*Natvarlal Vepari & Co.*
**CHARTERED ACCOUNTANTS**
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# INDEPENDENT AUDITOR'S REPORT

To
The Members of
Heranba Organics Private Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the Financial Statements of Heranba Organics Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the 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, 2024, the loss (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 Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

### Information Other than the 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 Financial Statements and our Independent Auditors' Report thereon. Our opinion on the Financial Statements does not cover the Other Information and we do not and will not

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express any form of assurance or conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed and 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 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 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a

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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 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 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 Companies Act, 2013, 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 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

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

**Report on Other Legal and Regulatory Requirements**

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 relating to preparation of the aforesaid Financial Statements have been kept so far as it appears from our examination of those books except for the matters stated in paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

   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 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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With reference to maintenance of accounts and other matter therewith, reference is invited to paragraph 2(b) above on reporting under section 143(3)(b) and paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 as amended

   g. With respect to the adequacy of the internal financial controls with reference to 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 Financial Statements.

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h. 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 Company has not paid remuneration to its directors and therefore the provisions of Section 197 of the Act is not applicable to the Company.

i. 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 does not have any pending litigations which would have an impact on its financial position except as stated in Note 27 to the Financial 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 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.

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v. There are no events of dividend proposed, declared, and paid by the Company during the year until the date of this report, hence compliance with provisions of Section 123 of the Companies Act, 2013, does not apply.

vi. Based on our examination which included test checks, except for instances/ matters mentioned below, the Company, in respect of financial year commencing on 1 April 2023, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software except

i) the audit trail feature was not enabled at the database level for accounting software "Navision" to log any direct data changes, used for maintenance of all accounting records by the Company.

ii) At present the audit trail is preserved only for a period of six months and all audit trails beyond six months are not preserved due to space constraints. Further, back up of the audit trail has not been preserved as per statutory requirements for record retention due to cloud space constraints.

Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 01, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules,2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31,2024. However, considering the fact that the audit trail beyond six months is not preserved, the Company will not be in a position to preserve records as per the requirements of the Companies Act relating to record retention.

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No- 106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Neha Sutariya
Partner
M. No. – 150816
Mumbai, Dated: May 27, 2024
UDIN: 24150816BKGQIP6255

**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 Organics Private 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.

(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 Financial Statements and based on such verification we confirm that the same are held in the name of the company .

d. The company has not revalued its Property, Plant and Equipment or intangible assets or both during the year.

e. There are no proceedings initiated during the year or are pending against the Company as at March 31, 2024, 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 does not have sanctioned working capital limits in excess of Rs 5 crores in aggregate at any point of time during the year from banks or financial institutions on the basis of security of current assets and hence clause 3(ii)(b) of the Companies (Auditors Report) Order 2020 is not applicable to the Company.

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(iii) The Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, and hence clause 3(iii) (a),(b),(c),(d),(e) and (f) of the Companies (Auditors Report) Order 2020 is not applicable to the Company.

(iv) The company has not given loan, provided guarantees and securities and also not made any investment, and hence provisions of section 185 and 186 of the Companies Act, 2013 and clause 3(iv) is not applicable to the company.

(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 Act has not been prescribed by The Central Government and hence sub-clause 3(vi) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

(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, 2024, for a period of more than six months from the date they became payable except as under.

| Name of the statute | Nature of dues | Amount (Rs. In lakhs) | Period to which the amount relates | Due date | Date of payment |
|---|---|---|---|---|---|
| Income Tax | TDS on Purchases under 194Q | 0.08 | May-2023 | 07-June-23 | Unpaid |

(b) There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute except as under.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

| Name of the statute | Nature of dues | Amount (Rs. In lakhs) | Period to which the amount relates | Due date | Date of payment |
|---|---|---|---|---|---|
| Income Tax | Dues against TDS as per traces site | 1.15 | Various dates | Various dates | Unpaid |

(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 utilized the money obtained by way of term loans during the year for the purposes for which they were obtained

(d) No funds raised on short-term basis have been used for long-term purposes by the company.

(e) The company does not have any subsidiaries, associates or joint ventures and hence sub-clause 3(ix)(e) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

(f) The company does not have any subsidiaries, associates or joint ventures and hence sub-clause 3(ix)(f) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

(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.

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(c) The Company does not have and is not required to have a whistle blower mechanism in place.

