shortage of farm labour. The extensive use of these chemicals can help control weeds and pests, leading to improved crop yields and overall farm efficiency. Increasing the adoption of crop protection chemicals can contribute to the sustainable growth of the agricultural sector in India.

MD&A (Continued)



**Global Pyrethroid Market Overview**

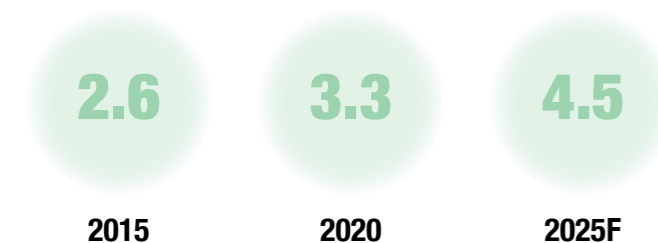
In 2020, the global Pyrethroids market was valued at approximately \$ 3.3 billion. From 2015 to 2020, the market experienced steady growth with a CAGR of 4.7%. Looking ahead, it is projected to continue growing at a CAGR of 6.4% until 2025, reaching a value of \$ 4.5 billion.

Despite the pandemic-related obstacles, the Pyrethroids market is anticipated to recover and exhibit growth due to the ongoing demand for these chemicals in various applications. Pyrethroids find extensive application in both agricultural and urban settings for Public & Animal Health functions. As the global population expands and farmland diminishes, farmers worldwide are embracing novel farming techniques to enhance crop productivity. In terms of human safety, Pyrethroids also offer a safety advantage over organophosphates, being more eco-friendly and safer for humans & mammals.

In 2020, the Asia Pacific region, including India, held the dominant position as the largest market for Pyrethroids, comprising approximately 40% of the global market share. Following closely were Latin America at 22%, North America at 18%, Europe at 14.5%, and the Middle East and Africa at around 5%. While India played a significant role in the export market, its own consumption accounted for approximately 4% of the global total. Within the Asia Pacific region, India constituted around 10% of the demand, with China being the largest player in the region.

Among the emerging economies, including China, India, Vietnam, and Thailand, there is substantial consumption of Pyrethroid insecticides for various cereal and grain crops.

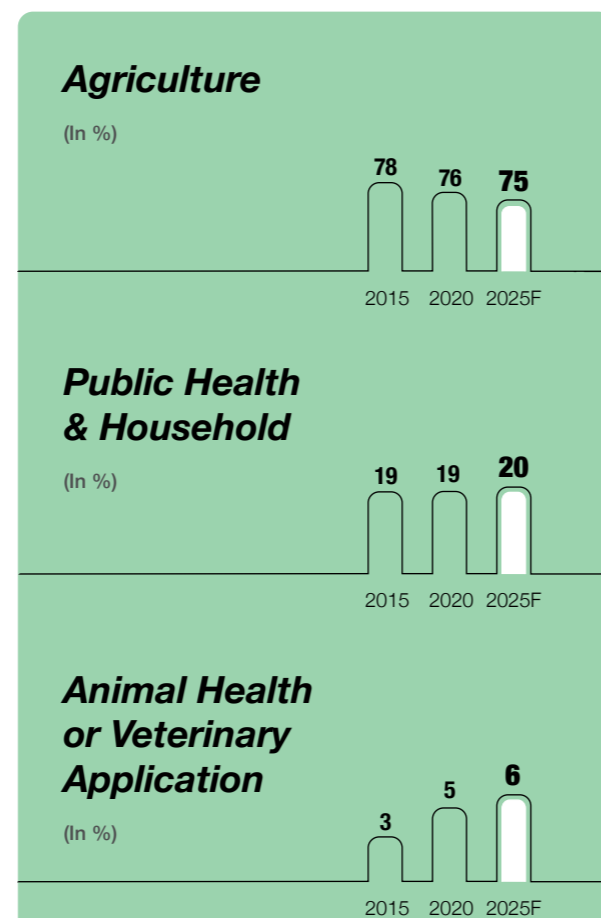
**Global Pyrethroids Market (\$ billion)**



The utilisation of Pyrethroids has been on the rise in Europe and North America, particularly in Canada, as they are being increasingly substituted for organophosphates. Vegetables and fruits in North America are treated with domestically registered Pyrethroids. The demand for insecticides is expected to continue growing due to robust government support for environmentally friendly and responsible agricultural practices. However, the European market is projected to exhibit sluggish growth in the forecast period due to stringent regulations on chemical production and usage.

In terms of global consumption, the Asia Pacific and Latin America regions together accounted for nearly 60% of the total demand in 2020, with the Asia Pacific region also functioning as the largest manufacturer and supplier of Pyrethroids.

**Global Pyrethroids Contribution**



Source: Frost & Sullivan, "Indian Chemicals and Specialty Chemicals Market Report"



**Company Overview**

Heranba Industries Limited (HIL) is a prominent agrochemical Company in India that specialises in the manufacturing of intermediates, technicals, and formulations for farmers and other institutional customers. The Company provides innovative crop care solutions to the farmers, and public health products like pesticides to pest control companies, government authorities, etcetera. HIL operates four state-of-the-art manufacturing units located in the industrial belt of Vapi, Sayakha, and Sarigram in Gujarat. The Company has a dedicated in-house research and development team focused on product development and improvement which operates out of 3 state-of-art R&D centres established by the Company, complemented by a strong product registration team working on expanding its business across the globe.

With a diverse product portfolio, robust R&D capabilities, and prudent growth strategies, Heranba Industries Limited is well-positioned to expand its operations globally and become a leading player in the agrochemical industry. The Company develops, manufactures, and sells crop protection solutions such as herbicides, insecticides, and fungicides, aiding farmers in safeguarding their crops against weeds, pests, and diseases. Heranba primarily operates in the off-patent market, offering customers long-standing foundational products and unique formulations. It holds a prominent position as one of the leading domestic producers of synthetic pyrethroids, including cypermethrin, alphacypermethrin, deltamethrin, permethrin, lambda cyhalothrin, and others. The Company's pesticide range encompasses insecticides, herbicides, fungicides, and public health products for pest control.

Heranba Industries Limited has a strong global presence with its footprint in the Middle East, Commonwealth of Independent States (CIS), Asia, Southeast Asia, and Africa regions. Further, the Company is actively working towards expanding operations in developed markets such as the US and Europe.

**4**  
Manufacturing facilities

**3**  
Dedicated state-of-art R&D centres



**Risks and Concerns**

In FY23, the Company faced a challenging macro environment and industry headwinds. These included a decrease in demand due to supply-chain destocking in various regions, lower overall demand, and a decline in price realisations for agrochemicals. Despite these obstacles, the Company exhibited resilience in its performance and continued to advance its strategic initiatives, such as product development and commercialization, project execution, and brand building efforts. Heranba Industries remains confident in its performance and believes it will continue to deliver value to its customers and shareholders in the future.

As agrochemicals rely on the agricultural sector for their demand, they are susceptible to weather conditions, including extreme events like droughts and natural disasters. Prolonged periods of excessive rainfall or drought in India or foreign markets where the company operates can impact the supply of raw materials and demand for products. Unfavourable weather patterns can have adverse effects on the Company's operations and financials.

Given the nature of the products manufactured by Heranba Industries, challenges such as contamination, adulteration, and product tampering arise throughout the manufacturing, transportation, and storage processes. Product liability or recall claims are inherent risks for the company if goods fail to meet quality standards or are alleged to cause harm to consumers. While the company follows standard manufacturing practices and conducts final product testing to mitigate these risks, it cannot completely eliminate them.

For more information on the Risks and Risk Management Framework of the Company, refer to page number 30.



## MD&amp;A (Continued)



### FY23 Performance Review & Outlook

Revenue from Operations stood at ₹1,324.38 crore in FY23 as compared to ₹1,450.37 crore in FY22. EBITDA stood at ₹174.64 crore during the year as compared to ₹279.11 crore in FY22. Subsequently EBITDA margin stood at 13.3% in FY23 as compared to 19.2% in FY22. Profit After Tax stood at ₹110.11 crore in FY23 as compared to ₹189.06 crore in FY22. The Company's FY23 revenues and profits remain restricted by unfavourable global economic scenario, inventory build-up in the system and sluggish demand from key export regions. However, the Company has witnessed decent traction for its formulation products in both domestic and export markets. The EBITDA margins remained muted during FY23 due to lower price realisation and higher power & fuel costs. Despite a challenging year, Heranba's Balance Sheet continues to remain strong with 'Net Debt Free' status coupled with healthy gross cash & cash equivalents balance of ₹118.63 crore as on March 31, 2023 fuelling the Company's CAPEX plans.

The Company received six Central Insecticide Board and Registration Committee (CIB&RC) registrations between March and April 2023 and began its FY24 journey on a high note. These registrations are part of the strategy to launch five new products out of the Sarigam technical plant. These products would be launched in both technical and formulations segments. Approvals for formulations are already in place with the Company. These products have already achieved success at the pilot stage after R&D clearance. Initially, the Company will manufacture small quantities of technical for its own branded formulations and subsequently enter the B2B markets once the Sarigam technical plant starts commercial production.

The Company continues to strengthen its product portfolio with new product registrations in both domestic & export markets and leverage its distribution network for delivering growth in the coming years.

## ₹1,324.38 crore

Revenue from Operations in FY23

## ₹174.64 crore

EBITDA in FY23

#### Financial Ratios

Sl.No.	Ratios	FY23	FY22	% Change
1	Debtors Turnover Ratio	3.17	3.64	-13%
2	Inventory Turnover Ratio	3.21	4.41	-27%
3	Interest Coverage Ratio	19.21	63.64	-70%
4	Current Ratio	2.53	2.29	11%
5	Debt Equity Ratio	0.11	0.13	-13%
6	Operational Profit (PBIT) Margin	11.48	17.88	-36%
7	Net Profit Margin	8.31	13.04	-36%
8	Return on Networth	13.49	26.46	-49%
9	NAV	203.96	178.55	14%

#### Remarks

- Decrease in Inventory Turnover Ratio on account of lower Revenue from Operations,
- Decrease in Interest Coverage Ratio on account of decrease in Profit before Interest & Tax and increase in Financial Cost.
- Operational Profit (PBIT) Margin contracted on account of lower Revenue from Operations and negative operating leverage, coupled with lower Gross Profit Margins.
- Net Profit (PBIT) Margin contracted on account of lower Operational Profit (PBIT) Margin, coupled with higher Finance Cost, Depreciation and Amortisation expenses and lower Other Income.
- Return on Networth decreased on account of lower Profit after Taxes (PAT) on a higher equity base.

## ₹110.11 crore

Profit After Tax in FY23

## ₹118.63 crore

Cash & Cash Equivalents as on March 31, 2023



### Human Resource and Industrial Relationship

Heranba Industries Limited recognizes that its people are the key drivers of its business growth and considers them as its most valuable asset. The Company is committed to not only fostering the professional development of its employees but also nurturing their personal growth. It strives to unlock the full potential of its human resources, thereby enhancing employee performance and achieving the organisational objectives.

Heranba places great emphasis on upskilling and training initiatives that align with the evolving needs of the business. The Company is dedicated to providing opportunities for its workforce to grow and learn within the organisation. Additionally, Heranba motivates its employees through various performance-based compensation schemes, which serves as a strong incentive for their dedication and hard work.

The management team at Heranba comprises a blend of young talent and seasoned professionals. This combination ensures a continuous flow of fresh ideas while benefiting from the wealth of experience accumulated over the years. The Company strives to strike a harmonious balance between employee satisfaction and the Company's profitability and capabilities in order to successfully achieve its goals.

Heranba Industries Limited expresses sincere appreciation and gratitude to its employees for their significant contributions and unwavering support, which have played a vital role in the Company's success and development.



### Internal Controls Systems and Their Adequacy

The Company's robust system internal controls safeguard and preserve its assets from loss, illegal use, or disposal. All of the Company's transactions are approved, documented, and reported to the Management in a time bound manner. The Company complies with all relevant accounting standards for the appropriate maintenance of books of accounts and the presentation of financial statements. The Board's Audit Committee establishes the scope, operation, frequency, and technique for internal auditing, and the internal auditors conduct audits, which includes monitoring and evaluation of the effectiveness and adequacy of the Company's internal control systems. It also ensures compliance with operating systems, accounting procedures, and policies across all of the Company's locations. Based on the learnings and findings a periodic internal audit report is submitted to the Audit Committee for review. Process owners take required action and deploy measures in their respective areas, based on the internal audit report and evaluation by the Audit committee. According to the Internal auditors, the Company's internal control system is strong, efficient and effective. Further, the Board has also established a legal compliance framework to ensure compliance with all relevant laws, ensuring that such procedures are sufficient and effective.

#### 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.

# Corporate Information

<b>CIN</b>	L24231GJ1992PLC017315
<b>REGISTERED OFFICE</b>	Plot No. 1504/1505, 1506/1, at III Phase GIDC, Vapi, Taluka-Pardi, District-Valsad, Gujarat. Telephone: +91-260-240 1646
<b>CORPORATE OFFICE</b>	2 <sup>nd</sup> Floor, A Wing, Fortune Avirahi, Jain Derasar Lane, Borivali (West), Mumbai-400092. Telephone: +91-22-2898 7912/5070 5050
<b>PLANT</b>	<b>LOCATION</b>
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.
Sarigam Plant (Unit-III)	Plot No. 2817/1, GIDC Sarigam, Taluka-Umbergaon, District-Valsad, Gujarat.
Unit-IV	Plot No. 1409, GIDC, Phase-III, Vapi-396 195.
<b>WEBSITE</b>	<a href="http://www.heranba.co.in">www.heranba.co.in</a>
<b>E-MAIL</b>	<a href="mailto:compliance@heranba.com">compliance@heranba.com</a>
<b>NAME OF THE STOCK EXCHANGES</b>	<b>STOCK CODE NO.</b>
BSE Limited ("BSE")	543266
National Stock Exchange of India Limited ("NSE")	HERANBA
<b>ISIN NO.</b>	INE694N01015

## BOARD OF DIRECTORS

### Chairman

Mr. Sadashiv K Shetty

### Managing Director

Mr. Raghuram K Shetty

### Independent Directors

Mr. Mulky V Shetty  
Mr. Anilkumar M Marlecha  
Mr. Ganesh N Vanmali  
Ms. Reshma D Wadkar

## KMP OTHER THAN DIRECTORS

Mr. Rajkumar Bafna-Chief Financial Officer  
Mr. Abdul Latif-Company Secretary

## BANKERS

Bank of Baroda  
HDFC Bank Limited

## REGISTRAR & SHARE TRANSFER AGENT

M/s. Bigshare Services Private Limited,  
Office No. S6-2,  
6<sup>th</sup> Floor, Pinnacle Business Park,  
Next to Ahura Centre,  
Mahakali Caves Road, Andheri (East),  
Mumbai-400093.

## STATUTORY AUDITOR

Natvarlal Vepari & Co,  
Chartered Accountants

## SECRETARIAL AUDITOR

M/s. K. C. Suthar & Co.,  
Practicing Company Secretary

## COST AUDITOR

Mr. Paresh Jaysih Sampat,  
Cost Accountants



# Notice

**NOTICE** is hereby given that the 31<sup>st</sup> (Thirty First) Annual General Meeting of the members of M/s. Heranba Industries Limited (“**Company**”) will be held on **Thursday, August 24, 2023 at 03.30 p.m.** through Video Conferencing (VC)/Other Audio Visual Means (OAVM) facility to transact the following business:

## ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements, namely (i) the Audited Balance Sheet as at March 31, 2023, (ii) the Audited Profit and Loss Account for the financial year ended March 31, 2023, (iii) the Audited Cash Flow Statement for the financial year ended March 31, 2023, (iv) Statement of Changes in Equity as on March 31, 2023, (v) Notes annexed to, or forming part of, the documents referred to in (i) to (iv) above and the reports of the Board of Directors and the Auditors thereon.
- To confirm and declare a final dividend @ ₹ 1.25 (Rupees One and Paise Twenty Five) per equity share of the face value of ₹ 10.00 (Rupees Ten) each (i.e. 12.5% of the face value) for the financial year ended March 31, 2023.
- To appoint a director in place of **Shri Shiraj S Shetty (DIN: 06609014)**, whole time director retired by rotation being eligible for the re-appointment, offers himself for re-appointment.

## SPECIAL BUSINESS:

- Re-appointment of Shri Sadashiv K Shetty (DIN: 00038681) as a Whole Time Director designated as Executive Chairman of the Company**

To consider and, if thought fit, to pass the following resolution with or without modifications, as a **Special Resolution**:

**RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company and in accordance with sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V to the Act, as amended from time to time, and pursuant to Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015, approval of the members of the Company be and is hereby accorded to the re-appointment of **Shri Sadashiv K Shetty (DIN: 00038681), as a Whole Time Director designated as Executive Chairman of the Company**, whose office will be liable to determination by retirement by rotation, for a period of **five (05) years** with effect from **November 01, 2023 till October 30, 2028** on the terms and conditions including the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting;

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the

time being in force), consent of the Company be and is hereby accorded for the continuation of the appointment of **Shri Sadashiv K Shetty (DIN: 00038681), as a Whole Time Director designated as Executive Chairman of the Company** on attaining the age of 70 years on June 13, 2024 for the remaining period of his term of 5 years i.e. until **October 30, 2028** on the terms and conditions including the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

- Re-appointment of Shri Raghuram K Shetty (DIN: 00038703) as a Managing Director of the Company**

To consider and, if thought fit, to pass the following resolution with or without modifications, as a **Special Resolution**:

**RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company and in accordance with sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V to the Act, as amended from time to time, and pursuant to Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015, approval of the members of the Company be and is hereby accorded to the re-appointment of **Shri Raghuram K Shetty (DIN: 00038703) as a Managing Director of the Company**, whose office will be liable to determination by retirement by rotation, for a period of **five (05) years** with effect from **November 01, 2023 till October 30, 2028** on the terms and conditions including the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

- Re-appointment of Shri Raunak R Shetty (DIN: 08006529) as a Whole Time Director designated as Executive Director of the Company**

To consider and, if thought fit, to pass the following resolution with or without modifications, as a **Special Resolution**:

**RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company and in accordance with sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V to the Act, as amended from time to time, and pursuant to Regulation 17(6)(e) of SEBI (LODR) Regulations, 2015, approval of the members of the Company be and is hereby accorded to the re-appointment of **Shri Raunak R Shetty (DIN: 08006529) as a Whole Time Director designated as Executive Director of the Company**, whose office will be liable to determination by retirement by rotation, for a period of **five (05) years** with effect from **April 01, 2024 till March 31, 2029** on the terms and conditions including the remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

**7. Re-appointment of Mr. Mulky V Shetty (DIN: 08168960) as a Non-Executive Independent Director of the Company for a second term of five consecutive years**

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

**RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160, and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Amendment) Act, 2017 (including any statutory modification(s) or re-enactment thereof for the time being in force), relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also provisions of Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of **Mr. Mulky V Shetty (DIN: 08168960) as a Non-Executive Independent Director of the Company** for a second term of five consecutive years with effect from **July 09, 2023 till July 08, 2028**, and whose office shall not be liable to retire by rotation;

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 149, 152, 160, and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Amendment) Act, 2017 (including any statutory modification(s) or re-enactment thereof for the time being in force), relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also provisions of Articles of Association of the Company, consent of the Company be and is hereby accorded for the continuation of the appointment of **Mr. Mulky V Shetty (DIN: 08168960) as a Non-Executive Independent Director of the Company**

on attaining the age of 75 years on December 20, 2027 for the remaining period of his second term of 5 consecutive years i.e. until **July 08, 2028**;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

**8. Re-appointment of Mr. Anilkumar M Marlecha (DIN: 08193193) as a Non-Executive Independent Director of the Company for a second term of five consecutive years**

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

**RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160, and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Amendment) Act, 2017 (including any statutory modification(s) or re-enactment thereof for the time being in force), relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also provisions of Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of **Mr. Anilkumar M Marlecha (DIN: 08193193) as a Non-Executive Independent Director of the Company** for a second term of five consecutive years with effect from **August 31, 2023 till August 30, 2028**, and whose office shall not be liable to retire by rotation;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

**9. Re-appointment of Mr. Ganesh N Vanmali (DIN: 07833853) as a Non-Executive Independent Director of the Company for a second term of five consecutive years**

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

**RESOLVED THAT** pursuant to the provisions of Section 149, 152, 160, and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Amendment) Act, 2017 (including any statutory modification(s) or re-enactment thereof for the time being in force), relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also provisions of Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the

re-appointment of **Mr. Ganesh N Vanmali (DIN: 07833853)** as a **Non-Executive Independent Director of the Company** for a second term of five consecutive years with effect from **August 31, 2023 till August 30, 2028**, and whose office shall not be liable to retire by rotation;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

**10. Ratification of the remuneration payable to the Cost Auditors of the Company for the Financial Year ending March 31, 2024.**

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

**RESOLVED FURTHER 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 ₹ 1,60,000/- (Rupees One lakh Sixty Thousand only) plus GST thereon and reimbursement of out of pocket expenses at actual to **M/s Paresh Jaysih Sampat**, Cost Accountant, Mumbai (Firm Registration No. 102421) who has been appointed by the Board as Cost Auditors of the Company for the financial year 2023-24;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

**REGISTERED OFFICE:**

Plot No.: 1504/1505/1506/1,  
GIDC, Phase-III,  
Vapi, Valsad-396195,  
Gujarat.

**Date:** May 30, 2023

**Place:** Mumbai

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

**Mr. Abdul Latif**  
Company Secretary  
ACS - 17009

# Notes

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") read with SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meeting issued by Institute of Company Secretaries of India is annexed hereto.
2. 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 31<sup>st</sup> 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](http://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](mailto: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. **August 24, 2023**. Members seeking to inspect such documents can send an email to [compliance@heranba.com](mailto: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. Shriraj S Shetty (DIN: 06609014)**, **Mr. Sadashiv K Shetty (DIN: 00038681)**, **Mr. Raghuram K Shetty (DIN: 00038703)**, **Mr. Raunak R Shetty (DIN: 08006529)**, **Mr. Mulky V Shetty (DIN: 08168960)**, **Mr. Anilkumar M Marlecha (DIN: 08193193)** and **Mr. Ganesh N Vanmali (DIN: 07833853)** 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, Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093, Telephone No-022-62638200/222, Email id-[investor@bigshareonline.com](mailto: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 from time to time, 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). Shareholders can visit the Company's website [www.heranba.co.in](http://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 March 31, 2023 and notice of the 31<sup>st</sup> 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 31<sup>st</sup> Annual General Meeting are also posted on the website [www.heranba.co.in](http://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](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of Bigshare Services Pvt. Ltd. (agency for providing the remote e-voting facility and e-voting system during the AGM) i.e. [www.bigshareonline.com](http://www.bigshareonline.com)/[www.evotingindia.com](http://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](http://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. Since the AGM will be held through VC/OAVM in accordance with the Circulars, the route map is not attached to this Notice.
  17. 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 April 08, 2020, April 13, 2020, May 05, 2020 and January 13, 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 Bigshare Services Pvt.Ltd. 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 Bigshare Services Pvt.Ltd.
  18. 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.
  19. 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.

20. The Company has fixed **August 17, 2023** as the Record Date for determining the eligibility and entitlement of the Members to the Final Dividend for the Financial Year ended March 31, 2023. Further the Registrar of Members and Share Transfer Books of the Company will remain closed **from August 18, 2023 to August 24, 2023** (both days inclusive) for the purpose of 31<sup>st</sup> Annual General Meeting of the Company.
21. The Company has fixed **August 17, 2023** 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 31<sup>st</sup> AGM of the Company.
22. Instructions for Shareholders for Remote e-voting and for Shareholders joining the AGM through VC/OAVM & e-voting during Meeting are given as **Annexure-I**.
23. 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.
24. 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, and RTA and will also be displayed on your Company's website, <https://www.heranba.co.in>

**REGISTERED OFFICE:**

Plot No.: 1504/1505/1506/1,  
GIDC, Phase-III,  
Vapi, Valsad-396195,  
Gujarat.

**Date:** May 30, 2023

**Place:** Mumbai

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

**Mr. Abdul Latif**  
Company Secretary  
ACS - 17009

# Annexure-I

## BIGSHARE I-VOTE E-VOTING SYSTEM

- (i) The voting period begins on August 21, 2023, 10:00 A.M. and ends on August 23, 2023, 5:00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 17, 2023 may cast their vote electronically. The e-voting module shall be disabled by Bigshare Services Pvt Ltd. for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in

India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of **SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

1. Pursuant to above said SEBI Circular, Login method for 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 <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL 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 URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of BIGSHARE the e-Voting service provider and you will be re-directed to i-Vote website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. BIGSHARE, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress, and also able to directly access the system of all e-Voting Service Providers. Click on BIGSHARE and you will be re-directed to i-Vote website for casting your vote during the remote e-voting period.</li> </ol>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>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: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> 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 e-Voting service provider name BIGSHARE and you will be re-directed to i-Vote website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com">https://www.evoting.nsd.com</a> 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 hold 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 e-Voting service provider name BIGSHARE and you will be redirected to i-Vote website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	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 e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned 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 <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30



## 2. Login method for e-Voting for shareholder other than individual shareholders holding shares in Demat mode & physical mode is given below:

- You are requested to launch the URL on internet browser: <https://ivote.bigshareonline.com>
- Click on “**LOGIN**” button under the ‘**INVESTOR LOGIN**’ section to Login on E-Voting Platform.
- Please enter you ‘**USER ID**’ (User id description is given below) and ‘**PASSWORD**’ which is shared separately on you register email id.
  - o Shareholders holding shares in **CDSL demat account should enter 16 Digit Beneficiary ID** as user id.
  - o Shareholders holding shares in **NSDL demat account should enter 8 Character DP ID** followed by 8 Digit Client ID as user id.
  - o Shareholders holding shares in **physical form should enter Event No + Folio Number** registered with the Company as user id.

**NOTE:** If you have not received any user id or password please email from your registered email id or contact i-vote helpdesk team. (Email id and contact number are mentioned in helpdesk section).

- Click on **I AM NOT A ROBOT (CAPTCHA)** option and login.

**NOTE:** If Shareholders are holding shares in demat form and have registered on to e-Voting system of <https://ivote.bigshareonline.com> and/or voted on an earlier event of any Company then they can use their existing user id and password to login.

- If you have forgotten the password: Click on ‘**LOGIN**’ under ‘**INVESTOR LOGIN**’ tab and then Click on ‘**Forgot your password?**’
- Enter “**User ID**” and “**Registered email ID**” Click on **I AM NOT A ROBOT (CAPTCHA)** option and click on ‘**Reset**’.
- (In case a shareholder is having valid email address, Password will be sent to his/her registered e-mail address).

### Voting method for shareholders on i-Vote E-voting portal:

- After successful login, **Bigshare E-voting system** page will appear.
- Click on “**VIEW EVENT DETAILS (CURRENT)**” under ‘**EVENTS**’ option on investor portal.
- Select event for which you are desire to vote under the dropdown option.

- Click on “**VOTE NOW**” option which is appearing on the right hand side top corner of the page.
- Cast your vote by selecting an appropriate option “**IN FAVOUR**”, “**NOT IN FAVOUR**” or “**ABSTAIN**” and click on “**SUBMIT VOTE**”. A confirmation box will be displayed. Click “**OK**” to confirm, else “**CANCEL**” to modify. Once you confirm, you will not be allowed to modify your vote.
- Once you confirm the vote you will receive confirmation message on display screen and also you will receive an email on your registered email id. During the voting period, members can login any number of times till they have voted on the resolution(s). Once vote on a resolution is casted, it cannot be changed subsequently.
- Shareholder can “**CHANGE PASSWORD**” or “**VIEW/UPDATE PROFILE**” under “**PROFILE**” option on investor portal.

## 3. Custodian registration process for i-Vote E-Voting Website:

- You are requested to launch the URL on internet browser: <https://ivote.bigshareonline.com>
- Click on “**REGISTER**” under “**CUSTODIAN LOGIN**”, to register yourself on Bigshare i-Vote e-Voting Platform.

- Enter all required details and submit.

- After Successful registration, message will be displayed with “**User id and password will be sent via email on your registered email id**”.

**NOTE:** If Custodian have registered on to e-Voting system of <https://ivote.bigshareonline.com> and/or voted on an earlier event of any Company then they can use their existing user id and password to login.

- If you have forgotten the password: Click on ‘**LOGIN**’ under ‘**CUSTODIAN LOGIN**’ tab and further Click on ‘**Forgot your password?**’
- Enter “**User ID**” and “**Registered email ID**” Click on **I AM NOT A ROBOT (CAPTCHA)** option and click on ‘**RESET**’.

(In case a custodian is having valid email address, Password will be sent to his/her registered e-mail address).

### Voting method for Custodian on i-Vote E-voting portal:

- After successful login, **Bigshare E-voting system** page will appear.

### Investor Mapping:

- First you need to map the investor with your user ID under “**DOCUMENTS**” option on custodian portal.

- o Click on “**DOCUMENT TYPE**” dropdown option and select document type power of attorney (POA).
- o Click on upload document “**CHOOSE FILE**” and upload power of attorney (POA) or board resolution for respective investor and click on “**UPLOAD**”.

**Note:** The power of attorney (POA) or board resolution has to be named as the “**InvestorID.pdf**” (Mention Demat account number as Investor ID.)

- o Your investor is now mapped and you can check the file status on display.

#### Investor vote File Upload:

- To cast your vote select “**VOTE FILE UPLOAD**” option from left hand side menu on custodian portal.
- Select the Event under drop down option.
- Download sample voting file and enter relevant details as required and upload the same file under upload document option by clicking on “**UPLOAD**”. Confirmation message will be displayed on the screen and also you can check the file status on display (Once vote on a resolution is casted, it cannot be changed subsequently).
- Custodian can “**CHANGE PASSWORD**” or “**VIEW/UPDATE PROFILE**” under “**PROFILE**” option on custodian portal.

### Helpdesk for queries regarding e-voting:

#### Login type

Shareholder's other than individual shareholders holding shares in Demat mode & Physical mode.

#### Helpdesk details

In case shareholders/investor have any queries regarding E-voting, you may refer the Frequently Asked Questions ('FAQs') and i-Vote e-Voting module available at <https://ivote.bigshareonline.com>, under download section or you can email us to [ivote@bigshareonline.com](mailto:ivote@bigshareonline.com) or call us at: 1800 22 54 22.

### 4. Procedure for joining the AGM/EGM through VC/OAVM:

**For shareholder other than individual shareholders holding shares in Demat mode & physical mode is given below:**

- The Members may attend the AGM through VC/OAVM at <https://ivote.bigshareonline.com> under Investor login by using the e-voting credentials (i.e., User ID and Password).
- After successful login, **Bigshare E-voting system** page will appear.
- Click on “**VIEW EVENT DETAILS (CURRENT)**” under ‘**EVENTS**’ option on investor portal.
- Select event for which you are desire to attend the AGM/EGM under the dropdown option.
- For joining virtual meeting, you need to click on “**VC/OAVM**” link placed beside of “**VIDEO CONFERENCE LINK**” option.
- Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

**The instructions for Members for e-voting on the day of the AGM/EGM are as under:**

- The Members can join the AGM/EGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the meeting. The procedure for e-voting on the day of the AGM/EGM is same as the instructions mentioned above for remote e-voting.
- Only those members/shareholders, who will be present in the AGM/EGM 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 in the AGM/EGM.
- Members who have voted through Remote e-Voting will be eligible to attend the EGM. However, they will not be eligible to vote at the AGM/EGM.

### Helpdesk for queries regarding virtual meeting:

In case shareholders/investor have any queries regarding virtual meeting, you may refer the Frequently Asked Questions ('FAQs') available at <https://ivote.bigshareonline.com>, under download section or you can email us to [ivote@bigshareonline.com](mailto:ivote@bigshareonline.com) or call us at: 1800 22 54 22.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 READ WITH SEBI (LODR) REGULATIONS, 2015

Annexed to the Notice convening the 31<sup>st</sup> (Thirty First) Annual General Meeting.

### ITEM NO. 4

#### Re-appointment of Shri Sadashiv K Shetty (DIN: 00038681) as a Whole Time Director designated as Executive Chairman of the Company

**Shri Sadashiv K Shetty (DIN: 00038681) ("S K Shetty")** is a promoter of the Company and was designated as Chairman & Director of the Company for a period of 5 [Five] Years with effect from November 01, 2018 at the Extra Ordinary General Meeting held on October 26, 2018. **Shri S K Shetty** is also Chairman of Risk Management Committee and a member of the Corporate Social Responsibility Committee.

His term as Chairman & Director is due to expire on October 30, 2023.

Based on the recommendation of the Nomination and Remuneration Committee and keeping in view of his vast experience and exposure of more than 3 decade, the Board of Directors of the Company at its meeting held on May 30, 2023, has re-appointed **Shri S K Shetty as a Whole Time Director designated as Executive Chairman of the Company** for a period of 5 years w.e.f. **November 01, 2023 till October 30, 2028**, subject to approval of the members of the Company.

Further, during this period of five years from November 01, 2023 to October 30, 2028, He will attain the age of 70 years on June 13, 2024. Hence it is also required to obtain approval of the shareholders under the provision of the Section 196(3) of the Companies, 2013 for continuation of his employment as a Whole Time Director designated a Executive Chairman even

on attaining the age of 70 years for the remaining period of his term of 5 years i.e. until October 30, 2028, on the terms and conditions including the remuneration as set out here in below.

The aforesaid re-appointment of **Shri S K Shetty** is subject to approval of the members of the Company by way of Special Resolution at this AGM.

**Shri S K Shetty** is associated with the Company since 1994. He has been actively involved in the operations of the Company. He has rich and varied experience of over more than 3(three) decade. He is a stalwart of the agrochemicals industry, with over thirty years of experience in the sector. He is the person who has galvanized the development of new products and is boosting the capacities and capabilities of the Company. His skill, Experience & Expertise includes Business Leadership & Operations, Risk Management & Governance, Business Expertise, Strategic Planning, General Management, Functional & Managerial Experience Chemical Industry Expert, Manufacturing, Research & Development etc. He holds a bachelors' degree in Physics and Chemistry as well as a Masters' degree in Science (Chemistry) from the University of Mysore.

It would be in the interest of the Company to continue the employment of **Shri S K Shetty** as Whole Time Director designated as Executive Chairman of the Company.

Brief profile of **Shri S K Shetty** as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given as an Annexure to this Notice.

The details of remuneration including Remuneration, allowances, perquisites and bonus paid/payable to **Shri S K Shetty** are as follows:

- The following are the Remuneration structure payable to **Shri S K Shetty** with effect from April 01, 2023:

Allowances	Amount (per month)	Amount (P.A.)
Basic	782,200	9,386,400
House Rent Allowance	260,733	3,128,796
Education Allowance	6,518	78,216
Washing Allowance	6,518	78,216
Driver Remuneration Reimbursement	117,330	1,407,960
Fuel Allowance Reimbursement	92,560	1,110,720
Telephone & Internet Reimbursement	13,037	156,444
Special Allowance	24,770	297,240
Total	1,303,666	15,643,992
+PF contribution from employer	1,800	21,600
+Bonus	108,639	1,303,668
<b>Total CTC</b>	<b>1,414,105</b>	<b>16,969,260</b>

2. The aforesaid proposed remuneration is an increment of 10% from the last remuneration of **Shri S K Shetty** drawn during the financial year ended on March 31, 2023. The members are requested to note that there was no increase in remuneration of **Shri S K Shetty** since last 5 years.
3. The Board has, on the recommendation of Nomination and Remuneration Committee, power to increase Annual Remuneration by up to 15% every financial year (effective from April 01 of each year) based on the annual performance and policy of the Company.
4. **Shri S K Shetty** shall, along with the other employees of the Company, be entitled to the Bonus as per the Policy of the Company and will be in addition to the aforesaid Remuneration.
5. Increment in Remuneration, perquisites and allowances and remuneration by way of incentive/bonus/performance linked incentive, payable to **Shri S K Shetty** may be determined by the Board and/or the Nomination & Remuneration Committee of the Board.
6. Employees' stock options if granted to **Shri S K Shetty** any time, shall be in addition to the aforesaid remuneration.
7. Expenses incurred for travelling, board and lodging including for spouse and attendant(s) during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and/or borne by the Company at actuals and will be in addition to the aforesaid Remuneration.
8. The overall remuneration payable every year to **Shri S K Shetty** by way of Remuneration, perquisites and allowances, incentive/bonus/performance linked incentive, remuneration based on net profits, etc., as the case may be, shall be in accordance with the provision of the Section 197 of the Companies Act read with Schedule V of the Act.
9. All payments to be made or to be credited to **Shri S K Shetty** shall be subject to such deduction and withholdings of tax or otherwise as the Company may be mandated or required to do so whether by any applicable laws, regulations or guidelines or pursuant to any contract to such effect.
10. **Shri S K Shetty** shall be entitled to participate, along with the other employees of the Company, in any of the employee benefit and compensation plans, whether statutory or otherwise, as may be generally available to employees of the Company including car, leave travel allowance, gratuity, medical and health insurance plans etc.
11. All other terms and conditions are mentioned in the Agreement entered into with **Shri S K Shetty**.

**Minimum remuneration:** As the Proposed Resolution in Item No. 4 is the Special Resolution hence if the Special Resolution is passed then in the event of loss or inadequacy of profits

in any financial year during the currency of tenure of service of **Shri S K Shetty**, the Company will make the payment of aforesaid remuneration to **Shri S K Shetty**, even the proposed remuneration exceed the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 as may for the time being be in force.

Income-Tax in respect of the above remuneration will be deducted at source as per the applicable Income Tax Laws/ Rules.

If at any time **Shri S K Shetty** ceases to be a Director of the Company, for any reason whatsoever, he shall cease to be Executive Chairman and his Agreement with the Company shall stand terminated forthwith.

The above may be treated as a written memorandum setting out the terms & conditions of appointment of **Shri S K Shetty** under Section 190 of the Act.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act and SEBI (LODR) Regulations, 2015, the terms of remuneration specified above are now being placed before the Members for their approval by way of special resolution.

**Shri S K Shetty**, being appointee, Mr. Raghuram K Shetty, Managing Director being the brother of appointee and Mr. Shiraj S Shetty, Executive Director, being son of appointee are interested in the Resolution No. 4 of the Notice.

None of the other Directors except mentioned as above, Key Managerial Personnel or the relatives of Directors and Key Managerial Persons are, in any way, concerned or interested, financially or otherwise, in the Resolution at Item No. 4 of the Notice.

The Board of Directors recommends the resolution in relation to the appointment of **Shri S K Shetty** as Whole Time Director designed as Executive Chairman of the Company as set out in Item No. 4 for approval of the Members by way of a Special Resolution.

## ITEM NO. 5

**Shri Raghuram K Shetty (DIN: 00038703) ("R K Shetty")** is a promoter of the Company and associated with the Company since 1994. **Shri R K Shetty** was designated as Managing Director of the Company for a period of 5 [Five] Years with effect from November 01, 2018 at the Extra Ordinary General Meeting held on October 26, 2018. **Shri R K Shetty** is also a member of Risk Management Committee and Stakeholders' Relationship Committee.

His term as Managing Director is due to expire on October 30, 2023.

Based on the recommendation of the Nomination and Remuneration Committee and keeping in view of his vast experience and exposure of more than 3 decade, the Board of Directors of the Company at its meeting held on May 30, 2023, has re-appointed **Shri R K Shetty** as a **Managing Director** for a period of 5 years w.e.f. **November 01, 2023 till October 30, 2028**, subject to approval of the members of the Company.

The aforesaid appointment of **Shri R K Shetty** is subject to approval of the members of the Company by way of Special Resolution at this AGM.

**Shri R K Shetty** is a promoter and Managing Director of the Company and is having over 3(three) decade of experience in the field of Agrochemical Industry.

**Shri R K Shetty** is in charge of the overall management and day-to-day affairs of the Company, while also giving shape to the future business strategies. He is the driving force behind the Business Development, Business Operations, Risk Management & Governance, Finance & Accounting, Functional, Strategic Planning, Procurement, Sales & Marketing, Managerial Operations, International Trade, Export Business Management, Banking, Product Development, Plant Setup, Investor Relation, Supply Chain, Business Development and new Project, Human Resource, Administrative Reforms, Decision Making, Litigation Management, Supply Chain,

Intellectual Property Rights etc of the Company. He has over three decades of experience in the agrochemicals industry. He holds a bachelors' degree in Economics from the University of Mysore, while also holding a government commercial diploma from the Department of Education, Bureau of Government Examinations, Maharashtra. He has also successfully obtained a diploma in export and import management from the India International Trade Centre, Mumbai.

It would be in the interest of the Company to continue the employment of **Shri R K Shetty** as Managing Director of the Company.

Brief profile of **Shri R K Shetty** as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given as an Annexure to this Notice.

The details of remuneration including Remuneration, allowances, perquisites and bonus paid/payable to **Shri R K Shetty** are as follows.

- The following are the Remuneration structure payable to **Shri R K Shetty** with effect from April 01, 2023:

#### FIXED

Allowances	Amount (per month)	Amount (P.A.)
Basic	693,100	8,317,200
House Rent Allowance	231,033	2,772,396
Education Allowance	5,776	69,312
Washing Allowance	5,776	69,312
Driver Remuneration Reimbursement	103,965	1,247,580
Fuel Allowance Reimbursement	82,016	984,192
Telephone & Internet Reimbursement	11,552	138,624
Special Allowance	21,948	263,376
Total Monthly	1,155,166	13,861,992
+PF contribution from employer	1,800	21,600
+Bonus	96,264	1,155,168
<b>Total CTC</b>	<b>1,253,230</b>	<b>15,038,760</b>

#### VARIABLES

In addition to the above fixed remuneration, the Commission @ 3% per Annum of the Net Profit of the Company for the financial year computed in the manner laid down in Section 198 of the Companies Act, 2013 shall be paid to **Shri R K Shetty**.

- The aforesaid proposed fixed remuneration is an increment of 10 % from the last fixed remuneration of **Shri R K Shetty** drawn during the financial year ended on March 31, 2023. The members are requested to note that there was no increase in the fixed remuneration of **Shri R K Shetty** since last 5 years.
- The Board has, on the recommendation of Nomination and Remuneration Committee, power to increase Annual Remuneration by 15% every financial year (effective from April 01 of each year) based on the annual performance and policy of the Company.
- Shri R K Shetty** shall, along with the other employees of the Company, be entitled to the Bonus as per the Policy of the Company and will be in addition to the aforesaid Remuneration.
- Increment in Remuneration, perquisites and allowances and remuneration by way of incentive/bonus/performance linked incentive, payable to **Shri R K Shetty** may be determined by the Board and/or the Nomination & Remuneration Committee of the Board.
- Employees' stock options if granted to **Shri R K Shetty** any time, shall be in addition to the aforesaid remuneration.
- Expenses incurred for travelling, board and lodging including for spouse and attendant(s) during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and/or borne by the Company at actuals and will be in addition to the aforesaid Remuneration.

8. The overall remuneration payable every year to **Shri R K Shetty** by way of Remuneration, perquisites and allowances, incentive/bonus/performance linked incentive, remuneration based on net profits, etc., as the case may be, shall be in accordance with the provision of the Section 197 of the Companies Act read with Schedule V of the Act.
9. All payments to be made or to be credited to **Shri R K Shetty** shall be subject to such deduction and withholdings of tax or otherwise as the Company may be mandated or required to do so whether by any applicable laws, regulations or guidelines or pursuant to any contract to such effect.
10. **Shri R K Shetty** shall be entitled to participate, along with the other employees of the Company, in any of the employee benefit and compensation plans, whether statutory or otherwise, as may be generally available to employees of the Company including car, leave travel allowance, gratuity, medical and health insurance plans etc.
11. All other terms and conditions are mentioned in the Agreement entered into with **Shri R K Shetty**.

**Minimum remuneration:** As the Proposed Resolution in Item No. 5 is the Special Resolution hence if the Special Resolution is passed then in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of **Shri R K Shetty**, the Company will make the payment of aforesaid remuneration to **Shri R K Shetty**, even the proposed remuneration exceed the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 as may for the time being be in force.

Income-Tax in respect of the above remuneration will be deducted at source as per the applicable Income Tax Laws/Rules.

If at any time **Shri R K Shetty** ceases to be a Director of the Company, for any reason whatsoever, he shall cease to be Managing Director and his Agreement with the Company shall stand terminated forthwith.

The above may be treated as a written memorandum setting out the terms & conditions of appointment of **Shri R K Shetty** under Section 190 of the Act.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act and SEBI (LODR) Regulations, 2015, the terms of remuneration specified above are now being placed before the Members for their approval by way of special resolution.

**Shri R K Shetty**, being appointee, **Mr. Sadashiv K Shetty**, Chairman being the brother of appointee and **Mr. Raunak R Shetty**, Executive Director, being son of appointee are interested in the Resolution No. 5 of the Notice.

None of the other Directors except mentioned as above, Key Managerial Personnel or the relatives of Directors and Key Managerial Persons are, in any way, concerned or interested, financially or otherwise, in the Resolution at Item No. 5 of the Notice.

The Board of Directors recommends the resolution in relation to the appointment of **Shri R K Shetty** as Managing Director of the Company as set out in Item No. 5 for approval of the Members by way of a Special Resolution.

#### ITEM NO. 6

**Shri Raunak R Shetty (DIN: 08006529) ("Raunak")** is associated with the Company since 2016 and was designated as Executive Director of the Company for a period of 5 [Five] Years with effect from April 01, 2019 at the Extra Ordinary General Meeting held on January 31, 2020. **Shri Raunak** is also a member of Risk Management Committee.

His term as Executive Director is due to expire on March 31, 2024.

Based on the recommendation of the Nomination and Remuneration Committee and keeping in view of his vast experience and exposure, the Board of Directors of the Company at its meeting held on May 30, 2023, has re-appointed **Shri Raunak** as a **Whole Time Director designated as Executive Director** for a period of 5 years w.e.f. **April 01, 2024 till March 31, 2029**, subject to approval of the members of the Company.

The aforesaid appointment of **Shri Raunak** is subject to approval of the members of the Company by way of Special Resolution at this AGM.

**Shri Raunak** is associated with the Company since 2016 and looks after Finance & Banking, Standardization of system and process, Procurement, & Marketing, Investor Relation, Business Development and new Project & New Products. New Technology & Innovation product development etc functions of the Company. He is a Bachelor of Commerce from the University of Mumbai and an associate member of the Institute of Chartered Accountants of India.

It would be in the interest of the Company to continue the employment of **Shri Raunak** as Whole Time Director designated as Executive Director of the Company.

Brief profile of **Shri Raunak** as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given as an Annexure to this Notice.

The details of remuneration including Remuneration, allowances, perquisites and bonus paid/payable to **Shri Raunak** are as follows:

- The following are the Remuneration structure payable to **Shri Raunak** with effect from April 01, 2023:

#### FIXED

Allowances	Amount (per month)	Amount (P.A.)
Basic	150,000	1,800,000
House Rent Allowance	50,000	600,000
Education Allowance	1,250	15,000
Washing Allowance	1,250	15,000
Driver Remuneration Reimbursement	22,500	270,000
Fuel Allowance Reimbursement	17,750	213,000
Telephone & Internet Reimbursement	2,500	30,000
Special Allowance	4,750	57,000
Total Monthly	250,000	3,000,000
+PF contribution from employer	1,800	21,600
+Bonus	20,833	249,996
<b>Total CTC</b>	<b>272,633</b>	<b>3,271,596</b>

- The members are requested to note that the same remuneration is being to **Shri Raunak** w.e.f. April 01, 2021.
- The Board has, on the recommendation of Nomination and Remuneration Committee, power to increase Annual Remuneration by 15% every financial year (effective from April 01 of each year) based on the annual performance and policy of the Company.
- Shri Raunak** shall, along with the other employees of the Company, be entitled to the Bonus as per the Policy of the Company and will be in addition to the aforesaid Remuneration.
- Increment in Remuneration, perquisites and allowances and remuneration by way of incentive/bonus/performance linked incentive, payable to **Shri Raunak** may be determined by the Board and/or the Nomination & Remuneration Committee of the Board.
- Employees' stock options if granted to **Shri Raunak** any time, shall be in addition to the aforesaid remuneration.
- Expenses incurred for travelling, board and lodging including for spouse and attendant(s) during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed at actuals and/or borne by the Company at actuals and will be in addition to the aforesaid Remuneration.
- The overall remuneration payable every year to **Shri Raunak** by way of Remuneration, perquisites and allowances, incentive/bonus/performance linked incentive, remuneration based on net profits, etc., as the case may be, shall be in accordance with the provision of the Section 197 of the Companies Act read with Schedule V of the Act.
- All payments to be made or to be credited to **Shri Raunak** shall be subject to such deduction and withholdings of tax or otherwise as the Company may be mandated or required to do so whether by any applicable laws, regulations or guidelines or pursuant to any contract to such effect.
- Shri Raunak** shall be entitled to participate, along with the other employees of the Company, in any of the employee benefit and compensation plans, whether statutory or otherwise, as may be generally available to employees of the Company including car, leave travel allowance, gratuity, medical and health insurance plans etc.
- All other terms and conditions are mentioned in the Agreement entered into with **Shri Raunak**.

**Minimum remuneration:** As the Proposed Resolution in Item No. 6 is the Special Resolution hence if the Special Resolution is passed then in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of **Shri Raunak**, the Company will make the payment of aforesaid remuneration to **Shri Raunak**, even the proposed remuneration exceed the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 as may for the time being be in force.

Income-Tax in respect of the above remuneration will be deducted at source as per the applicable Income Tax Laws/ Rules.

If at any time **Shri Raunak** ceases to be a Director of the Company, for any reason whatsoever, he shall cease to be Executive Director and his Agreement with the Company shall stand terminated forthwith.

The above may be treated as a written memorandum setting out the terms & conditions of appointment of **Shri Raunak** under Section 190 of the Act.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act and SEBI (LODR) Regulations, 2015, the terms of remuneration specified above are now being placed before the Members for their approval by way of special resolution.

**Shri Raunak**, being appointee and Mr. Raghuram K Shetty, Managing Director, being father of appointee are interested in the Resolution No. 6 of the Notice.

None of the other Directors except mentioned as above, Key Managerial Personnel or the relatives of Directors and Key Managerial Persons are, in any way, concerned or interested, financially or otherwise, in the Resolution at Item No. 6 of the Notice.

The Board of Directors recommends the resolution in relation to the reappointment of **Shri Raunak** as Whole Time Director designed as Executive Director of the Company as set out in Item No. 6 for approval of the Members by way of a Special Resolution.

#### ITEM NO. 7, 8 & 9

**Re-appointment of Mr. Mulky V Shetty (DIN: 08168960), Mr. Anilkumar M Marlecha (DIN: 08193193) and Mr. Ganesh N Vanmali (DIN: 08193193) as a Non-Executive Independent Directors of the Company for a second term of five consecutive years**

The members of the Company at the Extra Ordinary General Meeting held on July 09, 2018 appointed **Mr. Mulky V Shetty** (having DIN: 08168960) ("**M V Shetty**") as Non Executive Independent Director of the Company for a term of five years. Accordingly the tenure of **Mr. M V Shetty** is due to expire on July 09, 2023.

The members of the Company at the Annual General Meeting held on August 31, 2018 appointed **Mr. Anilkumar M Marlecha (DIN: 08193193) ("Anilkumar") and Mr. Ganesh N Vanmali (DIN: 08193193) ("Ganesh")** as Non Executive Independent Director of the Company for a term of five years. Accordingly the tenure of **Mr Anilkumar and Mr Ganesh** is due to expire on August 31, 2023.

In terms of provisions of section 149(10) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment on passing of a special resolution by the Shareholders of the Company and disclosure of such appointment in the Board's report.

The Company has received the consent from **Mr. M V Shetty, Mr. Anilkumar and Mr. Ganesh** to act as the Director in the prescribed Form DIR-2 under Section 152(5) of the Act and Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

**Mr. M V Shetty, Mr. Anilkumar and Mr. Ganesh** has also given a declaration to the Company that he meets criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Qualification of Directors) Rules, 2014 and

relevant regulation of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

After taking into account the performance evaluation, during his first term of five years and considering the knowledge, acumen, expertise and experience in respective fields and the substantial contribution made by **Mr. M V Shetty, Mr. Anilkumar and Mr. Ganesh** during their tenure as an Independent Directors since their appointment, the Board of Directors of the Company ('the Board') and the Nomination & Compensation Committee ('the Committee'), recommended for the approval of the Members for the reappointment of **Mr. M V Shetty, Mr. Anilkumar and Mr. Ganesh** as Non Executive Independent Directors of the Company for second term of consecutive **5 (Five)** Years with effect from July 09, 2023, August 31, 2023 and August 31, 2023 respectively, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), as set out in the Resolutions relating to their re-appointment.

Further, during this period of five years from July 09, 2023 to July 09, 2028, **Mr. M V Shetty** will attain the age of 75 years on December 20, 2027. Hence it is also required to obtain approval of the shareholders under the provision of provisions of Section 149, 152, 160, and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, the Companies (Amendment) Act, 2017 (including any statutory modification(s) or re-enactment thereof for the time being in force), relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also provisions of Articles of Association of the Company, for continuation of his appointment as a Non Executive Independent Director even on attaining the age of 75 years for the remaining period of his term of 5 years i.e. until July 08, 2028.

The aforesaid appointment of **Mr. M V Shetty, Mr. Anilkumar and Mr. Ganesh** is subject to approval of the members of the Company by way of Special Resolution at this AGM.

In the opinion of the Board, **Mr. M V Shetty, Mr. Anilkumar and Mr. Ganesh** fulfil the conditions specified in the Act, the Rules thereunder and the SEBI (LODR) Regulations 2015 for appointment as Independent Directors and he is independent of the management of the Company.

Brief profile of **Mr. M V Shetty, Mr. Anilkumar and Mr. Ganesh** as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given as an Annexure to this Notice.

Except **Mr. M V Shetty**, being appointee, None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 7 of the Notice.

Except **Mr. Anilkumar**, being appointee, None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 8 of the Notice.

Except **Mr. Ganesh**, being appointee, None of the Directors, Key Managerial Personnel of the Company or their relatives



are, in any way, concerned or interested in the resolution set out at item no. 9 of the Notice.

The Board recommends the Special Resolution as set out at item no. 7, 8 & 9 for approval by the Members.

### ITEM NO. 10

#### **Ratification of the remuneration payable to the Cost Auditors of the Company for the Financial Year ending March 31, 2024.**

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 **May 30, 2023** considered and approved appointment of M/s Paresh Jaysih Sampat, Cost Accountant, Mumbai (Firm Registration no. 102421), for cost audit of the cost records maintained by the Company for the financial year ending March 31, 2024, at a remuneration of ₹ 1.60 lakh 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. 10.

The Board recommends the Ordinary Resolution at Item no. 10 of the accompanying Notice for approval of the Members of the Company.

#### **REGISTERED OFFICE:**

Plot No.: 1504/1505/1506/1,  
GIDC, Phase-III,  
Vapi, Valsad-396195,  
Gujarat.

**Date:** May 30, 2023

**Place:** Mumbai

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

**Mr. Abdul Latif**  
Company Secretary  
ACS - 17009

# Annexure to the Notice

## Details of the Director seeking appointment/re-appointment at this 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	Sadashiv K Shetty	Raghuram K Shetty
Date of Birth	June 13, 1954	March 25, 1959
DIN No.	00038681	00038703
Date of Appointment	November 01, 2023	November 01, 2023
Qualifications:	Bachelor's (physics and chemistry) and Master's (chemistry) degree in science from University of Mysore.	Bachelor's degree in Economics from the University of Mysore.  A government commercial diploma from the Department of Education, Bureau of Government Examinations, Maharashtra.  A diploma in export and import management from the India International Trade Centre, Mumbai.
Experience in years	More than three (3) decades in agrochemicals industry	More than three (3) decades in agrochemicals industry
No. of equity shares held in your Company	7201796	11911446
No. of Board meetings attended during F.Y. 2022-23	5 (100%)	5 (100%)
Relationship with other Directors and Key Managerial Personnel:	1. Brother of Mr. Raghuram K Shetty (Managing Director) 2. Father of Mr. Shiraj S Shetty (Whole time Director)	1. Brother of Mr. Sadashiv K Shetty (Chairman) 2. Father of Mr. Raunak R Shetty (Whole time Director)
Terms and conditions of appointment	5 Years as Executive Chairman w.e.f. November 01, 2023  Liable to retire by rotation	5 Years as Managing Director w.e.f. November 01, 2023  Liable to retire by rotation
Other Directorships in Companies:	1. Heranba Crop Care Limited 2. Chemino Pharma Limited 3. Mikusu India Pvt. Ltd. 4. Heranba Organics Pvt. Ltd.	1. SAMS India Pvt. Ltd. 2. Mikusu India Pvt. Ltd. 3. Heranba Organics Pvt. Ltd. 4. Crop Care Federation of India
Details of remuneration paid	₹ 1.43 crore	₹ 5.61 crore

\* For additional details on skills, expertise, knowledge and competencies of Directors, please refer to Corporate Governance Report forming part of the Annual Report.

## Details of the Director seeking appointment/re-appointment at this 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	Mulky V Shetty	Anilkumar M Marlecha	Ganesh N Vanmali
Date of Birth	December 20, 1952	January 06, 1985	June 06, 1956
DIN No.	08168960	08193193	07833853
Date of Appointment	July 09, 2023	August 31, 2023	August 31, 2023
Qualifications:	a bachelor's degree in Science (Physics and Chemistry) from the University of Mysore	A bachelor's degree in Commerce and Law from University of Mumbai	a bachelor's degree in Commerce and General Laws from University of Mumbai

Name of Director	Mulky V Shetty	Anilkumar M Marlecha	Ganesh N Vanmali
Experience in years	has over two decades of experience in various fields in the sector, including product development, plant setup and manufacturing operations	has more than Nine years of standing in the legal professions	has over four decades of experience in the banking industry and has been associated with the Bank of Maharashtra in the past.
No. of equity shares held in your Company	1	Nil	Nil
No. of Board meetings attended during F.Y. 2022-23	6 (100%)	6 (100%)	6 (100%)
Relationship with other Directors and Key Managerial Personnel:	No relationship with other directors and Key Managerial Personnel		
Terms and conditions of appointment	5 (five) years w.e.f. July 09, 2023 Not liable to retire by rotation	5 (five) years w.e.f. August 31, 2023 Not liable to retire by rotation	5 (five) years w.e.f. August 31, 2023 Not liable to retire by rotation
Other Directorships in Companies:	Nil	Nil	Fintectual Finvest Pvt. Ltd.
Details of remuneration paid	Except Sitting Fees, no remuneration was paid to Non Executive Independent Directors		

\* For additional details on skills, expertise, knowledge and competencies of Directors, please refer to Corporate Governance Report forming part of the Annual Report.

#### **Details of the Director seeking appointment/re-appointment at this 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	Shriraj S Shetty	Raunak R Shetty
Date of Birth	May 01, 1989	September 02, 1992
DIN No.	06609014	08006529
Date of Appointment	November 11, 2021	April 01, 2024
Qualifications:	M.Tech in Chemical Engineering Bachelors in Chemical Engineering	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 10 (Ten) Years in the field of Agro Chemicals*	More than 9 years
No. of equity shares held in your Company	842500	6,36,250
No. of Board meetings attended during F.Y. 2022-23	4 (80%)	5 (100%)
Relationship with other Directors and Key Managerial Personnel:	Son of Mr. Sadashiv K Shetty, Chairman	Son of Mr. Raghuram K Shetty, Managing Director
Terms and conditions of appointment	5 (Five) Years w.e.f November 11, 2021 Liable to retire by rotation	5 (Five) Years w.e.f April 01, 2024 Liable to retire by rotation
Other Directorships in Companies:	1. Heranba Crop Care Limited 2. Chemino Pharma Limited 3. Heranba Organics Pvt. Ltd.	1. Sams Industries Limited 2. Heranba Agro Science Limited 3. Heranba Organics Pvt. Ltd.
Details of remuneration paid	₹ 0.30 crore	₹ 0.30 crore

\* For additional details on skills, expertise, knowledge and competencies of Directors, please refer to Corporate Governance Report forming part of the Annual Report.

# Board's Report

To,

The Members,

Your Directors have pleasure in submitting their 31<sup>st</sup> Annual Report of the Company together with the Audited Statements of Accounts for the year ended March 31, 2023.

## 1. FINANCIAL RESULTS:

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

(₹ in crore except per share)

Particulars	Financial Year Ended	
	March 31, 2023	March 31, 2022
Revenue from Business Operations	1,324.38	1,450.37
Other Income	13.58	19.35
<b>Total Income</b>	<b>1,337.96</b>	<b>1,469.72</b>
Total Expenses	1,193.82	1,214.47
<b>Profit/(loss) before Tax</b>	<b>144.14</b>	<b>255.25</b>
<b>Less: Tax Expenses</b> (including for earlier years)	34.03	66.19
<b>Net Profit/(Loss) After Tax</b>	<b>110.11</b>	<b>189.06</b>
Paid Up Equity Share Capital (Face Value ₹ 10 each fully paid up)	40.01	40.01
Other Equity	776.10	674.44
Earning Per Share (Basic/Diluted)	27.52	47.25

## 2. DIVIDEND:

The Board of Directors has recommended a final dividend @ ₹ 1.25 (Rupees One and Paise Twenty Five) per equity share of the face value of ₹ 10.00 (Rupees Ten) each (i.e. 12.5% of the face value) for the financial year ended March 31, 2023, subject to approval of the shareholders at the ensuing 31<sup>st</sup> Annual General Meeting (AGM). Dividend, if approved by the Shareholders at the ensuing Annual General Meeting will absorb ₹ 5.00 crore (approx). The Final Dividend shall be paid within 30 days of its declaration at the 31<sup>st</sup> AGM.

₹ 118.63 crore as on March 31, 2023 fuelling the Company's capex plans.

The Company received six CIB registrations between March and April-2023 and began its FY24 journey on a high note. These registrations are part of the strategy to launch five new products out of Sarigam technical plant. These products would be launched in both technical and formulations segments. Approvals for formulations are already in place with the Company.

## 3. FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW:

Revenue from Operations stood at ₹ 1,324.38 crore in FY23 as compared to ₹ 1,450.37 crore in FY22. EBITDA stood at ₹ 174.6 crore during the year with EBITDA margin at 13.05% in FY23. Profit After Tax stood at ₹ 110.11 crore in FY23 as compared to ₹ 189.06 crore in FY22.

These products have already achieved success at the pilot stage after R&D clearance. Initially, the Company will manufacture small quantities of technical for its own branded formulations and subsequently enter the B2B markets once the Sarigam technical plant starts commercial production.

The Company's FY23 revenues stood at ₹ 1,324.38 crore in FY23 restricted by unfavourable global economic scenario, inventory build-up in the system and sluggish demand from key export regions. However, your Company have witnessed decent traction for our formulation products in both domestic and export markets. The EBITDA margins remained muted during FY23 due to lower price realization and higher power & fuel costs. Despite of a challenging year, Heranba's Balance Sheet continues to remain strong with 'Net Debt Free' status coupled with healthy gross cash & cash equivalents balance of

The Company has received an Order from GPCB instructing the Company to prohibit and close the operation at its Vapi's Pant Unit-I situated at 1504, 1505, 1506, Phase-III, GIDC, Vapi & Unit-II situated at A-2, 2214/2215, Phase No. -III, Phase-III, GIDC, Vapi ("Said Order"). GPCB has laid certain conditions and has asked the Company to fulfil the same.

Heranba's has aptly responded to the Gujarat Pollution Control Board (GPCB) closure notice for its Vapi plant. The management is confident to resume the commercial production from the Vapi unit in the coming days and the GPCB's temporary Vapi plant's closure notice has no impact on Heranba's future business operations.

Heranba being responsible Company stands by its commitment to long term sustainability and ethical way of doing business.

The Company continues to strengthen its product portfolio with new product registrations in both domestic & export markets and leverage its distribution network for delivering growth in the coming years.

#### 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (LODR) Regulations is given separately and forms part of this 31<sup>st</sup> Annual Report of the Company.

#### 5. 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).

#### 6. SHARE CAPITAL:

As on March 31, 2023, the Authorized share capital of the Company stood at ₹ 45,00,00,000/- (**Rupees Forty Five crore Only**) divided into 4,50,00,000 (Four core and fifty lakh) equity shares of ₹ 10/- (₹ Ten) Each.

As on March 31, 2023, the issued, subscribed and paid up Equity share capital of your Company stood at ₹ 40,01,34,670/- (**Rupees Forty crore One lakh Thrity Four Thousand Six Hundred Seventy Only**) divided into 4,00,13,467 (Four crore Thirteen Four Hundred And Sixty Seven) Equity shares of ₹ 10/- (₹ Ten) each.

As on March 31, 2023, the entire share capital of the Company has been dematerialized.

#### 7. FINANCE:

During the year under review, the Company availed the working capital credit facilities from the existing Bankers as per the business requirements. Your Company has been regular in paying interest and in repayment of the principal amount of the aforesaid facilities.

#### 8. 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](http://www.heranba.co.in) under the Investors Relations-section.

#### 9. 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 Company has not entered into any transaction with its Promoters, Directors, Key Managerial Personnel or other designated person which may have potential conflict with the interest of the Company at large.

All Related Party Transaction are placed on a quarterly basis before the Audit Committee for approval/ratification/noting etc.

The Audit Committee has reviewed the related party transactions as mandatorily required under relevant provisions of the Listing Regulations.

The said transactions are in the ordinary course of business and at arm's length basis. The Company had taken omnibus approvals for indicative transactions proposed during the financial year ended March 31, 2023.

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.

#### 10. 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 risk in order to ensure adequate internal financial control commensurate with the size of the Company.

#### 11. FINANCIAL LIQUIDITY:

Cash and Cash Equivalent as at March 31, 2023 was ₹ 118.63 crore. The Company's working capital management is based on a well-organized process of continuous monitoring and control on Receivables, Inventories and other parameters.

#### 12. INSURANCE:

All properties and insurable interests of the Company including buildings, plant and machinery and stocks have been fully insured. The Company has obtained the Director & Officer (D&O) policy for its Directors and Officers.

### 13. CREDIT RATING:

As on the date of this report, the Credit Rating as provided by CRISIL Rating Limited (A Credit Rating Agency "CRISIL") on the Total Bank Loan Facilities of Heranba Industries Limited are as under:

Long-Term Rating	<b>CRISIL A/Positive (Reaffirmed)</b>
Short-Term Rating	<b>CRISIL A1 (Reaffirmed)</b>

### 14. VIGIL MECHANISM/WHISTLE BLOWER POLICY:

The Company has a Vigil Mechanism/Whistle Policy under which it established a Whistle Blower Policy/Vigil Mechanism.

This policy seeks the support of employees, channel partners and vendors to report Significant deviations from key management policies and report any non-compliance and wrong practices, e.g., unethical behavior, fraud, violation of law, inappropriate behavior/conduct etc.

The Vigil Mechanism/Whistle Blower policy cover serious concerns that could have grave impact on the operations and performance of the business of Heranba Industries Limited. A Vigil (Whistle Blower) mechanism provides a channel to the employees and directors to report to the management concerns ethical behavior, actual or suspected fraud or violation of the code of conduct mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and provide for direct access to the Chairman of the Audit Committee in exceptional cases.

The policy neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and/or colleagues in general.

The detailed Vigil Mechanism/Whistle Blower Policy of the Company is uploaded on the Company's website may be accessed on the Company's website.

### 15. CODE OF CONDUCT:

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all senior management personnel 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 conduct for Board of Directors and Senior Management Personnel". The Code has been posted on the Company's website [www.heranba.com](http://www.heranba.com).

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 behaviour 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. A Certificate

from the Managing Director to this effect form part of this report and annexed as **Annexure-III**.

### 16. PREVENTION OF INSIDER TRADING:

Pursuant to the SEBI (Prohibition of insider trading) Regulations, 2015, the Company has formulated and adopted a 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.

### 17. CORPORATE GOVERNANCE REPORT:

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](http://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 conforming compliance with Corporate Governance norms is annexed to this Report.

### 18. CEO/CFO CERTIFICATION:

In terms of SEBI (LODR) Regulations, the Certificate signed by Mr. Raghuram K Shetty, Managing Director and Mr. Rajkumar Bafna, Chief Financial Officer of the Company was placed before the Board of Directors along with Annual Financial Statement for the financial year ended March 31, 2023 at its meeting.

### 19. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY:

Heranba Industries Limited is exposed to risks such as Natural Disaster, Occupational health & safety hazards, Supply Chain Risk, Quality of Products, Business dynamics Risks, Business Operations Risks, liquidity risk, Interest rate risk, Credit Risks, Logistic Risks, Pollution Free Environment Risk, Market Risks/Industry Risks, Human Resource Risks, Disaster Risks, System Risks and Legal Risks, Data Protection Risk, Credit risk and Operational risk that are inherent in the agro chemical Industry.

The Company has adopted the systematic approach to mitigate the risk associated with the objectives, operations, revenues and regulations.

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

The Company has a Risk Management Committee to monitor the risk associated with the Company. The said Committee from time to time discussed risk and mitigation measure adopted to mitigate the risk. The Committee recommend from time to time Board the necessary measures to mitigate the risk.

A detailed Risk Management Policy is available Company's website [www.heranba.co.in](http://www.heranba.co.in).

## 20. INDUSTRIAL RELATIONS:

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

## 21. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON CORPORATE SOCIAL RESPONSIBILITY:

During the Year under review the Board has made the total expenditure under CSR of ₹ 4.26 crore. for F.Y. 2022-23 whereas the total Amount required to be spent was ₹ 3.95 crore. crore for the financial year 2022-23. The detailed Report on CSR Activities as per **Annexure-IV**.

## 22. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

During the year under review, Your Company has incorporated two New Wholly Owned Subsidiary Companies in India under the name of Mikusu India Private Limited and Heranba Organics Private Limited.

A Statement containing the basic financial details of the aforesaid subsidiary companies in Form AOC-I is annexed as **Annexure-V**.

## 23. DIRECTORS & KMP:

### a. Appointment/Re-appointment/Resignation of Directors.

During the year under review, **Mr. Nimesh S Singh (DIN: 00062998)**, Non Executive Independent Director resigned from the Board w.e.f. August 12, 2022.

**Mrs. Sujata S Shetty (DIN: 00632563)**, Executive Director resigned from the Board w.e.f. August 25, 2022.

**Mr. Kaushik H Gandhi (DIN: 01265059)**, Non Executive Independent Director resigned from the Board w.e.f. November 08, 2022.

**Mrs. Vanita R Shetty (DIN: 02493401)**, Executive Director resigned from the Board w.e.f. November 08, 2022.

At the ensuing Annual General Meeting, **Mr. Shriraj S Shetty (DIN: 06609014)**, would retire by rotation and being eligible for the re-appointment, offers himself for re-appointment.

At this ensuing General Meeting, Your Board recommended for your approval for the re-appointment of the below mentioned directors. A resolution relating to the aforesaid re-appointments are being placed at this 31<sup>st</sup> AGM before the Members for their approval.

- i. the re-appointment of **Shri Sadashiv K Shetty (DIN: 00038681)**, as a **Whole Time Director designated as Executive Chairman of the Company**, whose office will be liable to determination by retirement by rotation, for a period of five (05) years with effect from **November 01, 2023 till October 30, 2028** and also the continuation of the appointment of **Shri Sadashiv K Shetty (DIN: 00038681)**, as a **Whole Time Director designated as Executive Chairman of the Company** on attaining the age of 70 years on June 13, 2024 for the remaining period of his term of 5 years i.e. until **October 30, 2028**.
- ii. the re-appointment of **Shri Raghuram K Shetty (DIN: 00038703)** as a **Managing Director of the Company**, whose office will be liable to determination by retirement by rotation, for a period of five (05) years with effect from **November 01, 2023 till October 30, 2028**.
- iii. the re-appointment of **Shri Raunak R Shetty (DIN: 08006529)** as a **Whole Time Director designated as Executive Director of the Company**, whose office will be liable to determination by retirement by rotation, for a period of five (05) years with effect from **April 01, 2024 till March 31, 2029**.
- iv. the re-appointment of **Mr. Mulky V Shetty (DIN: 08168960)** as a **Non-Executive Independent Director of the Company** for a second term of five consecutive years with effect from **July 09, 2023 till July 08, 2028** and continuation of the appointment of **Mr. Mulky V Shetty (DIN: 08168960)** as a **Non-Executive Independent Director of the Company** on attaining the age of 75 years on December 20, 2027 for the remaining period of his second term of 5 consecutive years i.e. until **July 08, 2028**.
- v. the re-appointment of **Mr. Anilkumar M Marlecha (DIN: 08193193)** as a **Non-Executive Independent Director of the Company** for a second term of five consecutive years with effect from **August 31, 2023 till August 30, 2028**, and whose office shall not be liable to retire by rotation.
- vi. the re-appointment of **Mr. Ganesh N Vanmali (DIN: 07833853)** as a **Non-Executive Independent Director of the Company** for a second term of five consecutive years with effect from **August 31, 2023 till August 30, 2028**, and whose office shall not be liable to retire by rotation.

During the year under review, the non-executive directors of the Company had no material pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

Details of the Directors seeking appointment/reappointment including a profile of these Directors, are given in the Notice convening the 31<sup>st</sup> Annual General Meeting of the Company.

Based on the confirmations received, none of the Directors are disqualified for appointment under section 164(2) of Companies Act, 2013.

#### **b. Key Managerial Personnel (KMP):**

Pursuant to Section 2(51) read with Section 203 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.

- (a) Mr. Sadashiv K Shetty, Chairman & Executive Director
- (b) Mr. Raghuram K Shetty, Managing Director
- (c) Mr. Rajkumar Bafna, Chief Financial Officer.
- (d) Mr. Abdul Latif, Company Secretary.

#### **c. Declaration by 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 read with rules framed thereunder and SEBI (LODR) Regulation.

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

In terms of regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstances or situation which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the independent directors, the Board has confirmed that they meet the criteria of independence as mentioned under regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

#### **d. Annual Evaluation:**

The Company has 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 Committees of the Board of Directors. The performance of Individual Director vis-à-vis Board and Committees found satisfactory.

#### **e. 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 Personnel and other employees. In line with this requirement, the Board has decided to form Remuneration Committee.

#### **f. Non Disqualifications of Directors:**

None of the Directors on the Board of the Company for the Financial Year ending on March 31, 2023 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. Practising Company Secretary's Certificate confirming the above is annexed herewith as **Annexure-VI**.

## **24. AUDITORS:**

#### **a. Statutory Auditor:**

The Members of the Company at the 30<sup>th</sup> Annual General Meeting ('AGM') held on Wednesday, July 27, 2022 approved the appointment of Messrs. Natvarlal Vepari & Co., Chartered Accountants (Registration No. 106971W), as the Statutory Auditor of the Company for a period of 5 (five) years from the conclusion of 30<sup>th</sup> Annual General Meeting ("AGM") till the conclusion of the 35<sup>th</sup> (Thirty Fifth) AGM.

#### **b. Cost Records & 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 and the Companies (Cost Records & Audit) Rules, 2014, the Company maintains the cost records & accounts in respects of products manufactured by the Company which needs to be audited by the Cost Auditor.

In compliance to the above, the Board of Directors has appointed Mr. Paresh Jaysih Sampat, Cost Accountants, as the Cost Auditors of the Company for the financial year ended March 31, 2024. As required by the Act, the remuneration of the Cost Auditor has to be ratified by the Members and accordingly the resolution relating to the Cost Auditors is being placed before the Members for their ratification.

#### **c. Secretarial Auditors & 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., Practising Company Secretary, as Secretarial Auditor of the Company for the financial year under review.

The Secretarial Audit Report issued in the Form MR-3 given by the Company secretary in practice is annexed with the report as **Annexure-VII**.

The Secretarial Audit Report does not contain any qualification(s), reservation(s), adverse remark(s) or disclaimer(s).

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



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

### a. Auditors Qualification:

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

### b. 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.

### c. 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.

## 26. OTHER DISCLOSURE:

### a. Meetings:

The details of the various meetings of the Board and its committees are provided in the Corporate Governance Report.

### b. Committees of the Board:

The details of the various committees constituted by the Board are provided in the Corporate Governance Report.

### c. 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.

### d. Material Changes and Commitment if any Affecting the Financial Position of the Company:

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.

### e. Deposits:

The Company has neither accepted nor 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.

### f. Loans, Guarantees and Investments:

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.

### g. 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 has been placed on the website of the Company and can be accessed at [www.heranba.co.in](http://www.heranba.co.in)

### h. Particulars of Employees:

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

### i. 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 2023-24 have been duly paid to BSE and NSE, where Company's shares are Listed.

### j. Disclosure pursuant to Section 197(14) of the Companies Act, 2013 and rules made thereunder.

The Managing Director and Whole Times Directors of the Company are not in receipt of any remuneration and/or commission from any subsidiary Company, as the case may be.

### k. Registrar and Share Transfer Agent:

M/s Bigshare Services Private Limited is the Registrar and Share Transfer Agent of the Company for the physical and Demat shares. The members are requested to contact directly for any requirements.

### l. Compounding of Offence:

There have been certain non-compliances in respect of the Company law related matter for which the Compounding application was filed by Company voluntarily with the Registrar of Companies.

Out of the aforesaid compounding applications, one application relating to the non appointment of Internal Auditor in terms of Section 138 of the Companies Act, 2013 has been disposed off and the defaults has been compounded by paying the proper compounding fees. Further the aforesaid defaults has been made good by the Company by way of appointing the internal auditor.

One compounding application filed by the Company under section 203 of the Companies Act for late appointment of Company Secretary [KMP] by 79 days delayed from the date of applicability. However it is appeared from the Section-203 that provides the cooling period of 6 months from the date of applicability. The Company has appointed the KMP within 3 months from the date of applicability and therefore, the Company has complied with the provisions of section 203 of the Companies Act, 2013 and hence the said application has been withdrawn.

### m. Complaints relating to Child Labour, Forced Labour, Involuntary Labour, Sexual Harassment:

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 2022-23. 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

#### n. 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.

#### o. Research and Development and Quality Control:

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

The management is committed to maintain the quality control and it is the strength of the Company. All raw material and finished products and materials at various stages of process pass through stringent quality check for the better result and product.

## 27. 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	As at March 31, 2023	March 31, 2022
<b>(1) Electricity</b>		
Purchased units	2,99,13,826	3,02,11,756
Total Amount (₹ in crore)	27.22	24.16
Rate per Unit (in ₹)	9.10	8.00
<b>(2) Own Generator</b>		
Fuel (Diesel) units	86,70,528	65,41,882
Total Amount (₹ in crore)	55.49	41.71
Rate per Liter (in ₹)	64.00	63.76

### b. Technology Absorption:

The technology required for the Company is available indigenously.

### c. Foreign Exchange Earnings & Outgo:

Particulars	As at March 31, 2023	March 31, 2022
Earnings	534.70	600.77
Outgo	165.02	195.62

(₹ in crore)

## 28. 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;

- c. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The directors had prepared the annual accounts on a going concern basis; and
- e. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 29. 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**

**Date:** May 30, 2023

**Place:** Mumbai

**Sadashiv K. Shetty**

Chairman

DIN: 00038681

**Raghuram K. Shetty**

Managing Director

DIN: 00038703

# Annexure-I

## DIVIDEND DISTRIBUTION POLICY

### 1. OBJECTIVE

The objective of this Policy document is to articulate **HERANBA 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 **HERANBA 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. **HERANBA 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. **HERANBA 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 HERANBA INDUSTRIES" shall mean **Heranba 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 Heranba 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 **Heranba 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/demand draft, in case where bank details are not available or the electronic payment instructions have failed or have been rejected by the bank.

### Transfer to Unpaid Dividend Account:

- (1) Where a dividend has been declared by a Company but has not been paid or claimed within thirty days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called the Unpaid Dividend Account.
- (2) The Company shall, within a period of ninety days of making any transfer of an amount under sub-section (1) to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the web-site of the Company, if any, and also on any other web-site approved by the Central Government for this purpose, in such form, manner and other particulars as may be prescribed.

### 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.

For Heranba Industries Limited

**Date:** May 30, 2023

**Place:** Mumbai

**Sadashiv K. Shetty**

Chairman

DIN: 00038681

**Raghuram K. Shetty**

Managing Director

DIN: 00038703

# 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 March 31, 2023:

a.	Name(s) of the related party	Mrs. Shreya M. Shetty	Mr. Roshan R 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	On going	On going
e.	Salient terms of the contracts or arrangements or transactions including the value, if any	₹ 30.00 lakh per annum	₹ 20.00 lakh per annum
f.	Date(s) of approval by the Board	May 14, 2022	May 14, 2022
g.	Date(s) of Approval by Shareholders (if any)	NA	NA
h.	Amount paid as advances, if any	Nil	Nil

### Details of material contracts or arrangement or transactions with related parties at arm's length basis during the Financial Year ended March 31, 2023:

a.	Name(s) of the related party	Mikusu India Private Limited	Mikusu India Private Limited
b.	Nature of contracts/arrangements/transactions	Wholly Owned Subsidiary and director of the Company is director in this Company	Wholly Owned Subsidiary and director of the Company is director in this Company
c.	Duration of the contracts/arrangements/transactions	Inter Corporate Deposit ("ICD") Interest Received Investment in WOS Sale of Goods & Service Purchase of Goods & Service Leasing of Property	Inter Corporate Deposit
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	₹ 5.00 crore for ICD with 9% interest p.a. ₹ 10.00 lakh for investment in Mikusu ₹ 40.00 crore for Sale of goods for one year ₹ 20.00 crore for Purchase of goods for one year ₹ 50.00 lakh as a rent per year for leasing the property	₹ 20.00 crore with 9% interest p.a.
e.	Date(s) of Approval by Board	May 14, 2022	January 28, 2023
f.	Date(s) of Approval by Shareholders(if any)	NA	NA
g.	Amount paid as advances, if any	Nil	Nil

**Details of material contracts or arrangement or transactions with related parties at arm's length basis during the Financial Year ended March 31, 2023:**

a.	Name(s) of the related party	Heranba Organics Private Limited	Heranba Organics Private Limited	Heranba Organics Private Limited
b.	Nature of Relationship	Wholly Owned Subsidiary and director of the Company is director in this Company		
c.	Nature of contracts/ arrangements/ transactions	Investment	Inter-Corporate Deposit ("ICD") Leasing of Property Sale of Fixed Assets	Inter-Corporate Deposit ("ICD")
d.	Duration of the contracts/ arrangements/transactions	Investment in WOS one time	ICD-5 years Leasing of property-5 years	ICD-5 years
e.	Salient terms of the contracts or arrangements or transactions including the value, if any	₹ 10.00 lakh for investment in HOPL	₹ 50.00 crore for ICD with 9% interest p.a. ₹ 3.00 crore as Rent per year. ₹ 40.00 crore for sale of fixed assets	₹ 50.00 crore for ICD with 9% interest p.a.
f.	Date(s) of approval by the Board	August 12, 2022	November 08, 2022	March 16, 2023
g.	Date(s) of Approval by Shareholders(if any)	NA	NA	NA
h.	Amount paid as advances, if any:	Nil	Nil	Nil

For **Heranba Industries Limited**

**Date:** May 30, 2023

**Place:** Mumbai

**Sadashiv K. Shetty**

Chairman

DIN: 00038681

**Raghuram K. Shetty**

Managing Director

DIN: 00038703

# Annexure-III

## DECLARATION BY THE MANAGING DIRECTOR UNDER REGULATION 26 OF SEBI (LODR) REGULATIONS, 2015 REGARDING COMPLIANCE WITH CODE OF CONDUCT

In accordance with Regulation 26 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them for the Financial Year ended on March 31, 2023.

For **Heranba Industries Limited**

**Date:** May 30, 2023

**Place:** Mumbai

**Raghuram K. Shetty**

Managing Director

DIN: 00038703



# Annexure-IV

## ANNUAL REPORT ON CSR ACTIVITIES

### 1. Brief outline of the Company CSR policy and projects or programs:

The Board of Directors has formed the CSR Committee to look after CSR activities. The Company has framed the policy which is made available at the website of Company [www.heranba.co.in](http://www.heranba.co.in). This CSR Policy outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare & sustainable development of the community at large. It is Company's conscious strategy to design and implement CSR programs, that encompass the disadvantaged sections of society. This Policy shall apply to all CSR initiatives and activities taken up by the Company, for the benefit of different segments of the society, specifically the deprived, under privileged and differently abled persons. During the year under review, the Company carried out the various programs or projects which are given herein below.

### 2. Composition of the CSR Committee:

Name of The Member	Designation/Nature of Directorship	No. Meetings of held	No. Meetings of Attended
Mulky V Shetty	Chairman/ID*	1	1
Kaushik H Gandhi (Resigned on November 08, 2022)	Member/ID*	NA	NA
Sadashiv K Shetty	Member/WTD**	1	1
Ganesh N Vanmali (Appointed w.e.f. November 08, 2023)	Member/ID*	1	1

\* ID means Independent Director

\*\* WTD means Whole Time Director

### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

[www.heranba.co.in](http://www.heranba.co.in)

### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Not applicable for the financial year under review.

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in crore)	Amount required to be set-off for the financial year, if any (₹ in crore)
Not Applicable			

### 6. Average net profit of the Company for last three financial years as per section 135(5): ₹ 197.46 crore

7.

(a) Two percent of average net profit of the Company as per section 135(5): ₹ 3.95 crore.

(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 3.95 crore.

8.

(a) CSR amount spent or unspent for the financial year:

(₹ in crore)

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the fund	Amount	Date of Transfer
₹ 4.26	----	----	----	----	----

(b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(₹ in crore)

Sl. No.	Name of Project	Item from the list of activities in schedule VII of the Act	Local Area	Location of Project		Amount spent for the Project	Mode of implementation Direct (yes/no)	Mode of Implementation through implementing agency	
				State	District			Name	CSR Registration Number
1	Vocational Training to underprivileged students	Cl.No. - (ii)	Yes	Rajasthan & Gujarat	Bhilwada, Vapi, etc	1.25	No	Dr. Brijmohan Sapoot Kala Sanskriti Sansthan	CSR00024992
2	Vocational Training to underprivileged students	Cl.No. - (ii)	Yes	Uttar Pradesh	Mathura	2.25	No	Jan Jagrati Sevarth Sansthan	CSR00006903
3	Green Community Toilet at GIDC Vapi	Cl.No. - (i)	Yes	Gujarat	Vapi	0.17	No	Comfort At 60 Charitable Trust	CSR00051266
4	Distribution of appliances for Divyang	Cl.No. - (i)	Yes	Gujarat	Valsad, Surat	0.02	No	Vapi Industry Association	CSR00020251
5	Purchase of School Bus	Cl.No. - (ii)	Yes	Kerala	Kasargod	0.17	No	Jagadguru Shree Nityananda Mahapeetam Charitable Trust	CSR00039536
6	Government School Auditorium	Cl.No. - (ii)	Yes	Karnataka	Udupi	0.05	No	Nandikur Education Trust	CSR00023492
7	Training Expenses for Athlete (Badminton)	Cl.No. - (vii)	--	---	----	0.05	Yes	NA	NA
8	Education Development for Class Room	Cl.No. - (ii)	Yes	Gujarat	Umbergaon	0.05	No	Shah BGC Edun Society	CSR00033242
9	Education Development	Cl.No. - (ii)	Yes	Maharashtra	Mumbai	0.01	No	Bombay Bunts Association	CSR00008199
10	Culture Program Development	Cl.No. - (v)	Yes	Maharashtra	Mumbai	0.05	No	Jankalyan Foundation	CSR00026411
11	Education & Literacy Development	Cl.No. - (ii)	Yes	Gujarat	Umbergaon	0.10	No	Sanskritik Vikas Mandal	CSR00039428
12	Culture Program Development	Cl.No. - (v)	Yes	Gujarat	Umbergaon	0.08	No	Kelvani Mandal	CSR00038580
<b>Total</b>						<b>₹ 4.26</b>			

(d) Amount spent in Administrative Overheads: Not Applicable

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 4.26 crore

**(g) Excess amount for set off, if any:**

(₹ in crore)

Sl. No.	Particulars	Amount
(i)	Two percent of average net profit of the Company as per section 135(5)	₹ 3.95
(ii)	Total amount spent for the Financial Year	₹ 4.26
(iii)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	----
(iv)	Amount available for set off in succeeding financial years [(iii)-(iv)]	----

**9.****(a) Details of Unspent CSR amount for the preceding three financial years:**

(₹ in crore)

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
Not Applicable							

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(₹ in crore)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl.No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project- Completed /Ongoing
Not Applicable								

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):** Not Applicable**11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per section 135(5):** Not Applicable

For Heranba Industries Limited

Date: May 30, 2023

Place: Mumbai

Sadashiv K. Shetty

Chairman

DIN: 00038681

Raghuram K. Shetty

Managing Director

DIN: 00038703

# Annexure-V

## FORM AOC-1

[As on March 31, 2023]

(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 ₹)

(1)

Sl. No.	Particulars	Amount
1	Name of the subsidiary	Mikusu India Private Ltd U24299MH2022PTC380276
2	The date since when subsidiary was acquired/incorporated:	April 09, 2022
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period:	NA
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	INR
5	Share capital:	₹ 5,00,000 (Rupees Five lakh) divided into 50,000 Equity shares of ₹ 10/- each
6	Reserves and surplus	₹ (176.75) lakh
7	Total assets	₹ 2124.16 lakh
8	Total Liabilities	₹ 2124.16 lakh
9	Investments	₹ 0.00
10	Turnover	₹ 1613.49 lakh
11	Profit before taxation	₹ (240.59) lakh
12	Provision for taxation	₹ (63.84) lakh
13	Profit after taxation	₹ (176.75) lakh
14	Proposed Dividend	₹ 0.00
15	Extent of shareholding (in percentage)	100%

(2)

Sl. No.	Particulars	Amount
1	Name of the subsidiary	Heranba Organics Pvt. Ltd. U24110MH2022PTC389547
2	The date since when subsidiary was acquired/incorporated:	August 29, 2022
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period:	NA
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries:	INR
5	Share capital:	₹ 10,00,000 (Rupees Ten lakh) divided into 1,00,000 Equity shares of ₹ 10/- each
6	Reserves and surplus	₹ (164.07) lakh
7	Total Assets	₹ 4905.81 lakh
8	Total Liabilities	₹ 4905.81 lakh
9	Investments	₹ 0.00

Sl. No.	Particulars	Amount
10	Turnover	₹ 0.00
11	Profit before taxation	₹ (183.41) lakh
12	Provision for taxation	₹ (19.34) lakh
13	Profit after taxation	₹ (164.07) lakh
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. There is no subsidiaries which have been liquidated or sold during the year.