(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) Since the company is wholly owned subsidiary company, provisions of Section 177 is not applicable to the company. All transactions with the related parties are in compliance with section 188 of the Companies Act, 2013 in so far as our examination of the proceedings of the meetings of the Board of Directors are concerned. The details of related party transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standards

(xiv) (a) The Company is not required to have an internal audit system as per Section 138 of the Companies Act, 2013 and accordingly the Company does not have an internal audit system, hence clause 3(xiv)(a) of the Companies (Auditors Report) Order 2020 is not applicable to the Company.

(b) Since the company is not required to have an internal audit system sub clause 3(xiv)(b) of the Companies (Auditors Report) Order 2020 is not applicable to the Company

(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) On an examination of the Statement of Profit and Loss account, we state that the Company has incurred cash losses amounting to Rs. 1,591.39 lakhs during the current financial year and Rs. 183.41 lacs during the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly clause (3)(xviii) Companies (Auditors Report) Order 2020 is not applicable to the Company.

(xix) According to the information and explanations given to us and 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

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Statements, our knowledge of the Board of Directors and management plans and representations 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) Since there is no obligation on the company towards Corporate Social Responsibility during the current year, provisions of clause 3(xx)(a) and 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

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Neha Sutariya
Partner
M. No. – 150816
Mumbai, Dated: May 27, 2024
UDIN: 24150816BKGQIP6255

*Natvarlal Vepari & Co.*
**CHARTERED ACCOUNTANTS**

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## Annexure - B to the Auditors' Report

**Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Heranba Organics Private Limited of even date**

**Report on the Internal Financial Controls with reference to 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 Financial Statements of Heranba Organics Private Limited ("the Company") as of March 31, 2024, in conjunction with our audit of the Financial Statement 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 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 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 Financial Statements was established and maintained and if such controls operated effectively in all material respects.

NATVARLAL VEPARI & CO. * Mumbai * CHARTERED ACCOUNTANTS

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to 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 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 Financial Statements.

**Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to 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 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 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 Financial Statements.**

Because of the inherent limitations of internal financial controls with reference to 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 Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

NATVARLAL VEPARI & CO. * CHARTERED ACCOUNTANTS * Mumbai

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**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No- 106971W

NATVARLAL VEPARI & CO. * Mumbai * CHARTERED ACCOUNTANTS

Neha Sutariya
Partner
M. No. – 150816
Mumbai, Dated: May 27, 2024
UDIN: 24150816BKGQIP6255

**HERANBA ORGANICS PRIVATE LIMITED**
**CIN: U24110MH2022PTC389547**
**Balance Sheet as at 31st March 2024**
**(All figures are Rupees in Lacs unless otherwise stated)**

| Particulars | Note No. | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, plant and equipment | 2 | 17,024.62 | 31.78 |
| (b) Capital Work in Progress | 3 | 12,882.48 | 3,022.10 |
| (c) Financial assets | | | |
| (i) Other Financial Assets | 4 | 477.28 | - |
| (d) Other Non-Current Assets | 5 | 2,012.85 | 1,658.33 |
| (e) Deferred tax assets (Net) | 6 | 199.33 | 19.34 |
| **Total Non-Current Assets** | | **32,596.55** | **4,731.56** |
| **Current Assets** | | | |
| (a) Inventory | 7 | 85.39 | - |
| (b) Financial assets | | | |
| (i) Trade Receivables | 8 | 32.16 | - |
| (ii) Cash and cash equivalents | 9 | 12.20 | 5.78 |
| (iii) Other Financial Assets | 4 | 3.29 | - |
| (c) Other current assets | 5 | 1,988.96 | 168.48 |
| **Total Current Assets** | | **2,122.00** | **174.26** |
| **TOTAL ASSETS** | | **34,718.56** | **4,905.81** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 10 | 10.00 | 10.00 |
| (b) Other equity | 11 | (1,615.33) | (164.07) |
| **Total Equity** | | **(1,605.33)** | **(154.07)** |
| **Liabilities** | | | |
| **Non Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Long Term Borrowings | 12 | 28,641.99 | 4,615.39 |
| **Total Non- Current Liabilities** | | **28,641.99** | **4,615.39** |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Short Term Borrowings | 13 | 355.33 | - |
| (ii) Trade payables | 14 | | |
| total outstanding dues of micro enterprises and small enterprises; and | | 1.36 | 0.22 |
| total outstanding dues of creditors other than micro enterprises and small enterprises. | | 446.34 | 38.47 |
| (iii) Other Financial Liabilities | 15 | 6,685.93 | 382.99 |
| (b) Other current liabilities | 16 | 192.94 | 22.81 |
| **Total Current Liabilities** | | **7,681.90** | **444.49** |
| **Total Liabilities** | | **36,323.89** | **5,059.88** |
| **TOTAL EQUITY AND LIABILITIES** | | **34,718.56** | **4,905.81** |

**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

Neha Sutariya
Partner
Membership No. 150816
Mumbai
Date: May 27,2024

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

For & on behalf of the Board of Directors
Heranba Organics Private Limited

HERANBA ORGANICS PVT. LTD.

R.K Shetty
Director
DIN: 00038703
Mumbai
Date: May 27,2024

S. K. Shetty
Director
DIN: 00038681

HERANBA ORGANICS PRIVATE LIMITED
CIN: U24110MH2022PTC389547
**Statement of Profit and Loss for the year ended 31st March 2024**
**(All figures are Rupees in Lacs unless otherwise stated)**

| Sr No. | Particulars | Note No. | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|---|---|
| I | **INCOME** | | | |
| | Revenue from Operations | 17 | 27.25 | - |
| | Other Income | 18 | 0.52 | |
| | **TOTAL INCOME** | | **27.77** | **-** |
| II | **EXPENSES** | | | |
| | Cost of materials consumed | 19 | 45.95 | - |
| | Changes in Inventories of Finished Goods and Work-in-Progress | 20 | (13.38) | - |
| | Employee Benefit Expenses | 21 | 31.27 | - |
| | Finance Costs | 22 | 1,331.31 | 70.68 |
| | Depreciation and Amortisation Expenses | 23 | 70.84 | - |
| | Other Expenses | 24 | 224.00 | 112.73 |
| | **TOTAL EXPENSES** | | **1,689.99** | **183.41** |
| III | **Profit/ (Loss) before Tax** | | **(1,662.22)** | **(183.41)** |
| IV | Tax Expense | 25 | | |
| | (a) Current Tax | | - | - |
| | (b) Deferred tax charge / (credit) | | (179.98) | (19.34) |
| | | | **(179.98)** | **(19.34)** |
| V | **Profit/(Loss) for the Year** | | **(1,482.24)** | **(164.07)** |
| VI | **OTHER COMPREHENSIVE INCOME** | | | |
| | Items that will not be reclassified to profit or loss | | - | - |
| | Items that will be reclassified to profit or loss | | - | - |
| VII | **Total other Comprehensive Income** | | - | - |
| VIII | **Total Comprehensive Income for the year** | | **(1,482.24)** | **(164.07)** |
| IX | **Earnings Per Share** | | | |
| | **of face value of Rs. 10/- each (in Rupees)** | | | |
| | Basic and Diluted | 26 | (1,482.24) | (164.06) |

**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

Neha Sutariya
Partner
Membership No. 150816
Mumbai
Date: May 27,2024

NATVARLAL VEPARI & CO. * CHARTERED ACCOUNTANTS * Mumbai

For & on behalf of the Board of Directors
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Director
DIN: 00038703
Mumbai
Date: May 27,2024

S. K. Shetty
Director
DIN: 00038681

HERANBA ORGANICS PVT. LTD.

HERANBA ORGANICS PRIVATE LIMITED
CIN: U24110MH2022PTC389547
Cash Flow Statement for the year ended 31st March 2024
(All figures are Rupees in Lacs unless otherwise stated)

| Particulars | Year ended March 31,2024 | Year ended March 31,2023 |
|---|---|---|
| **[A] CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit/(Loss) before tax | **(1,662.22)** | **(183.41)** |
| **Adjustments for:** | | |
| Depreciation | 70.84 | - |
| Interest on ICD from Holding Company | 1,283.98 | 70.68 |
| Interest on Financing Arrangement | 42.97 | - |
| Amoritzation of Guarantee Commission | 2.75 | - |
| Amoritzation of Upfront Fees | 1.61 | - |
| Interest Income accounted under IND AS 109 | (0.52) | |
| Deemed Rent Under IND AS 109 | 0.65 | 0.65 |
| **Operating Profit/(Loss) before changes in working capital** | **(259.94)** | **(112.08)** |
| **Adjustment for (Increase)/Decrease in Operating Assets** | | |
| Decrease/(increase) in other assets | (1,833.28) | (168.48) |
| Decrease/(increase) in other financial assets | (500.07) | |
| Decrease/(increase) in other Trade Receivables | (32.16) | - |
| Decrease/(increase) in Inventories | (85.39) | - |
| Increase/(decrease) in trade payables | 409.02 | 38.69 |
| Increase/(decrease) in other Financial liabilities | 13.73 | - |
| Increase/(decrease) in other current liabilities | 170.12 | 15.75 |
| **Cash flow from operations after changes in working capital** | (2,117.97) | (226.12) |
| Net Direct Taxes (Paid)/Refunded | - | - |
| **Net Cash Flow from/(used in) Operating Activities** | **(2,117.97)** | **(226.12)** |
| **[B] CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment and Capital Work in Progress | (20,956.16) | (3,539.10) |
| **Net Cash Flow from/(used in) Investing Activities** | **(20,956.16)** | **(3,539.10)** |
| **[C] CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Issue of Equity Share capital | - | 10.00 |
| Proceeds from borrowings | 23,315.54 | 3,761.00 |
| Interest paid | (234.98) | - |
| **Net Cash Flow from/(used in) Financing Activities** | **23,080.56** | **3,770.99** |
| **Net Increase/ (Decrease) in Cash and Cash Equivalents** | **6.43** | **5.78** |
| Cash & Cash Equivalents at beginning of period (see Note 1) | 5.78 | - |
| **Cash and Cash Equivalents at end of period (see Note 1)** | **12.20** | **5.78** |