For Heranba Industries Limited

Date: May 30, 2023

Place: Mumbai

Sadashiv K. Shetty

Chairman

DIN: 00038681

Raghuram K. Shetty

Managing Director

DIN: 00038703

# Annexure-VI

## 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 and having Corporate office at 2<sup>nd</sup> floor, Fortune Avirahi, "A" Wing, Jain Derasar Road, Borivali-West, Mumbai-400092 MH, 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](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers. 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, 2023 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 Authorities.

### K. C. SUTHAR & CO.

Sr. No.	Name of Director	Designation	DIN	Date of Appointment in Company*
1	SADASHIV K SHETTY	Chairperson and Director	00038681	01/06/2018
2	RAGHURAM K SHETTY	Managing Director	00038703	01/06/2018
3	RAUNAK R SHETTY	Wholetime Director	08006529	04/12/2017
4	SHRIRAJ S SHETTY	Wholetime Director	06609014	11/11/2021
5	MULKY V SHETTY	Independent Director	08168960	09/07/2018
6	ANIL KUMAR M MARLECHA	Independent Director	08193193	31/08/2018
7	GANESH N VANMALI	Independent Director	07833853	31/08/2018
8	RESHMA D WADKAR	Independent Director	09394615	11/11/2021

\* 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

**CS. K.C. Suthar**  
Proprietor  
COP- 4075/Peer Review No: 1357/2021  
UDIN: F005191E000361789

**Date:** May 23, 2023  
**Place:** Mumbai

# Annexure-VII

[FORM NO. MR-3]

## SECRETARIAL AUDIT REPORT

[For The Financial Year Ended March 31, 2023]

### 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 March 31, 2023, 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 March 31, 2023 according to the provisions of:

- ii. 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:
  - 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 the Shares of M/s Heranba Industries Limited having CIN: L24231GJ1992PLC017315 are listed **on recognised stock exchange at BSE and NSE**, 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;
  - 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. **Not applicable as there was no reportable event during the financial year under review;**
  - 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:**
- The Income Tax Act, 1961;
  - The Goods and Service Tax Act ("GST")
  - Trade Marks Act, 1999
  - The Export (Quality Control And Inspection) Act, 1963
  - Consumer Protection Act, 2019
  - Bureau of Indian Standards Act, 2016
  - The MSME Act
  - Foreign Trade (Development and Regulation) act, 1992
- 2. Industry Specific Laws and Regulations applicable to the Company:**
- The Insecticides Act, 1968
  - The Insecticides Rules, 1971
  - The Draft Pesticides Management Bill, 2017
  - The Legal Metrology Act, 2009;
  - The Legal Metrology (Packaged Commodities) Rules, 2011;
  - The Petroleum Act, 1934
  - The Solvent, Raffinate and slop (Acquisition, Sale, Storage And Prevention Of Use In Automobile), Order, 2000;
  - The Indian Explosives Act, 1884;
  - The Poisons Act, 1919;
  - The Indian Boilers Act, 1923;
  - Shop And Establishment Act
- 3. Environmental Laws and Regulations applicable to the Company:**
- Environment Protection Act, 1986
  - Environment (Protection) Rules, 1986
  - The Pollution Control Act, 1986
  - Air (Prevention and control of Pollution) Act, 1981
  - Water (Prevention and control of Pollution) Act, 1974
  - Hazardous and other wastes ( Management and Transboundary Movements) rules, 2016
- Water (Prevention & Control of Pollution) Cess Act, 1977
  - Water (Control of Pollution) Cess Rules, 1978
  - Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
  - The Chemical Accident (Emergency Planning, Preparedness And Response) rules, 1996
  - Public liability insurance act, 1991
- 4. Labour Law and Regulations applicable on the Company:**
- The Factories Act, 1948
  - Contract Labour (Regulation & Abolition) Act, 1970
  - Industrial Employment (standing orders) Act, 1946
  - d) POSH Act- prevention of sexual harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013
  - Industrial ( Development and Regulation) Act, 1951
  - Minimum wages Act, 1948
  - The payment of wages Act, 1936
  - Employees' provident funds Act, 1952
  - Employees state insurance Act, 1948
  - Payment of Bonus Act, 1965
  - Payment of Gratuity Act, 1976
  - Equal Remuneration Act, 1976
  - Professional tax Act
  - Labour Welfare Fund
  - National and festival holidays Act
  - Maternity Benefit Act, 1961.
  - The Child and Adolescent Labour (prohibition & regulation) Act, 1986
  - The Employees' Compensation Act, 1923
  - Inter State Migrant Workmen Act, 1979
  - Labour Laws (simplification of procedure for furnishing returns & maintaining registers by certain establishments) Act, 1988
  - 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.**
- During the quarter the Company has received an order vide F.No.: S/26-Misc-29/2022-23/CAC/JNCH dated February 23, 2023 from the Commissioner of Custom for violation of various sections of the Custom Act-1962 and imposed penalty on Company and its officer of the Company. However, the Board decided to file an appeal against the said order and taken the necessary steps.



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. During the year two executive directors and two independent directors has been resigned and the necessary compliance with Stock Exchanges as well as with the Register of Companies has been done;
- 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 and pursuant to section 123 of the Companies Act 2013 the Company has declared Final Dividend for the Financial Year 2021-22 at the 30<sup>th</sup> Annual General Meeting (AGM) held on July 27, 2022 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.
- b. During the year the Company has withdrawal the compounding application filed by the Company under section 203 of the Companies Act - 2013 for delay in appointment of KMP (Company Secretary) as the Company has not violated the above section. The Company had appointed the Company Secretary within 3 months (Time limit is 6 months).

The Board has filed the withdrawal application and the same was accepted by the Regional Director- North West, Ahmedabad vide their order No.: File No.: RD (NRW)441/ Sec-203/34/2022-23/3134 dated October 18, 2022.

**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: Nil

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

**CS. K.C. Suthar**

Proprietor

COP- 4075/Peer Review No: 1357/2021

UDIN: F005191E000361657

**Date:** May 23, 2023

**Place:** Mumbai

## 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

**CS. K.C. Suthar**

Proprietor

COP- 4075/Peer Review No: 1357/2021

UDIN: F005191E000361657

**Date:** May 23, 2023

**Place:** Mumbai

# 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 March 31, 2023.**

Name of Director	Nature of Directorship	Ratio to median* remuneration of employees
Sadashiv K Shetty	Chairman	35.78
Raghuram K Shetty**	Managing Director	131.55
Raunak R Shetty	Whole Time Director	7.59
Shriraj S Shetty	Whole Time Director	7.59

\* Median salary of employees during

FY 2022-23: ₹ 4.31 lakh p.a.

FY 2021-22: ₹ 4.06 lakh p.a.

FY 2020-21: ₹ 4.00 lakh 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 2022-23.**

Name of Director	Nature of Directorship	% Increase (decrease) in the remuneration
Sadashiv K Shetty	Chairman	Nil
Raghuram K Shetty**	Managing Director	Nil
Raunak R Shetty	Whole Time Director	Nil
Shriraj S Shetty	Whole Time Director	Nil
Rajkumar Bafna	Chief Financial Officer	8.79
Abdul Latif	Company Secretary	7.91

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.

- iii) **The percentage increase in the median remuneration of employees in the Financial Year 2022-23: 6.16%**

- iv) **The number of permanent employees on the rolls of Company as on March 31, 2023: 850**

Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. FY 2022-23 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 crore 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 2022-23.

Name & Age	Designation	Remuneration	Qualification/ Experience	Date of Joining	Previous Employment & Designation	Percentage of Shares Held	Relation to any Director or Manager
Sadashiv K. Shetty (69 Years)	Chairman	1.43	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 Nirilon Limited.	18%	Brother: Raghuram K Shetty Son: Shriraj S Shetty
Raghuram K. Shetty (64 Years)	Managing Director	5.61**	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	29.73%	Brother: Sadashiv K 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

## CHAPTER-I

### 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.

Corporate governance is about commitment to values and about the ethical business conduct. The commitment starts with the Board of Directors, which executes its corporate governance responsibilities by focusing on the Company's strategic and operational excellence in the best interest of all its stakeholders.

Our endeavour is to adopt the best governance and disclosure practice by providing the timely and accurate information regarding the financial situation, performance, ownership and governance of the Company. We believe that the good corporate governance practices, is a key driver to sustainable corporate growth and long-term value creation for the shareholders/stakeholders.

Your Company has fulfilled all the existing guidelines prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.

### Composition of Board as on March 31, 2023:

Sr. No.	Category	Name of Director	Designation
1	Promoter & Promoter Group (Executive)	Sadashiv K Shetty	Chairman & Executive Director
		Raghuram K shetty	Managing Director
		Raunak R shetty	Executive Director
		Shriraj S Shetty	Executive Director
2	Non Promoter (Independent)	Mulky V Shetty	Independent Director
		Anilkumar M Marlecha	Independent Director
		Ganesh N Vanmali	Independent Director
		Reshma D Wadkar	Independent Director (Woman Director)

#### Note:

1. Directorship, Committee Membership/Chairmanship is inclusive of Heranba Industries Limited.
2. Only Audit Committee and Stakeholders' Relationship Committees are considered.

### No. of Shares and convertible instruments held by Directors as on March 31, 2023

Name of Directors	Designation	No. of Equity Shares Held
Sadashiv K Shetty	Chairman & Executive Director	7201796
Raghuram K shetty	Managing Director	11911446
Raunak R shetty	Executive Director	636250
Shriraj S Shetty	Executive Director	842500

## CHAPTER-II

### Board of Directors

#### A. Composition, Category of Directors and their Other Directorship as on March 31, 2023:

The Board has an optimum combination of Executive Directors and Non-Executive Directors including Woman Directors. As on March 31, 2023, the Board comprises 8 (Eight) Directors, out of which 4 (Four) are Non-Executive Directors and 4 (Four) are Executive Directors. All 4 (Four) Non Executive Directors are Independent Directors (including one Woman Independent Director). Out of the 4 (Four) Executive Directors, 1 (one) is the Executive Chairman, and 1 (one) is the Managing Director. All the 4(Four) Independent Directors are free from any business or other relationship that could materially influence their judgement. All the Independent Directors satisfy the criteria of Independence as defined under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the Directors on the Company's Board is a Director in more than 10 (Ten) Public Limited Companies (including "Heranba Industries Limited") or is a Member of more than 10 (Ten) Board Committees (Committees being the Audit Committee and Stakeholders' Relationship Committee) or Chairman of more than 5 Board Committees as on March 31, 2023.

Name of Directors	Designation	No. of Equity Shares Held
Mulky V Shetty	Independent Director	1
Anilkumar M Marlecha	Independent Director	Nil
Ganesh N Vanmali	Independent Director	Nil
Reshma D Wadkar	Independent Director	Nil

### B. Key Skill/Expertise/Competence of the Board

Given below are the key skills/expertise/competence identified by the Board of Directors which are required by them in the context of the business and sector of the Company to function effectively:

Skills/Expertise/Competence	Description
Business Leadership & Operations	Deep knowledge of the Agrochemical Industry to provide important insights and perspectives to the Board on the Company's commercial, strategic, manufacturing, legal and other functions. Leadership experience resulting in a practical understanding of the Company's processes, developing talent, succession planning and driving the long term growth strategy of the Company.
Risk Management & Governance	In depth knowledge and understanding of business risks to provide insights and perspective to the Board on Enterprise risk. Develop highest levels of governance practices, provide insights about maintaining Board and management accountability and to protect stakeholders interest.
Finance & Accounting	Provide financial expertise to the Board, including an understanding and analysis of financial statements, corporate finance, accounting and capital markets.
Business Expertise	In depth understanding of the Agrochemical operating and business environment, market access and healthcare solutions. Respond to change with agility, optimism and innovation. Sound knowledge of Business Technology, Digital Marketing, Strategic Development, Public Affairs, etc.

### C. Skills/Expertise/Competence of Directors

Name and Designation of the Directors	Qualification	Experience	Skills/Expertise/Competence
Sadashiv K Shetty (Chairman & Executive Director)	Bachelor's degree (Physics and Chemistry)  Master's Degree (Chemistry)	More than 3 decades	Business Leadership & Operations, Risk Management & Governance, Business Expertise, Strategic Planning, General Management, Functional & Managerial Experience Chemical Industry Expert, Manufacturing, Research & Development etc.
Raghuram K Shetty (Managing Director)	Bachelor's degree in Economics  Diploma in Export and Import Management  Commercial Diploma from Department of Education, Bureau of Government Examination.	More than 3 decades	Business Leadership & Operations, Risk Management & Governance, Business Expertise, Finance & Accounting, Functional & Managerial Experience, Strategic Planning, Procurement, Sales & Marketing, International Trade, Export Business Management, Banking, Product Development, Plant Setup, Investor Relation, Supply Chain, Business Development and new Project, Human Resource, Administrative Reforms, Decision Making, Litigation Management, Supply Chain, Intellectual Property Rights etc.
Raunak R Shetty (Executive Director)	Bachelor's degree in Commerce  Chartered Accountant	9 years	Business Leadership & Operations, Business Expertise, Finance & Banking, Standardization of system and process, Procurement, & Marketing, Investor Relation, Business Development and new Project & New Products. New Technology & Innovation etc.

Name and Designation of the Directors	Qualification	Experience	Skills/Expertise/Competence
Shriraj S Shetty (Executive Director)	Bachelor's in Chemical Engineering M Tech in Chemical Engineering	10 years	Business Leadership & Operations, Risk Management & Governance, Business Expertise, Technical process improvement, Process implementation, Technical innovation expertise, Team management, production improvements, Conflict resolution, Product Quality and Safety Function, Procurement, Sales & Marketing, Functional & Managerial Experience etc.
Mulky V Shetty (Independent Director)	Bachelor's degree in Science (Physics and Chemistry)	More than 2 decades	Business Expertise, Finance & Accounting, Product Development, Plant Setup, Manufacturing Operation, etc.
Anilkumar M Marlecha (Independent Director)	Bachelor's degree in Commerce LL.B	9 years	Risk Management & Governance, Contract Drafting and Negotiations, Litigation Matters, Litigation Management Dispute Resolution, Statutory Compliance, Social Reforms etc.
Ganesh N Vanmali (Independent Director)	Bachelor's degree in Commerce General Law from University of Mumbai CAIIB	More than 4 decades	Finance & Accounting, Banking, Taxation, Finance & allied activities, Statutory Compliance etc.
Reshma D Wadkar* (Independent Woman Director)	Bachelor's degree in Commerce	20 years	Finance & Accounting, Taxation, Banking etc.

#### D. Disclosure of Relationship Inter-Se:

- Mr. Sadashiv K Shetty, Chairman and Mr. Raghuram K Shetty, Managing Director are brothers.
- Mr. Shriraj S Shetty, Executive Director is the son of Mr. Sadashiv K Shetty, Chairman
- Mr. Raunak R Shetty, Executive Director is the son of Mr. Raghuram K Shetty, Managing Director
- No other Directors has any relationship inter-se

#### E. Board Meetings:

During the year ended March 31, 2023, 6 (Six) Meetings were held on below mentioned date:

Sl. No.	Date of Board Meeting
1	May 14, 2022
2	August 12, 2022
3	November 08, 2022
4	January 28, 2023
5	March 10, 2023*
6	March 16, 2023

\* Separate Board Meeting of Independent Directors.

#### F. Directors' Attendance Record:

Name of Directors	No. of Board Meetings Attended During the year	Whether attended Last AGM held on June 27, 2022
Sadashiv K Shetty	5	Yes
Raghuram K shetty	5	Yes
Raunak R shetty	5	Yes
Shriraj S Shetty	4	yes
Mulky V Shetty	6	Yes
Anilkumar M Marlecha	6	Yes
Ganesh N Vanmali	6	Yes
Reshma D Wadkar	6	yes

#### G. Functioning of the Board and its Meetings:

The Board and its Committees meet at regular interval for discussion on the Agenda circulated well in advance by the Company. All material information is incorporated in the Agenda for facilitating meaningful and focused discussion and to discharge its responsibilities effectively and take informed decisions.

Where it is not practical to attach or send the relevant information as a part of agenda papers, the same are tabled at the Meeting. The Board periodically review Compliance Reports of all laws applicable to the Company, and steps taken by the Company to rectify instances of non compliances.

The Board has the complete and unrestricted access to any information required by them to perform its supervisory duties and make decisions on the matters reserved for the Board of Directors. The Board generally meets once in a quarter to review among other things, quarterly performance of the Company and financial results.

The information as specified in regulation 17(7) of the Listing Regulations and Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) is regularly made available to the Board, whenever applicable, for discussion and consideration.

#### H. Independent Directors Meeting:

During the year under review, the Independent Directors met on March 10, 2023, inter alia, to discuss the followings:

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.

#### I. Familiarization Programme:

The Company, from time to time organize the Familiarization Program for its Independent Directors. The objective of the familiarization program is to familiarize Company's Independent Directors inter-alia on the following:

- a. Nature of the Industry in which the Company operates.
- b. Business environment and operational model of various business divisions of the Company.
- c. Roles, Rights and Responsibilities of Directors.
- d. Important changes in the Regulatory framework having impact on the Company.
- e. Manufacturing facilities of the Company at various location.

In addition, the Company also undertakes initiatives to update the Independent Directors about:

- f. On-going events and developments relating to the Company and significant changes in the Regulatory environment by way of presentations.

- g. Operations and financial performance of the Company.

It is pertinent to mention here that the review of the operations and financial performance of the Company is one of the key agenda in each Board Meeting.

The brief details of the specific Familiarization Programme held during the financial year 2022-23 are given below:

- Program was organized for the independent directors where a detailed Presentation and discussion was made about the following:
  - a. Overview Of The Company Including History of The Company, Promoters, Management Expertise, Mission of the Company, Awards and recognitions given to the Company, milestone, journey of the Company.
  - b. Performance of the Company during F.Y. 2022-23.
  - c. Manufacturing process of the Company including details about factories, value chain, formulation and packing capabilities, Research and Development centres and quality control lab that Company has in-house.
  - d. Intermediaries and other products that the Company deals with.
  - e. Roles, Rights and Responsibilities of Independent Directors.
  - f. The market that the Company has covered in the past and the prospective countries that Company is approaching.
  - g. Top clients of the Company.
  - h. Financial performance of the Company.
- Regularly updates the Independent Director about Roles, Rights and Responsibilities of Directors.

### CHAPTER-III

#### Committees of the Board

Presently there are five Board Committees viz-Audit Committee, Nomination and Remuneration Committee, Stakeholder's Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board stipulated the terms of reference of these committees and the assignment of its member thereof.

#### A. Audit Committee:

Presently the Audit Committee comprises of three independent directors, Mr. Ganesh N Vanmali, Mr. Mulky V Shetty and Mrs. Reshma D Wadkar. Mr. Ganesh N Vanmali has been designated as chairman of the committee. Mr. Ganesh N Vanmali is Ex-Banker and holder of CAIIB degree. All the members of the Audit Committee are financially literate within the meaning of SEBI (LODR) Regulations, 2015. The Company Secretary of the Company, acts as the Secretary to the Committee. The Chief Financial Officer ("CFO") and Statutory Auditor are invitees of the Meeting.



The committee met **4 (Four)** times during the financial year ended March 31, 2023. These Meetings were held on May 14, 2022, August 12, 2022, November 08, 2022 and January 28, 2023.

The Minutes of the Audit Committee Meeting were noted at the Board Meeting.

The details of the attendance record of the members at the meeting were as follows:

Name of The Member	Designation	No. Meetings of held	No. Meetings of Attended
Kaushik H Gandhi*	Chairman	3	3
Ganesh N Vanmali**	Chairman	4	4
Mulky V Shetty	Member	4	4
Reshma D Wadkar***	Member	1	1

\* Kaushik H Gandhi\* resigned on November 08, 2022.

\*\* Ganesh N Vanmali\*\* was member of the Committee till November 08, 2022 then he became Chairman of the Committee w.e.f. November 08, 2022.

\*\*\* Ms. Reshma D Wadkar became member of the Committee on November 08, 2022.

The terms of reference of Audit Committee includes of the matters specified all the matters provided in regulation 18 read with Schedule II of SEBI (LODR) Regulation, 2015 as well as section 177 of the Companies Act, 2013.

Apart from all the matters provided in regulation 18 read with Schedule II of SEBI (LODR) Regulation, 2015 as well as 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.

#### B. Nomination & Remuneration Committee:

Presently the Nomination & Remuneration Committee presently consists of three independent Directors viz. Mr. Ganesh N Vanmali, Mr. Mulky V Shetty and Mr. Anil Kumar M Marlecha. Mr. Ganesh N Vanmali has been designated as a Chairman of the Committee. The Company Secretary of the Company, acts as the Secretary to the Committee.

The committee met **2 (Two)** times during the financial year ended March 31, 2023. These Meetings were held on May 14, 2022 and March 10, 2023.

The Minutes of the Nomination and Remuneration Committee Meeting were noted at the Board Meeting.

The details of the attendance record of the members at the meeting were as follows:

Name of The Member	Designation	No. Meetings of held	No. Meetings of Attended
Kaushik H Gandhi*	Chairman	1	1
Ganesh N Vanmali**	Chairman	1	1
Mulky V Shetty	Member	2	2
Anil Kumar M Marlecha	Member	2	2

\* Kaushik H Gandhi resigned on November 08, 2022.

\*\* Ganesh N Vanmali became the member and chairman of the committee w.e.f. November 08, 2022.

The terms of reference of Nomination and Remuneration Committee includes of the matters specified in Schedule II of SEBI (LODR) Regulation, 2015 as well as section 178 of the Companies Act 2013.

#### C. Stakeholder's Relationship Committee:

Presently the Stakeholders' Relationship Committee presently consists of three Directors viz. Mr. Anil Kumar M Marlecha (Independent Director), Mr. Ganesh N Vanmali (Independent Director) and Mr. Raghuram K Shetty (Managing Director). Mr. Anilkumar M Marlecha has been designated as a Chairman of the Committee. The Company Secretary of the Company, acts as the Secretary to the Committee.

The committee met **1 (One)** times during the financial year ended March 31, 2023. These Meeting was held on March 10, 2023.

The Minutes of the Stakeholders' Relationship Committee Meeting were noted at the Board Meeting.

The details of the attendance record of the members at the meeting were as follows:

Name of The Member	Designation	No. Meetings of held	No. Meetings of Attended
Anil Kumar M Marlecha	Chairman	1	1
Ganesh N Vanmali	Member	1	1
Raghuram K Shetty	Member	1	1

The terms of reference of Nomination and Remuneration Committee includes of the matters specified in Schedule II of SEBI (LODR) Regulation, 2015 as well as section 178 of the Companies Act 2013.

During the year 2022-23, No Complaints were pending at the beginning of the year and the 22 (Twenty Two) Complaints were received during the year under review from shareholders and investors. All the aforesaid Complaints has been resolved till March 31, 2023. 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:

Presently Corporate Social Responsibility ("CSR") Committee presently consists of three Directors viz. Mr. Mulky V Shetty (Independent Director), Mr. Ganesh N Vanmali (Independent Director) and Mr. Sadashiv K Shetty (Executive Director). Mr. Mulky V Shetty has been designated as a Chairman of the Committee. The Company Secretary of the Company, acts as the Secretary to the Committee.

The committee met **1 (one)** times during the financial year ended March 31, 2023. These Meetings were held on March 10, 2023.

The Minutes of the CSR Committee Meeting were noted at the Board Meeting.

The details of the attendance record of the members at the meeting were as follows:

Name of The Member	Designation	No. Meetings of held	No. Meetings of Attended
Mulky V Shetty	Chairman	1	1
Kaushik H Gandhi*	Member	0	0
Sadashiv K Shetty	Member	1	1
Ganesh N Vanmali**	Member	1	1

\* Kaushik H Gandhi resigned on November 08, 2022.

\*\* Ganesh N Vanmali became the member of the Company w.e.f. November 08, 2022.

The terms of reference of Nomination and Remuneration Committee includes of the matters specified in Section 135 of the Companies Act, 2013, Schedule VI of the Act and the Rules made thereunder.

The Company has a Policy on CSR which is displayed on the Company's website [www.heranba.co.in](http://www.heranba.co.in). A Report on the Corporate Social Responsibility activities carried out by the Company during the year under review are given in the Board's Report.

#### E. Risk Management Committee:

Presently Risk Management Committee presently consists of four Directors viz. Mr. Sadashiv K Shetty (Chairman & Executive Director), Mr. Raghuram K Shetty (Managing Director), Mr. Raunak R Shetty (Executive Director), and Ganesh N Vanmali (Independent Director). Mr. Sadashiv K Shetty has been designated as a Chairman of the Committee. The Company Secretary of the Company, acts as the Secretary to the Committee. The Chief Financial Officer of the Company would be invitee of the Committee.

The committee met **2 (Two)** times during the financial year ended March 31, 2023. These Meetings were held on October 03, 2022 and March 10, 2023.

The Minutes of the Risk Management Committee Meeting were noted at the Board Meeting.

The details of the attendance record of the members at the meeting were as follows:

Name of The Member	Designation	No. Meetings of held	No. Meetings of Attended
Sadashiv K Shetty	Chairman	2	2
Raghuram K Shetty	Member	2	2
Raunak R Shetty	Member	2	2
Kaushik H Gandhi*	Member	1	1
Nimesh S Singh**	Member	0	0
Ganesh N Vanmali***	Member	1	1

\* Kaushik H Gandhi resigned on November 08, 2022.

\*\* Mr. Nimesh S Singh resigned on August 12, 2022.

\*\*\* Ganesh N Vanmali became the member w.e.f. November 08, 2022.

The terms of reference of Nomination and Remuneration Committee includes of the matters specified in Regulation 21 of the SEBI (LODR) Regulations, 2015.

The Risk Management Committee is responsible for oversight on overall risk management, process of the Company and shall ensure that key strategic and business risk are identified and necessary steps are taken for mitigation/redressal of the said risks.

#### F. Remuneration to Directors:

The details of remuneration for the year ended March 31, 2023 to the Executive Directors are as follows:

Name	Designation	Remuneration
Sadashiv K Shetty	Chairman & Executive Director	1.43
Raghuram K Shetty	Managing Director	5.61
Sujata S Shetty**	Executive Director	0.06
Vanita R Shetty***	Executive Director	0.06
Raunak R Shetty	Executive Director	0.30
Shriraj S Shetty	Executive Director	0.30

\* includes commission.

\*\* Mrs. Sujata S Shetty resigned on August 25, 2022.

\*\*\* Mrs. Vanita R Shetty resigned on November 08, 2022.

The Company has paid sitting fees of ₹ 15,000/- per board meeting and ₹ 7,500/- per committee meeting to Non-Executive Independent Directors during the financial year 2022-23.

### G. Policy for selection and appointment of directors and their remuneration:

The Company has Policy for the selection and appointment of Directors and their remuneration. The Nomination and Remuneration (N&R) Committee has followed that policy which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration.

#### 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, operation, accounts, 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:

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. 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 fixed component and commission. 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.

## CHAPTER-IV

### Shareholders

#### A. Means of Communication:

- a) 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 Lakshadweep" 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](http://www.heranba.co.in). The results are published in accordance with the guidelines of the Stock Exchanges.
- b) In line with the exiting provisions of the Listing Regulations, the Company has created a separate e-mail address viz. [compliance@heranba.com](mailto:compliance@heranba.com) to receive complaints and grievances of the investors.
- c) From time to time, Institutional Investor/Analysts meets were held, information regarding such meets were sent to exchange and available on the Company's website [www.heranba.co.in](http://www.heranba.co.in).
- d) Apart from the aforesaid institutional meets, Earning call were also regularly held after publication of financial result. The details of which were sent to Exchange and available on the Company's website [www.heranba.co.in](http://www.heranba.co.in).

### B. Share Transfers Agents:

M/s. Bigshare Services Private Limited.,  
Office No. S6-2,  
6<sup>th</sup> Floor, Pinnacle Business Park,  
Next to Ahura Centre,  
Mahakali Caves Road, Andheri (East),  
Mumbai-400093.  
Email: [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)  
Telephone No.: +91 22 6263 8200

### 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 (“AGM”) are as under:

AGM No.	Financial Year	Date	Time	Venue
30 <sup>th</sup>	2021-22	July 27, 2022	03.30 P.M.	Through Video Conferencing(VC)/Other Audio Visuals Means (OVAM)
29 <sup>th</sup>	2020-21	September 14, 2021	03.00 P.M.	Through Video Conferencing(VC)/Other Audio Visuals Means (OVAM)
28 <sup>th</sup>	2019-20	September 28, 2020	11.00 A.M.	1504/1505/1506/1 GIDC, Phase-III, Vapi, Valsad-396195

Special business transacted at the last three AGM:

Meeting	Subject Matter of Resolution	Remarks
2021-22 (30 <sup>th</sup> AGM)	<ol style="list-style-type: none"> <li>To Appoint Statutory Auditor of the Company from the conclusion of this Annual General Meeting to hold such office for a period of five years i.e. till the conclusion of the 35<sup>th</sup> Annual General Meeting.</li> <li>To appoint Mr. Shiraj S Shetty (DIN: 06609014) as a Whole Time Director designated as Executive Director of the Company.</li> <li>To appoint Ms. Reshma D Wadkar (DIN: 09394615) as an Independent Director of the Company.</li> <li>To ratify the remuneration payable to the Cost Auditor of the Company for the Financial Year ending March 31, 2023.</li> <li>To decide the place of keeping and inspection of the Registers and Annual Returns of the Company.</li> </ol>	All resolutions were passed with requisite majority
2020-21 (29 <sup>th</sup> AGM)	<ol style="list-style-type: none"> <li>To increase in annual remuneration payable to Mr. Raunak R Shetty, Whole Time Director (DIN: 08006529).</li> <li>To ratify the remuneration payable to Cost Auditor of the Company for the Financial Year ending March 31, 2023.</li> </ol>	All resolutions were passed with requisite majority
2019-20 (28 <sup>th</sup> AGM)	<ol style="list-style-type: none"> <li>Ratification of the remuneration to be paid to the Cost Auditor.</li> <li>Reclassification of Mr. Babu Kunjanna Shetty, Mrs. Sandhya Vittal Bhandary And Mr. Vittala Kinhabha Bhandary from “Promoter Category” to “Public Category”.</li> <li>Enter into Related Party Transactions.</li> </ol>	All resolutions were passed with requisite majority

### Extra-Ordinary General Meetings:

During the year under review, the Company has not convened any Extra Ordinary General Meeting.

### E. Postal Ballot:

During the year ended March 31, 2023 there have been no ordinary or special resolutions passed by the Company’s Shareholders through postal ballot.

## CHAPTER-V

### General Shareholders Information

#### A. Date, Day, Time and venue of this 31<sup>st</sup> Annual General Meeting:

Date	August 24, 2023
Day	Thursday
Time	03.30 p.m.
Venue	Video Conferencing (VC)/Other Audio Visual Means (OVAM)

#### B. Date of Book Closure:

The Registrar of Members and Share Transfer Books of the Company will remain closed from August 18, 2023 to August 24, 2023 (both days inclusive) for the purpose of 31<sup>st</sup> Annual General Meeting of the Company.

#### C. Record date:

August 17, 2023 is fixed as the Record Date for determining the eligibility and entitlement of the Members to the Final Dividend for the Financial Year ended March 31, 2023. The dividend for the financial year 2022-23 as recommended by the Board of the Directors of the Company, if approved at the Annual General Meeting will be paid to those Shareholders whose name appear on the Register of Members on the close of the business hours of the Record Date.

#### H. Stock Data At BSE:

High/Low of Market price of Company's equity shares traded on the BSE Limited during the financial year ended on March 31, 2023 was as follows:

Month	High	Low
April, 2022	671.75	607.85
May, 2022	626.30	540.45
June, 2022	587.00	505.55
July, 2022	600.00	543.20
August, 2022	620.50	542.05
September, 2022	603.60	537.35
October, 2022	543.95	496.95
November, 2022	545.00	502.25
December, 2022	544.95	477.80
January, 2023	509.00	321.65
February, 2023	363.10	311.80
March, 2023	337.65	265.00

\*Source: BSE.

#### I. Stock Data at NSE:

High/Low of Market price of Company's equity shares traded on NSE during the financial year ended on March 31, 2023 was as follows:

Month	High	Low
April, 2022	678.00	607.95
May, 2022	627.45	542.10
June, 2022	587.85	505.00
July, 2022	599.90	542.05
August, 2022	620.50	480.00
September, 2022	604.00	537.85

#### D. Financial Calendar:

Financial Year: April 01 to March 31 for the financial year 2023-24, the tentative dates for declaration of Quarterly unaudited results will be, by July 31, 2023, October 31, 2023, January 31, 2024 and May 30, 2024.

#### E. Dividend Payment Date:

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

#### F. 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.
BSE Limited ("BSE")	543266
National Stock Exchange of India Limited ("NSE")	HERANBA

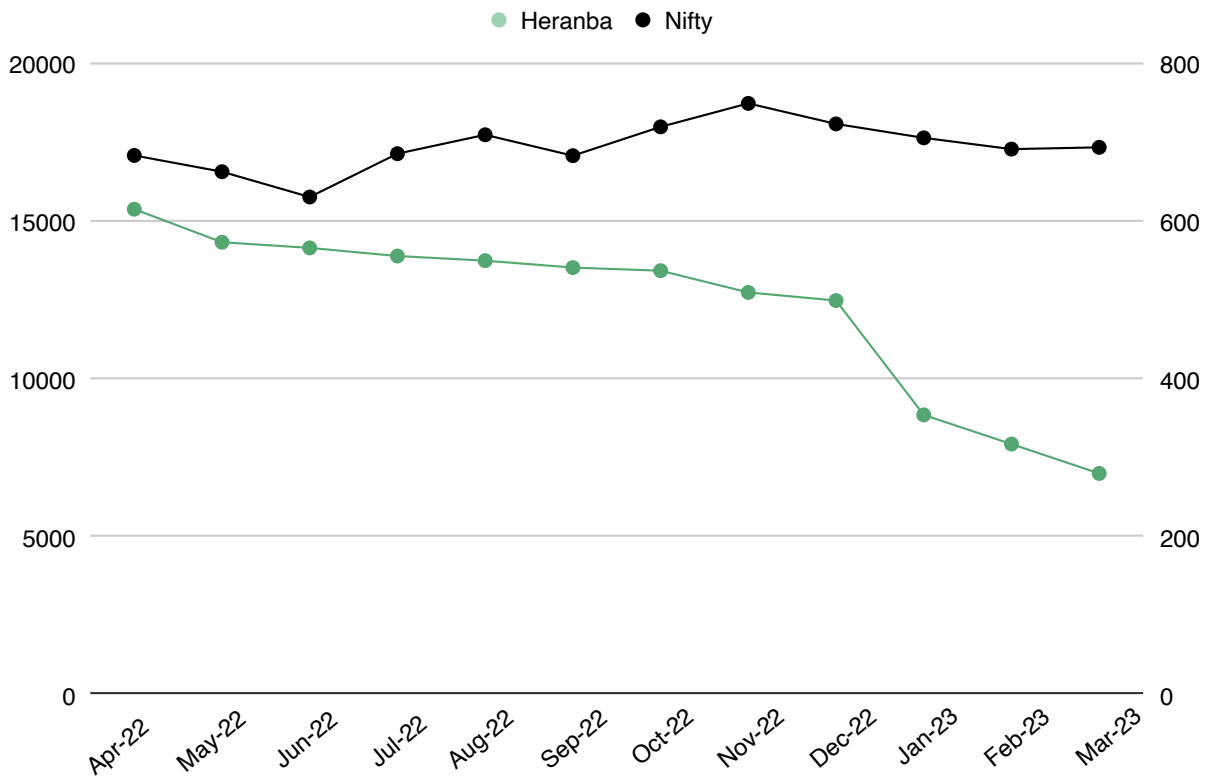
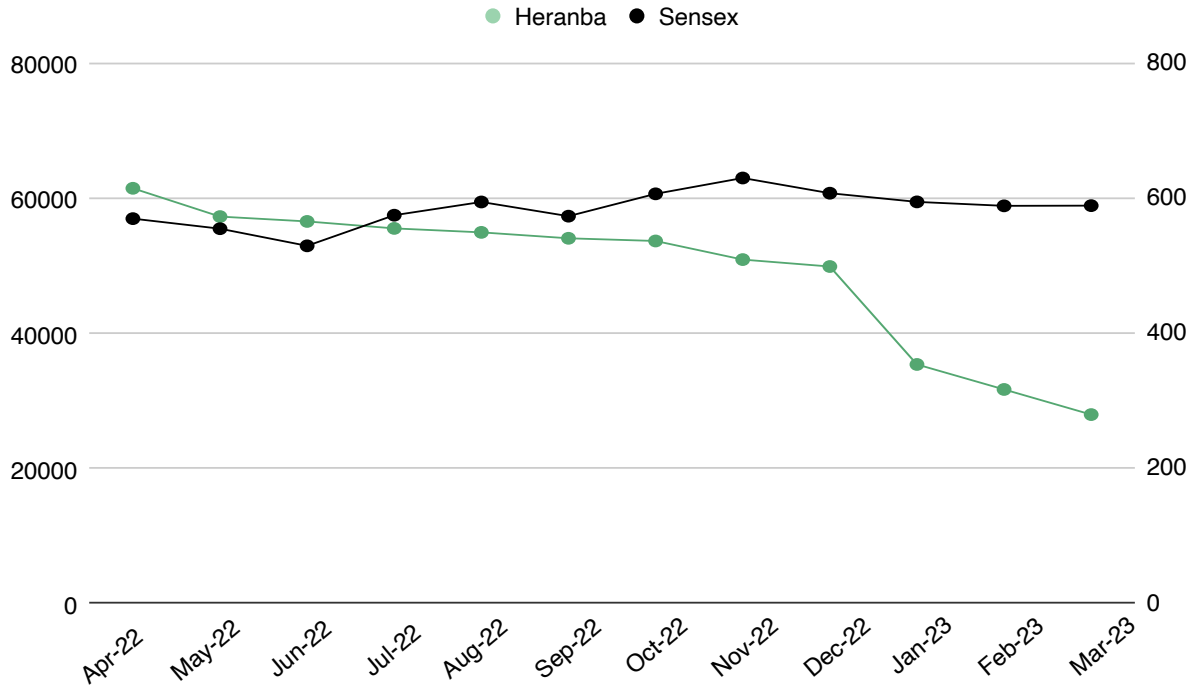
#### G. ISIN NO:

The ISIN number allotted to the Company for demat of shares are as under:

Name of the stock Exchanges	ISIN No.
National Securities Depository Limited (NSDL)	INE694N01015
Central Depository Services Limited (CDSL)	INE694N01015

Month	High	Low
October, 2022	544.00	499.95
November, 2022	545.95	503.00
December, 2022	542.95	478.60
January, 2023	509.00	321.25
February, 2023	363.05	311.00
March, 2023	332.15	265.00

\*Source: NSE.



**J. Distribution of Shareholding as on March 31, 2023:**

Size of holding	No. of Shareholders*	(%)	No. of Shares	(%)
1-500	93911	97.8066	4413956	11.03
501-1000	1202	1.25	905300	2.26
1001-2000	509	0.53	740272	1.85
2001-3000	152	0.16	387895	0.97
3001-4000	71	0.07	253687	0.63
4001-5000	45	0.5	206934	0.52
5001-10000	60	0.06	423067	1.06
10001 & above	67	0.07	32682356	81.68
<b>Total</b>	<b>96017</b>	<b>100.00</b>	<b>40013467</b>	<b>100.00</b>

\* The list of shareholders is non PAN based.

**K. Share Holding Pattern As On March 31, 2023:**

Sr. No.	Category	No. of Shares	%
1	Promoters including Promoter Group	29970030	74.90
2	Mutual Fund	405085	1.01
3	Alternate Investment Fund	79226	0.20
4	Foreign Portfolio Investor	839	0.00
5	Individuals shareholders holding upto ₹ 2 lakh	6818001	17.04
6	Individuals shareholders holding in excess of ₹ 2 lakh	1486118	3.71
7	Non Resident Indians ("NRI")	279606	0.70
8	Bodies Corporate	515785	1.29
9	Clearing Members	121158	0.30
10	HUF	337573	0.84
11	Trust	23	0.00
12	Unclaimed or Suspense or Escrow Account	23	0.00
<b>TOTAL</b>		<b>40,013,467</b>	<b>100.00</b>

**L. Shares Held in Physical and Dematerialized Form:**

As on March 31, 2023, 100% of shares were held in dematerialized form.

**M. Outstanding GDR's/ADR's/Warrant's/Convertible Instruments and their impact on Equity: Nil****N. Plant Location:**

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
SARIGAM PLANT (UNIT-III)	Plot No.2817/1, GIDC Sarigam, Taluka-Umbergaon, District-Valsad, Gujarat
UNIT-IV	Plot No.1409, GIDC, Phase-III, Vapi-396195

## O. Address for Correspondence:

PLANT	LOCATION
<b>Corporate Office</b>	2 <sup>nd</sup> Floor, A Wing, Fortune Avirahi, Jain Derasar Lane, Borivali (West), Mumbai-400092. Telephone: +91-22-2898 7912 Email: <a href="mailto:compliance@heranba.com">compliance@heranba.com</a> Website: <a href="http://www.heranba.co.in">www.heranba.co.in</a>
<b>Registered Office</b>	Plot No. 1504/1505, 1506/1, at III Phase GIDC, Vapi, Taluka-Pardi, District-Valsad, Gujarat. Telephone: +91-260-240 1646 Email: <a href="mailto:compliance@heranba.com">compliance@heranba.com</a> Website: <a href="http://www.heranba.co.in">www.heranba.co.in</a>
<b>Registrar &amp; Share Transfer Agent</b>	M/s. Bigshare Services Private Limited., Office No. S6-2, 6 <sup>th</sup> Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai-400093. Telephone: +91 22 6263 8200 Email: <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a> Website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>

## P. 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, if required to be issued, as furnished by these depositories to the Company.

## CHAPTER VI

### Disclosure

#### A. Related Party Transactions:

The Company has not entered into any materially significant related party transactions with its Promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. The Company has disclosed details of related party transactions with related parties to the Exchange. The details of the related party transaction are provided in the Board's Report.

#### B. Compliance Relating to Capital Market:

The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets except the below.

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.

#### C. Code of Conduct:

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all senior management personnel in the course of day to day business operations of the Company. The details about Code of Conduct are provided in the Board's Report.

#### D. CEO And CFO Certification:

Certificate issued by Mr. Raghuram K Shetty, Managing Director and Mr. Rajkumar Bafna, Chief Financial Officer of the Company for financial year under review, was placed before the Board of the Directors at its meeting held on May 14, 2022 in terms of Regulation 17(8) of SEBI (LODR) Regulations. Mr. Raghuram K Shetty, Managing Director and Mr. Rajkumar Bafna, Chief Financial Officer have also provided the quarterly certification on the financial result while placing the financial results before the Board in terms of Regulation 33(2)(a) of the SEBI (LODR) Regulations.

#### E. Compliance Certificate on Corporate Governance:

A Certificate from the Practicing Company Secretary, K.C. Suthar & Co. confirming the compliance with the conditions of Corporate Governance as stipulated under Clause E of Schedule V of the SEBI (LODR) Regulations, is attached to this Report.

#### F. Management Discussion and Analysis Report:

Your Directors have pleasure in presenting the management discussion and analysis report for the year ended on March 31, 2023 which is attached separately along with this Report.

#### 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.



### G. Adherence to Indian Accounting Standards:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy in use.

### H. Whistle Blower/Vigil Mechanism:

The Company has a Vigil Mechanism/Whistle Policy under which it established a Whistle Blower Policy/Vigil Mechanism. The details of the Whistle Blower/Vigil Mechanism are provided in the Board's Report.

### I. Corporate Social Responsibility ("CSR"):

The Company has fully complied with the mandatory norms prescribed for contributions towards corporate social responsibility. The details about CSR are provided in the Board's Report.

### J. Policy on Criteria for Determining Materiality of Events:

In terms of the Regulation 30 of the SEBI Listing Regulations, the policy on criteria for determining materiality of events and

ensuring timely and accurate dissemination of the material event/information to the Stock Exchanges is available on the website of the Company at [www.heranba.co.in](http://www.heranba.co.in)

### K. Commodity Price Risk:

The Company does not deal in commodity(ies), hence disclosure relating to commodity price risk and commodity hedging activities does not apply to the Company.

### L. Funds Raised During The Year Under Review:

The Company has not raised any funds through preferential allotment or Qualified Institutional placement for the financial year ended March 31, 2023.

### M. Material Developments in Human Resources/Industrial Relations Front, Including Number of People Employed:

As on March 31, 2023 the Company had 700+ (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 enjoyed excellent relationship with workers and staff during the last year.

# Compliance Certificate

We, Mr. Raghuram K Shetty, Managing Director and Mr. Rajkumar Bafna, Chief Financial Officer of **Heranba Industries Limited** ("The Company") do hereby certify as follows:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company 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 that We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and We have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which We are aware and the steps We have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
1. significant changes in internal control over financial reporting during the year, if any;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which We have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Heranba Industries Limited**

**Date:** May 30, 2023

**Place:** Mumbai

**Raj K. Bafna**  
Chief Financial Officer

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

# 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]** having registered office at PLOT NO 1504/1505/1506/1 GIDC, PHASE-III VAPI, Valsad, GUJARAT 396195, INDIA and having Corporate office at 2<sup>nd</sup> floor, Fortune Avirahi, "A" Wing, Jain Derasar Road, Borivali- West, Mumbai- 400092 MH, for the year ended on March 31, 2023, 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, 2023.

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

**CS. K.C. Suthar**

Proprietor

COP- 4075/Peer Review No: 1357/2021

UDIN: F005191E000368235

**Date:** May 24, 2023

**Place:** Mumbai

# Business Responsibility & Sustainability Report

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1	Corporate Identity Number (CIN)	L24231GJ1992PLC017315
2	Name of the listed entity	Heranba Industries Limited
3	Year of incorporation	17-03-1992
4	Registered office address	Plot No 1504/1505/1506/1 GIDC, Phase-III, Vapi-Valsad-396195, Gujarat
5	Corporate address	2 <sup>nd</sup> Floor, A Wing, Fortune Avirahi, Jain Derasar Lane, Borivali (W), Mumbai-400092
6	E-mail address	<a href="mailto:compliance@heranba.com">compliance@heranba.com</a>
7	Telephone	+91 22 5070 5050
8	Website	<a href="http://www.heranba.co.in">www.heranba.co.in</a>
9	Financial Year for which reporting is being done	FY 2022-23
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited (NSE) BSE Limited (BSE)
11	Paid-up Capital (In ₹)	400134670
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report	Mr. Abdul Latif, Designation: CS & Compliance Officer, Telephone: 022 5070 5014 Email: <a href="mailto:compliance@heranba.com">compliance@heranba.com</a>
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	The disclosure under this report are made on standalone basis.

### II. Products/services

#### 14. Details of business activities (accounting for 90% of the turnover)

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Agro Chemical Product & Public Health Solutions	100%

#### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

Sr. No.	Product/Service	NIC Code	% of Turnover of the entity
1	Insecticides Herbicides, Fungicides, Public Health Solutions	20211	100%

### III. Operations

#### 16. Number of locations where plants and/or operations/offices of the entity are situated

Location	Number of plants	Number of offices	Total
National	4	23	27
International	0	0	0

#### 17. Markets served by the entity:

##### a. Number of locations

Locations	Number
National (No. of States)	19
International (No. of Countries)	72

**b. What is the contribution of exports as a percentage of the total turnover of the entity? 41%****c. A brief on types of customers.**

The Company serves an extensive range of customers with a variety of products, including Insecticides, Herbicides, Fungicides, and Public Health Solutions. Farmers, merchants, distributors, and wholesalers are among those who are catered to by our domestic business stock depots. We also work with agrochemical companies and other distributors around the world to make our products accessible for consumption in India and other countries. Our dedication to excellence and sustainability has won praise across the world on account of our superior products.

**IV. Employees****18. Details as at the end of Financial Year****a. Employees and Workers (including differently abled):**

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>EMPLOYEES</b>						
1	Permanent (D)	505	490	97.03%	15	2.97%
2	Other than Permanent (E)	0	0	0	0	0
<b>3</b>	<b>Total employees (D + E)</b>	<b>505</b>	<b>490</b>	<b>97.03%</b>	<b>15</b>	<b>2.97%</b>
<b>WORKERS</b>						
4	Permanent (F)	313	312	99.68%	1	0.32%
5	Other than Permanent (G)	720	691	95.97%	29	4.03%
<b>6</b>	<b>Total Workers (F + G)</b>	<b>1033</b>	<b>1003</b>	<b>97.10%</b>	<b>30</b>	<b>2.90%</b>

**b. Differently abled Employees and Workers:**

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1	Permanent (D)	0	0	0	0	0
2	Other than Permanent (E)	0	0	0	0	0
<b>3</b>	<b>Total differently abled employees (D + E)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
4	Permanent (F)	0	0	0	0	0
5	Other than Permanent (G)	0	0	0	0	0
<b>6</b>	<b>Total differently abled Workers (F + G)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**19. Participation/Inclusion/Representation of women**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	8	1	12.50%
Key Management Personnel*	6	0	0

\* Key Management Personnel refers to the Managing Director, Whole-Time Director, Chief Financial Officer and Company Secretary as defined under Section 203 (1) of the Companies Act, 2013.

**20. Turnover rate for permanent employees and workers**

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	5.31%	6.67%	5.3%	7.25%	5.56%	7.19%	11.51%	0	11.06%
Permanent Workers	0.32%	0	0.32%	1.84%	0	1.84%	0	0	0

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

21.

### (a) Names of holding/subsidiary/associate companies/joint venture

Sr. No	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/Subsidiary/Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Mikusu India Private Ltd	Subsidiary	100%	Currently, our subsidiary Company does not participate in Business Responsibility initiatives.
2	Heranba Organics Pvt. Ltd	Subsidiary	100%	Currently, our subsidiary Company does not participate in Business Responsibility initiatives.

## VI. CSR Details

22.

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): ₹ 1324.38 Cr.

(iii) Net worth (in ₹): ₹ 816.11 Cr.

## VII. Transparency and Disclosures Compliances

### 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remark	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remark
Communities	We have a Streamlined mechanism where grievances can be raised via email at <a href="https://www.heranba.co.in/policies/">https://www.heranba.co.in/policies/</a>	0	0	-	0	0	-
Investors (other than shareholders)	Complaints & grievances if any, are placed on a periodical basis before the Stakeholder Relationship Committee/Board. Refer to Investors Grievance Report for details of complaints <a href="https://www.heranba.co.in/policies/">https://www.heranba.co.in/policies/</a>	0	0	-	0	0	-
Shareholders	We have a streamlined mechanism where grievances can be raised via email at <a href="https://www.heranba.co.in/policies/">https://www.heranba.co.in/policies/</a>	22	0	-	18	0	-
Employees and workers	Yes, the Company has in place a strong Vigil Mechanism & Grievance Redressal Policies for Employees and Workers, details whereof are available at <a href="https://www.heranba.co.in/policies/">https://www.heranba.co.in/policies/</a>	0	0	-	0	0	-
Customers	We have a streamlined mechanism where grievances can be raised via email at <a href="https://www.heranba.co.in/policies/">https://www.heranba.co.in/policies/</a>	0	0	-	0	0	-
Value Chain Partners	We have a streamlined mechanism where grievances can be raised via email at <a href="https://www.heranba.co.in/policies/">https://www.heranba.co.in/policies/</a>						
Other (please specify)	NA	NA	NA	NA	NA	NA	NA

## 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Sr. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	<b>Customer Experience &amp; Satisfaction</b>	Opportunity	Our object is providing innovative products to our customer mainly farmers to maximize their farm output.  Our mission is to improve Crop Productivity and Public Health.	-	Positive
2	<b>Natural Disasters including Climate Change</b>	Risk/ Opportunity	<b>R-</b> Business interruption due to natural risks like fire, cyclone, floods, war, drought, earthquakes, or any other nature-caused calamity, affects the regular operation of Company  <b>O-</b> The potential carbon routes for reducing GHG emissions offer distinct operational and energy supply opportunities  <b>O-</b> Clean energy integration in existing electric networks  <b>O-</b> Investment of capital in assets that will serve diversified electricity and fuel retrofitting on the energy supply system	<ul style="list-style-type: none"> <li>The property of the Company is adequately insured against various natural risks.</li> <li>Fire Hydrants have been installed at all manufacturing locations.</li> <li>Other apparatus like extinguishers filled with chemical, foam etc. have been placed at fire sensitive locations and regular fire safety drills are carried out.</li> <li>First aid training is given to watch and ward staff and safety personnel.</li> <li>Engaging professional Risks Assessing Advisors who conduct periodical audit/review and suggest risks improvement measures from time to time.</li> </ul>	Negative/Positive
3	<b>Occupational health &amp; safety hazards</b>	Risk	Adverse incidents (loss of life, lost days, damage to assets, environment) due to safety gaps may impact business operations, reputation, Relationships, etc.	<ul style="list-style-type: none"> <li>Regular Medical Checkup from time to time.</li> <li>Detailed SOPs for health and safety measure and adherence thereto followed strictly</li> <li>Employee training to handle hazardous chemicals</li> <li>Providing a safe and healthy workplace environment</li> <li>To create a workplace free of injuries, fatalities, and illness (both chronic and acute, and physical and mental health) through trainings, appropriate personal protective equipment, incident tracking and reporting, etc.</li> <li>Safety risk assessment and audit</li> <li>Continuous improvement in responsible manufacturing and lead indicator tracking</li> <li>Implementation of certain elements of Process Safety Management</li> </ul>	Negative

Sr. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	<b>Process and Product Development</b>	Opportunity	<p>Faster business growth</p> <p>Increase in profitability</p> <p>Satisfaction of internal and external stakeholders</p> <p>Optimal use of available resources</p>	<ul style="list-style-type: none"> <li>• Providing highest level of support in product research, development, and registration.</li> <li>• Constantly striving toward developing a cost-effective process for manufacturing Active Ingredients and Intermediates for Herbicides, Insecticides &amp; Fungicides and to develop new formulations of Crop protection products.</li> <li>• A state-of-the-art R&amp;D center and a pilot plant.</li> <li>• Formulation-Development Lab has been set up with Lab Scale pieces of equipment. The facility fulfills the requirement for Organic Synthesis as well as Formulation Development.</li> <li>• A well-qualified team of research personnel and scientists working on the continuous improvement of existing products and the development of new products.</li> <li>• Robust product and process studies conducted from early stage &amp; frequently review of product pipeline development.</li> </ul>	Positive
5	<b>Supply Chain</b>	Risk/ Opportunity	<p><b>R-</b> Use of outside transport services</p> <p><b>R-</b> Business continuity</p> <p><b>R-</b> Market reputation</p> <p><b>O-</b> Commitment to customers</p>	<ul style="list-style-type: none"> <li>• Sourcing committed and dedicated service providers</li> <li>• Exploring possibility of an in-house logistic mechanism if the situation demands</li> <li>• Possibilities to optimize the operations, by having a combination of transportation through road/rail and sea/air are explored</li> <li>• Comprehensive transit risk insurance coverage for all incoming and outgoing goods across the organization</li> <li>• Identify new sources and optimize procurement actions to ensure continued production</li> <li>• Our supplier and distribution network are widespread and inherently exposed to risks from disruption. We undertake detailed assessments of our suppliers and third-party contract manufacturers at the time of onboarding and periodically. These assessments cover a multitude of ESG topics like labor rights, fair wages, and regulatory compliances.</li> </ul>	Positive/Negative
6	<b>Human Capital i.e. Talent Management, Attrition, Retention and Development</b>	Opportunity /Risk	<p><b>O-</b> Human Capital is key to the success of business and employee engagement and competence plays a vital role in organizational development.</p> <p><b>O-</b> Skilled employees and workers form an asset to the Company. The highly trained employees and worker perform their tasks more efficiently, in less time and with less chances of injury</p>	<ul style="list-style-type: none"> <li>• Company has proper recruitment policy for recruitment of personnel at various level in the organization.</li> <li>• Proper appraisal system to give yearly increment is in place.</li> <li>• Employees are trained at regular intervals to upgrade their skills.</li> <li>• Labour problems are obviated by negotiations and conciliation.</li> <li>• Activities relating to the welfare of employees are undertaken</li> </ul>	Positive/Negative



Sr. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
			<p><b>O-</b> Providing a needs-based and innovative range of training courses, notably in forward thinking fields of expertise like digitalization</p> <p><b>O-</b> Attracting and developing the right talent, ensuring professional development and personal well-being throughout their tenure with the Company</p> <p><b>O-</b> Providing programmes that are specifically designed for roles which require upgraded skills</p> <p><b>R-</b> Employee Turnover Risks, involving replacement risks, training risks, skill risks, etc.</p> <p><b>R-</b> Unrest Risks due to Strikes and Lockouts</p>		
7	<b>Quality of Products</b>	Opportunity	<ul style="list-style-type: none"> <li>• The company has its in-house quality control laboratories in three of its manufacturing units to ensure that it offers superior crop-protection and public health solutions.</li> <li>• Each of our laboratory is fully equipped and dedicated towards the quality of Input materials, In-Process materials, and finished goods.</li> <li>• Our laboratories are also equipped with advanced technologies that enables them to offer more precise standards of quality.</li> <li>• Our Quality Control Laboratories are accredited by NABL under ISO/IEC-17025:2017.</li> <li>• Additionally, our R&amp;D efforts involves the inclusion of highly-qualified experts and scientists equipped with cutting-edge equipment and technology who consistently work on improving existing products and innovate newer ones.</li> <li>• Our teams proactively tracks regulatory and non-regulatory complaints and grievances and works towards redressing them in an effective manner.</li> </ul>	-	Positive
8	<b>Corporate Governance and Management of the Legal &amp; Regulatory Environment</b>	Risk	<ul style="list-style-type: none"> <li>• Loss of reputation</li> <li>• Incurring or levying of penalties</li> <li>• Satisfaction of internal and external stakeholders</li> <li>• Long-term adverse direct or indirect environmental and social impact</li> </ul>	<ul style="list-style-type: none"> <li>• Digitally enabled regulatory compliance tracking and review of new requirements</li> <li>• Periodical assurance to the Board/Audit Committee/Senior Management</li> <li>• Policy revision/up gradation/Board review</li> </ul>	Negative

Sr. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				<ul style="list-style-type: none"> <li>The Company is governed by various laws and the Company has to do its business within four walls of law, where the Company is exposed to legal risk exposure.</li> <li>To safeguard the Company engages professionals and advisors who focus on evaluating the risks involved in a contract, ascertaining our responsibilities under the applicable law of the contract, restricting our liabilities under the contract, and covering the risks involved, to meet the general and specific requirements so that they can ensure adherence to all contractual obligations and commitments</li> </ul>	Negative
9	<b>Pollution Free Environment</b>	Risk	Failure to provide a safe working environment exposes the Company to compensation liabilities, suboptimal productivity, loss of business reputation and other costs	<ul style="list-style-type: none"> <li>All the necessary pollution control norms for air, water a noise etc. are followed</li> <li>Disposal of hazardous waste is monitored within permissible limits</li> <li>All hazardous waste is disposed to Pollution Control Board approved Land Filling and Incineration Facilities.</li> </ul>	Negative
10	<b>Data Protection</b>	Risk	<ul style="list-style-type: none"> <li>System capability &amp; reliability</li> <li>Data integrity risks including password management</li> <li>Coordinating and interfacing risks</li> <li>Risk of confidential data leakage via USB drives/flash drives, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Systems Administrator monitors and upgrades the systems on a continuous basis.</li> <li>Password protection is provided at different levels to ensure data integrity.</li> <li>Licensed software is being used in the systems.</li> <li>The Company ensures "Data Security", by having access control/restrictions.</li> </ul>	Negative

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>										
1	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	<a href="https://www.heranba.co.in/policies">https://www.heranba.co.in/policies</a>								
2	Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<p>4 Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle:</p> <p>Most of the policies are aligned to National Guidelines on Responsible Business Conduct (NGRBC) issued by Ministry of Corporate Affairs and some other standards such as Bureau of Indian Standard/Generally accepted standards., the guidelines, norms and directives of different State and Central Government. Company has obtained 17 Certification under national and international codes/certifications/labels/standards:</p> <ul style="list-style-type: none"> <li>• Three Star Export House</li> <li>• ISO 9001:2015 Production and Dispatch of Agro Based Formulations such as Insecticides, Fungicides and Herbicides</li> <li>• ISO 14001:2015 Manufacture and Supply of Deltamethrin, Lamda Cyhalothrin and Profenofos Technicals</li> <li>• HACCP Principles Production and Distribution of Agro Based Formulations &amp; Public Health Products such as Insecticides, Fungicides and Herbicides</li> <li>• 12 BIS Licenses (Bureau of Indian Standards, ISI Certificate) for <ul style="list-style-type: none"> <li>(1) Alphacypermethrin 5%WP,</li> <li>(2) Deltamethrin 2.5% WP,</li> <li>(3) Lamda Cyhalothrin 10% WP,</li> <li>(4) Deltamethrin 2.5% SC,</li> <li>(5) Deltamethrin 1.25% ULV,</li> <li>(6) Temephos 50% SC,</li> <li>(7) Malathion 50% EC,</li> <li>(8) Chlorpyrifos 20% EC,</li> <li>(9) Propoxur 20% EC,</li> <li>(10) Imidacloprid 30.5% SC and</li> <li>(11) Diflubenzuron 25% WP</li> </ul> </li> <li>• WHO Approval- Heranba's Products, Deltamethrin &amp; Alpha Cypermethrin has been incorporated in the WHO/FAO specifications and Evaluations</li> </ul>									
<p>5 Specific commitments, goals and targets set by the entity with defined time lines, if any.</p>	The Company is in the process of defining an overall ESG strategy with goals & targets on material issues								
<p>6 Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.</p>	Not Applicable								
<b>Governance, leadership and oversight</b>									
<p>7 Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)</p> <p>Heranba emphasizes sustainability, inclusivity, and prosperity while acknowledging the relationship between sustainable practices and growth. By offering cutting-edge, dependable, and sustainable products, we strengthen our brand, alleviate inequalities, build trust, and help the environment.</p> <p>Additionally, we place a high priority on the environmental impact of our activities and are actively taking steps to reduce it. Sustainability is an integral part of our strategy, and we are committed to sharpening our attention on environmental, social, and governance (ESG) concerns. We desire to follow the best governance and disclosure practices, which include giving accurate and timely information about our financial status, performance, ownership, and governance. We perform many CSR initiatives that benefit as many people as possible in order to address the social components.</p> <p>We have put in place a number of efforts to achieve sustainability in our firm. Among them are:</p> <ul style="list-style-type: none"> <li>• Cutting carbon emissions and minimizing environmental effect</li> <li>• In order to conserve water and decrease exposure to fumes and gases, we have also used tanker transportation for raw materials.</li> <li>• To lower energy use, frequent energy audits and the application of energy-efficient technologies are carried out.</li> <li>• We practice water conservation, renewable energy procurement, recycling, raw material optimization, and we extend these practices to all of our sites, group companies, and stakeholders.</li> </ul>									

## Disclosure Questions

P1 P2 P3 P4 P5 P6 P7 P8 P9

- Through process optimization and monitoring emissions, we constantly strive to improve our environmental performance and greenhouse gas reduction.
- We place a high focus on protecting the health and safety of our employees, and we've adopted numerous safety measures in addition to donating to charity organizations.

The Company's research and development department focuses on creating environmentally friendly and sustainable processes, minimizing waste, implementing resource-saving techniques, and putting waste management, renewable energy, and motion-activated lighting into practice.

In conclusion, Heranba is unwavering in its dedication to sustainability. The Company exhibits its commitment to the guiding principles of ESG by placing a high priority on environmental, social and governance concepts. Heranba aims to improve the future for all stakeholders while preserving a sustainable and ethical approach by incorporating sustainable practices.

8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Name- Raghuram K Shetty (DIN: 00038703), Designation- Managing Director																	
9	Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No).  If yes, provide details.	The Board consistently monitors policy implementation on sustainability related issues while delegating authority to Functional Heads for effective oversight.  The CSR committee is also involved in monitoring the various CSR initiatives as laid down under The Companies Act, 2013.																	
10	Details of Review of NGRBCs by the Company:																		
	Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (Annually/Half yearly/Quarterly/ Any other - please specify)								
		P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Performance against above policies and follow up action	Wherever it is specified, Company policies have been adopted by the board, board committees, and senior management. According to the frequency specified in the relevant policies or on a need-basis, whichever comes first, policies are periodically examined in all aspects, including legislative requirements, and appropriate revisions are made to the policies.																	
	Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company has necessary procedures in place to ensure the compliance with all relevant regulations.																	
11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9									
		Yes. Internal and external audits of the policies on quality, safety, health, and the environment are conducted as part of the ISO Systems certification process and ongoing periodic evaluations. Internal audit mechanisms are used to periodically assess the effectiveness of other policies.  Taksh Environmental Auditor & Naik Associates, two approved external agencies, have completed environmental & safety audits in accordance with specifications.																	
12	If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:																		
	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9									
	The entity does not consider the Principles material to its business (Yes/No)																		
	The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)																		
	The entity does not have the financial or/human and technical resources available for the task (Yes/No)	Not Applicable. All principles are covered by respective policies.																	
	It is planned to be done in the next financial year (Yes/No)																		
	Any other reason (please specify)																		

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

### PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

#### Essential Indicators

#### 1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	3	During the year, the Board of Directors and KMPs of the Company invested their time on various updates pertaining to the business regulatory updates including principles laid down in BRSR, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters.	100%
Key Managerial Personnel	3	During the year, the Board of Directors and KMPs of the Company invested their time on various updates pertaining to the business regulatory updates including principles laid down in BRSR, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters.	100%
Employees other than BoD and KMPs	92	on 35 Topics including <ul style="list-style-type: none"> <li>• Health &amp; Safety Related Sessions</li> <li>• Session on Code of Conduct for employees &amp;workers</li> <li>• Capability Building Programme</li> <li>• Prevention of Sexual Harassment</li> <li>• Stress Management</li> <li>• Team Building</li> <li>• Business Communication Skills</li> </ul>	62%
Workers	92	<ul style="list-style-type: none"> <li>• Health &amp; Safety Related Sessions</li> <li>• Session on Code of Conduct for employees &amp;workers</li> <li>• Capability Building Programme</li> <li>• Prevention of Sexual Harassment</li> <li>• Stress Management</li> <li>• Team Building</li> <li>• Business Communication Skills</li> </ul>	75%

#### 2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

	Monetary				
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine					
Settlement			Nil		
Compounding fee					
	Non - Monetary				
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment					
Punishment			Nil		

For the financial year, neither the entity nor its directors or KMPs paid any fines, penalties, sanctions, awards, compounding fees, or settlement amounts in any proceedings with regulators, law enforcement, or judicial institutions.

**3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed:**

Not Applicable

**4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes. Anti-Corruption policy primarily covers risk assessment, third-party due diligence, training & awareness and audit and reporting.

The Company has zero tolerance for any form of corruption or bribery, and it provides for strict actions against anyone caught engaging in such unethical behavior. The purpose of the policy is to inform Directors, Officers, Employees, and others who work for or on behalf of the organisation about what activities are appropriate and inappropriate. At the start of the Company's business involvement with each individual, they are all notified of the anti-corruption policy. As part of the prevention, identification, and detection of anti-corruption issues, training is provided across the Company.

The Company upholds the highest standards and does not tolerate corruption wherever it conducts business. In addition to the aforementioned, the Vigil Mechanism Policy, which is applicable to every employee employed by the organisation, offers a platform for reporting dishonest behaviour, fraud, and actual or suspected Code violations. No stakeholder complaints with respect to the Company's Code of Conduct and Whistle Blower Policy were received in the reporting year.

The policy is accessible on the following web link:

<https://www.heranba.co.in/wp-content/uploads/2023/04/DOC230123-23012023160634.pdf>

**5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:**

No law enforcement agency has taken disciplinary action on directors, KMPs, staff members, or workers for allegations of bribery or corruption.

**6. Details of complaints with regard to conflict of interest:**

	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors				
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

There were no conflicts of interest reported throughout the reporting period.

**7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

**Leadership Indicators**

**1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

The company has a practice of regularly training farmers and dealers in various regions on various topics to create an awareness on good business practices. A total of 879 farmers' meetings and 6 dealers' meetings were conducted during the current financial year.

The company will going forward maintain records to track the percentage of farmers and dealers covered in the trainings and would also conduct the sessions on the specific BRSR principles. Additionally, the company will make an efforts to include the other value chain partners in these training initiatives.

**2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/ No) If yes, provide details of the same:**

Yes, the Company has procedures in place to prevent/manage conflicts of interest affecting board members and they are in accordance with the terms of the board's appointment of directors.

According to the Company's Code of Conduct, Board members and Senior Management of the Company are required to abstain from discussions, voting, or otherwise influencing a decision on any matter in which they have or may have a conflict of interest; restrict themselves from serving as a Director of any Company that is in direct competition with the Company.

Additionally, the Board of Directors and senior management of the Company submit a yearly declaration of the entities in which they have an interest or whenever there is a change of interest as per the provisions of The Companies Act, 2013. The Company then confirms that the necessary legal approvals have been obtained before engaging in business with such interested entities.

## PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

### Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	57.00%	55.00%	<ol style="list-style-type: none"> <li>1. Bromine recovery system &amp; Recycling recovered bromine in our products.</li> <li>2. Recovery of potassium chloride from the aqueous streams &amp; Selling KCl as fertilizer grade.</li> <li>3. New formulation development of CS grade; Pendimethalin 34.4%CS, which is more environ-friendly than EC solvent based.</li> <li>4. New formulation development of CS grade; Lambda-cyhalothrin 5%, 10% &amp; 25% CS, which is more environ-friendly than that of EC solvent based.</li> </ol>
Capex	0.00%	0.00%	NA

2.

a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Heranba has not yet established specific protocols for sustainable sourcing; however, the Company is conscious of the significance of sustainability in its operations, hence, it screens every supplier based on social and environmental criteria, and every aspect of the Company's operations is regularly examined to ensure that the sourced materials are handled responsibly. The legal compliance status, health and safety policy, and ISO certification-which includes ISO 9001, ISO 14001, and ISO 18001—are all factors we consider when evaluating suppliers.

b. If yes, what percentage of inputs were sourced sustainably?

Not Applicable

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for

a. Plastics (including packaging)

Plastic waste is sent to GPCB approved recycler.

b. E-waste

E-waste records are maintained & it will be sent to GPCB Registered E-Waste supplier.

c. Hazardous waste

All generated hazardous waste has been sent to a landfill or incinerator authorised by the GPCB.

d. Other waste

It is given to the local scrap vendor i.e. MS waste, SS waste.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

EPR plan is under review for submission to Pollution Control Board.

### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link
Not Applicable					

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/Service	Description of the risk/concern	Action Taken
Not Applicable		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry):

Indicate input material	FY 2022-23	FY 2021-22
	Current Financial Year	Previous Financial Year
	Nil	

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	-	2.025 MT	2.025 MT	-	-	-
E-waste	-	-	-	-	-	-
Hazardous waste	-	-	322.48 MT	-	-	245.505 MT
Other waste	-	-	-	-	-	-

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
	Nil

**PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

**Essential Indicators**

1.

a. Details of measures for the well-being of employees:

Category	% of Employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employees</b>											
Male	490	490*	100%	189	38.57%	0	0%	0	0	0	0
Female	15	15	100%	0	0	15	100%	0	0	0	0
<b>Total</b>	<b>505</b>	<b>505</b>	<b>100%</b>	<b>189</b>	<b>37.43%</b>	<b>15</b>	<b>2.97%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other than Permanent employees</b>											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* It includes both employees covered under Medclaim and ESIC.

b. Details of measures for the well-being of workers:

Category	% of Workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent workers</b>											
Male	312	312	100%	312	100%	0	0%	0	0	0	0
Female	1	1	100%	1	100%	1	100%	0	0	0	0
<b>Total</b>	<b>313</b>	<b>313</b>	<b>100%</b>	<b>313</b>	<b>100%</b>	<b>1</b>	<b>0.32%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other than Permanent workers</b>											
Male	691	691**	100%	691	100%	0	0	0	0	0	0
Female	29	29	100%	29	100%	29	100%	0	0	0	0
<b>Total</b>	<b>720</b>	<b>720</b>	<b>100%</b>	<b>720</b>	<b>100%</b>	<b>29</b>	<b>4.03%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*\*Health Insurance and Accidental Insurance are covered under Workman compensation Insurance Policy.



## 2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Others-Please Specify	-	-	-	-	-	-

## 3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes. The Company has put up ramps, lifts, and handrails for stairwells at all of its locations, including its offices and other premises, to make it easier for people with disabilities to go about. Thus, Company's premises has been made access friendly.

## 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Heranba provides equal job opportunities without regard to age, race, religion, nationality, disability, marital status, sex, or sexual orientation. Based on the aforementioned factors, the Company makes an effort to keep a harassment-free workplace. This equal opportunity policy is dependent on any applicable laws, a person's qualifications, and their worth.

The policy can be access at <https://www.heranba.co.in/wp-content/uploads/2023/07/Anti-Discrimination-Policy.pdf>

## 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to Work rate	Retention rate	Return to Work rate	Retention rate
Male				
Female			Nil	
<b>Total</b>				

## 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent workers	
Other than Permanent workers	
Permanent employees	Yes
Other than Permanent employees	

The Company has a grievance policy so that employees have a way to convey issues related to their employment. The Policy makes sure that these complaints are resolved swiftly, fairly, and impartially in accordance with the Organization's policies. This comprises employee concerns about a supervisor's, another employee's, or Management's behaviour, inaction, or proposed action in relation to them.

According to the policy's grievance redress mechanism, the first step in addressing any problem is to speak directly to the other party about the grievance. If consultation is unsatisfactory or impossible for whatever reason, the employee may speak to their next-level supervisor. If the grievance is still not resolved at the Department or Second Level, the HR Head of the Site will speak directly with the other party to try to address the situation. Even if the issue goes unresolved, the director will be involved to settle the complaints and will try every option at his command.

The policy can be access at <https://www.heranba.co.in/wp-content/uploads/2023/07/Grievance-REdrressal-Policy.pdf>

## 7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total employees/workers in respective category (A)	No. of employees/workers in Respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in Respective category, who are part of association(s) or Union (D)	% (D/C)
<b>Total Permanent employees</b>	0	0	0	0	0	0
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0
<b>Total Permanent workers</b>	0	0	0	0	0	0
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0

## 8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
<b>EMPLOYEES</b>										
Male	490	266	54.29%	12	2.45%	455	237	52.08%	10	2.20%
Female	15	1	6.67%	0	-	18	0	0	2	11.11%
<b>Total</b>	<b>505</b>	<b>267</b>	<b>52.87%</b>	<b>12</b>	<b>2.38%</b>	<b>473</b>	<b>237</b>	<b>50.11%</b>	<b>12</b>	<b>2.54%</b>
<b>WORKERS</b>										
Male	1003	753	75.07%	0	0	1078	776	71.98%	0	0
Female	30	7	23.33%	0	0	26	7	26.92%	0	0
<b>Total</b>	<b>1033</b>	<b>760</b>	<b>73.57%</b>	<b>0</b>	<b>0</b>	<b>1104</b>	<b>783</b>	<b>70.92%</b>	<b>0</b>	<b>0</b>

## 9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>EMPLOYEES</b>						
Male	490	490	100%	455	455	100%
Female	15	15	100%	18	18	100%
<b>Total</b>	<b>505</b>	<b>505</b>	<b>100%</b>	<b>473</b>	<b>473</b>	<b>100%</b>
<b>WORKERS</b>						
Male	1003	1003	100%	1078	1078	100%
Female	30	30	100%	26	26	100%
<b>Total</b>	<b>1033</b>	<b>1033</b>	<b>100%</b>	<b>1104</b>	<b>1104</b>	<b>100%</b>

## 10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

Yes. Heranba places a high priority on preserving and enhancing the health and safety of its employees. Employee workplace safety is the cornerstone of the Company's sustainability approach. The Company has put in place thorough compliance measures at all touch points to ensure everyone's safety.

All manufacturing facilities, offices are covered by the Safety & Health Management system, which also ensures the protection of the environment, the health and safety of all employees, contractors, visitors, and other important stakeholders. The Company has also adopted a BRSR policy for environmental protection, health, and safety, which is available on <https://www.heranba.co.in/wp-content/uploads/2023/07/BRSR-Policy-Heranba.pdf>

### b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Heranba has a risk management system to carry out the evaluation of work-related hazards and risks for all routine and non-routine operations carried out at any site. The management identify hazards and risks after consulting with safety specialists. To get rid of the risks and hazards identified, a mitigation strategy which involves evacuating the employees and other occupants in the event of an emergency are offered.

The employees and workers also provided with protective gear wherever required. In case of any emergency, the following facilities are available:

- Well-equipped OHC with 24x7 male nurse available.
- Appointed Factory Medical Officer (FMO).
- First Aid Treatment available in OHC.
- First Aid Boxes provided & maintained.
- Mutual Aid facility of Ambulance available with Local Association.
- Agreement with outside hospital for emergency treatment as Mutual Aid.
- Periodic medical check-up.

### c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes. Internal controls and processes are in place within the Company to report hazards at work immediately. Additionally, we have a safety observation and incidents reporting system to make sure that any work-related incidents, such as accidents, near-misses, unsafe conditions, and unsafe activities, are reported, followed by the closing of the incident after implementing the required corrective actions.

### d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes. Heranba recognizes that its employees' overall physical and mental health plays a vital role to Company success and long-term goals of expansion. We also think it's important to give workers a workplace where their needs for money are addressed in addition to their salary. All employees of the Company are eligible for a range of health and wellness perks, including accident and medical insurance for benefit in the case of an accident or serious sickness. In addition, Heranba provides routine check-ups and wellness programmes, as well as free, wholesome meals for the workers and employees in the Factory.

## 11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	2	1
	Workers	2	1
Total recordable work-related injuries	Employees	3	4
	Workers	6	10
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

## 12. Describe the measures taken by the entity to ensure a safe and healthy work place.

At Heranba, we think that keeping everyone safe including our employees, our guests, and the general public-is essential to our long-term success. We continue to believe that having a safe and healthy workplace is both a legal requirement and a basic human right. As part of our sustainability vision, we have set the aim of achieving "Zero Harm" and zero reportable injuries across all of our operations.

The following are some of the mitigating strategies to avoid or lessen severe consequences on occupational health and safety:

- Providing and maintaining up to date fire detection, alarm, and suppression systems;
- Conducting routine site reviews, inspections, and audits to gauge readiness for safety;
- Regular simulations of both fire and medical emergencies;
- Regular training on occupational health & safety training to sensitize employees on occupational health & safety;
- Regular medical check-up facility available every week;
- Mutual Aid facility of Ambulance is available through connection with Local association;
- Oxygen cylinder available for emergency purpose.

### 13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions						
Health & Safety			Nil			

### 14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health & Safety practices	100%
Working Conditions	100%

Taksh Environmental Auditor & Naik Associates, two approved external agencies, have performed the above audits in accordance with requirements

### 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

In all of its locations, Heranba keeps track on accident rates. The strong commitment of management and employees to maintain a safe workplace by following the Company's established management approach and adopting a health and safety-first mentality in the performance of duties is credited with the overall reduction in health and safety incidents.

#### Leadership Indicators

#### 1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

Yes, Heranba has a compensation policy in place for its employees and permanent workers and does provide aid in the event of a tragic incident, such as a death.

#### 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners

The Company monitors and tracks the compliance related to statutory dues by contractors supplying third party resources as a part of regular checks while processing the invoices. Periodic audits are also conducted to ensure compliance.

#### 3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees				
Workers				Nil

#### 4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

No

#### 5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100.00%
Working Conditions	100.00%

### 6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

The Company conducts EHS, system & regulatory audits of the third parties, their warehouses and of suppliers at regular intervals to ensure compliance of various processes. Regular follow ups are being done to ensure implementation of suggested corrective/preventive actions.

## PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

#### 1. Describe the processes for identifying key stakeholder groups of the entity.

In order to comprehend and meet stakeholders' expectations as well as build short-, medium-, and long-term Company strategies, the Company identifies and interacts with a variety of stakeholders. Employees, Shareholders, Customers, Communities, Suppliers, Government Authorities, Partners, and Vendors are among the internal and external groupings of important stakeholders defined based on their immediate impact on the operations and working of the Company.

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	Annual General Meeting, Shareholder meets, email, Stock Exchange (SE) intimations, investor/analysts meet/conference calls, annual report, quarterly results, media releases and Company/SE website	Ongoing	To answer investor queries on financial performance To present business performance highlights to investors To discuss the business outlook
Customers	No	Website, distributor/retailer/direct customer/MD, senior leader-customer meets/visits, customer plant visits, Dealer's meet, group discussion, trade body membership, helpdesk, conferences, customer surveys	Ongoing	Product quality and availability, responsiveness to needs, after sales service, responsible guidelines/manufacturing, climate change disclosures, Safety awareness and safe use of Agrochemicals
Government and Regulatory Bodies	No	Websites, Emails, Meetings, Industry Forums, Submissions through online Regulatory portals or direct submissions to Regulatory office	Ongoing	Policy and Regulatory Matters, Filing of Returns, Grant and maintenance of licenses to import, manufacture and market Company's products in India, and other regulatory approvals
Suppliers	No	Supplier & vendor meets, Workshops, Dialogue, email, SMS, WhatsApp, joint events, presentations Supplier risk assessments	Ongoing	Supply of material & services. Adopting sustainable & environment friendly policies
Employees	No	Conferences, workshops, Publications, newsletters & reports, online portals, employee surveys, Idea management, internal communication One-on-one interactions Employee involvement in CSR activities	Ongoing	Inform about important advances in the Company. Help the employees expand their knowledge in the industry. Getting employee feedback and resolving their issues
Communities & NGO	Partially	Meets of community/local authorities/location heads, community visits and projects, partnership with local charities, NGO volunteerism, seminars/conferences, CSR Partner's meet	Ongoing	Farmer Safety Kit, Clean water, Green Bio Toilet, Tree Plantation, Distribution of appliances for Physically Impaired, Corrective Surgery - Cleft Lip/Cleft Palate, Natural Resource Management, community development, livelihood support, disaster relief, Education, Skill development, etc

## Leadership Indicators

### 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The management of the Company regularly engages with important stakeholders, including customers, suppliers, employees, etc., in an effort to improve value generating methods.

### 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

In order to identify and manage environmental and social issues, stakeholders are consulted. We interact with our stakeholders to identify all facets of societal, environmental, and economic problems. We think that including stakeholders improves accountability, transparency, responsiveness, compliance, organizational learning, and sustainability. We interact with our stakeholders through a variety of methods of engagement to learn about their top environmental, social, and governance concerns.

### 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

The company engages with vulnerable and marginalized communities through its CSR programmes which are targeted to benefit vulnerable and marginalized stakeholder groups. For more details, please refer to the CSR initiatives mentioned under Annual Report

## PRINCIPLE 5: Businesses should respect and promote human rights

### Essential Indicators

#### 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/workers covered (B)	% (B/A)	Total (C)	No. of employees/workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	505	32	6.34%	473	12	2.54%
Other than permanent	0	0	0	0	0	0
<b>Total Employees</b>	<b>505</b>	<b>32</b>	<b>6.34%</b>	<b>473</b>	<b>12</b>	<b>2.54%</b>
<b>Workers</b>						
Permanent	313	43	13.74%	273	12	4.40%
Other than permanent	720	25	3.47%	831	18	2.17%
<b>Total Workers</b>	<b>1033</b>	<b>68</b>	<b>6.58%</b>	<b>1104</b>	<b>30</b>	<b>2.72%</b>

#### 2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
<b>Employees</b>										
Permanent	505	0	0.	505	100%	473	0	0	473	100%
Male	490	0	0	490	100%	455	0	0	455	100%
Female	15	0	0	15	100%	18	0	0	18	100%
Other than permanent										
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
<b>Workers</b>										
Permanent	313	0	0	313	100%	273	0	0	273	100%
Male	312	0	0	312	100%	272	0	0	272	100%
Female	1	0	0	1	100%	1	0	0	1	100%
Other than permanent	720	0	0	720	100%	831	0	0	831	100%
Male	691	0	0	691	100%	806	0	0	806	100%
Female	29	0	0	29	100%	25	0	0	25	100%

**3. Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/salary/wages of respective category	Number	Median remuneration/salary/wages of respective category
Board of Directors (BoD)	4*	₹ 32 Lakhs Per Annum	0	0
Key Managerial Personnel	2	₹ 26 Lakhs Per Annum	0	0
Employees other than BoD and KMP	796	₹ 4.90 Lakhs Per Annum	16	₹ 4.30 Lakhs Per Annum
Workers	691	₹ 2.94 Lakhs per Annum	29	₹ 2.70 Lakhs Per Annum

\*Only Executive Directors are considered as Non Executive Independent Directors are paid Sitting Fees only.

**4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

According to the Company's human rights policy, employees can address any complaints or grievances to line management. Any employee or an associate who expresses concerns in accordance with the policy is not subject to retribution or reprisals. To look into the issues that have been reported, a committee will be established or assigned by next financial year. The Committee will be in charge of assessing the reported problems and seeing to it that they are resolved. The

Committee might also make a reasonable recommendation in conjunction with Line Management.

Heranba is committed to upholding the human rights of its employees, communities, contractors, and suppliers in accordance with the Rights of Work described by the regulatory authorities. Heranba recognises the significant role that business can play in ensuring the long-term protection of human rights.

To guarantee that complaints are handled quickly and effectively, the Company has created a human rights policy that works in tandem with the grievance policy.

The policy can be access at <https://www.heranba.co.in/policies/>

**6. Number of Complaints on the following made by employees and workers:**

Category	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment						
Discrimination at workplace						
Child Labour						
Forced Labour/ Involuntary Labour			Nil			
Wages						
Other human rights related issues						

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

Heranba is dedicated to granting equal opportunities to every individual and is intolerant of any form of harassment or discrimination, including those based on sexual orientation, age, handicap, nationality, or any other characteristic protected by the law. Our anti-discrimination, POSH, whistle-blower, and grievance redress guidelines make sure that our employees uphold our commitment.

Also, in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redress) Act, 2013 an internal committee (IC) has been established. They adhere to the procedures and rules outlined in the Act.

The Whistle-blower Policy guarantees that no Whistle-blower will be treated unfairly as a result of reporting a "Protected Disclosure" in accordance with the policy. The Company, as a matter of policy, strongly disapproves of any form of victimisation, discrimination, harassment, or any other unfair employment practise used against whistle-blowers. Therefore, whistle-blowers will be completely protected from any unfair practises such as retaliation, threats of termination or suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like, as well as any direct or indirect use of authority to obstruct the whistle-blower's right to continue performing his or her duties or functions, including making additional reports and safeguard disclosure.

## 8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

No. We haven't yet put it into implementation.

## 9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	The Company's manufacturing plants, R&D centres and offices were assessed by the Company and/or externally by third parties, and also Statutory Authority from time to time
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others - please specify	

## 10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

Not Applicable

### Leadership Indicators

#### 1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

There have been zero complaints or grievances about human rights as of the publication date of the report.

#### 2. Details of the scope and coverage of any Human rights due-diligence conducted.

At Heranba, adherence to the human rights policy is essential. Going forward in the near future, we want to make sure that our Company's operations and our suppliers uphold regulations pertaining to human rights.

#### 3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

There are ramps at the Company's registered office, corporate office, and other locations for visitors with special needs. The majority of offices are located in commercial buildings with infrastructure for visitors with disabilities, lifts or on the ground floor.

#### 4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	00%
Discrimination at workplace	00%
Child Labour	00%
Forced Labour/Involuntary Labour	00%
Wages	00%
Others – please specify	00%

## 5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

Not Applicable

## PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

### Essential Indicators

#### 1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	105,296,238,000 KJ	101,031,062,400 KJ
Total fuel consumption (B)	10,240,570,660 KJ	62,976,437,634 KJ
Energy consumption through other sources I	0	0
<b>Total energy consumption (A+B+C)</b>	<b>115,536,808,660 KJ</b>	<b>164,007,500,034 KJ</b>
<b>Energy intensity per rupee of turnover</b>	<b>8.72</b>	<b>11.31</b>
<b>(Total energy consumption/turnover in rupees)</b>	<b>-</b>	<b>-</b>
Energy intensity (optional) - the relevant metric may be selected by the entity		



Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Taksh Environmental Auditor & Naik Associates, two approved external agencies, have performed environmental & safety audits in accordance with requirements.

**2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No, we have not been recognized for any locations or facilities as designated consumers (DCs) under the Government of India's PAT Scheme.

**3. Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-23	FY 2021-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	104,693 KL	109,423 KL
(iv) Seawater/desalinated water	0	0
(v) Others	0	0
<b>Total volume of water withdrawal (in kilolitres) (I + ii + iii + iv + v)</b>	<b>104,693 KL</b>	<b>109,423 KL</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>104,693 KL</b>	<b>109,423 KL</b>
<b>Water intensity per rupee of turnover (Water consumed/turnover)</b>	<b>0.0000079051</b>	<b>0.0000075445</b>
Water intensity (optional) - the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Taksh Environmental Auditor & Naik Associates, two approved external agencies, have performed environmental & safety audits in accordance with requirements.

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

At present, none of our facility is Zero Liquid Discharge compliant. We are treating effluent in our full fledged Effluent Treatment Plant (ETP).

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2022-23	FY 2021-22
Nox	Ppm	<10	<10
Sox	Ppm	<25	<25
Particulate matter (PM)	Mg/Nm3	<90	<90
Persistent organic pollutants (POP)	-	0	0
Volatile organic compounds (VOC)	Ppm	3.80 (Min) 5.50 (Max) Permissible Limit (<65)	4.30 (Min) 6.00 (Max) Permissible Limit (<65)
Hazardous air pollutants (HAP)	-	0	0
Others – please specify	-	0	0

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Taksh Environmental Auditor & Naik Associates, two approved external agencies, have performed environmental & safety audits in accordance with requirements.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	0	0

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	25360.93 MT	28820.08 MT
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>		<b>0.0000019149</b>	<b>0.0000019871</b>
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Taksh Environmental Auditor & Naik Associates, two approved external agencies, have performed environmental & safety audits in accordance with requirements.

#### 7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details:

The Company has streamlined its procedures to get closer to this unified goal by aligning its emissions management strategy with the global goals of reducing carbon footprint and managing climate change risks. In addition to being essential to the Company's future business operations, reducing GHG emissions is also a key component of its long-term environmental plan. The Company is dedicated to energy saving and makes sure that all of its operational facilities use energy efficiently. A key component of the Company's strategy for sustainable operations is energy management. Facilities are operated with the intention of reducing the amount of energy used in the processes, which directly affects carbon emissions. We've also added a waste reduction programme and installed solar power as part of our effort to lower GHG emissions.

#### 8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	1.0 MT	-
E-waste (B)	-	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	1.025 MT (Waste Oil)	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	-	-
<b>Total (A + B + C + D + E + F + G + H)</b>	<b>2.025 MT</b>	<b>-</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
Category of waste		
(i) Recycled	2.025	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	<b>2.025</b>	<b>-</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
Category of waste		
(i) Incineration	207.165 MT	213.405 MT
(ii) Landfilling	115.315 MT	32.10 MT
(iii) Other disposal operations	0	0
<b>Total</b>	<b>322.48 MT</b>	<b>245.505 MT</b>

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Taksh Environmental Auditor & Naik Associates, two approved external agencies, have performed environmental & safety audits in accordance with requirements.

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

The generation of waste is an unavoidable by-product of industry, although efforts have been made to recover value from waste. The Company has adopted processes and procedures that help recycle used material and reintroduce excess material into the production process in an effort to remove a sizable amount of waste from landfills. For waste management, the corporation employs the "3R" strategy of reduce, reuse, and recycle.

The Company follows legally prescribed procedures as under:

- We are segregating Low COD & High COD effluent for treatment of effluent as per the Pollution Control Board Norms.
- We are handling & managing storage, transportation & disposal of Hazardous waste as per the Pollution Control Board Guidelines & Rules.
- We have Installed Online Continuous Environmental Monitoring System & connected with State Pollution Control Board & Central Pollution Control Board.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:**

Sr. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
			Not Applicable

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

As per EIA notification, the establishment or expansion of an integrated agro manufacturing facility is required to conduct an EIA study. However, no projects underwent environmental impact assessments for the fiscal year 2022-23.

**12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

Yes, the Company is in compliance with all the environmental related applicable legislations.

**Leadership Indicators**

**1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY 2022-23	FY 2021-22
<b>From renewable sources</b>		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>0</b>	<b>0</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D)	105,296,238,000 KJ	101,031,062,400 KJ
Total fuel consumption (E)	10,240,570,660 KJ	62,976,437,634 KJ
Energy consumption through other sources (F)	0	0
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>115,536,808,660 KJ</b>	<b>164,007,500,034 KJ</b>

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Taksh Environmental Auditor & Naik Associates, two approved external agencies, have performed environmental & safety audits in accordance with requirements.

**2. Provide the following details related to water discharged:**

Parameter	FY 2022-23	FY 2021-22
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(ii) To Groundwater		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(iii) To Seawater		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	0	0
- With treatment - please specify level of treatment	19,429 KL (Primary, Secondary & Tertiary)	19,239 KL (Primary, Secondary & Tertiary)
(v) Others		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
<b>Total water discharged (in kilolitres)</b>	<b>19,429 KL</b>	<b>19,239 KL</b>

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Taksh Environmental Auditor & Naik Associates, two approved external agencies, have performed environmental & safety audits in accordance with requirements.

### 3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

#### (i) Name of the area

Heranba Industries Ltd. GIDC, Vapi and Sarigam

#### (ii) Nature of operations

Manufacture of Agrochemical products & Formulations

#### (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	104,693 KL	109,423 KL
(iv) Seawater/desalinated water	0	0
(v) Others	0	0
<b>Total volume of water withdrawal (in kilolitres)</b>	<b>104,693 KL</b>	<b>109,423 KL</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>104,693 KL</b>	<b>109,423 KL</b>
<b>Water intensity per rupee of turnover (Water consumed/turnover)</b>	<b>0.0000079051</b>	<b>0.0000075445</b>
Water intensity (optional) - the relevant metric may be selected by the entity	-	-
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(ii) Into Groundwater		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0

Parameter	FY 2022-23	FY 2021-22
(iii) Into Seawater		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	0	0
-With treatment - please specify level of treatment	19,429 KL(Primary, Secondary, Tertiary)	19,239 KL(Primary, Secondary, Tertiary)
(v) Others		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
<b>Total water discharged (in kilolitres)</b>	<b>19,429 KL</b>	<b>19,239 KL</b>

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Taksh Environmental Auditor & Naik Associates, two approved external agencies, have performed environmental & safety audits in accordance with requirements.

#### 4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	16996.39 MT	20523.31 MT
<b>Total Scope 3 emissions per rupee of turnover</b>	₹	<b>0.0000012833</b>	<b>0.000001415</b>
Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Taksh Environmental Auditor & Naik Associates, two approved external agencies, have performed environmental & safety audits in accordance with requirements.

#### 5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable as our units operate in GIDC.

#### 6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Nil

#### 7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

The Company has put in place policies to ensure that mission-critical operations continue in the event of a disruption as it recognises the value of business continuity in its operations.

Hence, we have implemented the concept of emergency plan and following list represents the main elements of the emergency plan created for all plants:

- A detailed emergency response for each hazard scenario, including all likely dangers, their location, potential, damaging capacity, and in the event of accidents, dangerous occurrences, emergencies, and catastrophes occurring in or affecting the jurisdiction at any moment.
- An emergency response team including a site main controller, an incident controller, a first aid team, a fire fighting team, a communications team, and teams for electricity and utilities is on the scene.
- The duties and responsibilities of the emergency response team's main members and their replacements.
- The emergency control center's bare minimal infrastructural requirements.
- A list of regulatory organisations along with contact information.
- A list of the phone numbers and addresses of nearby hospitals

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

No such incident has being reported/informed to us. The Company provides awareness and training to the

farmers to ensure proper and safe handling and uses of agrochemical products

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Nil

**PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

1.

**a. Number of affiliations with trade and industry chambers/associations.**

The Company is affiliated with six (6) trade and industry chambers/associations.

**b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.**

Sr. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1	Bombay Chamber of Commerce and Industry	State
2	Crop Care Federation of India	National
3	Pesticides Manufacturers & Formulators Association of India	National
4	CHEMEXCIL - Basic Chemicals, Cosmetics & Dyes Export Promotion Council	National
5	Haryana Pesticides Manufacturer's Association	State
6	Indian Bunts Chamber of Commerce & Industry	National

**2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Not Applicable. Since we did not obtain any such unfavorable directives from regulatory bodies about any matter involving anti-competitive behaviour, no such corrective action was undertaken.

**Leadership Indicators**

**1. Details of public policy positions advocated by the entity:**

Sr. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly/Others - please specify)	Web Link, if available
Not Applicable					

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

**Essential Indicators**

**1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not Applicable. Currently the organization has not undertaken Social Impact Assessment projects.					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sr. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community:

The Grievance Redressal Mechanism (GRM), which gives us the social license to run and carry out programmes for community initiative, is an essential element of ensuring our solid relationship with the community. We have employed local staff members who frequently visit the neighbourhood and engage with residents to learn about and address community problems as part of our grievance redress procedure. These interactions indicate that we are not currently aware of any particular community complaints.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/small producers	8.88%	9.85%
Sourced directly from within the district and neighbouring districts	90.18%	80.82%

### Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sr. No.	State	Aspirational District	Amount spent (In ₹)
No CSR activities on designated aspirational districts identified by Government			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No): No

(b) From which marginalized/vulnerable groups do you procure: Not Applicable

(c) What percentage of total procurement (by value) does it constitute: Nil

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Sr. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not Applicable				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:

Name of authority	Brief of the Case	Corrective action taken
Not Applicable		

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**

### Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

We have a procedure in place to handle customer complaints based on the severity of complaints. Additionally, we have a feedback mechanism in place through which we continuously improve our system. Any customer having any complaints can email at [sales@heranba.com](mailto:sales@heranba.com)

**2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**

	As a Percentage of total Turnover
Environmental and social parameters relevant to the product	Nil
Safe and responsible usage	100%
Recycling and/or safe disposal	Nil

**3. Number of consumer complaints in respect of the following:**

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at the end of year	
Data privacy						
Advertising						
Cyber-security						
Delivery of essential services			Nil			
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

**4. Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls		
Forced recalls		Nil

**5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

We do not have any formal policy/framework. However we have Fortinet firewall and data backup plan.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

There was no incident during the current fiscal year.

**Leadership Indicators**

**1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information related to all the products and services provided by the organization are available on the [www.heranba.co.in](http://www.heranba.co.in)

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The Usage and Safety Instructions are mentioned on the Product Packaging as per the prevailing Laws/Guideline issued by the Government.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

Not Applicable

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

No, we do not display product information on the product over and above what is mandated as per local laws.

Also, we regularly conduct the survey regarding consumer satisfaction.

**5. Provide the following information relating to data breaches:**

**a. Number of instances of data breaches along-with impact:** Nil

**b. Percentage of data breaches involving personally identifiable information of customers:** Nil



# Independent Auditor's Report

To

The Members of

**Heranba Industries Limited**

Report on the Audit of the Standalone Financial Statements

## OPINION

We have audited the Standalone Financial Statements of Heranba Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

## BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our

responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 Standalone 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 Standalone Financial Statements.

## EMPHASIS OF MATTER

We draw attention to Note 43 to the Standalone Financial Statements, regarding an order from Gujarat Pollution Control Board ("GPCB") instructing the Company to prohibit and close operations at Vapi's Plant Unit-I & Unit-II. The Company is analyzing the said order and taking appropriate measures as advised before the GPCB to remedy the situation and seek relief against the said order. The management has asserted that there will not be any significant impact of this order on its operations for the ensuing year. We have relied on such assertions in this regard. Our opinion is not modified in respect of this matter.

## KEY AUDIT MATTER

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Revenue Recognition</b></p> <p>The timing of revenue recognition is relevant to the reported performance of the Company.</p> <p>We identified revenue recognition as a key audit matter because of the quantum of revenue and the time and audit effort involved in auditing the terms of the customers contract and the revenue recognized.</p>	<p><b>Our procedures included, amongst others:</b></p> <ul style="list-style-type: none"> <li>We assessed the compliance of the revenue recognition accounting policies against the requirements of Indian Accounting Standards ("Ind AS").</li> <li>We evaluated the design and operating effectiveness of the relevant key financial controls with respect to revenue recognition on selected transactions.</li> <li>Using statistical sampling, we tested the terms of the revenue contracts against the recognition of revenue based on the underlying documentation and records and evaluated accuracy and existence of the revenue being recognised in the correct accounting period.</li> <li>We tested the accuracy and existence of revenue recognized at year end. On a sample basis, we evaluated the revenue being recognised in the correct accounting period.</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
2	<p><b>Inventory Valuation</b></p> <p>Inventory represents a significant portion of total assets as at March 31, 2023, with carrying value of ₹ 297.16 crore.</p> <p>Inventories are valued at lower cost and net realizable value. The Company writes down inventories to net realizable value on account of obsolescence, expiry and non-moving inventory, based on management's assessment.</p> <p>Assessing net realizable value and identification of slow moving, expired and obsolete inventory are areas which require use of significant judgements and owing to the inherent complexities, this is considered to be a key audit matter.</p>	<p>We have assessed the adequacy of disclosures in the Standalone Financial Statements against the requirements of Ind AS 115, Revenue from contracts with customers.</p> <p><b>Our procedures included, amongst others:</b></p> <ul style="list-style-type: none"> <li>• We understood and evaluated the process relating to determination of net realizable value of inventories and identification of slow moving, expired and obsolete inventories,</li> <li>• We attended stock counts to identify whether any inventory was obsolete,</li> <li>• We assessed the basis for the inventory valuation, the consistency in policy and the rationale in its application,</li> <li>• We tested the accuracy of the ageing of inventories based on system generated reports,</li> <li>• We reviewed the testing done for net realizable value of inventories and future plans for consumptions,</li> <li>• We tested the arithmetical accuracy of valuation files; and</li> </ul> <p>We have assessed the appropriateness of disclosures in the Standalone Financial Statements in accordance with the applicable accounting standards.</p>

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

The Company's Board of Directors is responsible for the Other Information. The other information comprises the information included in the Company's Annual Report but does not include the Standalone and Consolidated Financial Statements and our Independent Auditors' Report thereon. Our opinion on the Standalone Financial Statements does not cover the Other Information and we do not and will not express any form of assurance or conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the Standalone Financial Statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement, we are required to report that fact. We have nothing to report in this matter.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, 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 accounting Standards specified under section 133 of the Act and the relevant provisions 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 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not

a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

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

1. Identify and assess the risks of material misstatement of the Standalone 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.
2. Obtain an understanding of internal control 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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.

## OTHER MATTER

The Standalone Financial Statements for the comparative period i.e., year ended March 31, 2022 included in the enclosed Standalone Financial Statements, are based on the financial statements for the year ended March 31, 2022 which were audited by the predecessor auditor M/s. N.S. Shetty & Co., Chartered Accountants, vide their unmodified report dated May 14, 2022.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 attached "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, 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 with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating

effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h. 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements - Refer Note 33 to the Standalone Financials Statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were material foreseeable losses.

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

iv.

a. The management has represented that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("intermediaries") with the understanding whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security, or the like on behalf of the Ultimate Beneficiaries.

b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies) including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c. Based on such audit procedures considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.

- v. In the matter of dividend proposed, declared and paid during the year:

a. The final dividend proposed in the previous year, declared and paid by the Company during the year, is in accordance with Section 123 of the Act.

b. As stated in note no 44 to the Standalone Financial Statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of the dividend proposed is in accordance with section 123 of the Act.

- vi. The proviso to Rule 3(1) of The Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 01, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441  
UDIN:

**Date:** May 30, 2023

**Place:** Mumbai

# Annexure - A

## To The Independent Auditors' Report

(Referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements' section of our report to the Members of Heranba Industries Limited of even date)

To the best of our knowledge and information, audit procedures followed by us, according to the information provided to us by the Company and the examination of the books of account and records in the normal course of audit, we state that:

- (i) a. (A) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment including right of use assets and non-current asset held for sale.
- (B) There are no intangible assets and hence this clause is not applicable to the Company.
- b. Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c. We have verified the title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) disclosed in the Standalone Financial Statements and based on such verification we confirm that the same are held in the name of the Company.
- (iii) a. The Company has made investments in the companies. The Company has also provided unsecured loans to companies, details of which are given hereunder.
- d. The Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year.
- e. There is no proceedings initiated during the year or are pending against the Company as at March 31, 2023, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) a. The management has conducted physical verification of inventory at reasonable intervals during the year. On the basis of examination of records, we are of the opinion that the coverage and procedure of such verification is appropriate and that no discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification. The discrepancies wherever noted have been properly dealt with in the books of account of the Company.
- b. The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. The quarterly returns or statements have been filed by the Company. We draw attention to Statement 1 attached to the Standalone Financial Statements stating reasons for which quarterly statement filed with banks are not in line with the books of account of the Company.

(₹ in crore)

Particulars	Guarantee	Security	Loans	Advances in the Nature of Loans
Aggregate amount granted/provided during the year	-	-	53.19	-
- Subsidiaries	-	-	53.19	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	-	-
Balance outstanding as at balance sheet date in respect of such cases				
- Subsidiaries	-	-	53.19	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-	-	-

- b. The investments made, and the terms and conditions of the grant of loans to the wholly owned subsidiaries of the Company are prima facie, not prejudicial to the Company's interest.
- c. In respect of loans and advances in the nature of loans, granted by the Company the schedule of repayment of principal and interest have been stipulated. No repayments were due during the year.
- d. There is no overdue amount in respect of loans given.
- e. There has been no loan or advance in the nature of loan granted which has fallen due during the year and, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.
- f. The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) The Company has complied with the provisions of section 185 and 186 of the Act with respect of loans granted, investments made, guarantees and security provided.
- (v) The Company has not accepted deposits from the public or amounts that are deemed to be deposits pursuant to sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder. As informed to us, there is no order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal in respect of the said sections.
- (vi) The maintenance of the cost records under the sub-section (1) of section 148 of the Act has been prescribed and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the records to ascertain whether they are accurate or complete.
- (vii) a. The Company has been generally regular in depositing undisputed statutory dues including Goods and Services Act, Provident fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amount is payable in respect of the aforesaid dues were outstanding as at March 31, 2023, for a period of more than six months from the date they became payable except liability of provident fund amounting to ₹ 0.01 crore, which is not paid due to Universal Account Number (UAN) not linked to Aadhar on EPFO portal.
- b. There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute except given below:

Name of statute	Nature of dues	Amount (In crore)	Period to which the amount relates	Forum where dispute is pending
Excise Duty/Custom Duty	Excise Duty/Custom Duty Demands incl. Interest and Penalty	13.43	from 2010-11 to 2014-15	Appeal filed to CESTAT
Excise Duty/Custom Duty	Excise Duty/Custom Duty Demands	0.06	2012-13	Division officer
Excise Duty/Custom Duty	Excise Duty/Custom Duty Demands	10.00	Various years	Write petition filed
Goods & Service Tax	GST Tran 1	0.36	GST Tran 1	Division officer
Income tax	Income Tax and Interest	4.69	AY 2018-19	CIT Appeal
Income tax	Income Tax and Interest	0.22	AY 2019-20	CIT Appeal
Income tax	Income Tax and Interest	0.57	AY 2020-21	CIT Appeal
Income tax	Income Tax and Interest	0.73	AY 2021-22	CIT Appeal
VAT UP	VAT Liability	0.45	FY 2014-15	Add. Comm - Appeals
VAT UP	VAT Liability	0.16	FY 2013-14	Add. Comm - Appeals
	<b>Total</b>	<b>30.67</b>		

- (viii) There are no transactions that were not recorded in the books of account, and which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) a. The Company has not delayed or defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c. The Company has not taken any term loans during the year.
- d. No funds raised on short-term basis have been used for long-term purposes by the Company.
- e. The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f. The Company has not raised loans during the year on the pledge of securities held in its subsidiaries .
- (x) a. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- b. The Company has not made any preferential allotment or private placement of shares or convertible debenture fully or partly or optionally convertible debentures during the year under audit.
- (xi) a. No fraud by the Company or any fraud on the Company has been noticed or reported during the year.
- b. No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government and hence clause 3(xi)(b) of the Companies (Auditors Report) Order 2020 is not applicable to the Company.
- c. No whistle-blower complaints have been received during the year by the Company. .
- (xii) The Company is not a Nidhi Company and hence clauses 3(xii)(a), 3(xii) (b) and 3(xii)(c) of the Companies (Auditors Report) Order 2020 is not applicable to the Company.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 in so far as our examination of the proceedings of the meetings of the Audit Committee and Board of Directors are concerned. The details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.
- (xiv) a. The Company has an internal audit system commensurate with the size and nature of its business.
- b. We have considered the internal audit reports of the Company issued during the year and till date, for the period under audit.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors.
- (xvi) a. The nature of business and the activities of the Company are such that the Company is not required to obtain registration under section 45-IA of the Reserve Bank of India Act 1934 and hence sub-clause 3(xvi) (a), 3(xvi)(b), 3(xvi)(c) and 3(xvi)(d) of the Companies (Auditors Report) Order, 2020 is not applicable to the Company.
- b. There are no core investment companies within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016).
- (xvii) The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly clause (3)(xviii) of the Companies (Auditors Report) Order 2020 is not applicable to the Company.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) a. In respect of other than ongoing projects, the Company did not have to transfer any unspent amount to a Fund specified in Schedule VII to the Companies Act, 2013.
- b. There are no ongoing projects, and accordingly clause (3)(xx)(b) of the Companies (Auditors Report) Order 2020 is not applicable to the Company.

For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441  
UDIN:

**Date:** May 30, 2023  
**Place:** Mumbai

# Annexure - B

To The Independent Auditors' Report

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Standalone Financial Statements of Heranba Industries Limited ("the Company") as of March 31, 2023, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

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

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A Company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Standalone Financial Statements 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS.

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2023, 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 ICAI.

For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441  
UDIN:

**Date:** May 30, 2023

**Place:** Mumbai

# Standalone Balance Sheet

As at March 31, 2023

Particulars	Note No.	(₹ in crore)	
		As at March 31, 2023	As at March 31, 2022
<b>Assets</b>			
<b>Non-Current Assets</b>			
(A) Property, Plant And Equipment	2	185.99	193.42
(B) Capital Work-In-Progress	2	42.04	14.23
(C) Financial Assets			
(i) Investments	3	0.92	2.13
(ii) Loans	4	53.19	-
(iii) Other Financial Assets	5	5.81	8.07
(D) Deferred Tax Assets (Net)	6	7.09	2.81
(E) Other Non-Current Assets	7	6.78	7.25
<b>Total Non-Current Assets</b>		<b>301.82</b>	<b>227.91</b>
<b>Current Assets</b>			
(A) Inventories	8	297.16	255.74
(B) Financial Assets			
(i) Investments	3	-	-
(ii) Trade Receivables	9	387.59	446.87
(iii) Cash And Cash Equivalents	10	99.26	94.90
(iv) Bank Balances Other Than (li) Above	11	19.37	28.26
(v) Other Financial Assets	5	2.86	2.55
(C) Other Current Assets	7	29.34	51.68
<b>Total Current Assets</b>		<b>835.58</b>	<b>880.00</b>
Non-Current Assets Held For Sale	2	21.90	-
<b>Total Assets</b>		<b>1,159.30</b>	<b>1,107.91</b>
<b>Equity And Liabilities</b>			
<b>Equity</b>			
(A) Equity Share Capital	12	40.01	40.01
(B) Other Equity	13	776.10	674.44
<b>Total Equity</b>		<b>816.11</b>	<b>714.45</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
(A) Financial Liabilities			
(i) Long Term Borrowings		-	-
(ii) Lease Liabilities	14	3.51	0.63
(iii) Other Financial Liabilities	15	-	-
(B) Provisions	16	8.94	7.86
<b>Total Non-Current Liabilities</b>		<b>12.45</b>	<b>8.49</b>
<b>Current Liabilities</b>			
(A) Financial Liabilities			
(i) Short Term Borrowings	17	89.01	89.56
(ii) Lease Liabilities	14	0.48	1.00
(iii) Trade Payables	18		
- Dues Of Micro And Small Enterprise		14.47	9.55
- Dues Of Other Than Micro And Small Enterprise		172.12	236.29
(iv) Other Financial Liabilities	15	37.54	28.50
(B) Other Current Liabilities	19	7.70	13.67
(C) Provisions	16	1.63	2.39
(D) Current Tax Liabilities (Net)	20	7.79	4.01
<b>Total Current Liabilities</b>		<b>330.74</b>	<b>384.97</b>
<b>Total Liabilities</b>		<b>343.19</b>	<b>393.46</b>
<b>Total Equity And Liabilities</b>		<b>1,159.30</b>	<b>1,107.91</b>

The Accompanying Notes Are An Integral Part Of The Financial Statements.

As per our report of even date attached  
For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441

**Date:** May 30, 2023  
**Place:** Mumbai

For & on behalf of the Board of Directors  
**Heranba Industries Limited**

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

**Abdul Latif**  
Company Secretary

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

**Raj K Bafna**  
Chief Financial Officer

# Standalone Statement of Profit and Loss

For the year ended March 31, 2023

Particulars	Note No.	(₹ in crore)	
		For the year 2022-23	For the year 2021-22
<b>I INCOME</b>			
Revenue from Operations	21	1,324.38	1,450.37
Other Income	22	13.58	19.35
<b>TOTAL INCOME</b>		<b>1,337.96</b>	<b>1,469.72</b>
<b>II EXPENSES</b>			
Cost of materials consumed	23	907.99	1,003.02
Purchase of stock in trade		7.09	0.42
Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	24	(26.89)	(72.83)
Employee Benefit Expenses	25	64.42	58.37
Finance Costs	26	7.91	4.07
Depreciation and Amortisation Expenses	27	22.59	19.78
Other Expenses	28	210.71	201.64
<b>TOTAL EXPENSES</b>		<b>1,193.82</b>	<b>1,214.47</b>
<b>III Profit before Tax</b>		<b>144.14</b>	<b>255.25</b>
<b>IV Tax Expense</b>	29		
(a) Current Tax		38.86	67.80
(b) (Excess)/Short provision for taxation in respect of earlier years		(0.49)	-
(c) Deferred tax charge/(credit)		(4.34)	(1.61)
		<b>34.03</b>	<b>66.19</b>
<b>V Profit for the year</b>		<b>110.11</b>	<b>189.06</b>
<b>VI OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Remeasurement Gain/(Loss) on Defined benefit plan		0.14	(0.25)
- Taxes thereon		(0.03)	0.06
<b>Items that will be reclassified to profit or loss</b>			
- Fair Value of Investment		-	0.10
- Time value of derivatives designated as cash flow hedges		0.11	0.04
- Taxes thereon		(0.03)	0.11
<b>VII Total other Comprehensive Income</b>		<b>0.19</b>	<b>0.06</b>
<b>VIII Total Comprehensive Income for the year</b>		<b>110.30</b>	<b>189.12</b>
<b>Earning per share (Basic and diluted)</b>	30	27.52	47.25

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

As per our report of even date attached  
For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

For & on behalf of the Board of Directors  
**Heranba Industries Limited**

**N Jayendran**  
Partner  
Membership No.: 040441

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

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

**Date:** May 30, 2023  
**Place:** Mumbai

**Abdul Latif**  
Company Secretary

**Raj K Bafna**  
Chief Financial Officer

# Standalone Cash Flow Statement

For the year ended March 31, 2023

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	144.14	255.25
<b>Adjustments for:</b>		
Depreciation/Amortisation/Impairment of Property, Plant and Equipments	22.59	19.78
Dividend Income	(0.00)	(0.00)
Interest Income	(4.20)	(1.81)
Interest Expenses	7.91	4.07
Provision for Doubtful Receivables/Advances/Sundry balances written off	(0.96)	5.34
Fair value of Investment	0.00	(0.00)
(Profit)/Loss on sale of Property, Plant and Equipments (Net)	(0.06)	(0.02)
Loss on Assets discard	-	0.27
(Profit)/Loss on sale of Investments (Net)	(0.64)	(0.17)
Unrealised foreign exchange (gain)/loss (Net)	(4.19)	(0.71)
Sundry Balances Written back	(1.62)	-
Remeasurement of the net defined benefit liability	0.14	(0.25)
<b>Operating Profit/(Loss) before changes in working capital</b>	<b>163.11</b>	<b>281.75</b>
<b>Adjustment for (Increase)/Decrease in Operating Assets</b>		
Adjustments for decrease/(increase) in inventories	(41.42)	(89.75)
Adjustments for decrease/(increase) in trade receivables, current	68.90	(70.60)
Adjustments for decrease/(increase) in other current assets	22.34	9.20
Adjustments for other financial assets, non-current	2.26	(0.75)
Adjustments for other financial assets, current	(0.27)	(0.04)
<b>Adjustment for Increase/(Decrease) in Operating Liabilities</b>		
Adjustments for increase/(decrease) in trade payables, current	(60.70)	46.87
Adjustments for increase/(decrease) in other current liabilities	(5.98)	4.12
Adjustments for provisions, current	(0.76)	0.09
Adjustments for provisions, non-current	1.08	0.80
Adjustments for other financial liabilities, current	8.97	(11.06)
Adjustments for other financial liabilities, non-current	-	0.39
<b>Changes in working capital</b>	<b>(5.58)</b>	<b>(110.73)</b>
<b>Cash flow from operations after changes in working capital</b>		
Net Direct Taxes (Paid)/Refunded	(35.02)	(72.91)
<b>Net Cash Flow from/(used in) Operating Activities</b>	<b>122.50</b>	<b>98.11</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of property, plant and equipment	0.09	0.04
Purchase of property, plant and equipment	(61.31)	(80.56)
Purchase of investment	(0.74)	-
Investment in Subsidiary	(0.15)	-
Proceeds from sales of Investment	2.08	8.23
Loan given to Subsidiary	(53.19)	-
Dividends received	0.00	-
Interest received	4.27	1.91
Investment in Bank Deposit	8.89	(11.34)
<b>Net Cash Flow from/(used in) Investing Activities</b>	<b>(100.06)</b>	<b>(81.72)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Proceeds from short term borrowings	(1.95)	0.97
Payments of finance lease liabilities	(1.48)	(2.92)
Dividends paid	(8.00)	(2.80)
Interest paid	(6.65)	(1.52)
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b>(18.08)</b>	<b>(6.27)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>4.36</b>	<b>10.12</b>
Cash & Cash Equivalents at beginning of period (see Note 1)	94.90	84.78
<b>Cash and Cash Equivalents at end of period (see Note 1)</b>	<b>99.26</b>	<b>94.90</b>

**NOTES:**

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
<b>1 Cash and Cash equivalents comprises of:</b>		
Cash on Hands	0.13	0.09
Balance with Banks	53.94	22.26
Restricted cash and cash equivalents	-	-
In deposit with maturity of less than three months	45.19	72.55
<b>Cash and Cash equivalents</b>	<b>99.26</b>	<b>94.90</b>
<b>2</b> Figures of the previous year have been regrouped/reclassified wherever necessary.		
<b>3</b> 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 attached  
For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

For & on behalf of the Board of Directors  
**Heranba Industries Limited**

**N Jayendran**  
Partner  
Membership No.: 040441

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

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

**Date:** May 30, 2023  
**Place:** Mumbai

**Abdul Latif**  
Company Secretary

**Raj K Bafna**  
Chief Financial Officer

# Statement of Standalone Changes in Equity

For the year ended March 31, 2023

## A. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Face value (₹ In crore)	Number of shares	Face value (₹ per share)
Opening balance	4,00,13,467	10.00	4,00,13,467	10.00
Changes due to prior period errors	-	-	-	-
<b>Restated balance at the beginning of the current reporting period</b>	<b>4,00,13,467</b>	<b>10.00</b>	<b>4,00,13,467</b>	<b>10.00</b>
Changes during the current year	-	-	-	-
<b>Balance at the end</b>	<b>4,00,13,467</b>	<b>10.00</b>	<b>4,00,13,467</b>	<b>10.00</b>

## B. OTHER EQUITY

	Reserves and Surplus			Other Comprehensive Income			Total
	Securities Premium reserve	Capital Redemption Reserve	General reserve	Retained Earnings	Debits through Other Comprehensive Income (Net of Tax)	Effective portion of Flow Hedges (Net of Tax)	
<b>Balance at April 01, 2021</b>	<b>58.18</b>	<b>0.25</b>	<b>40.75</b>	<b>388.76</b>	<b>0.43</b>	<b>(0.14)</b>	<b>(0.11)</b>
Profit for the year	-	-	-	189.06	-	-	-
Items of Other Comprehensive Income: Fair Valuation of investment	-	-	-	-	0.20	-	-
Items of Other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	-	-	-	(0.19)
Time value of derivatives designated as cash flow hedges	-	-	-	-	-	0.05	-
Transfer (to)/from General Reserve	-	-	6.00	(6.00)	-	-	-
Dividend Paid and Tax thereon	-	-	-	(2.80)	-	-	(2.80)
<b>Balance at March 31, 2022</b>	<b>58.18</b>	<b>0.25</b>	<b>46.75</b>	<b>569.02</b>	<b>0.63</b>	<b>(0.09)</b>	<b>(0.30)</b>
Profit for the year	-	-	-	110.11	-	-	-
<b>Less: Classified to Profit and Loss on realisation</b>	-	-	-	-	(0.63)	-	-
Items of other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	-	-	-	0.10
Time value of derivatives designated as cash flow hedges	-	-	-	-	-	0.08	-
Dividend Paid and Tax thereon	-	-	-	(8.00)	-	-	-

(₹ in crore)

	Reserves and Surplus			Other Comprehensive Income			Total
	Securities Premium reserve	Capital Redemption Reserve	General reserve	Debits through Other Comprehensive Income (Net of Tax)	Effective portion of Flow Hedges (Net of Tax)	Remeasurement of net defined benefit (Net of Tax)	
<b>Balance at March 31, 2023</b>	<b>58.18</b>	<b>0.25</b>	<b>46.75</b>	<b>-</b>	<b>(0.01)</b>	<b>(0.20)</b>	<b>776.10</b>

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

As per our report of even date attached  
For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441

**Date:** May 30, 2023  
**Place:** Mumbai

For & on behalf of the Board of Directors  
**Heranba Industries Limited**

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

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

**Abdul Latif**  
Company Secretary

**Raj K Bafna**  
Chief Financial Officer

# Notes to the Standalone Financial Statements

For the year ended March 31, 2023

## A. COMPANY OVERVIEW

**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.

The Standalone Financial Statements are approved for issue by the Company's Board of Directors on May 30, 2023.

## B. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- The financial statements of the Company comprises the statement of assets and liabilities as at March 31, 2023, the statement of profit and loss (including other comprehensive income), the statement of changes in equity, the statement of cash flow for the year ended March 31, 2023, the summary of statement of significant accounting policies, and other explanatory information (collectively, the "Financial Statements"), as approved by the Board of Directors of the Company at their meeting held on May 30, 2023.
- These financial statements have been prepared in accordance with the Companies (Indian Accounting Standards), Rules, 2015, as amended (referred to as "IND AS") as prescribed under section 133 of the Companies Act, 2013.
- These financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments, which are measured at fair values, which are disclosed in the financial statements.
- The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than 12 months and therefore all current and non-current classifications are done based on the status of reliability and expected settlement of the respective asset and liability within a period of 12 months from the reporting date as required by Schedule III to the Companies Act, 2013.
- Accounting policies have been consistently applied except where newly issued India accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
- The financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest crore, except otherwise indicated.

## C. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS.

- The preparation of financial statements requires management's judgments, estimates and assumptions that impacts the reported amounts of revenues,

expenses, assets and liabilities, and the accompanying notes thereon. Uncertainty about these assumptions and estimates could result in outcomes that might require a material adjustment to the carrying amount of assets or liabilities in future periods.

- Estimates:**

The preparation of the financial statements in conformity with IND AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

- Judgments:**

The Company's management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements, while formulating the Company's accounting policies:

- a. Defined benefit plans (gratuity benefits):**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Discount rate:** The said parameter is subject to change. In determining the appropriate discount rate (for plans operating in India), the management considers the interest rates of government bonds in currencies which are consistent with the post-employment benefit obligation. The underlying bonds are reviewed periodically for quality. Those having excessive credit spreads are excluded from the analysis since they do not represent high quality corporate bonds.

**Mortality rate:** It is based on publicly available mortality tables. Those mortality tables tend to change at an interval in response to demographic changes. Prospective increase in salary and gratuity are based on expected future inflation rates.



**b. Useful lives of property, plant and equipment:**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**c. Impairment of property, plant and equipment:**

For property, plant and equipment and intangibles, an assessment is made at each reporting date to determine whether there is an indication that the carrying amount may not be recoverable or previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

**d. Impairment of investment in subsidiaries and investments:**

For determining whether the investments in subsidiaries, joint ventures and associates as well as other investments are impaired requires an estimate in the value in use of investments. In considering the value in use, the Company has estimated the future cash flow, capacity utilization, operating margins and other factors of the underlying businesses/operations of the investee companies. Any subsequent changes to the cash flows due to changes in the above-mentioned factors could impact the carrying value of investments.

**e. Inventories:**

The Company estimates the net realisable value (NRV) of its inventories by taking into account estimated selling price, estimated cost of completion, estimated costs necessary to make the sale, obsolescence considering the past trend. Inventories are written down to NRV where such NRV is lower than their cost.

**f. Recognition and measurement of other provisions:**

The recognition and measurement of other provisions is based on the assessment of the probability of an outflow of resources, past experience and circumstances known at the closing date. The actual outflow of resources at a future date may, therefore, vary from the amount included in other provisions.

**g. Leases:**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

**D. RECENT PRONOUNCEMENTS**

Ministry of corporate affairs (MCA) notifies new standard or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued and amended from time to time. On March 31, 2023, MCA amended the

Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 01, 2023, as below:

**a. Ind AS 1 - Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**b. Ind AS 12 - Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**c. Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty" Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**E. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a) 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.

#### b) 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'.

#### c) 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. On transition to IND AS for the first time, the Company adopted the deemed cost approach mentioned in IND AS 101 - First time adoption in respect of its Property, Plant and Equipment.

B. Depreciation is provided on written down value 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 up to 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 Equipment's	10

Office Equipment's	5
Plumbing and Piping	20-25
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.

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

## B. Financial Liabilities

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

### i) Recognition and Initial Measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial Liability is initially measured at fair value plus, for an item not at fair value through profit and loss, net of transaction costs that are directly attributable to its acquisition or issue.

### ii) Classification and Subsequent Measurement

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

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

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.

### E. 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.

## e) 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 Lifetime 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.

## f) 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.

## g) Inventories

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

- A. Stores and spares, packing materials and raw materials are valued at lower of cost and 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 and net realisable value and for this purpose. 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 remaining costs of completion and the estimated costs necessary to make the sale.

## h) 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 define 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. Remeasurement, 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.

#### i) 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.

#### j) 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.

#### k) 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.

#### l) 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.

#### m) 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.

#### n) 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.

#### o) 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.

## p) Leases

### 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.

# Notes Forming Part of the Standalone Financial Statements

As at and for the year ended March 31, 2023

## NOTE 2: PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Freehold Land	Leasehold land	Plant and Machinery	Buildings	Electrical Installation	Piping	laboratory equipments	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Right to use Asset	Total
	(₹ in crore)												
<b>Gross Carrying Value</b>													
<b>Balance at April 01, 2021</b>	-	39.90	119.34	30.78	11.35	5.66	1.65	0.73	1.11	3.74	1.18	2.65	218.09
Additions	0.26	23.22	22.20	22.12	3.26	-	1.56	1.72	0.24	4.35	0.78	0.85	80.56
Disposals	-	-	4.14	0.14	0.01	0.32	0.69	0.10	0.30	0.24	0.06	1.11	7.11
<b>Balance at March 31, 2022</b>	0.26	63.12	137.40	52.76	14.60	5.34	2.52	2.35	1.05	7.85	1.90	2.39	291.54
<b>Accumulated depreciation and impairment</b>													
Balance at April 01, 2021	-	1.87	57.94	8.09	4.91	4.91	0.93	0.62	0.93	2.87	0.81	0.78	84.66
Eliminated on disposal of assets	-	-	4.04	0.10	0.00	0.25	0.66	0.10	0.28	0.23	0.06	0.60	6.32
Depreciation charge	-	0.60	9.15	5.67	1.86	0.07	0.35	0.22	0.16	0.76	0.17	0.77	19.78
<b>Balance at March 31, 2022</b>	-	2.47	63.05	13.66	6.77	4.73	0.62	0.74	0.81	3.40	0.92	0.95	98.12
<b>Net carrying value as on March 31, 2022</b>	<b>0.26</b>	<b>60.65</b>	<b>74.35</b>	<b>39.10</b>	<b>7.83</b>	<b>0.61</b>	<b>1.90</b>	<b>1.61</b>	<b>0.24</b>	<b>4.45</b>	<b>0.98</b>	<b>1.44</b>	<b>193.42</b>

	Freehold Land	Leasehold land	Plant and Machinery	Buildings	Electrical Installation	Piping	laboratory equipments	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Right to use Asset	Total
	(₹ in crore)												
<b>Gross Carrying Value</b>													
<b>Balance at April 01, 2022</b>	0.26	63.12	137.40	52.76	14.60	5.34	2.52	2.35	1.05	7.85	1.90	2.39	291.54
Additions	0.22	7.99	13.34	4.43	1.89	-	1.66	0.70	0.28	1.70	1.49	4.15	37.85
Asset Held for Sale	-	22.83	-	-	-	-	-	-	-	-	-	-	22.83
Disposals/Termination of Lease Arrangement	-	-	-	-	-	-	-	-	0.00	0.48	-	0.94	1.42
<b>Balance at March 31, 2023</b>	0.48	48.28	150.74	57.19	16.49	5.34	4.18	3.05	1.33	9.07	3.39	5.60	305.14
<b>Accumulated depreciation and impairment</b>													
Balance at April 01, 2022	-	2.47	63.05	13.66	6.77	4.73	0.62	0.74	0.81	3.40	0.92	0.95	98.12
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	0.00	0.45	-	0.18	0.63
Asset Held for Sale	-	0.93	-	-	-	-	-	-	-	-	-	-	0.93
Depreciation charge	-	0.73	10.90	4.25	2.08	0.07	0.71	0.85	0.24	1.50	0.27	0.99	22.59
<b>Balance at March 31, 2023</b>	-	2.27	73.95	17.91	8.85	4.80	1.33	1.59	1.05	4.45	1.19	1.76	119.15
<b>Net carrying value as on March 31, 2023</b>	<b>0.48</b>	<b>46.01</b>	<b>76.79</b>	<b>39.28</b>	<b>7.64</b>	<b>0.54</b>	<b>2.85</b>	<b>1.46</b>	<b>0.28</b>	<b>4.62</b>	<b>2.20</b>	<b>3.84</b>	<b>185.99</b>



**Foot Notes:****Capital work in progress**

(₹ in crore)

Particulars	Total
<b>Balance at April 01, 2021</b>	<b>9.69</b>
Addition	12.48
<b>Less: Capitalised during the year</b>	<b>(7.94)</b>
<b>Less: Transfer during the year</b>	
<b>Balance at March 31, 2022</b>	<b>14.23</b>
Addition	38.94
<b>Less: Capitalised during the year</b>	<b>(4.12)</b>
<b>Less: Transfer during the year</b>	<b>(7.01)</b>
<b>Balance at March 31, 2023</b>	<b>42.04</b>

**(i) Capital-Work-in Progress (CWIP) ageing schedule is as under:**

(₹ in crore)

CWIP (As on March 31, 2023)	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	> 3 years	
<b>Projects in progress</b>					
Sarigam	10.04	7.84	-	-	17.88
Unit 1	22.50	-	-	-	22.50
Unit 2	0.83	0.17	-	-	1.00
Unit 4	-	0.66	-	-	0.66
<b>Total</b>	<b>33.37</b>	<b>8.67</b>	<b>-</b>	<b>-</b>	<b>42.04</b>

(₹ in crore)

CWIP (As on March 31, 2022)	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	> 3 years	
<b>Projects in progress</b>					
Sarigam	10.04	-	-	-	10.04
Unit 1	1.00	-	-	-	1.00
Unit 2	0.76	-	-	-	0.76
Unit 4	0.66	-	-	-	0.66
Saykha	0.04	1.76	-	-	1.80
<b>Total</b>	<b>12.50</b>	<b>1.76</b>	<b>-</b>	<b>-</b>	<b>14.26</b>

Projects in progress consists of buildings, plant and equipment which are under construction/installation during the year which is nearing completion and is expected to be capitalized in FY 2023-24.

**(ii) Contractual Obligation**

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

**(iii) 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.

**(iv) Assets Held for Sale:**

Assets held for sale represents the leasehold land which are earmarked for transfer to our wholly owned subsidiary which are pending for transfer. The necessary actions for the clearance from GIDC are initiated from our side and the transfer will conclude as and when the clearances are obtained. Pending them the same are leased to the Subsidiary for their use.

## NOTE 3: INVESTMENTS

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
<b>Non Current</b>		
<b>Investments in equity instruments (un-quoted) At Cost</b>		
2,000 (As at March 31, 2022, 2,000) Equity Shares of The Shamrao Vithal Co-op. Bank Ltd.	0.01	0.01
1,000 (As at March 31, 2022, 1,000) Equity shares of Matrubhumi Co-op. Credit Society Limited	0.01	0.01
<b>A)</b>	<b>0.02</b>	<b>0.02</b>
<b>Investments in equity instruments (At fair value through profit/loss) (quoted):</b>		
41 (As at March 31, 2022, 41) Equity Shares of United Phosphorus Ltd. (Full Figure as March 31, 2023: ₹ 29,415.30 and as at March 31, 2022: ₹ 27,622.15)	Nil	Nil
200 (As at March 31, 2022, 200) Equity Shares of Aditya Birla Money Ltd. (Full Figure as March 31, 2023: ₹ 9110.00 and as at March 31, 2022: ₹ 12,035.00)	Nil	Nil
500 (As at March 31, 2022, 500) Equity Shares of Gujarat State Financial Corporation Ltd. (*) (Full Figure as March 31, 2023: ₹ 3,000.00 and as at March 31, 2022: ₹ 4,035.00)	Nil	Nil
<b>Less: Provision for Impairment</b> (Full Figure as March 31, 2023: ₹ 41,525.30 and as at March 31, 2022: ₹ Nil)	Nil	Nil
<b>B)</b>	<b>Nil</b>	<b>Nil</b>
<b>Investments in equity instruments (At fair value through profit/loss) (unquoted):</b>		
Investment With Fireside Ventures Investment Fund (*)	0.75	-
<b>C)</b>	<b>0.75</b>	<b>-</b>
<b>Investments in Debt instruments (At fair value through OCI) (quoted):</b>		
Nil (As at March 31, 2022 19,99,900.005) Units of Baroda Banking & PSU Bond Fund	-	2.10
<b>D)</b>	<b>-</b>	<b>2.10</b>
<b>Other Investment (un-quoted)</b>		
National Savings Certificates [Lodged with Government Departments as security]	0.01	0.01
<b>E)</b>	<b>0.01</b>	<b>0.01</b>
<b>Investments in subsidiary (At Cost)</b>		
50,000 (As at March 31, 2022 Nil) Equity Shares of Mikusu India Private Limited FV of ₹ 10 each	0.05	-
1,00,000 (As at March 31, 2022 Nil) Equity Shares of Heranba Organics Private Limited at FV of ₹ 10 each	0.10	-
<b>F)</b>	<b>0.15</b>	<b>-</b>
<b>Total Non Current Investments (A+B+C+D+E)</b>	<b>0.92</b>	<b>2.13</b>
<b>Aggregate amount of quoted investments</b>	<b>-</b>	<b>2.10</b>
<b>Aggregate amount of un-quoted investments</b>	<b>0.92</b>	<b>0.03</b>

(\*)The Company has made an investment in Alternate Investment Fund (AIF) of ₹ 0.75 crore. This investment is marked at fair value through profit and Loss (FVTPL). In the absense of data of Fair Valuation as at March 31, 2023 the same is carried at its carrying value in books, although the same is accounted at FVTPL. The management does not expect the fair value changes to be material to the financial statements.

**NOTE 4: LOANS**

(₹ in crore)

Particulars	Non Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Loans to Related Parties (Unsecured, Considered good)	53.19	-	-	-
<b>Total</b>	<b>53.19</b>	<b>-</b>	<b>-</b>	<b>-</b>

- a) Details of loans and advances in the nature of loan to subsidiaries, associates etc. as required under Schedule V(A)(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(₹ in crore)

Name of the Company and relationship	Balance as at March 31, 2023	Maximum outstanding during the year 2022-23	Balance as at March 31, 2022	Maximum outstanding during the year 2021-22
Heranba Organics Private Limited - WOS	46.15	46.15	-	-
Mikusu India Private Limited - WOS	7.04	7.04	-	-
<b>Total</b>	<b>53.19</b>	<b>53.19</b>	<b>-</b>	<b>-</b>

WOS: Wholly Owned Subsidiary

- (b) Disclosure under 186(4) of Companies Act.:

(₹ in crore)

Particulars	Purpose	Amount	Amount
		As at March 31, 2023	As at March 31, 2022
Heranba Organics Private Limited	General Corporate Purpose	46.15	-
Mikusu India Private Limited	General Corporate Purpose	7.04	-
<b>Total</b>		<b>53.19</b>	<b>-</b>

**NOTE 5: FINANCIAL ASSETS**

(₹ in crore)

Particulars	Non Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Balance with bank held as margin money (*)	0.29	0.53	-	-
Security deposits and Earnest Money Deposits	5.52	7.54	2.22	1.82
Interest Accrued and Due	-	-	-	0.07
Staff Advances	-	-	0.47	0.60
Fair value of foreign exchange derivative assets	-	-	0.17	0.06
<b>Total</b>	<b>5.81</b>	<b>8.07</b>	<b>2.86</b>	<b>2.55</b>

(\*) Balances with bank in fixed deposits are kept as security for guarantees/government authorities.

**NOTE 6: DEFERRED TAX ASSETS (NET)**

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

(₹ in crore)

Particulars	Non Current	
	As at March 31, 2023	As at March 31, 2022
<b>Deferred Tax Asset</b>		
Provisions	2.66	0.22
Impairment Allowance for trade receivables	5.41	3.89
Fair Valuation of Investment (Full Figure as March 31, 2023: ₹ 887.25)	0.00	0.03

(₹ in crore)

Particulars	Non Current	
	As at March 31, 2023	As at March 31, 2022
Time value of derivatives designated as cash flow hedges	0.01	0.04
Others (Full Figure as March 31, 2022: ₹ 16,636.92)	-	0.00
<b>Deferred Tax Liability</b>		
Property, Plant and Equipment including ROU	(0.96)	(1.37)
Others	(0.03)	-
<b>Total Deffered Tax Asset</b>	<b>7.09</b>	<b>2.81</b>

**NOTE 7: OTHER ASSETS**

(₹ in crore)

Particulars	Non Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>(Unsecured, considered good)</b>				
Advance to Suppliers	-	-	4.52	3.37
Balance with Revenue Authorities	-	-	23.42	47.37
Prepaid Expense	0.55	-	1.40	0.94
Prepaid Rent	-	0.01	-	-
Capital Advances	5.25	5.99	-	-
Advance Income Tax (Net of Provision for Taxation)	0.98	1.25	-	-
<b>Total</b>	<b>6.78</b>	<b>7.25</b>	<b>29.34</b>	<b>51.68</b>

**NOTE 8: INVENTORIES**

(₹ in crore)

Particulars	As at March 31, 2023		As at March 31, 2022	
<b>Inventories (lower of cost and net realisable value)</b>				
Raw materials				
- Other	74.84	-	65.39	-
- Stock in transit	0.90	75.74	-	65.39
Work In Progress	-	15.38	-	8.72
Finished Goods				
- Manufactured	182.46	-	165.70	-
- Traded	2.88	-	-	-
- Stock in transit	2.06	187.40	1.48	167.18
Packing materials	-	13.40	-	11.51
Stores and Spares		5.24		2.94
<b>Total</b>		<b>297.16</b>		<b>255.74</b>

The disclosure of inventories recognised as an expense in accordance with paragraph 36 of Ind AS 2 is as follows:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Amount of inventories recognised as an expense.	888.19	930.61
Amount of write - down of inventories recognised as an expense	-	-
<b>Total</b>	<b>888.19</b>	<b>930.61</b>

## NOTE 9: TRADE RECEIVABLES

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured but considered good	387.59	442.39
Trade Receivables which have significant increase in Credit Risk	11.41	16.85
Trade Receivables - credit impaired	10.09	10.09
<b>Less: Impairment loss allowance</b>	21.50	22.45
<b>Total</b>	<b>387.59</b>	<b>446.87</b>

**A. Expected Credit Loss****Allowance for Expected Credit Loss**

In accordance with Ind AS 109, the Company uses the expected credit loss (“ECL”) model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers. The Company estimates impairment under the simplified approach. Accordingly, it does not track the changes in credit risk of trade receivables. The impairment amount represents lifetime expected credit loss.

The trade receivables ageing schedule (based on Bill date) for the year ended on March 31, 2023 as follows:

(₹ in crore)

Range of O/s period	Undisputed			Total
	Considered Good	Significant increase in credit risk	credit impaired	
Unbilled	-	-	-	-
Not Due	-	-	-	-
less than 6 months	283.62	1.95	-	285.57
6 months - 1 year	63.66	5.90	-	69.56
1-2 year	11.92	1.07	-	12.99
2-3 year	20.05	0.53	0.42	21.00
> 3 years	8.34	1.96	9.67	19.97
<b>Total</b>	<b>387.59</b>	<b>11.41</b>	<b>10.09</b>	<b>409.09</b>
<b>Less: Impairment loss allowance</b>				21.50
<b>Total</b>	<b>387.59</b>	<b>11.41</b>	<b>10.09</b>	<b>387.59</b>

The trade receivables ageing schedule (based on Bill date) for the year ended on March 31, 2022 as follows:

(₹ in crore)

Range of O/s period	Undisputed			Total
	Considered Good	Significant increase in credit risk	credit impaired	
Unbilled	-	-	-	-
Not Due	-	-	-	-
less than 6 months	383.34	5.35	-	388.69
6 months - 1 year	29.70	3.51	-	33.21
1-2 year	6.50	2.27	0.42	9.19
2-3 year	0.47	0.49	9.67	10.63
> 3 years	22.37	5.23	-	27.60
<b>Total</b>	<b>442.38</b>	<b>16.85</b>	<b>10.09</b>	<b>469.32</b>
<b>Less: Impairment loss allowance</b>				22.45
<b>Total</b>				<b>446.87</b>

### Movement of Expected Credit Loss

Particulars	(₹ in crore)			
	Opening	Addition	Written off/ Reversed	Closing
March 31, 2023	22.45	-	(0.96)	21.50
March 31, 2022	17.11	5.34	-	22.45

### NOTE 10: CASH AND CASH EQUIVALENTS

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Balances with banks:		
- in current accounts	53.94	22.26
- in deposit with original maturity of less than three months	45.19	72.55
Cash on hand	0.13	0.09
<b>Total</b>	<b>99.26</b>	<b>94.90</b>

### NOTE 11: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
- Balance with bank held as margin money	12.33	17.78
- Fixed deposits with original maturity of more than 3 months but less than 12 months	7.04	10.48
<b>Total</b>	<b>19.37</b>	<b>28.26</b>

### NOTE 12: EQUITY SHARE CAPITAL

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
<b>Authorised Share Capital:</b>		
4,50,00,000 (As at March 31, 2022: 4,50,00,000) Equity Shares of ₹ 10/- each	45.00	45.00
<b>Issued and subscribed capital:</b>		
4,00,13,467 (As at March 31, 2022: 4,00,13,467) Equity Shares of ₹ 10/- each fully paid up	40.01	40.01
	<b>40.01</b>	<b>40.01</b>

#### a) 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.

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of the shares.

#### b) Reconciliation of Number of Shares Outstanding:

Particulars	Number of shares
<b>Fully paid equity shares</b>	
Balance at April 01, 2021	4,00,13,467
Increase/(Decrease) during the year	-

Particulars	Number of shares
Balance at March 31, 2022	4,00,13,467
Increase/(Decrease) during the year/Bonus shares	-
<b>Balance at March 31, 2023</b>	<b>4,00,13,467</b>

**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 July 09, 2018 through voting at the Meeting by show of hands. Subsequently, on July 09, 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 July 09, 2018 and ₹ 31.25 crore (representing par value of ₹ 10 per share) was transferred from securities premium and retained earnings to the share capital.

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	%	No. of Shares	%
<b>Fully paid equity shares</b>				
Mr. Sadashiv K. Shetty	72,01,796	18.00%	72,01,796	18.00%
Mr. Raghuram K. Shetty	1,18,94,446	29.73%	1,18,49,946	29.61%
Mrs. Sujata S. Shetty	32,30,400	8.07%	32,30,400	8.07%
Mrs. Vanita R. Shetty	20,18,000	5.04%	20,18,000	5.04%
	<b>2,43,44,642</b>	<b>60.84%</b>	<b>2,43,00,142</b>	<b>60.73%</b>

**e) Details of Promoters shareholders holding in equity shares of the Company:**

For the year ended March 31, 2023

Promoter Name	No. of Shares	%of total shares	% Change during the year
<b>Promoters</b>			
Sadashiv K Shetty	72,01,796	18.00%	-
Raghuram K Shetty	1,18,94,446	29.73%	0.11%
<b>Promoters Group</b>			
Sujata S Shetty	32,30,400	8.07%	-
Vanita R Shetty	20,18,000	5.04%	-
Sams Industries Ltd.	8,67,288	2.17%	0.01%
Raghuram K Shetty HUF	13,80,000	3.45%	-
Shreya S Shetty	9,42,500	2.36%	-
Shriraj S Shetty	8,42,500	2.11%	-
Raunak R Shetty	6,36,250	1.59%	-
Roshan R Shetty	6,36,250	1.59%	-
Sadashiv K Shetty HUF	3,20,600	0.80%	-

For the year ended March 31, 2022

Promoter Name	No. of Shares	%of total shares	% Change during the year
<b>Promoters</b>			
Sadashiv K Shetty	72,01,796	18.00%	-
Raghuram K Shetty	1,18,49,946	29.61%	-
<b>Promoters Group</b>			
Sujata S Shetty	32,30,400	8.07%	-

Vanita R Shetty	20,18,000	5.04%	-
Sams Industries Ltd.	8,61,288	2.15%	0.62%
Raghuram K Shetty HUF	13,80,000	3.45%	-
Shreya S Shetty	9,42,500	2.36%	-
Shriraj S Shetty	8,42,500	2.11%	-
Raunak R Shetty	6,36,250	1.59%	-
Roshan R Shetty	6,36,250	1.59%	-
Sadashiv K Shetty HUF	3,20,600	0.80%	-

### NOTE 13: OTHER EQUITY

Particulars	(₹ in crore)	
	AS at March 31, 2023	As at March 31, 2022
<b>Securities premium</b>		
Balance at the beginning of the year	58.18	58.18
<b>Add:</b> Addition during the year	-	-
<b>Balance at the end of the year</b>	<b>58.18</b>	<b>58.18</b>
<b>General reserve</b>		
Balance at the beginning of the year	46.75	40.75
Add/(Less):		
Additions During the year	-	6.00
<b>Balance at the end of the year</b>	<b>46.75</b>	<b>46.75</b>
<b>Capital Redemption Reserve</b>		
Balance at the beginning of the year	0.25	0.25
Add/(Less):		
Transfer from Retain Earnings	-	-
<b>Balance at the end of the year</b>	<b>0.25</b>	<b>0.25</b>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	0.24	0.18
Add/(Less): Fair Value Changes during the year	0.10	0.06
Add/(Less): Reclassification to Profit and Loss on Realisation	(0.54)	-
<b>Balance at the end of the year</b>	<b>(0.20)</b>	<b>0.24</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	569.02	388.76
Profit For the Year	110.11	189.06
<b>Less:</b> Appropriation		
Transfer to general reserve	-	6.00
Dividend - equity shares	8.00	2.80
<b>Balance at the end of the year</b>	<b>671.13</b>	<b>569.02</b>
<b>Total</b>	<b>776.10</b>	<b>674.44</b>

The Company has issued and allotted during the year ended March 31, 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 shares held by the members.

#### 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: LEASE LIABILITIES**

(₹ in crore)

Particulars	Non Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Lease Liability	3.51	0.63	0.48	1.00
<b>Total</b>	<b>3.51</b>	<b>0.63</b>	<b>0.48</b>	<b>1.00</b>

Disclosure in accordance with Ind AS - 116 "Leases", of the Companies (Indian Accounting Standards) Rules, 2015.

**(a) Movement in Lease Liabilities**

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning	1.63	2.03
Addition during the year	4.04	0.85
Interest on lease liabilities	0.45	0.22
Terminations	(0.93)	(0.57)
Lease Payments	(1.20)	(0.89)
<b>Closing</b>	<b>3.99</b>	<b>1.63</b>

**(b) Maturity Profile of Lease Liabilities**

The table below provides details regarding Contractual Maturities of Lease Liability as at March 31, 2023 on an undiscounted basis.

(₹ in crore)

Ageing	As at March 31, 2023	As at March 31, 2022
Within One year	0.87	0.69
Two to Five years	1.95	0.95
More than Five years	4.07	0.66
<b>Total</b>	<b>6.89</b>	<b>2.30</b>

(c) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**NOTE 15: OTHER FINANCIAL LIABILITIES**

(₹ in crore)

Particulars	Non Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Interest accrued	-	-	3.95	3.85
Security Deposit from Dealers (Interest bearing @ 9% p.a)	-	-	8.12	7.09
Other payables	-	-	16.66	11.17
Employee Benefits Payable	-	-	8.81	6.39
<b>Total</b>	<b>-</b>	<b>-</b>	<b>37.54</b>	<b>28.50</b>

**NOTE 16: PROVISIONS**

(₹ in crore)

Particulars	Non Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Employee Benefits				
Provision for leave benefit	2.82	2.28	1.03	0.79
Provision for Gratuity	6.12	5.58	0.60	0.60
Provision for Tax (Net of Advance Taxes)	-	-	-	1.00
<b>Total</b>	<b>8.94</b>	<b>7.86</b>	<b>1.63</b>	<b>2.39</b>

Disclosure in accordance with Ind AS 19 "Employee Benefits", of the Companies (Indian Accounting Standards) Rules, 2015.

The Company has carried out the actuarial valuation of Gratuity and Leave Encashment liability under actuarial principle, in accordance with Ind AS 19 - Employee Benefits.

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service restricted to ₹ 20 lakh. The Company's gratuity liability is funded.

i) The amount recognised in the balance sheet and the movements in the net defined benefit obligation of Gratuity over the year is as follow:

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
<b>(a) Reconciliation of opening and closing balances of Defined benefit Obligation</b>		
Defined Benefit obligation at the beginning of the year	9.43	8.22
Current Service Cost	1.05	0.87
Interest Cost	0.67	0.56
Actuarial (Gain)/Loss-Other Comprehensive Income	(0.18)	0.20
Benefits paid directly by the Employer	(0.00)	-
Benefits paid by the Fund	(0.32)	(0.42)
<b>Defined Benefit obligation at the year end</b>	<b>10.65</b>	<b>9.43</b>
<b>(b) Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair Value of plan assets at the beginning of the year	3.24	2.79
Expected return on Plan Assets	0.18	0.13
Actuarial Gain/(Loss)	-	-
Employer Contribution	0.81	0.74
Benefits Paid	(0.32)	(0.42)
<b>Fair Value of Plan Assets at the year end</b>	<b>3.91</b>	<b>3.24</b>
<b>(c) Actual Return on Plan Assets</b>		
Interest Income	0.23	0.19
Return on Plan Assets, Excluding Interest Income	(0.05)	(0.06)
<b>Actual Return on Plan Assets</b>	<b>0.18</b>	<b>0.13</b>
<b>(d) Reconciliation of fair value of assets and obligations</b>		
Fair Value of Plan Assets	3.91	3.24
Present value of Defined Benefit obligation	10.65	9.43
<b>Liability recognized in Balance Sheet</b>	<b>6.72</b>	<b>6.18</b>
<b>(e) Expenses recognized during the year (Under the head Employees Benefit Expenses)</b>		
Current Service Cost	1.05	0.87
Interest Cost	0.44	0.37
<b>Net Cost</b>	<b>1.49</b>	<b>1.24</b>
<b>(f) Actuarial (Gain)/Loss- Other Comprehensive Income</b>	<b>(0.14)</b>	<b>0.25</b>
<b>(g) Net liabilities recognised in the balance sheet</b>		
Long-term provisions	6.12	5.58
Short-term provisions	0.60	0.60
	<b>6.72</b>	<b>6.18</b>

## ii) Actuarial Assumptions:

Particulars	As at March 31, 2023	As at March 31, 2022
Expected return on Plan Assets	7.47%	7.15%
Discount rate (per annum)	7.47%	7.15%
Attrition rate	5%	5%
Rate of escalation in salary (per annum)	8%	8%

**iii) Expected Payout:**

(₹ in crore)

Particulars	As on March 31, 2023	As on March 31, 2022
Projected Benefits Payable in Future Years From the Date of Reporting		
Expected Payout 1 <sup>st</sup> Following Year	1.12	1.05
Expected Payout 2 <sup>nd</sup> Following Year	0.59	0.52
Expected Payout 3 <sup>rd</sup> Following Year	0.84	0.54
Expected Payout 4 <sup>th</sup> Following Year	0.70	0.72
Expected Payout 5 <sup>th</sup> Following Year	0.78	0.64
Expected Payout 6 <sup>th</sup> to 10 <sup>th</sup> Following Year	4.90	4.01

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

There is no minimum funding requirement for a gratuity plan in India and there is no compulsion on the part of the Company fully or partially pre-fund the liabilities under the plan.

**iv) Sensitivity analysis:****A quantitative Sensitivity analysis for significant assumption:**

Particulars	Discount Rate	Salary Growth Rate	Attrition Rate
<b>Changes in Assumption</b>			
March 31, 2023	1%	1%	1%
March 31, 2022	1%	1%	1%
<b>Increase in assumption</b>			
March 31, 2023	(0.82)	0.89	(0.03)
March 31, 2022	(0.74)	0.83	(0.11)
<b>Decrease in assumption</b>			
March 31, 2023	0.93	(0.81)	0.03
March 31, 2022	0.86	(0.74)	(0.02)

**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 17: SHORT TERM BORROWINGS

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
<b>From Banks (Secured):</b>		
Bills Discounted with Bank of Baroda	7.24	37.23
Foreign Currency Loan from Bank of Baroda	49.48	41.01
Foreign Currency Packing Credit Loan from Bank of Baroda	30.18	11.32
Bills Discounted through MSME Bank	2.11	-
	<b>89.01</b>	<b>89.56</b>

**Notes:****I. Terms and Security of Borrowings:**

- a. **Cash Credit - Bank Of Baroda:** Sanctioned Limit ₹ 74.75 crore, Interest rate 9.35% p.a. (PY: ₹ 74.75 crore, Interest rate 9.35% p.a.)
- b. **Foreign Currency Loan - Bank of Baroda:** It is a sublimit of ₹ 60 crore at Interest rate of around 6.44% p.a. sanctioned under overall Cash Credit limit of ₹ 74.75 crore. (PY: ₹ 60 crore at Interest rate ranging from 2.75% to 3.10% p.a.)
- c. **Packing Credit - Bank of Baroda:** Sanctioned limit ₹ 75.00 crore at Interest rate of around 4.60% p.a. (PY: ₹ 50.00 crore Interest rate ranging from 1.25% to 1.85% p.a.)
- d. **Packing Credit - HDFC Bank:** Sanctioned limit ₹ 25 crore with sublimit of Cash credit facility of ₹ 25 crore or Working capital demand loan of ₹ 25 crore.

- e. **Letter of Credit - HDFC Bank:** Sanctioned limit ₹ 10 crore.

- f. **Bill discounted through MSME Bank are repayable within a period of 90 days bearing interest range of 7% to 7.75%**

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 both present and future.
- b. Pari pasu Equitable Mortgage of all land and buildings and hypothecation of plant and machinery situated at factories or at godowns.
- c. Personal Guarantee of Mr. R.K. Shetty, Mr. S.K. Shetty, Mr. Raunak Shetty and Mr. Shiraj Shetty.

**II. Disclosure As per the amendment to Ind As 7 Statement of Cash Flow:**

Particulars	(₹ in crore)			
	Lease Liabilities	Current Borrowings	Interest accrued	Total
Opening Balance	(2.03)	(59.19)	(3.50)	(64.72)
Changes in Financial Cash flow	0.89	(30.37)	-	(29.48)
Internal Transfer	-	-	-	-
Interest accrued during the year	(0.22)	-	(0.59)	(0.81)
Other Non - Cash Adjustments	-	-	0.24	0.24
Net Addition during the year	(0.28)	-	-	(0.28)
<b>Closing Balance as at March 31, 2022</b>	<b>(1.63)</b>	<b>(89.56)</b>	<b>(3.85)</b>	<b>(95.05)</b>
Changes in Financial Cash flow	1.20	0.55	-	1.75
Internal Transfer on change in Repayment schedule	-	-	-	-
Interest accrued during the year	(0.45)	-	(0.68)	(1.13)
Internal Transfer	-	-	0.58	0.58
Other Non - Cash Adjustments	(3.11)	-	-	(3.11)
<b>Closing Balance as at March 31, 2023</b>	<b>(3.99)</b>	<b>(89.01)</b>	<b>(3.95)</b>	<b>(96.96)</b>

**III. Borrowings from banks or financial institutions on the basis of security of current assets**

The Company has borrowings during the year from banks on the basis of security of current assets, the disclosure w.r.t documents submitted to lenders is tabulated in Statement 1.

#### IV. Registration of charges or satisfaction with Registrar of Companies

All the charges or satisfaction as per the sanction are duly registered incase required with Registrar of Companies as at March 31, 2023 and March 31, 2022 in favour of the lenders for facilities availed by the Company.

#### NOTE 18: TRADE PAYABLES

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Dues of Micro and Small Enterprise	14.47	9.55
Dues of other than Micro and Small Enterprise	172.12	236.29
<b>Total</b>	<b>186.59</b>	<b>245.84</b>

The trade payable ageing schedule (based on Bill date) for the year ended on March 31, 2023 as follows:

(₹ in crore)

Range of O/s period	MSME		Others	
	Undisputed	Disputed	Undisputed	Disputed
Unbilled	-	-	5.34	-
Not Due	-	-	-	-
Less than 1 year	14.46	-	157.26	-
1-2 years	0.01	-	2.14	-
2-3 year	0.00	-	5.95	-
> 3 years	-	-	1.43	-
<b>Total</b>	<b>14.47</b>	<b>-</b>	<b>172.12</b>	<b>-</b>

The trade payable ageing schedule (based on Bill date) for the year ended on March 31, 2022 as follows:

(₹ in crore)

Range of O/s period	MSME		Others	
	Undisputed	Disputed	Undisputed	Disputed
Unbilled	-	-	2.60	-
Not Due	-	-	-	-
Less than 1 year	9.55	-	225.71	-
1-2 years	-	-	2.47	3.12
2-3 year	-	-	1.00	-
> 3 years	-	-	0.50	0.89
<b>Total</b>	<b>9.55</b>	<b>-</b>	<b>232.28</b>	<b>4.01</b>

Details of dues to micro and small enterprises as defined under MSME Act, 2006

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Principal amount due	14.47	9.55
Interest due on above	0.01	0.00
The amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	0.00
Amount of interest paid in terms of Sec 16 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Amount of interest due and payable for the period of delay	0.01	-
Amount of interest accrued and remaining unpaid as at year end	0.01	-
Amount of further interest remaining due and payable in the succeeding year	0.01	-

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.

## NOTE 19: OTHER LIABILITIES

Particulars			(₹ in crore)	
	Non Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Advance against orders- Contract Liability	-	-	6.29	11.75
Statutory liabilities	-	-	1.41	1.92
<b>Total</b>	-	-	<b>7.70</b>	<b>13.67</b>

## NOTE 20: CURRENT TAX LIABILITIES (NET)

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Current tax liabilities	7.79	4.01
<b>Total</b>	<b>7.79</b>	<b>4.01</b>

## NOTE 21: REVENUE FROM OPERATIONS

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
<b>Sale from operations:</b>		
Sale of Goods	1,309.47	1,434.48
Sale of Traded Goods	7.34	0.44
	<b>1,316.81</b>	<b>1,434.92</b>
<b>Other operating revenue:</b>		
Export Incentive	7.57	15.45
<b>Total</b>	<b>1,324.38</b>	<b>1,450.37</b>

## I. Disclosure in accordance with Ind AS 115 “Revenue Recognition Disclosures”, of the Companies (Indian Accounting Standards) Rules, 2015.

## a) Revenue disaggregation based on Service Type and by Geographical Region:

## i) Revenue disaggregation by type of Service is as follows:

Major Service Type	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Sale of Goods	1,309.47	1,434.48
Sale of Traded Goods	7.34	0.44
Export Incentive	7.57	15.45
	<b>1,324.38</b>	<b>1,450.37</b>

## ii) Revenue disaggregation by geographical region is as follows:

Geographical Region	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
India	781.94	833.39
Outside India	534.87	601.53
<b>Total revenue from operations</b>	<b>1,316.81</b>	<b>1,434.92</b>
<b>Timing of revenue recognition</b>		
At a point in time	1,316.81	1,434.92
<b>Total revenue from operations</b>	<b>1,316.81</b>	<b>1,434.92</b>

## (b) Contract Balances

The Contract liability primarily relate to advances received from the customers against orders. Significant changes in the contract liabilities balance during the period are as under:

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
<b>Contract liabilities</b>		

(₹ in crore)

Particulars	For the year 2022-23	For the year 2021-22
Balances at the beginning of the year	11.75	7.71
Revenue recognised that is included at the beginning of the period	11.75	7.71
Advances received which have remained outstanding at the end of the year	6.29	11.75

Out of the total contract liabilities outstanding as on March 31, 2023, ₹ 6.29 crore and ₹ 11.75 crore will be recognized by March 31, 2024 and March 31, 2023 respectively.

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

(₹ in crore)

Particulars	For the year 2022-23	For the year 2021-22
<b>Reconciliation of revenue from operations with Contract Price</b>		
Contract Price	1,339.34	1,453.22
<b>Less: Discounts</b>	22.53	18.30
<b>Total Revenue from operations</b>	<b>1,316.81</b>	<b>1,434.92</b>

## NOTE 22: OTHER INCOME

(₹ in crore)

Geographical Region	For the year 2022-23	For the year 2021-22
Interest Income	4.20	1.81
Interest Income fair valued under Ind As 109 (Full Figure for 22-23: ₹ 40,978.77 and for 21-22 is ₹ 67,867)	0.00	0.01
Dividend Income (Full Figure for 22-23: ₹ 17,792.00 and for 21-22 is ₹ 27,712)	0.00	0.00
Foreign Exchange Fluctuation Gain (Net)	4.19	13.37
Termination of Lease Agreements	0.17	-
Remeasurement of Financial asset accounted on Amortised cost (Full Figure for 22-23: ₹ 11,140.00 and for 21-22 is ₹ Nil)	0.00	-
Gain/(Loss) Fair Valuation of Investment (Full Figure for 22-23: ₹ Nil and for 21-22 is ₹ 8,451)	-	0.00
Profit on Sale of Property, Plant & Equipment	0.06	0.02
Profit on sale of investment	0.64	0.17
Reversal of Expected Credit Loss	0.96	-
Sundry Balances Written Back	1.62	0.47
Miscellaneous income	1.74	3.50
<b>Total</b>	<b>13.58</b>	<b>19.35</b>

## NOTE 23: COST OF MATERIALS CONSUMED

(₹ in crore)

Particulars	For the year 2022-23	For the year 2021-22
Raw Material/Packing Material		
Opening Stock	76.90	60.98
<b>Add: Purchases (Net of Discount)</b>	<b>920.23</b>	<b>1,018.94</b>
<b>Less: Closing stock</b>	<b>89.14</b>	<b>76.90</b>
<b>Total</b>	<b>907.99</b>	<b>1,003.02</b>

## NOTE 24: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
<b>Inventory adjutmnet - WIP</b>		
Opening Stock of Work In Progress	8.72	11.67
Closing Stock of Work In Progress	(15.38)	(8.72)
	<b>(6.66)</b>	<b>2.95</b>
<b>Inventory adjutmnet - Finished Goods</b>		
Opening Stock of Finished Goods	167.18	91.40
Closing Stock of Finished Goods	(184.53)	(167.18)
	<b>(17.35)</b>	<b>(75.78)</b>
<b>Inventory adjutmnet - Traded goods</b>		
Opening Stock of Finished Goods	-	-
Closing Stock of Finished Goods	(2.88)	-
	<b>(2.88)</b>	<b>-</b>
<b>Total</b>	<b>(26.89)</b>	<b>(72.83)</b>

## NOTE 25: EMPLOYEE BENEFIT EXPENSES

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Salaries, wages and bonus, etc.	58.77	53.45
Contribution to provident and other funds	3.09	2.69
Staff welfare expenses	2.56	2.23
<b>Total</b>	<b>64.42</b>	<b>58.37</b>

## NOTE 26: FINANCE COSTS

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Interest on Financial Liability at amortised cost	5.01	2.37
Interest on Statutory Dues	0.19	0.16
Interest on Income Tax	0.71	-
Interest on MSME (Full Figure for 21-22: ₹ 33,463)	0.01	0.00
Interest on Lease Liability	0.45	0.22
Other Finance Charges	1.54	1.32
<b>Total</b>	<b>7.91</b>	<b>4.07</b>

## NOTE 27: DEPRECIATION AND AMORTISATION EXPENSES

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Depreciation of property, plant and equipment	21.59	19.01
Depreciation of Right to Use Asset	0.99	0.77
<b>Total</b>	<b>22.59</b>	<b>19.78</b>

## NOTE 28: OTHER EXPENSES

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Consumption of Stores and Spares	19.75	20.90
Factory Expense	5.42	7.44
Repairs & Maintenance to:		
- Machinery	5.76	3.66
- Building	1.93	0.43



- Vehicle	0.31	0.17
- Others	2.09	1.44
Insurance	2.71	2.00
Rent, Rates and taxes	5.35	1.77
Donations	0.21	0.28
Labour Charges	20.07	19.54
Allowances for doubtful debts	-	5.34
Provision for Impairment of Investments (Full Figure for 22-23: ₹ 41,525.30 and for 21-22 is ₹ Nil)	0.00	-
Payment to Auditor (Refer Note a)	0.30	0.40
Legal and Professional Charges	4.71	4.62
Loss on Fair value of Investment (Full Figure for 22-23: ₹ 2,666.70 and for 21-22 is ₹ Nil)	0.00	-
Loss on Sale of Investment	0.03	-
Power and Fuel	86.24	68.18
Selling and Distribution expense	37.44	45.11
Corporate Social Responsibility	4.26	3.07
Sitting Fees	0.06	0.08
Loss on discard of assets	-	0.27
Other expenses	14.09	16.94
<b>Total</b>	<b>210.71</b>	<b>201.64</b>

#### a) Payment to Auditors

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
As Auditor:		
- Statutory Audit fees including Limited Review	0.25	0.33
- Tax Audit	0.05	0.08
- Reimbursement of Expenses	0.00	-
	<b>0.30</b>	<b>0.40</b>

### NOTE 29: TAX EXPENSE

#### (a) Current Tax

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Tax for the year	38.86	67.80
Tax in respect of earlier years	(0.49)	-
Deferred Tax Expenses	(4.34)	(1.61)
<b>Income Tax expense</b>	<b>34.03</b>	<b>66.19</b>

(b) The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(i)

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Accounting profit before income tax	144.14	255.25
Enacted tax rates in India (%)	25.17%	25.17%
<b>Computed expected tax expenses</b>	<b>36.28</b>	<b>64.24</b>
<b>Tax effects of amounts that are not deductible (taxable) in calculating taxable income:</b>		
Net changes on account of disallowances	8.01	7.48
Net changes on account of Allowances	(5.45)	(4.23)

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Others	0.02	0.31
<b>Income tax expenses</b>	<b>38.86</b>	<b>67.80</b>

## (II) Deferred tax assets/(liabilities) in relation to:

Particulars	(₹ in crore)			
	Opening Balance	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance
<b>As at March 31, 2023</b>				
Property, Plant and Equipment including ROU	(1.37)	0.41	-	(0.96)
Provisions	0.22	2.44	-	2.66
Impairment Allowance for trade receivables	3.89	1.52	-	5.41
Fair Valuation of Investment	0.03	(0.03)	-	0.00
Time value of derivatives designated as cash flow hedges	0.04	-	(0.03)	0.01
Others	0.00	-	(0.03)	(0.03)
	<b>2.81</b>	<b>4.34</b>	<b>(0.06)</b>	<b>7.09</b>
<b>As at March 31, 2022</b>				
Property, Plant and Equipment	(2.71)	1.34	-	(1.37)
Provisions	1.20	(0.98)	-	0.22
Impairment Allowance for trade receivables	2.55	1.34	-	3.89
Fair Valuation of Investment	(0.09)	(0.00)	0.12	0.03
Time value of derivatives designated as cash flow hedges	0.05	-	(0.01)	0.04
Others	0.03	(0.09)	0.06	0.00
	<b>1.03</b>	<b>1.61</b>	<b>0.17</b>	<b>2.81</b>

**NOTE 30: EARNING PER SHARE**

Disclosure as required by Accounting Standard - Ind As 33 "Earning Per Share" of the Companies (Indian Accounting Standards) Rules 2015.

**A. Net Profit/(loss) attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:**

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Profit/(Loss) for the period	110.11	189.06
Outstanding equity shares at period end	4,00,13,467	4,00,13,467
Weighted average Number of Shares outstanding during the period - Basic	4,00,13,467	4,00,13,467
Weighted average Number of Shares outstanding during the period - Diluted	4,00,13,467	4,00,13,467
Earnings per Share - Basic (₹ Per Share)	27.52	47.25
Earnings per Share - Diluted (₹ Per Share)	27.52	47.25

**B. Reconciliation of weighted number of outstanding during the period:**

Particulars	For the year 2022-23	For the year 2021-22
Nominal Value of Equity Shares (₹ Per Share)	10	10
Total number of equity shares outstanding at the beginning of the period	4,00,13,467	4,00,13,467
<b>Add:</b> Issue of Equity Shares during the period	-	-
Total number of equity shares outstanding at the end of period	4,00,13,467	4,00,13,467
Weighted average number of equity shares at the end of period - Basic	4,00,13,467	4,00,13,467
Weighted average number of equity shares at the end of period - Dilutive	4,00,13,467	4,00,13,467

**NOTE 31: CORPORATE SOCIAL RESPONSIBILITY**

The Company is covered under section 135 of the companies act, the following is the disclosed with regard to CSR activities:

		(₹ in crore)	
Particulars	For the year 2022-23	For the year 2021-22	
i Gross amount required to be spent by the Company during the year	3.95	3.07	
ii Amount approved by the Board to be spent during the year	3.95	3.07	
Construction/acquisition of any asset	-	-	
On purposes other than (i) above	3.95	3.07	
iii Amount spent during the year on:	4.26	3.07	
Construction/acquisition of any asset	-	-	
On purposes other than (i) above	4.26	3.07	
iv Shortfall at the end of the year,	(0.31)	(0.00)	
v The total of previous years' shortfall/(Excess) amounts;	-	(0.01)	
vi The reason for above shortfalls	NA	NA	
vii (Excess)/Shortfall Payment at the end of the year	(0.31)	(0.01)	
viii Nature of CSR activities			
a) Promoting Education including vocation skills among children,women etc.	3.96	1.12	
b) Promoting Healthcare including preventive healthcare and Sanitation	0.29	0.17	
c) Relief and Wellness of SC/ST	-	1.77	

**NOTE 32: COMMITMENTS**

		(₹ in crore)	
Particulars	For the year 2022-23	For the year 2021-22	
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.	11.92	7.64	
Capital Commitment towards Investment with Fireside Ventures Investment Fund	4.25	-	
<b>Total</b>	16.17	7.64	

**NOTE 33: CONTINGENT LIABILITIES**

(i)

		(₹ in crore)	
Particulars	For the year 2022-23	For the year 2021-22	
Bank Guarantees	6.14	11.54	
<b>Claims not acknowledged as debts</b>			
Disputed Excise Duty/Custom Duty Demands	23.49	9.28	
Demand under Goods and Service Tax	0.36	-	
Disputed VAT Liability - (deposited against appeal ₹ 0.39 crore)	0.61	4.50	

**(ii) Pending Litigations**

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Disputed Income Tax demands	6.20	4.69

**NOTE 34:**

In the opinion of the Board of Directors, all assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

**NOTE 35:**

Disclosure in accordance with Ind AS 108 “Operating Segments”, of the Companies (Indian Accounting Standards) Rules, 2015.

Ind AS 108 establishes standards for the way that business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. As the Company is engaged in providing similar nature of products, production process, customer types etc., the Company has a single operating segment of “Agro chemicals”, there are no differing risks and returns attributable to the Company’s services to its customers. Further, The Company primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas revenue as under:

**a. Geographical Segment**

Particulars	(₹ in crore)	
	For the year 2022-23	For the year 2021-22
Revenue(Gross Sale)		
India	781.93	833.39
Overseas	534.87	601.53
<b>Total</b>	<b>1,316.81</b>	<b>1,434.92</b>

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

**NOTE 36: DISCLOSURE IN ACCORDANCE WITH IND AS 24 “RELATED PARTY DISCLOSURES”, OF THE COMPANIES ( INDIAN ACCOUNTING STANDARDS) RULES, 2015**

Details are given in Statement - 2

**NOTE 37: FINANCIAL INSTRUMENTS**

i) The carrying value and fair value of financial instruments by categories as at March 31, 2023 and March 31, 2022 is as follows:

Particulars	(₹ in crore)			
	Carrying Value		Fair Value	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>a) Financial Assets</b>				
<b>Financial assets measured at fair value through OCI</b>				
Investments	-	2.10	-	2.10
<b>Financial assets measured at fair value through P&amp;L</b>				
Investments	0.75	-	0.75	-
Fair value of foreign exchange derivative assets	0.17	0.06	0.17	0.06
<b>Financial assets measured at amortized cost</b>				
Investments	0.17	0.03	0.17	0.03
Loans	53.19	-	53.19	-
Others	8.50	10.56	8.50	10.56

(₹ in crore)

Particulars	Carrying Value		Fair Value	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Trade receivables	387.59	446.87	387.59	446.87
Cash and cash equivalents	118.62	123.16	118.62	123.16
<b>Total Financial Assets</b>	<b>568.99</b>	<b>582.78</b>	<b>568.99</b>	<b>582.78</b>
<b>b) Financial Liabilities measured at amortized cost</b>				
Borrowings	89.01	89.56	89.01	89.56
Trade payables	186.58	245.84	186.58	245.84
Lease Liability	3.99	1.63	3.99	1.63
Others	37.54	28.50	37.54	28.50
<b>Total Financial Liabilities</b>	<b>317.13</b>	<b>365.53</b>	<b>317.13</b>	<b>365.53</b>

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities carried at amortized cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

### NOTE 38: FINANCIAL RISK MANAGEMENT

#### Risk management framework:

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.

#### i) 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:

Particulars	Currency	(₹ in crore)	
		As at March 31, 2023	As at March 31, 2022
Forward contracts to sell USD	USD	0.30	0.56

Uncovered risks in foreign currency transactions disclosed as at:

Particulars	Currency	(₹ in crore)	
		As at March 31, 2023	As at March 31, 2022
Borrowing (PCFC)	USD	0.37	0.15
	INR	30.18	11.32
Bank (EEFC)	USD	0.60	0.54
	INR	49.48	41.01
Trade Receivable	USD	1.88	1.30
	INR	179.53	159.31
Trade Payable	USD	0.09	0.61
	INR	7.28	4.62

## Sensitivity

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

(₹ in crore)

Particulars	As at March 31, 2023		As at March 31, 2022	
	5% Increase	5% Decrease	5% Increase	5% Decrease
USD (Receivables)	0.09	(0.09)	0.07	(0.07)
USD (Payables)	(0.05)	0.05	(0.07)	0.07
Net Increase/(Decrease) in Profit or loss (in USD)	<b>0.04</b>	<b>(0.04)</b>	-	-

### b. Interest rate risk

Interest rate risk arises from movements in interest rates which could have effects on the Company's net income or financial position. Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings and loans given affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in crore)

Particulars	Changes in basis points	Effect on profit before tax	Effect on profit before tax
		2022-23	2021-22
Financial liabilities			
Interest rates - increase - 1%	100.00	(0.89)	(0.90)
Interest rates - decrease - 1%	(100.00)	0.89	0.90

### 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 policy to hedge all risks within an acceptable risk limit and an approved hedge accounting framework which allows for Cash Flow hedges.

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:

(₹ in crore)

Particulars	As at 2022-23	As at 2021-22	Line Item in Balance Sheet/ Statement of Profit and Loss
At the beginning of the year	(0.09)	(0.14)	
Gain/(loss) recognised in other comprehensive income during the year.	0.11	1.88	Items that will be reclassified to Profit & Loss
Deferred tax on Gain/(loss) recognised in other comprehensive income during the year.	(0.03)	0.47	
Amount reclassified to Profit and Loss during the year	-	(1.84)	Value of Sale
Deferred tax on Amount reclassified to Profit and Loss during the year	-	(0.46)	
<b>At the end of the year</b>	<b>(0.00)</b>	<b>(0.09)</b>	Other Comprehensive Income

## ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party 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:

In accordance with Ind AS 109, the Company uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit

risk factors and historical data of credit losses from various customers. The Company estimates impairment under the simplified approach. Accordingly, it does not track the changes in credit risk of trade receivables. The impairment amount represents lifetime expected credit loss.

## iii) 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 Working Capital Position of the Company is given below:

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Inventories	297.16	255.74
Cash and Other Bank Balances	118.62	123.16
Trade Receivable	387.59	446.87
Other Financial Assets	2.86	2.55
Other Current Assets	29.34	51.68
<b>Total</b>	<b>835.58</b>	<b>880.00</b>
<b>Less:</b>		
Borrowings	89.01	89.56
Lease Liability - ROU Asset	0.48	1.00
Trade payables	186.58	245.84
Provisions	1.63	2.39
Other Current liabilities	7.70	13.67
Other financial liabilities	37.54	28.50
Current Tax Liabilities	7.79	4.01
	<b>330.74</b>	<b>384.97</b>
<b>Net Working Capital</b>	<b>504.84</b>	<b>495.03</b>

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

Particulars	(₹ in crore)			
	Less than 1 year	2-5 years	More than 5 years	Total
<b>As at March 31, 2023</b>				
Borrowing	89.01	-	-	89.01
Trade Payable	186.58	-	-	186.58
Other Financial Liabilities	37.54	-	-	37.54
<b>Total</b>	<b>313.14</b>	<b>-</b>	<b>-</b>	<b>313.14</b>
<b>As at March 31, 2022</b>				
Borrowing	89.56	-	-	89.56
Trade Payable	245.84	-	-	245.84
Other Financial Liabilities	28.50	-	-	28.50
<b>Total</b>	<b>363.90</b>	<b>-</b>	<b>-</b>	<b>363.90</b>

### NOTE 39: FAIR VALUE HIERARCHY

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2023 and March 31, 2022:

(₹ in crore)

Particulars	Fair Value measurement using			
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value through P&amp;L</b>				
Investments (*)	March 31, 2023	-	-	0.75
Fair value of foreign exchange derivative assets	March 31, 2023	-	0.17	-
<b>Total financial assets</b>	-	-	<b>0.17</b>	<b>0.75</b>
<b>Financial assets measured at fair value through OCI</b>				
Investments	March 31, 2022	-	2.10	-
<b>Total financial assets</b>	-	-	<b>2.10</b>	-
<b>Financial assets measured at fair value through P&amp;L</b>				
Investments	March 31, 2022	-	-	-
Fair value of foreign exchange derivative assets	March 31, 2022	-	0.06	-
<b>Total financial assets</b>	-	-	<b>0.06</b>	-

(\*) The Company has made an investment in Alternate Investment Fund (AIF) of ₹ 0.75 crore. This investment is marked at fair value through profit and Loss (FVTPL). In the absence of data of Fair Valuation as at March 31, 2023 the same is carried at its carrying value in books, and included under level 3 fair value hierarchy, although the same is accounted at FVTPL. The management does not expect the fair value changes to be material to the financial statements.

### NOTE 40: 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's adjusted net debt to equity ratio as follows:**

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Gross Debt	89.01	89.56
<b>Less: Cash and Cash Equivalent</b>	<b>99.26</b>	<b>94.90</b>
<b>Net debt (A)</b>	<b>(10.25)</b>	<b>(5.34)</b>
<b>Total Equity (B)</b>	<b>816.11</b>	<b>714.45</b>
<b>Gearing ratio (A/B)</b>	-	-

Since net debt is negative Gearing ratio is "0".



**NOTE 41: RELATIONSHIP WITH STRUCK OFF COMPANIES**

The information about transaction with struck off Companies (defined under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956) has been determined to the extent such parties have been identified on the basis of the information available with the Company and the same is relied upon by the auditors.

**For the year ended March 31, 2022:**

Particulars	(₹ in crore)		
	2-5 years	More than 5 years	Total
Trichy Internet Communication Pvt. Ltd.	Payables *	0.00	Vendors

\* Value less than ₹ 10,000 is stated at Zero

**NOTE 42: ANALYTICAL RATIOS**

Analytical Ratios as per requirements of Schedule III are given in Statement 3.

**NOTE 43:**

This has reference to Companies letter dated May 22, 2023 as submitted to the Stock Exchange relating to Gujarat Pollution Control Board ("GPCB") having uploaded an Order on its website instructing the Company to prohibit and close the operation at its Vapi's Pant Unit-I situated at 1504, 1505, 1506, Phase -III, GIDC, Vapi & Unit - II situated at A-2, 2214/2215, Phase No-III, Phase -III, GIDC, Vapi.

GPCB has laid down certain conditions and has asked the Company to fulfil the same. The Company has already fulfilled several of the conditions laid down by GPCB. It is already in the process of taking necessary steps to comply with other instructions of GPCB and to resume operations at the site as soon as possible. The management does not expect significant impact in its operations in the ensuing year which requires any adjustments to the assets and liabilities in its balance sheet.

**NOTE 44:**

The Board of Directors at their meeting held on May 30, 2023 has recommended dividend of ₹ 1.25 per share (12.5% of FV-₹ 10) on the outstanding equity shares of nominal value of ₹ 10/- each as on record date, subject to shareholder approval at the ensuing Annual General Meeting.

**NOTE 45:**

The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Company for the year ended March 31, 2023.

**NOTE 46:**

Figures of the previous period have been regrouped/reclassified wherever necessary including to conform to current period's classification.

As per our report of even date attached  
For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441

**Date:** May 30, 2023  
**Place:** Mumbai

For & on behalf of the Board of Directors  
**Heranba Industries Limited**

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

**Abdul Latif**  
Company Secretary

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

**Raj K Bafna**  
Chief Financial Officer

Sr. No.	Quarter	Name of bank	Particulars of Securities Provided	March 31, 2023 (Amount in crore)			Reason for material discrepancies
				Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	
1	Q1	Bank of Baroda	Books Debts	440.44	527.10	(86.66)	
2	Q1	Bank of Baroda	Trade payable	253.96	267.64	(13.68)	
3	Q2	Bank of Baroda	Books Debts	545.67	566.75	(21.08)	
4	Q2	Bank of Baroda	Trade payable	369.35	332.53	36.83	
5	Q3	Bank of Baroda	Books Debts	487.27	506.08	(18.81)	Refer Foot Notes
6	Q3	Bank of Baroda	Trade payable	246.66	211.95	34.72	
7	Q4	Bank of Baroda	Books Debts	387.58	441.26	(53.69)	
8	Q4	Bank of Baroda	Trade payable	186.58	178.17	8.41	

Sr. No.	Quarter	Name of bank	Particulars of Securities Provided	March 31, 2022 (Amount in crore)			Reason for material discrepancies
				Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	
1	Q1	Bank of Baroda	Books Debts	449.91	442.33	7.58	
2	Q2	Bank of Baroda	Books Debts	484.18	504.05	(19.87)	
3	Q3	Bank of Baroda	Books Debts	508.88	529.82	(20.94)	Refer Foot Notes
4	Q4	Bank of Baroda	Books Debts	446.87	487.77	(40.90)	
5	Q4	Bank of Baroda	Trade payable	245.84	256.71	(10.87)	

**Foot Note:**

1. The quarterly statements of inventories filed by the Company with the bank are in agreement with the books of accounts.
2. Quarterly statement submitted to the bank are subject to adjustment towards credit balances or debit balances of the same party (towards purchase and sales) and exchange fluctuation.
3. Quarterly Statement filed with the Banks are based on Bill dates.
4. Quarterly Statement filed with the Banks are considering the balances of only Raw Material and Packing Material Vendors.
5. Quarterly Statement filed with the Banks are without considering the Advance to Suppliers and Advance from Customers.

**STATEMENT 2: RELATED PARTY TRANSACTIONS****A. Relationship****Wholly Owned Subsidiary**

- Mikusu India Private Limited
- Heranba Organics Private Limited

**Enterprises over which key management personnel and their relatives exercise control**

- Sams Industries Limited

**Key Management Personnel and their Relatives**

- Sadashiv K Shetty (Chairman and executive director)

- Raghuram K Shetty (Managing director)
- Sujata S Shetty (Whole time and executive director)
- Vanita R Shetty (Whole time and executive director)
- Shriraj S Shetty
- Raunak R Shetty (Whole time and executive director)
- Shreya Shetty
- Roshan R Shetty
- Sadashiv Shetty - HUF
- Raghuram Shetty - HUF

**B. The following are the transactions with related parties****Related party transactions**

(₹ in crore)

Sr. No.	Nature of transaction	Subsidiary Companies	Key management personnel, their relatives	Enterprises where significant influence exists	Total
i.	<b>Sales of Goods (Previous Year)</b>	<b>20.32</b>	-	-	<b>20.32</b>
		-	-	-	-
	Mikusu India Private Limited	20.32	-	-	20.32
		-	-	-	-
ii.	<b>Purchase of Goods (Previous Year)</b>	<b>1.36</b>	-	-	<b>1.36</b>
		-	-	-	-
	Mikusu India Private Limited	1.36	-	-	1.36
		-	-	-	-
iii.	<b>Loan Given to Subsidiaries (Previous Year)</b>	<b>53.50</b>	-	-	<b>53.50</b>
		-	-	-	-
	Mikusu India Private Limited	7.04	-	-	7.04
		-	-	-	-
	Heranba Organics Private Limited	46.46	-	-	46.46
		-	-	-	-
iv.	<b>Interest income on loan (Previous Year)</b>	<b>0.78</b>	-	-	<b>0.78</b>
		-	-	-	-
	Mikusu India Private Limited	0.07	-	-	0.07
		-	-	-	-
	Heranba Organics Private Limited	0.71	-	-	0.71
		-	-	-	-
v.	<b>Rent Income (Previous Year)</b>	<b>0.58</b>	-	-	<b>0.58</b>
		-	-	-	-
	Mikusu India Private Limited	0.05	-	-	0.05
		-	-	-	-
	Heranba Organics Private Limited	0.54	-	-	0.54
		-	-	-	-
vi.	<b>Investment in subsidiaries (Previous Year)</b>	<b>0.15</b>	-	-	<b>0.15</b>
		-	-	-	-
	Mikusu India Private Limited	0.05	-	-	0.05
		-	-	-	-
	Heranba Organics Private Limited	0.10	-	-	0.10
		-	-	-	-
vii	<b>Sale of Capital Work in Progress (Previous Year)</b>	<b>7.01</b>	-	-	<b>7.01</b>
		-	-	-	-
	Heranba Organics Private Limited	7.01	-	-	7.01
		-	-	-	-

(₹ in crore)

Sr. No.	Nature of transaction	Subsidiary Companies	Key management personnel, their relatives	Enterprises where significant influence exists	Total
viii.	<b>Professional Charges</b>	-	<b>0.18</b>	-	<b>0.18</b>
	<b>(Previous Year)</b>	-	<b>(0.18)</b>	-	<b>(0.18)</b>
	Mrs. Shreya M. Shetty	-	0.18	-	0.18
		-	(0.18)	-	(0.18)
ix.	<b>Payment of Dividend</b>	-	<b>5.82</b>	<b>0.17</b>	<b>5.99</b>
	<b>(Previous Year)</b>	-	<b>(2.09)</b>	<b>(0.04)</b>	<b>(2.13)</b>
	Sadashiv K Shetty	-	1.44	-	1.44
		-	(0.50)	-	(0.50)
	Raghuram K Shetty	-	2.37	-	2.37
		-	(0.83)	-	(0.83)
	Sujata S Shetty	-	0.65	-	0.65
		-	(0.23)	-	(0.23)
	Vanita R Shetty	-	0.40	-	0.40
		-	(0.14)	-	(0.14)
	Shriraj S Shetty	-	0.17	-	0.17
		-	(0.06)	-	(0.06)
	Raunak R Shetty	-	0.13	-	0.13
		-	(0.10)	-	(0.10)
	Shreya Shetty	-	0.19	-	0.19
		-	(0.07)	-	(0.07)
	Roshan R Shetty	-	0.13	-	0.13
		-	(0.04)	-	(0.04)
	Sadashiv K Shetty - HUF	-	0.06	-	0.06
		-	(0.02)	-	(0.02)
	Raghuram K Shetty - HUF	-	0.28	-	0.28
	-	(0.10)	-	(0.10)	
Sams Industries Limited	-	-	0.17	0.17	
	-	-	(0.04)	(0.04)	
x.	<b>Remuneration of key management personnel</b>	-	<b>7.76</b>	-	<b>7.76</b>
	<b>(Previous Year)</b>	-	<b>(11.13)</b>	-	<b>(11.13)</b>
	Sadashiv K Shetty	-	1.43	-	1.43
		-	(1.55)	-	(1.55)
	Raghuram K Shetty	-	5.61	-	5.61
		-	(8.94)	-	(8.94)
	Sujata S Shetty	-	0.06	-	0.06
		-	(0.13)	-	(0.13)
	Vanita R Shetty	-	0.06	-	0.06
		-	(0.13)	-	(0.13)
	Shriraj S Shetty	-	0.30	-	0.30
		-	(0.14)	-	(0.14)
	Raunak R Shetty	-	0.30	-	0.30
	-	(0.24)	-	(0.24)	
xi.	<b>Salary to relative of key management personnel</b>	-	<b>0.02</b>	-	<b>0.02</b>
	<b>(Previous Year)</b>	-	-	-	-
	Sujata S Shetty	-	0.01	-	0.01
		-	-	-	-
	Vanita R Shetty	-	0.01	-	0.01
	-	-	-	-	

(₹ in crore)

Sr. No.	Nature of transaction	Subsidiary Companies	Key management personnel, their relatives	Enterprises where significant influence exists	Total
xii.	<b>Guarantee given by Directors to Bank - Outstanding Balance</b>	-	86.90		86.90
	<b>(Previous Year)</b>	-	(89.56)		(89.56)
	Guarantee given by Directors to Bank	-	86.90	-	86.90
		-	(89.56)	-	(89.56)
xiii.	<b>Loans &amp; Advances - Outstanding Balance</b>	53.50	-	-	53.50
	<b>(Previous Year)</b>	-	-	-	-
	Heranba Organics Private Limited	46.46			46.46
		-	-	-	-
	Mikusu India Private Limited	7.04			7.04
		-	-	-	-
xiv.	<b>Trade Receivables - Outstanding Balance</b>	11.64	-	-	11.64
	<b>(Previous Year)</b>	-	-	-	-
	Mikusu India Private Limited	11.64			11.64
		-	-	-	-

(Previous year figures are given in brackets.)

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

The managerial personnel are eligible for retirement benefits viz., gratuity and compensated absences in accordance with the policy of the Company. The proportionate retirement benefit expense pertaining to the managerial personnel has not been included in the aforementioned disclosures as this is provided in the books of account on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

### Terms and conditions

All transactions with these related parties are priced on an arm's length basis. None of the balance is secured.

### STATEMENT 3: ANALYTICAL RATIOS

Sr. No.	Quarter	Numerator/ Denominator	Ratio (2022-23)	Ratio (2021-22)	% of Variation	Reason for variance
1	Current ratio	Current Asset Current Liabilities	2.53	2.29	10.52%	
2	Debt-Equity ratio	Total Debts Shareholders Equity	0.11	0.13	-12.99%	
3	Debt Service Coverage ratio	Earnings available for debt service Debt Service	15.43	42.85	-64.00%	Revenue and Margins have gone down
4	Return on Equity ratio (ROE)	Net Profits after taxes - Preference Dividend Average Shareholder's Equity	14.39%	26.46%	-45.62%	Revenue and Margins have gone down
5	Inventory Turnover ratio	Cost of goods sold OR sales Average Inventory	3.21	4.41	-27.22%	Carrying days of Inventory has gone up during the CY
6	Trade Receivables Turnover ratio	Net Credit Sales Average Accounts Receivable	3.17	3.64	-12.73%	

Sr. No.	Quarter	Numerator/ Denominator	Ratio (2022-23)	Ratio (2021-22)	% of Variation	Reason for variance
7	Trade payables Turnover ratio	Other Expenses Excl. Bad Debts w/off and Expected Credit Loss Provision, Donation and CSR Average Trade Payables	5.06	5.09	-0.57%	
8	Net Capital Turnover ratio	Net Sales Average working capital	2.65	3.36	-21.18%	
9	Net Profit ratio	Net Profit after Tax Net Sales	8.31%	13.04%	-36.22%	Revenue and Margins have gone down
10	Return on Capital Employed (ROCE)	Earning before interest and taxes Capital Employed	16.80%	32.25%	-47.92%	Revenue and Margins have gone down
11	Return on Investment (ROI)	{MV(T1) – MV(T0) - Sum [C <sub>ss</sub> (t)]}  {MV(T0) + Sum [W(t) * C(t)]}	3.71%	0.00%	100.00%	Investment is made during the year

The return on investment is computed on the basis of distribution amount received by the Company from the AIF.

# Independent Auditor's Report

To  
The Members of  
**Heranba Industries Limited**

Report on the Audit of the Consolidated Financial Statements

## OPINION

We have audited the accompanying Consolidated Financial Statements of Heranba Industries Limited (hereinafter referred to as the "Holding Company") and its Subsidiaries (The Holding Company and its Subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Companies Act, 2013, as amended ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated profit (including Consolidated Other Comprehensive Income), and consolidated statement of changes in equity for the year ended on that date.

## KEY AUDIT MATTER

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditors' Response
1	<p><b>Revenue Recognition</b></p> <p>The timing of revenue recognition is relevant to the reported performance of the Company.</p> <p>We identified revenue recognition as a key audit matter because of the quantum of revenue and the time and audit effort involved in auditing the terms of the customers contract and the revenue recognized.</p>	<p><b>Our procedures included, amongst others:</b></p> <ul style="list-style-type: none"> <li>We assessed the compliance of the revenue recognition accounting policies against the requirements of Indian Accounting Standards ("Ind AS").</li> <li>We evaluated the design and operating effectiveness of the relevant key financial controls with respect to revenue recognition on selected transactions.</li> <li>Using statistical sampling, we tested the terms of the revenue contracts against the recognition of revenue based on the underlying documentation and records and evaluated accuracy and existence of the revenue being recognised in the correct accounting period.</li> </ul>

## BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

## EMPHASIS OF MATTER

We draw attention to Note 42 to the Consolidated Financial Statements, regarding an order from Gujarat Pollution Control Board ("GPCB") instructing the Holding Company to prohibit and close operations at Vapi's Plant Unit-I & Unit-II. The Holding Company is analyzing the said order and taking appropriate measures as advised before the GPCB to remedy the situation and seek relief against the said order. The management of the Holding Company has asserted that there will be no significant impact on the operations for the ensuing year. We have relied on the Holding Company's management assertion in this regard. Our opinion is not modified in respect of this matter.

Sr. No.	Key Audit Matter	Auditors' Response
2	<p data-bbox="204 439 647 591"><b>Inventory Valuation</b> Inventory represents a significant portion of total assets as at March 31, 2023, with carrying value of ₹ 297.16 crore, in the books of Holding Company.</p> <p data-bbox="204 622 647 792">Inventories are valued at lower of cost and net realizable value. The Company writes down inventories to net realizable value on account of obsolescence, expiry and non-moving inventory, based on management's assessment.</p> <p data-bbox="204 824 647 1005">Assessing net realizable value and identification of slow moving, expired and obsolete inventory are areas which require use of significant judgements and owing to the inherent complexities, this is considered to be a key audit matter.</p>	<ul data-bbox="667 237 1445 322" style="list-style-type: none"> <li>We tested the accuracy and existence of revenue recognized at year end. On a sample basis, we evaluated the revenue being recognised in the correct accounting period.</li> </ul> <p data-bbox="667 340 1445 425">We have assessed the adequacy of disclosures in the Standalone Financial Statements against the requirements of Ind AS 115, Revenue from contracts with customers</p> <p data-bbox="667 439 1158 468"><b>Our procedures included, amongst others:</b></p> <ul data-bbox="667 477 1445 898" style="list-style-type: none"> <li>We understood and evaluated the process relating to determination of net realizable value of inventories and identification of slow moving, expired and obsolete inventories,</li> <li>We attended stock counts to identify whether any inventory was obsolete,</li> <li>We assessed the basis for the inventory valuation, the consistency in policy and the rationale in its application,</li> <li>We tested the accuracy of the ageing of inventories based on system generated reports,</li> <li>We reviewed the testing done for net realizable value of inventories and future plans for consumptions,</li> <li>We tested the arithmetical accuracy of valuation files; and</li> </ul> <p data-bbox="667 916 1445 1005">We have assessed the appropriateness of disclosures in the Standalone Financial Statements in accordance with the applicable accounting standards.</p>

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's Management and Board of Directors are responsible for the Other Information. The Other Information comprises the information included in the Holding Company's Annual Report excluding the Standalone and Consolidated Financial Statements and our Independent Auditors' Report thereon.

Our opinion on the Consolidated Financial Statements does not cover the Other Information and we do not and will not express any form of assurance or conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the Consolidated Financial Statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's Report, 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.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of

these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including Consolidated Other Comprehensive Income), and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.



The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

1. Identify and assess the risks of material misstatement of the Consolidated 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.
2. Obtain an understanding of internal control 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 with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 Group'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 Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

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.

## OTHER MATTER

Attention is invited to Note 45 of the Consolidated Financials Statement highlighting the fact that the Holding Company has prepared Consolidated Financial results for the first time in June 30, 2022, and therefore the comparative figures for the year ended March 31, 2023 are not presented.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 attached "Annexure A", a statement of the matter specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), and the Consolidated Statement of Changes in Equity, dealt with by this Report are in agreement with the relevant books of accounts, workings and records maintained for the purpose of preparation of the Consolidated Financial Statements.
  - d. In our opinion, the Consolidated Financial Statements comply with the Ind AS 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 of the Holding Company as on March 31, 2023, taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls with reference to Consolidated Financial Statements.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. 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 Consolidated Financial Statements discloses the impact of pending litigations on the consolidated financial position of the Group - Refer Note 31 to the Consolidated Financial Statements.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were material foreseeable losses.
  - iii. There are no amounts which are required to be transferred to Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.
  - iv. a. The management has represented that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“intermediaries”) with the understanding whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security, or the like on behalf of the Ultimate Beneficiaries.

- b. The management has represented that, to the best of its knowledge and belief no funds have been received by the Company from any person(s) or entity(ies) including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- c. Based on such audit procedures considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv(a.)) and (iv(b.)) above contain any material misstatement.
- v. In the matter of dividend proposed, declared and paid during the previous year by the Holding Company:
  - i. The final dividend proposed in the previous year, declared and paid by the Holding Company during the year, is in accordance with Section 123 of the Act.
  - ii. As stated in note no 43 to the Consolidated Financial Statements, the Board of Directors of the Holding Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of the dividend proposed is in accordance with section 123 of the Act.
- vi. Proviso to Rule 3 (1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Group with effect from April 01, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

**For Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441  
UDIN:

**Date:** May 30, 2023

**Place:** Mumbai

# Annexure - A

To the Independent Auditors' Report on the Consolidated Financial Statements of Heranba Industries Limited

As required by clause 3(xxi) of the Companies (Auditors Report) Order, 2020 relating to any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the Consolidated Financial Statements, we report herein below in the table qualifications/adverse reporting by the auditors.

Sr. No.	Name of the Company/CIN	Relationship Holding/ Subsidiary/Associate/ Joint Venture	Clause number of the Caro report which is qualified or adverse.
1.	Heranba Industries Limited CIN - L24231GJ1992PLC017315	Holding	3(ii) (b)
2.	Heranba Organics Private Limited CIN - U24110MH2022PTC389547	Subsidiary	3(xvii)
3.	Mikusu India Private Limited CIN - U24299MH2022PTC380276	Subsidiary	3(xvii)

For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441  
UDIN:

**Date:** May 30, 2023

**Place:** Mumbai

# Annexure - B

To The Auditors' Report

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

In conjunction with our audit of the Consolidated Financial Statements (Financial Statements) of the Holding Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to Consolidated Financial Statements of Heranba Industries Limited (hereinafter referred to as ('the Holding Company')) and its subsidiaries which are companies incorporated in India, as of that date.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, and its subsidiaries which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control with reference to Consolidated Financial Statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its Subsidiaries which are companies incorporated in India, 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements 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 with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of

internal control based on the assessed risk. The procedures selected depend on the auditor's 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 obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to Consolidated Financial Statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A Company's internal financial control with reference to Consolidated Financial Statements 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 with reference to Consolidated Financial Statements 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 Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS.

Because of the inherent limitations of financial controls with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements 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 Holding Company and its subsidiaries, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding 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 ICAI.

For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441  
UDIN:

**Date:** May 30, 2023

**Place:** Mumbai

# Consolidated Balance Sheet

As at March 31, 2023

Particulars	Note No.	(₹ in crore)
		As at March 31, 2023
<b>Assets</b>		
<b>Non-Current Assets</b>		
(A) Property, Plant And Equipment	2	208.52
(B) Capital Work-In-Progress	2	71.73
(C) Financial Assets		
(i) Investments	3	0.77
(ii) Loans		-
(iii) Other Financial Assets	4	5.81
(D) Deferred Tax Assets (Net)	5	7.92
(E) Other Non-Current Assets	6	23.37
<b>Total Non-Current Assets</b>		<b>318.12</b>
<b>Current Assets</b>		
(A) Inventories	7	303.59
(B) Financial Assets		
(i) Investments	3	-
(ii) Trade Receivables	8	386.18
(iii) Cash And Cash Equivalents	9	100.06
(iv) Bank Balances Other Than (li) Above	10	19.37
(v) Other Financial Assets	4	2.87
(C) Other Current Assets	6	32.09
<b>Total Current Assets</b>		<b>844.16</b>
<b>Total Assets</b>		<b>1,162.28</b>
<b>Equity And Liabilities</b>		
<b>Equity</b>		
(A) Equity Share Capital	11	40.01
(B) Other Equity	12	770.36
<b>Total Equity</b>		<b>810.37</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
(A) Financial Liabilities		
(i) Long Term Borrowings		-
(ii) Lease Liabilities	13	3.51
(iii) Other Financial Liabilities	14	-
(B) Provisions	15	8.99
<b>Total Non-Current Liabilities</b>		<b>12.50</b>
<b>Current Liabilities</b>		
(A) Financial Liabilities		
(i) Short Term Borrowings	16	89.01
(ii) Lease Liabilities	13	0.48
(iii) Trade Payables	17	
- Dues Of Micro And Small Enterprise		14.47
- Dues Of Other Than Micro And Small Enterprise		174.85
(iv) Other Financial Liabilities	14	43.08
(B) Other Current Liabilities	18	8.09
(C) Provisions	15	1.63
(D) Current Tax Liabilities (Net)	19	7.80
<b>Total Current Liabilities</b>		<b>339.41</b>
<b>Total Liabilities</b>		<b>351.91</b>
<b>Total Equity And Liabilities</b>		<b>1,162.28</b>

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

As per our report of even date attached  
For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

For & on behalf of the Board of Directors  
**Heranba Industries Limited**

**N Jayendran**  
Partner  
Membership No.: 040441

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

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

**Date:** May 30, 2023  
**Place:** Mumbai

**Abdul Latif**  
Company Secretary

**Raj K Bafna**  
Chief Financial Officer

# Consolidated Statement of Profit and Loss

For the year ended March 31, 2023

		(₹ in crore)	
Particulars	Note	For the year 2022-23	
<b>I INCOME</b>			
Revenue from Operations	20		1,318.82
Other Income	21		12.22
<b>TOTAL INCOME</b>			<b>1,331.04</b>
<b>II EXPENSES</b>			
Cost of materials consumed	22		907.99
Purchase of stock in trade			7.30
Changes in Inventories of Finished Goods and Work-in-Progress	23		(33.32)
Employee Benefit Expenses	24		67.06
Finance Costs	25		7.94
Depreciation and Amortisation Expenses	26		22.73
Other Expenses	27		213.76
<b>TOTAL EXPENSES</b>			<b>1,193.46</b>
<b>III Profit before Tax</b>			<b>137.58</b>
<b>IV Tax Expense</b>	28		
(a) Current Tax			38.87
(b) (Excess)/Short provision for taxation in respect of earlier years			(0.49)
(c) Deferred tax charge/(credit)			(5.17)
			33.21
<b>V Profit for the Year</b>			<b>104.37</b>
<b>VI OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Remeasurement of the net defined benefit liability/asset			0.14
- Taxes thereon			(0.03)
<b>Items that will be reclassified to profit or loss</b>			
- Fair Value of Investment			-
- Time value of derivatives designated as cash flow hedges			0.11
- Taxes thereon			(0.03)
<b>VII Total other Comprehensive Income</b>			<b>0.19</b>
<b>VIII Total Comprehensive Income for the year</b>			<b>104.56</b>
<b>Earning per share (Basic and diluted)</b>	29		26.08

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

As per our report of even date attached  
For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441

**Date:** May 30, 2023  
**Place:** Mumbai

For & on behalf of the Board of Directors  
**Heranba Industries Limited**

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

**Abdul Latif**  
Company Secretary

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

**Raj K Bafna**  
Chief Financial Officer

# Consolidated Statement of Changes in Equity

For the year ended March 31, 2023

## A. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023	
	Number of shares	Face value ₹ per share
Opening balance	4,00,13,467	10.00
Changes due to prior period errors		
<b>Restated balance at the beginning of the current reporting period</b>	<b>4,00,13,467</b>	<b>10.00</b>
Changes during the current year	-	-
<b>Balance at the end</b>	<b>4,00,13,467</b>	<b>10.00</b>
		<b>40.01</b>

## B. OTHER EQUITY

	Reserves and Surplus			Other Comprehensive Income			Total
	Securities Premium reserve	Capital Redemption Reserve	General reserve	Debits through Other Comprehensive Income (Net of Tax)	Effective portion of Flow Hedges (Net of Tax)	Remeasurement of net defined benefit (Net of Tax)	
<b>Balance at April 01, 2022</b>	<b>58.18</b>	<b>0.25</b>	<b>46.75</b>	<b>0.63</b>	<b>(0.09)</b>	<b>(0.30)</b>	<b>674.44</b>
Profit for the year	-	-	-	-	-	-	104.37
Less: Classified to Profit and Loss on realisation	-	-	-	(0.63)	-	-	(0.63)
Items of other Comprehensive Income: Remeasurement of net defined benefit	-	-	-	-	-	0.10	0.10
Time value of derivatives designated as cash flow hedges	-	-	-	-	0.08	-	0.08
Dividend Paid and Tax thereon	-	-	-	-	-	-	(8.00)
<b>Balance at March 31, 2023</b>	<b>58.18</b>	<b>0.25</b>	<b>46.75</b>	<b>-</b>	<b>(0.01)</b>	<b>(0.20)</b>	<b>770.36</b>

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

As per our report of even date attached  
For **Natvarial Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441

**Date:** May 30, 2023  
**Place:** Mumbai

For & on behalf of the Board of Directors  
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**S. K. Shetty**  
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**Abdul Latif**  
Company Secretary

**Raj K Bafna**  
Chief Financial Officer



# Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

## A. COMPANY OVERVIEW

**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.

The Consolidated Financial Statements are approved for issue by the Company's Board of Directors on May 30, 2023.

## B. PRINCIPLES OF CONSOLIDATION

- The Consolidated Financial Statements relate to the Company, and its two Subsidiaries (the holding and subsidiaries together referred to as "The Group". The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard - 110 "Consolidated Financial Statement" of the Companies (Indian Accounting Standards) Rules 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act. The Consolidated Financial Statements have been prepared on the following basis:
- The Consolidated Financial Statements of the subsidiary companies are consolidated online-by-line basis adding together like items of assets, liabilities, equity, income and expenses. Inter Company balances and transactions including unrealized gain/loss on such transactions are eliminated upon consolidation. These Consolidated Financial Statements are prepared by applying uniform accounting policies in use at that group.

The list of subsidiaries included in consolidation and Company's holding therein are as under:

Name of the Companies	Relationship	Country of Incorporation	% of Ultimate Holding (2022-23)
Mikusu India Private Limited	Subsidiary	India	100%
Heranba Organics Private Limited	Subsidiary	India	100%

## C. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

- The Consolidated Financial Statements of the Company comprises the Consolidated statement of assets and liabilities as at March 31, 2023, the Consolidated statement of profit and loss (including other comprehensive income), the statement of changes in equity, the Consolidated statement of cash flow for the year ended March 31, 2023, the summary of statement of significant accounting policies, and other explanatory information (collectively, the "Consolidated financial statements"), as approved by the Board of Directors of the Company at their meeting held on May 30, 2023.
- These Consolidated Financial Statements have been prepared in accordance with the Companies (Indian Accounting Standards), Rules, 2015, as amended (referred to as "IND AS") as prescribed under section 133 of the Companies Act, 2013.
- These Consolidated Financial Statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments, which are measured at fair values, which are disclosed in the Consolidated Financial Statements.
- The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than 12 months and therefore all current and non-current classifications are done based on the status of reliability

and expected settlement of the respective asset and liability within a period of 12 months from the reporting date as required by Schedule III to the Companies Act, 2013.

- Accounting policies have been consistently applied except where newly issued India accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
- The Consolidated Financial Statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest crore, except otherwise indicated.

## D. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS.

- The preparation of Consolidated Financial Statements requires management's judgments, estimates and assumptions that impacts the reported amounts of revenues, expenses, assets and liabilities, and the accompanying notes thereon. Uncertainty about these assumptions and estimates could result in outcomes that might require a material adjustment to the carrying amount of assets or liabilities in future periods.

### Estimates:

The preparation of the Consolidated Financial Statements in conformity with IND AS requires management to make estimates, judgments, and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets

and liabilities, the disclosures of contingent assets and liabilities at the date of Consolidated Financial Statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the Consolidated Financial Statements in the period in which changes are made and if material, their effects are disclosed in the notes to the Consolidated Financial Statements.

#### • **Judgments:**

The Company's management has made the following judgments, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements, while formulating the Company's accounting policies:

##### a. **Defined benefit plans (gratuity benefits):**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Discount rate:** The said parameter is subject to change. In determining the appropriate discount rate (for plans operating in India), the management considers the interest rates of government bonds in currencies which are consistent with the post-employment benefit obligation. The underlying bonds are reviewed periodically for quality. Those having excessive credit spreads are excluded from the analysis since they do not represent high quality corporate bonds.

**Mortality rate:** It is based on publicly available mortality tables. Those mortality tables tend to change at an interval in response to demographic changes. Prospective increase in salary and gratuity are based on expected future inflation rates.

##### b. **Useful lives of property, plant and equipment:**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

##### c. **Impairment of property, plant and equipment:**

For property, plant and equipment and intangibles, an assessment is made at each reporting date to determine whether there is an indication that the carrying amount may not be recoverable or previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed

only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

##### d. **Impairment of investment in subsidiaries and investments:**

For determining whether the investments in subsidiaries, joint ventures, and associates as well as other investments are impaired requires an estimate in the value in use of investments. In considering the value in use, the Company has estimated the future cash flow, capacity utilization, operating margins, and other factors of the underlying businesses/operations of the investee companies. Any subsequent changes to the cash flows due to changes in the above-mentioned factors could impact the carrying value of investments.

##### e. **Inventories:**

The Company estimates the net realisable value (NRV) of its inventories by taking into account estimated selling price, estimated cost of completion, estimated costs necessary to make the sale, obsolescence considering the past trend. Inventories are written down to NRV where such NRV is lower than their cost.

##### f. **Recognition and measurement of other provisions:**

The recognition and measurement of other provisions is based on the assessment of the probability of an outflow of resources, past experience and circumstances known at the closing date. The actual outflow of resources at a future date may, therefore, vary from the amount included in other provisions.

##### g. **Leases:**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

## E. **RECENT PRONOUNCEMENTS:**

Ministry of corporate affairs (MCA) notifies new standard or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued and amended from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 01, 2023, as below:

##### a. **Ind AS 1 - Presentation of Consolidated financial statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose Consolidated Financial Statements. The Company does not expect this amendment to have any significant impact in its Consolidated Financial Statements.

**b. Ind AS 12 - Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its Consolidated Financial Statements.

**c. Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in Consolidated Financial Statements that are subject to measurement uncertainty” Entities develop accounting estimates if accounting policies require items in Consolidated Financial Statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its Consolidated Financial Statements.

**F. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a) 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.

**b) 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’.

**c) 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. On transition to IND AS for the first time, the Company adopted the deemed cost approach mentioned in IND AS 101 - First time adoption in respect of its Property, Plant and Equipment.

B. Depreciation is provided on written down value 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 up to 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 Equipment's	10
Office Equipment's	5
Plumbing and Piping	20-25
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.

#### d) 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 derecognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the statement of Profit and Loss. Gains and losses in respect of debt instrument measured at

FVOCI and that are accumulated in OCI are reclassified to Profit and Loss on derecognition. Gains or losses on equity instruments measured at FVOCI that are recognised and accumulated in OCI are not reclassified to Profit or Loss on derecognition.

## B. Financial Liabilities

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

### i) Recognition and Initial Measurement

Financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial Liability is initially measured at fair value plus, for an item not at fair value through profit and loss, net of transaction costs that are directly attributable to its acquisition or issue.

### ii) Classification and Subsequent Measurement

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

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

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.

## E. 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.

## e) 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 Lifetime 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.

## f) 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.

## g) Inventories

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

- A. Stores and spares, packing materials and raw materials are valued at lower of cost and 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 and net realisable value and for this purpose. 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 realisable 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 remaining costs of completion and the estimated costs necessary to make the sale.

## h) 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. Remeasurement, 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.

## i) 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.

## j) 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.

## k) 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.

## l) 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.

### m) 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.

### n) 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.

### o) 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.

### p) Leases

#### 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.



# Notes forming part of the Consolidated Financial Statements

As at and for the year ended March 31, 2023

## NOTE 2: PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Freehold Land	Leasehold land	Plant and Machinery	Buildings	Electrical Installation	Piping	Laboratory equipments	Office Equipment	Computers	Vehicles	Furniture & Fixtures	Right to use Asset	Total
	(₹ in crore)												
<b>Gross Carrying Value</b>													
<b>Balance at April 01, 2022</b>	0.26	63.12	137.41	52.75	14.59	5.34	2.52	2.35	1.05	7.86	1.90	2.39	291.55
Additions	0.53	7.99	13.34	4.43	1.89	-	1.66	0.70	0.30	2.12	1.49	4.15	38.62
Disposals	-	-	-	-	-	-	-	-	0.00	0.48	-	0.94	1.43
<b>Balance at March 31, 2023</b>	0.80	71.11	150.75	57.19	16.48	5.34	4.18	3.05	1.35	9.50	3.39	5.60	328.74
<b>Accumulated depreciation and impairment</b>													
<b>Balance at April 01, 2022</b>	-	2.47	63.05	13.65	6.76	4.73	0.63	0.75	0.80	3.40	0.92	0.95	98.12
Eliminated on disposal of assets	-	-	-	-	-	-	-	-	0.00	0.45	-	0.18	0.64
Depreciation charge	-	0.78	10.90	4.25	2.08	0.07	0.71	0.85	0.25	1.59	0.27	0.99	22.73
<b>Balance at March 31, 2023</b>	-	3.25	73.95	17.90	8.84	4.79	1.33	1.60	1.05	4.54	1.19	1.76	120.22
<b>Net carrying value as on March 31, 2023</b>	<b>0.80</b>	<b>67.86</b>	<b>76.80</b>	<b>39.29</b>	<b>7.64</b>	<b>0.54</b>	<b>2.85</b>	<b>1.44</b>	<b>0.31</b>	<b>4.96</b>	<b>2.20</b>	<b>3.84</b>	<b>208.52</b>

**Foot Notes:****Capital work in progress**

Particulars	(₹ in crore)
<b>Balance as at April 01, 2022</b>	<b>14.23</b>
Addition	61.62
<b>Less: Capitalised during the year</b>	<b>(4.12)</b>
<b>Less: Transfer during the year</b>	<b>-</b>
<b>Closing balance as on March 31, 2023</b>	<b>71.73</b>

**(i) Capital-Work-in Progress (CWIP) ageing schedule is as under:**

CWIP (As on March 31, 2023)	Amount in CWIP for a period of				Total
	Less than 1 year	1 to 2 years	2 to 3 years	> 3 years	
<b>Projects in progress</b>					
Sarigam	33.43	7.84	-	-	41.27
Unit 1	22.50	-	-	-	22.50
Unit 2	0.83	0.17	-	-	1.00
Unit 4	-	0.66	-	-	0.66
Shyka	6.31	-	-	-	6.31
<b>Total</b>	<b>63.06</b>	<b>8.67</b>	<b>-</b>	<b>-</b>	<b>71.73</b>

Projects in progress consists of buildings, plant and equipment which are under construction/installation during the year which is nearing completion and is expected to be capitalized in FY 2023-24.

**(ii) Contractual Obligation**

Refer note 30 on disclosure of contractual commitments for the acquisition of Property, Plant & Equipment.

**(iii) 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.

**NOTE 3: INVESTMENTS**

Particulars	(₹ in crore)
<b>Non Current</b>	
<b>Investments in equity instruments (un-quoted) At Cost</b>	
2,000 Equity Shares of The Shamrao Vithal Co-op. Bank Ltd.	0.01
1,000 Equity shares of Matrubhumi Co-op. Credit Society Limited	0.01
<b>A)</b>	<b>0.02</b>
<b>Investments in equity instruments (At fair value through profit/loss) (quoted):</b>	
41 Equity Shares of United Phosphorus Ltd. (Full Figure as March 31, 2023: ₹ 29,415.30)	0.00
200 Equity Shares of Aditya Birla Money Ltd. (Full Figure as March 31, 2023: ₹ 9110.00)	0.00
500 (As at March 31, 2022, 500) Equity Shares of Gujarat State Financial Corporation Ltd.(*) (Full Figure as March 31, 2023: ₹ 3000.00)	0.00
<b>Less: Provision for Impairment</b> (Full Figure as March 31, 2023: ₹ 41,525.30)	<b>(0.00)</b>
<b>B)</b>	<b>-</b>
<b>Investments in equity instruments (At fair value through profit/loss) (unquoted):</b>	
Investment With Fireside Ventures Investment Fund (*)	0.75
<b>C)</b>	<b>0.75</b>
<b>Investments in Debt instruments (At fair value through OCI) (quoted):</b>	
Nil Units of Baroda Banking & PSU Bond Fund	-

(₹ in crore)

Particulars	As at March 31, 2023
<b>D)</b>	-
<b>Other Investment (un-quoted)</b>	
National Savings Certificates [Lodged with Government Departments as security]	0.01
<b>E)</b>	<b>0.01</b>
<b>Total Non Current Investments (A+B+C+D+E)</b>	<b>0.77</b>
<b>Aggregate amount of quoted investments</b>	-
<b>Aggregate amount of un-quoted investments</b>	<b>0.77</b>

(\*)The Holding Company has made an investment in Alternate Investment Fund (AIF) of ₹ 0.75 crore. This investment is marked at fair value through profit and Loss (FVTPL). In the absence of data of Fair Valuation as at March 31, 2023 the same is carried at its carrying value in books, although the same is accounted at FVTPL. The management does not expect the fair value changes to be material to the financial statements.

#### NOTE 4: FINANCIAL ASSETS

(₹ in crore)

Particulars	Non Current	Current
	As at March 31, 2023	As at March 31, 2023
Balance with bank held as margin money (*)	0.29	-
Security deposits and Earnest Money Deposits	5.52	2.22
Staff Advances	-	0.48
Fair value of foreign exchange derivative assets	-	0.17
<b>Total</b>	<b>5.81</b>	<b>2.87</b>

(\*)Balances with bank in fixed deposits are kept as security for guarantees/government authorities.

#### NOTE 5: DEFERRED TAX ASSETS (NET)

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

(₹ in crore)

Particulars	As at March 31, 2023
<b>Deferred Tax Asset</b>	
Provisions	2.67
Impairment Allowance for trade receivables	5.44
Fair Valuation of Investment	0.00
Time value of derivatives designated as cash flow hedges	0.01
Unabsorbed Losses	0.79
<b>Deferred Tax Liability</b>	
Property, Plant and Equipment including ROU	(0.96)
Others	(0.03)
<b>Total</b>	<b>7.92</b>

In case of one of the subsidiary, the subsidiary during the year has created Deferred tax asset on unabsorbed losses considering that there is reasonable certainty that the projected brand sales will generate taxable profits in future.

In case of the other subsidiary, the subsidiary Company has created Deferred Tax Asset on its unabsorbed losses considering the reasonable certainty of taxable profit from its project under implementation. Deferred Tax is created considering the tax rate under section 115 BAB as the Company plans to avail the benefit of Section 115 BAB granting of concessional rate of Income Tax.

**NOTE 6: OTHER ASSETS**

Particulars	(₹ in crore)	
	Non Current	Current
	As at March 31, 2023	As at March 31, 2023
<b>(Unsecured, considered good)</b>		
Advance to Suppliers	-	4.54
Balance with Revenue Authorities	-	26.11
Prepaid Expense	0.55	1.44
Capital Advances	21.84	-
Advance Income Tax (Net of Provision for Taxation)	0.98	-
<b>Total</b>	<b>23.37</b>	<b>32.09</b>

**NOTE 7: INVENTORIES**

Particulars	(₹ in crore)	
	As at March 31, 2023	
<b>Inventories (lower of cost and net realisable value)</b>		
Raw materials		
- Other	74.84	
- Stock in Transit	0.90	75.74
Work In Progress		15.38
Finished Goods		
- Manufactured	182.46	
- Traded	9.31	
- Stock in Transit	2.06	193.83
Packing materials		13.40
Stores and Spares		5.24
<b>Total</b>		<b>303.59</b>

The disclosure of inventories recognised as an expense in accordance with paragraph 36 of Ind AS 2 is as follows:

Particulars	(₹ in crore)
	As at March 31, 2023
Amount of inventories recognised as an expense	881.97
Amount of write - down of inventories recognised as an expense	-
	<b>881.97</b>

**NOTE 8: TRADE RECEIVABLES**

Particulars	(₹ in crore)
	As at March 31, 2023
<b>Unsecured but considered good</b>	<b>386.28</b>
Trade Receivables which have significant increase in Credit Risk	11.41
Trade Receivables - credit impaired	10.09
<b>Less: Impairment loss allowance</b>	<b>21.60</b>
<b>Total</b>	<b>386.18</b>

**A. Expected Credit Loss****Allowance for Expected Credit Loss**

In accordance with Ind AS 109, the Group uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers. The Group estimates impairment under the simplified approach. Accordingly, it does not track the changes in credit risk of trade receivables. The impairment amount represents lifetime expected credit loss.

The trade receivables ageing schedule for the year ended on March 31, 2023 as follows:

(₹ in crore)

Range of O/s period	Undisputed			Total
	Considered Good	Significant increase in credit risk	credit impaired	
Unbilled	-	-	-	-
Not Due	-	-	-	-
less than 6 months	281.88	1.95	-	283.83
6 months - 1 year	64.09	5.90	-	69.99
1-2 year	11.92	1.07	-	12.99
2-3 year	20.05	0.53	0.42	21.00
> 3 years	8.34	1.96	9.67	19.97
<b>Total</b>	<b>386.28</b>	<b>11.41</b>	<b>10.09</b>	<b>407.78</b>
<b>Less: Impairment loss allowance</b>				21.60
<b>Total</b>				<b>386.18</b>

#### Movement of Expected Credit Loss

(₹ in crore)

Particulars	As at April 01, 2022	Addition	Written off/ Reversed	Closing
As at March 31, 2023	22.45	0.10	(0.96)	21.60

#### NOTE 9: CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2023
Balances with banks:	
- in current accounts	54.70
- in deposit with original maturity of less than three months	45.19
Cash on hand	0.17
<b>Total</b>	<b>100.06</b>

#### NOTE 10: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2023
- Balance with bank held as margin money	7.04
- Fixed deposits with original maturity of more than 3 months but less than 12 months	12.33
<b>Total</b>	<b>19.37</b>

#### NOTE 11: EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2023
<b>Authorised Share Capital:</b>	
4,50,00,000 Equity Shares of ₹ 10/- each	45.00
<b>Issued and subscribed capital:</b>	
4,00,13,467 Equity Shares of ₹ 10/- each fully paid up	40.01
	<b>40.01</b>

**a) Terms/rights attached to equity shares:**

The Holding 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 Holding Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Holding 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.

As per the records of the Holding Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of the shares.

**b) Reconciliation of Number of Shares Outstanding:**

Particulars	Number of shares
<b>Fully paid equity shares</b>	
Balance at April 01, 2022	4,00,13,467
Increase/(Decrease) during the year/Bonus shares	-
<b>Balance at March 31, 2023</b>	<b>4,00,13,467</b>

**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 Holding Company made an 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 July 09, 2018 through voting at the Meeting by show of hands. Subsequently, on July 09, 2018, the Holding 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 July 09, 2018 and ₹ 31.25 crore (representing par value of ₹ 10 per share) was transferred from securities premium and retained earnings to the share capital.

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

Particulars	As at March 31, 2023	
	No. of Shares	%
<b>Fully paid equity shares</b>		
Mr. Sadashiv K. Shetty	72,01,796	18.00%
Mr. Raghuram K. Shetty	1,18,94,446	29.73%
Mrs. Sujata S. Shetty	32,30,400	8.07%
Mrs. Vanita R. Shetty	20,18,000	5.04%
	<b>2,43,44,642</b>	<b>60.84%</b>

**e) Details of Promoters shareholders holding in equity shares of the Company:**

For the year ended March 31, 2023

Promoter Name	No. of Shares	% of total shares	% Change during the year
<b>Promoters</b>			
Sadashiv K Shetty	72,01,796	18.00%	-
Raghuram K Shetty	1,18,94,446	29.73%	0.11%
<b>Promoters Group</b>			
Sujata S Shetty	32,30,400	8.07%	-
Vanita R Shetty	20,18,000	5.04%	-
Sams Industries Ltd.	8,67,288	2.17%	0.01%
Raghuram K Shetty HUF	13,80,000	3.45%	-
Shreya S Shetty	9,42,500	2.36%	-

Promoter Name	No. of Shares	% of total shares	% Change during the year
Shriraj S Shetty	8,42,500	2.11%	-
Raunak R Shetty	6,36,250	1.59%	-
Roshan R Shetty	6,36,250	1.59%	-
Sadashiv K Shetty HUF	3,20,600	0.80%	-

## NOTE 12: OTHER EQUITY

Particulars	(₹ in crore)
	As at March 31, 2023
<b>Securities premium</b>	
Balance as at April 01, 2022	58.18
<b>Add:</b> Addition during the year	-
<b>Balance at the end of the year</b>	<b>58.18</b>
<b>General reserve</b>	
Balance as at April 01, 2022	46.75
Add/(Less):	
Additions During the year	-
<b>Balance at the end of the year</b>	<b>46.75</b>
<b>Capital Redemption Reserve</b>	
Balance as at April 01, 2022	0.25
Add/(Less):	
Transfer from Retain Earnings	-
<b>Balance at the end of the year</b>	<b>0.25</b>
<b>Other Comprehensive Income</b>	
Balance as at April 01, 2022	0.24
Add/(Less) : Fair Value Changes during the year	0.10
Add/(Less) : Reclassification to Profit and Loss on Realisation	(0.54)
<b>Balance at the end of the year</b>	<b>(0.20)</b>
<b>Retained Earnings</b>	
Balance as at April 01, 2022	569.02
Profit For the Year	104.37
<b>Less:</b> Appropriation	
Transfer to general reserve	-
Dividend - equity shares	8.00
<b>Balance at the end of the year</b>	<b>665.39</b>
<b>Total</b>	<b>770.36</b>

The Holding Company has issued and allotted during the year ended March 31, 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 shares held by the members.

### 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 Holding 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 13: LEASE LIABILITIES**

Particulars	(₹ in crore)	
	Non Current	Current
	As at March 31, 2023	As at March 31, 2023
Lease Liability	3.51	0.48
<b>Total</b>	<b>3.51</b>	<b>0.48</b>

Disclosure in accordance with Ind AS 116 “Leases”, of the Companies (Indian Accounting Standards) Rules, 2015.

**(a) Movement in Lease Liabilities**

Particulars	(₹ in crore)
	As at March 31, 2023
Balance at the beginning	1.63
Addition during the year	4.04
Interest on lease liabilities	0.45
Terminations	(0.93)
Lease Payments	(1.20)
<b>Closing</b>	<b>3.99</b>

**(b) Maturity Profile of Lease Liabilities**

The table below provides details regarding Contractual Maturities of Lease Liability as at March 31, 2023 on an undiscounted basis.

Ageing	(₹ in crore)
	As at March 31, 2023
Within One year	0.87
Two to Five years	1.95
More than Five years	4.07
<b>Total</b>	<b>6.89</b>

(c) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**NOTE 14: OTHER FINANCIAL LIABILITIES**

Particulars	(₹ in crore)
	Current
	As at March 31, 2023
Interest accrued	3.97
Security Deposit from Dealers ( Interest bearing @ 9% p.a)	8.85
Other payables	17.19
Employee Benefits Payable	9.24
Capital Creditors	3.83
<b>Total</b>	<b>43.08</b>

**NOTE 15: PROVISIONS**

Particulars	(₹ in crore)	
	Non Current	Current
	As at March 31, 2023	As at March 31, 2023
Employee Benefits	3.51	0.48
Provision for leave benefit	2.82	1.03
Provision for Gratuity	6.17	0.60
<b>Total</b>	<b>8.99</b>	<b>1.63</b>



Disclosure in accordance with Ind AS 19 “Employee Benefits”, of the Companies (Indian Accounting Standards) Rules, 2015.

The Group has carried out the actuarial valuation of Gratuity and Leave Encashment liability under actuarial principle, in accordance with Ind AS 19 - Employee Benefits.

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service restricted to ₹ 20 lakh. The Holding Company’s gratuity liability is funded. In case of one of the subsidiaries the liability is unfunded.

i) The amount recognised in the balance sheet and the movements in the net defined benefit obligation of Gratuity over the year is as follow:

Particulars	(₹ in crore)
	<b>As on March 31, 2023</b>
<b>(a) Reconciliation of opening and closing balances of Defined benefit Obligation</b>	
Defined Benefit obligation at the beginning of the year	9.43
Current Service Cost	1.10
Interest Cost	0.67
Actuarial (Gain)/Loss-Other Comprehensive Income	(0.18)
Benefits paid directly by the Employer	(0.00)
Benefits paid by the Fund	(0.32)
<b>Defined Benefit obligation at the year end</b>	<b>10.70</b>
<b>(b) Reconciliation of opening and closing balances of fair value of plan assets</b>	
Fair Value of plan assets at the beginning of the year	3.25
Expected return on Plan Assets	0.19
Actuarial Gain/(Loss)	-
Employer Contribution	0.81
Benefits Paid	(0.32)
<b>Fair Value of Plan Assets at the year end</b>	<b>3.93</b>
<b>(c) Actual Return on Plan Assets</b>	
Interest Income	0.23
Return on Plan Assets, Excluding Interest Income	(0.05)
<b>Actual Return on Plan Assets</b>	<b>0.18</b>
<b>(d) Reconciliation of fair value of assets and obligations</b>	
Fair Value of Plan Assets	3.93
Present value of Defined Benefit obligation	10.70
<b>Liability recognized in Balance Sheet</b>	<b>6.77</b>
<b>(e) Expenses recognized during the year (Under the head Employees Benefit Expenses)</b>	
Current Service Cost	1.10
Interest Cost	0.44
<b>Net Cost</b>	<b>1.54</b>
<b>(f) Actuarial (Gain)/Loss- Other Comprehensive Income</b>	<b>(0.14)</b>
<b>(g) Net liabilities recognised in the balance sheet</b>	
Long-term provisions	6.17
Short-term provisions	0.60
	<b>6.77</b>

ii) Actuarial Assumptions:

	<b>As at March 31, 2023</b>
Expected return on Plan Assets	7.47% - 7.50%
Discount rate (per annum)	7.47% - 7.50%
Attrition rate	5%
Rate of escalation in salary (per annum)	8%

### iii) Expected Payout:

	As at March 31, 2023
Projected Benefits Payable in Future Years From the Date of Reporting	
Expected Payout 1 <sup>st</sup> Following Year	1.12
Expected Payout 2 <sup>nd</sup> Following Year	0.59
Expected Payout 3 <sup>rd</sup> Following Year	0.84
Expected Payout 4 <sup>th</sup> Following Year	0.70
Expected Payout 5 <sup>th</sup> Following Year	0.78
Expected Payout 6 <sup>th</sup> to 10 <sup>th</sup> Following Year	4.93

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

There is no minimum funding requirement for a gratuity plan in India and there is no compulsion on the part of the Holding Company fully or partially pre-fund the liabilities under the plan.

### iv) Sensitivity analysis:

#### A quantitative Sensitivity analysis for significant assumption:

Particulars	Discount Rate	Salary Growth Rate	Attrition Rate
<b>Changes in Assumption</b>			
March 31, 2023	1%	1%	1%
<b>Increase in Assumption</b>			
March 31, 2023	(0.82)	0.89	(0.03)
<b>Decrease in Assumption</b>			
March 31, 2023	0.93	(0.81)	0.03

#### 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 16: SHORT TERM BORROWINGS

(₹ in crore)

Particulars	As at March 31, 2023
<b>From Banks (Secured):</b>	
Bills Discounted with Bank of Baroda	7.24
Foreign Currency Loan from Bank of Baroda	49.48
Foreign Currency Packing Credit Loan from Bank of Baroda	30.18
Bills Discounted through MSME Bank	2.11
	<b>89.01</b>

**Notes:****I. Terms and Security of Borrowings:**

- Cash Credit - Bank Of Baroda:** Sanctioned Limit ₹ 74.75 crore, Interest rate 9.35% p.a. (PY: ₹ 74.75 crore, Interest rate 9.35% p.a.)
- Foreign Currency Loan - Bank of Baroda:** It is a sublimit of ₹ 60 crore at Interest rate of around 6.44%p.a. sanctioned under overall Cash Credit limit of ₹ 74.75 crore. (PY: ₹ 60 crore at Interest rate ranging from 2.75% to 3.10% p.a.)
- Packing Credit - Bank of Baroda:** Sanctioned limit ₹ 75.00 crore at Interest rate of around 4.60% p.a. (PY: ₹ 50.00 crore Interest rate ranging from 1.25% to 1.85% p.a.)
- Packing Credit - HDFC Bank:** Sanctioned limit ₹ 25 crore with sublimit of Cash credit facility of ₹ 25 crore or Working capital demand loan of ₹ 25 crore.
- Letter of Credit - HDFC Bank:** Sanctioned limit ₹ 10 crore.
- Bill discounted through MSME Bank are repayable within a period of 90 days bearing interest range of 7% to 7.75%**

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:**

- Pari pasu First charge on the current assets of the Company both present and future.
- Pari pasu Equitable Mortgage of all land and buildings and hypothecation of plant and machinery situated at factories or at godowns.
- Personal Guarantee of Mr. R.K. Shetty, Mr. S.K. Shetty, Mr. Raunak Shetty and Mr Shriraj Shetty.

**II. Borrowings from banks or financial institutions on the basis of security of current assets:**

The Holding Company has borrowings during the year from banks on the basis of security of current assets, the disclosure w.r.t documents submitted to lenders is tabulated in Statement 1.

## NOTE 17: TRADE PAYABLES

(₹ in crore)

Particulars	As at March 31, 2023
Dues of Micro and Small Enterprise	14.47
Dues of other than Micro and Small Enterprise	174.85
<b>Total</b>	<b>189.32</b>

**As at March 31, 2023**

Range of O/s period	MSME		Others	
	Undisputed	Disputed	Undisputed	Disputed
Unbilled	-	-	5.57	-
Not Due	-	-	-	-
Less than 1 year	14.46	-	159.76	-
1-2 years	0.01	-	2.14	-
2-3 year	0.00	-	5.95	-
> 3 years	-	-	1.43	-
<b>Total</b>	<b>14.47</b>	<b>-</b>	<b>174.85</b>	<b>-</b>

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.

#### NOTE 18: OTHER LIABILITIES

Particulars	(₹ in crore)
	Current
	<b>As at March 31, 2023</b>
Advance against orders	6.40
Statutory liabilities	1.69
<b>Total</b>	<b>8.09</b>

#### NOTE 19: CURRENT TAX LIABILITIES (NET)

Particulars	(₹ in crore)
	As at March 31, 2023
Current tax liabilities	7.80
<b>Total</b>	<b>7.80</b>

#### NOTE 20: REVENUE FROM OPERATIONS

Particulars	(₹ in crore)
	For the year 2022-23
<b>Sale from operations:</b>	
Sale of Goods	1,289.14
Sale of Traded Goods	22.11
	<b>1,311.25</b>
<b>Other operating revenue:</b>	
Export Incentive	7.57
<b>Total</b>	<b>1,318.82</b>

#### I. Disclosure in accordance with Ind AS 115 "Revenue Recognition Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015.

##### a) Revenue disaggregation based on Service Type and by Geographical Region:

##### i) Revenue disaggregation by type of Service is as follows:

Major Service Type	(₹ in crore)
	For the year 2022-23
Sale of Goods	1,289.14
Sale of Traded Goods	22.11
Export Incentive	7.57
	<b>1,318.82</b>

##### ii) Revenue disaggregation by geographical region is as follows:

Geographical Region	(₹ in crore)
	For the year 2022-23
India	776.38
Outside India	534.87
<b>Total revenue from operations</b>	<b>1,311.25</b>
<b>Timing of revenue recognition</b>	
At a point in time	1,311.25
<b>Total revenue from operations</b>	<b>1,311.25</b>

**(b) Contract Balances**

The Contract liability primarily relate to advances received from the customers against orders. Significant changes in the contract liabilities balance during the period are as under:

Particulars	(₹ in crore)
	<b>For the year 2022-23</b>
<b>Contract liabilities</b>	
Balances at the beginning of the year	11.75
Revenue recognised that is included at the beginning of the period	11.75
Advances received which have remained outstanding at the end of the year	6.40

Out of the total contract liabilities outstanding as on March 31, 2023, ₹ 6.40 crore will be recognized by March 31, 2024.

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

Particulars	(₹ in crore)
	<b>For the year 2022-23</b>
<b>Reconciliation of revenue from operations with Contract Price</b>	
Contract Price	1,334.52
<b>Less: Discounts</b>	23.27
<b>Total Revenue from operations</b>	<b>1,311.25</b>

**NOTE 21: OTHER INCOME**

Particulars	(₹ in crore)
	<b>For the year 2022-23</b>
Interest Income	3.42
Interest Income fair valued under Ind AS 109 (Full Figure for 22-23: ₹ 40,978.77)	0.00
Dividend Income (Full Figure for 22-23: ₹ 17,792.00)	0.00
Foreign Exchange Fluctuation Gain (Net)	4.19
Termination of Lease Agreements	0.17
Remeasurement of Financial asset accounted on Amortised cost (Full Figure for 22-23: ₹ 11,140.00)	0.00
Profit on Sale of Property, Plant & Equipment	0.06
Profit on sale of investment	0.64
Reversal of Expected Credit Loss	0.96
Sundry Balances Written Back	1.62
Miscellaneous income	1.16
<b>Total</b>	<b>12.22</b>

**NOTE 22: COST OF MATERIALS CONSUMED**

Particulars	(₹ in crore)
	<b>For the year 2022-23</b>
Opening Stock	76.90
<b>Add: Purchases</b>	<b>920.23</b>
<b>Less: Closing stock</b>	<b>89.14</b>
<b>Total</b>	<b>907.99</b>

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

Particulars	(₹ in crore)
	For the year 2022-23
<b>Inventory adjutment - WIP</b>	
Opening Stock of Work In Progress	8.72
Closing Stock of Work In Progress	(15.38)
	<b>(6.66)</b>
<b>Inventory adjutment - Finished Goods</b>	
Opening Stock of Finished Goods	167.18
Closing Stock of Finished Goods	(184.53)
	<b>(17.35)</b>
<b>Inventory adjutment - Traded goods</b>	
Opening Stock of Finished Goods	-
Closing Stock of Finished Goods	(9.31)
	<b>(9.31)</b>
<b>Total</b>	<b>(33.32)</b>

**NOTE 24: EMPLOYEE BENEFIT EXPENSES**

Particulars	(₹ in crore)
	For the year 2022-23
Salaries, wages and bonus, etc.	61.29
Contribution to provident and other funds	3.21
Staff welfare expenses	2.56
<b>Total</b>	<b>67.06</b>

**NOTE 25: FINANCE COSTS**

Particulars	(₹ in crore)
	For the year 2022-23
Interest on Financial Liability at amortised cost	5.04
Interest on Statutory Dues	0.19
Interest on Income Tax	0.71
Interest on MSME	0.01
Interest on Lease Liability	0.45
Other Finance Charges	1.54
<b>Total</b>	<b>7.94</b>

**NOTE 26: DEPRECIATION AND AMORTISATION EXPENSES**

Particulars	(₹ in crore)
	For the year 2022-23
Depreciation of property, plant and equipment	21.74
Depreciation of Right to Use Asset	0.99
<b>Total</b>	<b>22.73</b>

**NOTE 27: OTHER EXPENSES**

Particulars	(₹ in crore)
	For the year 2022-23
Consumption of Stores and Spares	19.75
Factory Expense	5.42
Repairs & Maintenance to:	
- Machinery	5.76
- Building	1.93
- Vehicle	0.31
- Others	2.09
Insurance	2.73
Rent, Rates and taxes	5.53
Donations	0.21
Labour Charges	20.07
Allowances for doubtful debts	0.10
Provision for Impairment of Investments (Full Figure for 22-23: ₹ 41,525.30)	0.00
Payment to Auditor (Refer Note a)	0.32
Legal and Professional Charges	4.78
Loss on Fair value of Investment (Full Figure for 22-23: ₹ 2,666.70)	0.00
Loss on Sale of Investment	0.03
Power and Fuel	86.88
Research and Development Fees	1.10
Selling and Distribution expense	37.65
Corporate Social Responsibility	4.26
Sitting Fees	0.06
Other expenses	14.78
<b>Total</b>	<b>213.76</b>

**a) Payment to Auditors**

Particulars	(₹ in crore)
	For the year 2022-23
As Auditor:	
- Statutory Audit fees including Limited Review	0.26
- Tax Audit	0.05
- Reimbursement of Expenses	0.00
	<b>0.31</b>

**NOTE 28: TAX EXPENSE****(a) Current Tax**

Particulars	(₹ in crore)
	For the year 2022-23
Tax for the year	38.87
Tax in respect of earlier years	(0.49)
Deferred Tax Expenses	(5.17)
<b>Income Tax expense</b>	<b>33.21</b>

**(b)** The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(I)

(₹ in crore)

Particulars	For the year 2022-23
Accounting profit before income tax	137.58
Enacted tax rates in India (%)	25.17%
<b>Computed expected tax expenses</b>	<b>34.63</b>
<b>Tax effects of amounts that are not deductible (taxable) in calculating taxable income:</b>	
Net changes on account of disallowances	8.03
Net changes on account of Allowances	(5.43)
Others	1.64
<b>Income tax expenses</b>	<b>38.87</b>

(II) Deferred tax assets/(liabilities) in relation to:

(₹ in crore)

Particulars	Balance as at April 01, 2022	Recognised in profit or loss	Recognised in Other Comprehensive Income	Closing Balance
<b>As at March 31, 2023</b>				
Property, Plant and Equipment	(1.37)	0.41	-	(0.96)
Provisions	0.22	2.45	-	2.67
Impairment Allowance for trade receivables	3.89	1.54	-	5.44
Fair Valuation of Investment	0.03	(0.03)		0.00
Time value of derivatives designated as cash flow hedges	0.04	-	(0.03)	0.01
Others	0.00	-	(0.03)	(0.03)
Unabsorbed Losses	-	0.79	-	0.79
	<b>2.81</b>	<b>5.17</b>	<b>(0.06)</b>	<b>7.92</b>

**NOTE 29: EARNING PER SHARE**

Disclosure as required by Accounting Standard – Ind AS 33 “Earning Per Share” of the Companies (Indian Accounting Standards) Rules 2015.

**A. Net Profit/(loss) attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:**

Particulars	For the year 2022-23
Profit/(Loss) for the period (₹ in lakh)	104.37
Outstanding equity shares at period end	4,00,13,467
Weighted average Number of Shares outstanding during the period - Basic	4,00,13,467
Weighted average Number of Shares outstanding during the period - Diluted	4,00,13,467
Earnings per Share - Basic (₹ Per Share)	26.08
Earnings per Share - Diluted (₹ Per Share)	26.08

**B. Reconciliation of weighted number of outstanding during the period:**

Particulars	For the year 2022-23
Nominal Value of Equity Shares (₹ Per Share)	10
Total number of equity shares outstanding at the beginning of the period	4,00,13,467
Add : Issue of Equity Shares during the period	-
Total number of equity shares outstanding at the end of period	4,00,13,467
Weighted average number of equity shares at the end of period- Basic	4,00,13,467
Weighted average number of equity shares at the end of period- Dilutive	4,00,13,467



**NOTE 30: COMMITMENTS**

(₹ in crore)

Particulars	For the year 2022-23
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.	60.10
Capital Commitment towards Investment with Fireside Ventures Investment Fund	4.25
<b>Total</b>	<b>64.35</b>

**NOTE 31: CONTINGENT LIABILITIES**

(i)

(₹ in crore)

Particulars	For the year 2022-23
Bank Guarantees	6.14
<b>Claims not acknowledged as debts</b>	
Disputed Excise Duty/Custom Duty Demands	23.49
Demand under Goods and Service Tax	0.36
Disputed VAT Liability -(deposited against appeal ₹ 0.39 crore)	0.61

(ii) Pending Litigations

(₹ in crore)

Particulars	For the year 2022-23
Disputed Income Tax demands	6.20

**NOTE 32:** In the opinion of the Board of Directors, all assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

**NOTE 33: DISCLOSURE IN ACCORDANCE WITH IND AS 108 “OPERATING SEGMENTS”, OF THE COMPANIES (INDIAN ACCOUNTING STANDARDS) RULES, 2015.**

Ind AS 108 establishes standards for the way that business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. As the Group is engaged in providing similar nature of products, production process, customer types etc., the group has a single operating segment of “Agro chemicals”, there are no differing risks and returns attributable to the Group’s services to its customers. Further, The Group primarily operates in India and therefore the analysis of geographical segment is demarcated into its Indian and Overseas revenue as under:

**a. Geographical Segment**

(₹ in crore)

Particulars	For the year 2022-23
Revenue(Gross Sale)	
India	776.38
Overseas	534.87
<b>Total</b>	<b>1,311.25</b>

**b.** The Group 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 34: DISCLOSURE IN ACCORDANCE WITH IND AS 24 “RELATED PARTY DISCLOSURES”, OF THE COMPANIES (INDIAN ACCOUNTING STANDARDS) RULES, 2015**

Details are given in Statement - 2

**NOTE 35: FINANCIAL INSTRUMENTS**

i) The carrying value and fair value of financial instruments by categories as at March 31, 2023, and March 31, 2022 is as follows:

Particulars	(₹ in crore)	
	Carrying Value	Fair Value
	As at March 31, 2023	As at March 31, 2023
<b>a) Financial Assets</b>		
<b>Financial assets measured at fair value through OCI</b>		
Investments	-	-
<b>Financial assets measured at fair value through P&amp;L</b>		
Investments	0.75	0.75
Fair value of foreign exchange derivative assets	0.17	0.17
<b>Financial assets measured at amortized cost</b>		
Investments	0.02	0.02
Loans	-	-
Others	8.51	8.51
Trade receivables	386.18	386.18
Cash and cash equivalents	119.42	119.42
<b>Total Financial Assets</b>	<b>515.05</b>	<b>515.05</b>
<b>b) Financial Liabilities measured at amortized cost</b>		
Borrowings	89.01	89.01
Trade payables	189.32	189.32
Lease Liability	4.00	4.00
Others	43.08	43.08
<b>Total Financial Liabilities</b>	<b>325.41</b>	<b>325.41</b>

The Group has assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

**NOTE 36: FINANCIAL RISK MANAGEMENT****Risk management framework:**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group'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.

**i) 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 group's 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:

Particulars	(₹ in crore)	
	Currency	March 31, 2023
Forward contracts to sell USD	USD	0.30

Uncovered risks in foreign currency transactions disclosed as at:

Particulars	(₹ in crore)	
	Currency	March 31, 2023
Borrowing (PCFC)	USD	0.37
	INR	30.18

Bank (EEFC)	USD	0.60
	INR	49.48
Trade Receivable	USD	1.88
	INR	179.53
Trade Payable	USD	0.09
	INR	7.28

### Sensitivity

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

(₹ in crore)

Particulars	March 31, 2023	
	5% Increase	5% Decrease
USD (Receivables)	0.09	(0.09)
USD (Payables)	(0.05)	0.05
Net Increase/(Decrease) in Profit or loss (in USD)	0.04	(0.04)

### b. Interest Rate Risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings and loans given affected. With all other variables held constant, the Groups profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in crore)

Particulars	Changes in basis points	Effect on profit before tax
		2022-23
<b>Financial liabilities</b>		
Interest rates - increase - 1%	100.00	(0.89)
Interest rates - decrease - 1%	(100.00)	0.89

### c. Other Market Price Risk

The Group is exposed to Equity price risk, which arises from FVTPL of Equity securities. The Group 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.

There is an economic relationship between the hedged items and the hedging instruments. The Group 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 counterpartie's credit risk differently impacting the fair value movements.

### Hedge Accounting:

The Group's business objective includes safe-guarding its earnings against adverse price movements of foreign exchange. The Group has adopted a policy to hedge all risks within an acceptable risk limit and an approved hedge accounting framework which allows for Cash Flow hedges.

### Movement in Cash Flow Hedge:

(₹ in crore)

Particulars	2022-23	Line Item in Balance Sheet/ Statement of Profit and Loss
At the beginning of the year	(0.09)	
Gain/(loss) recognised in other comprehensive income during	0.11	Items that will be reclassified to Profit & Loss
Deferred tax on Gain/(loss) recognised in other comprehensive income during the year.	(0.03)	
Amount reclassified to Profit and Loss during the year	-	Value of Sale
Deferred tax on Amount reclassified to Profit and Loss during the year	-	
At the end of the year	(0.00)	Other Comprehensive Income

## ii) Credit Risk

Credit risk is the risk of financial loss to the Group 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 group grants credit terms in the normal course of business.

### Trade and Other Receivables:

In accordance with Ind AS 109 the Group uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit

risk factors and historical data of credit losses from various customers. The Group estimates impairment under the simplified approach. Accordingly, it does not track the changes in credit risk of trade receivables. The impairment amount represents lifetime expected credit loss.

## iii) Liquidity Risk

Liquidity risk is the risk that the group 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 Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Group manages its liquidity risk by preparing month on month cash flow projections to monitor liquidity requirements.

### The Working Capital Position of the Group is given below:

Particulars	(₹ in crore)
	As at March 31, 2023
Inventories	303.59
Cash and Bank Balance	119.42
Trade Receivable	386.18
Other Financial Assets	2.87
Other Current Assets	32.09
<b>Total</b>	<b>844.15</b>
<b>Less: Borrowings</b>	<b>89.01</b>
Lease Liability - ROU Asset	0.48
Trade payables	189.32
Other financial liabilities	43.08
Provisions	1.63
Other Current liabilities	8.09
Current Tax Liabilities	7.80
	<b>339.41</b>
<b>Net Working Capital</b>	<b>504.74</b>

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

Particulars	(₹ in crore)			
	Less than 1 year	2-5 years	More than 5 years	Total
<b>As at March 31, 2023</b>				
Borrowing	89.01	-	-	89.01
Trade Payable	189.32	-	-	189.32
Other Financial Liabilities	43.08	-	-	43.08
<b>Total</b>	<b>321.41</b>	<b>-</b>	<b>-</b>	<b>321.41</b>

The above contractual Maturity profile does not include Lease Liability for which profile is separately disclosed vide Note No.16

## NOTE 37: FAIR VALUE HIERARCHY

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2023 and March 31, 2022:

(₹ in crore)

Particulars	Fair Value measurement using			
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value through P&amp;L</b>				
Investments (*)	March 31, 2023	-	-	0.75
Fair value of foreign exchange derivative assets	March 31, 2023	-	0.17	-
<b>Total financial assets</b>		<b>-</b>	<b>0.17</b>	<b>0.75</b>

(\*) The Company has made an investment in Alternate Investment Fund (AIF) of ₹ 0.75 crore. This investment is marked at fair value through profit and Loss (FVTPL). In the absence of data of Fair Valuation as at March 31, 2023 the same is carried at its carrying value in books, and included under level 3 fair value hierarchy, although the same is accounted at FVTPL. The management does not expect the fair value changes to be material to the financial statements.

### NOTE 38: 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 Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

#### The Company's adjusted net debt to equity ratio as follows:

(₹ in crore)

Particulars	As at March 31, 2023
Gross Debt	89.01
<b>Less: Cash and Cash Equivalent</b>	<b>100.06</b>
<b>Net debt (A)</b>	<b>(11.04)</b>
<b>Total Equity (B)</b>	<b>810.37</b>
<b>Gearing ratio (A/B)</b>	<b>-</b>

Since net debt is negative Gearing ratio is "0".

### NOTE 39: RELATIONSHIP WITH STRUCK OFF COMPANIES

The information about transaction with struck off Companies (defined under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956) has been determined to the extent such parties have been identified on the basis of the information available with the Company and the same is relied upon by the auditors.

### NOTE 40: ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTITIES CONSOLIDATED AS SUBSIDIARIES

Additional information as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries in Statement 3.

**NOTE 41: DISCLOSURE OF INTEREST IN OTHER ENTITIES AS PER IND AS 112**

Consolidated Financial Statements comprises the financial statements of Heranba Industries Limited and its subsidiaries, as listed below:

Name of entity	Principal place of business	Proportion of ownership (%) as at March 31, 2023
<b>Subsidiary companies</b>		
Mikusu India Private Limited	India	100%
Heranba Organics Private Limited	India	100%

**NOTE 42:**

This has reference to Holding Companies letter dated May 22, 2023 as submitted to the Stock Exchanges Gujarat Pollution Control Board ("GPCB") has uploaded an Order on its website instructing the Company to prohibit and close the operation at its Vapi's Pant Unit-I situated at 1504, 1505, 1506, Phase-III, GIDC, Vapi & Unit-II situated at A-2, 2214/2215, Phase No-III, Phase-III, GIDC, Vapi. GPCB has laid down certain conditions and has asked the Company to fulfil the same. The Company has already fulfilled several of the conditions laid down by GPCB. It is already in the process of taking necessary steps to comply with other instructions of GPCB and to resume operations at the site as soon as possible.

**NOTE 43:**

The Board of Directors of the Holding Company at their meeting held on May 30, 2023 has recommended dividend of ₹ 1.25 per share (12.5% of FV - ₹ 10) on the outstanding equity shares of nominal value of ₹ 10/- each as on record date, subject to shareholder approval at the ensuing Annual General Meeting.

**NOTE 44:**

The balance sheet, statement of profit and loss, statement of changes in equity, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Company for the year ended March 31, 2023.

**NOTE 45:**

Since the acquisition of Mikusu India Private Limited and Heranba Organics Private Limited has resulted in the Company preparing Consolidated Financial Statements for the first time from June 22, the comparative figures for the year ended March 31, 2023 are not presented. Further since the Consolidated Financial Statements is prepared for the first time the cash flow under indirect method is not prepared in the absence of opening financials statement.

**NOTE 46:**

Figures of the previous period have been regrouped/reclassified wherever necessary including to conform to current period's classification.

As per our report of even date attached  
For **Natvarlal Vepari & Co.**  
Chartered Accountants  
Firm Registration No.: 106971W

**N Jayendran**  
Partner  
Membership No.: 040441

**Date:** May 30, 2023  
**Place:** Mumbai

For & on behalf of the Board of Directors  
**Heranba Industries Limited**

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

**Abdul Latif**  
Company Secretary

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

**Raj K Bafna**  
Chief Financial Officer

## STATEMENT 1: RETURNS/STATEMENTS SUBMITTED TO THE BANK BY THE HOLDING COMPANY

Sr. No.	Quarter	Name of bank	Particulars of Securities Provided	March 31, 2023 (Amount in crore)			Reason for material discrepancies
				Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	
1	Q1	Bank of Baroda	Books Debts	440.44	527.10	(86.66)	
2	Q1	Bank of Baroda	Trade payable	253.96	267.64	(13.68)	
3	Q2	Bank of Baroda	Books Debts	545.67	566.75	(21.08)	
4	Q2	Bank of Baroda	Trade payable	369.35	332.53	36.83	
5	Q3	Bank of Baroda	Books Debts	487.27	506.08	(18.81)	Refer Foot NotesaL
6	Q3	Bank of Baroda	Trade payable	246.66	211.95	34.72	
7	Q4	Bank of Baroda	Books Debts	387.58	441.26	(53.69)	
8	Q4	Bank of Baroda	Trade payable	186.58	178.17	8.41	

**Foot Note:**

- The quarterly statements of inventories filed by the Company with the bank are in agreement with the books of accounts.
- Quarterly statement submitted to the bank are subject to adjustment towards credit balances or debit balances of the same party (towards purchase and sales) and exchange fluctuation .
- Quarterly Statement filed with the Banks are based on Bill dates.
- Quarterly Statement filed with the Banks are considering the balances of only Raw Material and Packing Material Vendors.
- Quarterly Statement filed with the Banks are without considering the Advance to Suppliers and Advance from Customers.

## STATEMENT 2: RELATED PARTY TRANSACTIONS

**A. Relationship**

Enterprises over which key management personnel and their relatives exercise control

- Sams Industries Limited

**Key Management Personnel and their Relatives**

- Sadashiv K Shetty (Chairman and executive director)
- Raghuram K Shetty (Managing director)
- Sujata S Shetty (Whole time and executive director)
- Vanita R Shetty (Whole time and executive director)
- Shriraj S Shetty
- Raunak R Shetty (Whole time and executive director)
- Shreya Shetty
- Roshan R Shetty
- Sadashiv Shetty - HUF
- Raghuram Shetty - HUF

## B. The following are the transactions with related parties

### Related party transactions

(₹ in crore)

Sr. No.	Nature of transaction	Subsidiary Companies	Key management personnel, their relatives	Enterprises where significant influence exists	Total
i	<b>Professional Charges</b>	-	<b>0.18</b>	-	<b>0.18</b>
	<b>(Previous Year)</b>	-	-	-	-
	Mrs. Shreya M. Shetty	-	0.18	-	0.18
		-	-	-	-
ii.	<b>Payment of Dividend</b>	-	<b>5.82</b>	<b>0.17</b>	<b>5.99</b>
	<b>(Previous Year)</b>	-	-	-	-
	Sadashiv K Shetty	-	1.44	-	1.44
		-	-	-	-
	Raghuram K Shetty	-	2.37	-	2.37
		-	-	-	-
	Sujata S Shetty	-	0.65	-	0.65
		-	-	-	-
	Vanita R Shetty	-	0.40	-	0.40
		-	-	-	-
	Shriraj S Shetty	-	0.17	-	0.17
		-	-	-	-
	Raunak R Shetty	-	0.13	-	0.13
		-	-	-	-
	Shreya Shetty	-	0.19	-	0.19
		-	-	-	-
	Roshan R Shetty	-	0.13	-	0.13
		-	-	-	-
	Sadashiv K Shetty - HUF	-	0.06	-	0.06
		-	-	-	-
	Raghuram K Shetty - HUF	-	0.28	-	0.28
		-	-	-	-
	Sams Industries Limited	-	-	0.17	0.17
		-	-	-	-
iii.	<b>Remuneration of key management personnel</b>	-	<b>7.76</b>	-	<b>7.76</b>
	<b>(Previous Year)</b>	-	-	-	-
	Sadashiv K Shetty	-	1.43	-	1.43
		-	-	-	-
	Raghuram K Shetty	-	5.61	-	5.61
		-	-	-	-
	Sujata S Shetty	-	0.06	-	0.06
		-	-	-	-
	Vanita R Shetty	-	0.06	-	0.06
		-	-	-	-
	Shriraj S Shetty	-	0.30	-	0.30
		-	-	-	-
	Raunak R Shetty	-	0.30	-	0.30
		-	-	-	-



(₹ in crore)

Sr. No.	Nature of transaction	Subsidiary Companies	Key management personnel, their relatives	Enterprises where significant influence exists	Total
iii.	<b>Remuneration of key management personnel (Previous Year)</b>	-	<b>0.02</b>	-	<b>0.02</b>
	Sujata S Shetty	-	0.01	-	0.01
	Vanita R Shetty	-	0.01	-	0.01
iii.	<b>Guarantee given by Directors to Bank- Outstanding balances (Previous Year)</b>	-	<b>86.90</b>	-	<b>86.90</b>
	Guarantee given by Directors to Bank	-	86.90	-	86.90

(Previous year figures are given in brackets.)

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

The managerial personnel are eligible for retirement benefits viz., gratuity and compensated absences in accordance with the policy of the Company. The proportionate retirement benefit expense pertaining to the managerial personnel has not been included in the aforementioned disclosures as this is provided in the books of account on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

#### Terms and conditions

All transactions with these related parties are priced on an arm's length basis. None of the balance is secured.

#### STATEMENT 3:

Additional information as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries/Associates/Joint Ventures

Name of Subsidiary	Heranba Industries Limited	Mikusu India Private Limited	Heranba Organics Private Limited	Total
<b>Net Worth</b>				
As a % of networth	98.20%	1.92%	-0.11%	100.00%
Amount	795.76	15.53	-0.93	810.36
<b>Share in profit/(loss)</b>				
As a % of consolidated net assets	89.99%	10.83%	-0.81%	100.00%
Amount	123.81	14.89	-1.12	137.58
<b>Share in other comprehensive income</b>				
As a % of consolidated net assets	100.00%	0.00%	0.00%	100.00%
Amount	0.19	-	-	0.19
<b>Share in total comprehensive income</b>				
As a % of consolidated net assets	86.03%	14.86%	-0.89%	100.00%
Amount	89.96	15.53	-0.93	104.56



**HERANBA INDUSTRIES LTD**

**CORPORATE OFFICE**

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Borivali (W), Mumbai - 400 092.