**Note 1:**

| | | |
|---|---|---|
| **Cash and Cash equivalents comprises of:** | | |
| Cash on Hands | 0.69 | 3.61 |
| Balance with Banks | 11.51 | 2.17 |
| **Cash and Cash equivalents** | **12.20** | **5.78** |

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

Neha Sutariya
Partner
Membership No. 150816
Mumbai
Date: May 27,2024

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

For & on behalf of the Board of Directors
Heranba Organics Private Limited

R.K Shetty
Director
DIN: 00038703
Mumbai
Date: May 27,2024

S. K. Shetty
Director
DIN: 00038681

HERANBA ORGANICS PVT. LTD.

HERANBA ORGANICS PRIVATE LIMITED
CIN: U24110MH2022PTC389547
Statement of Changes in Equity for the year ended 31st March 2024
(All figures are Rupees in Lacs unless otherwise stated)

| | Number of shares | Face value ₹ per share | Amount |
|---|---|---|---|
| **A. EQUITY SHARE CAPITAL** | | | |
| **Opening balance as at 01st April 2022** | - | - | - |
| Issue of share capital | 100,000 | 10.00 | 10.00 |
| Changes in Equity Share Capital | - | - | - |
| **Balance as at March 31,2023** | 100,000 | 10.00 | 10.00 |
| Changes in equity share capital | - | - | - |
| **Closing balance as at 31st March 2024** | 100,000 | 10.00 | 10.00 |

**B. OTHER EQUITY**

| Particulars | Retained Earnings | Capital Contribution by Holding Company | Total |
|---|---|---|---|
| **Balance at 31st March, 2022** | - | - | - |
| Profit/(Loss) for the period | (164.07) | - | (164.07) |
| **Balance at 31st March, 2023** | **(164.07)** | - | **(164.07)** |
| Profit/(Loss) for the period | (1,482.24) | - | (1,482.24) |
| Contribution from Holding Company in the form of Guarantee (Refer Note 12(*)) | - | 30.98 | 30.98 |
| **Balance at 31st March, 2024** | **(1,646.31)** | **30.98** | **(1,615.33)** |

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

As per our report of even date attached
Chartered Accountants
Firm Registration No. 106971W

Neha Sutariya
Partner
Membership No. 150816

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Mumbai
Date: May 27,2024

For & on behalf of the Board of Directors
Heranba Organics Private Limited

R.K Shetty
Director
DIN: 00038703

S. K. Shetty
Director
DIN: 00038681

HERANBA ORGANICS PVT. LTD.

Mumbai
Date: May 27,2024

**Heranba Organics Private Limited**

**Statement of Material Accounting Policy Information and Other Explanatory Notes for financial statements for the year ended March 31, 2024**

## 1. Company Overview

Heranba Organics Private Limited is a private limited company domiciled in India, incorporated on August 29, 2022, under the Companies Act, 2013. 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 Mumbai, Maharashtra

## 2. Statement of Compliances

The Financial Statements comply in all material aspects with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

## 3 Basis of Preparation, Accounting judgements, estimates and assumptions and Material Accounting Policy Information:

### 3.1 Basis of Preparation of Standalone Financial Statements

- The financial statements of the company comprises the statement of assets and liabilities as at March 31, 2024, 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 27, 2024.
- 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 Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 (the Act). The Statement of Cash Flows has been prepared and presented in accordance with Ind AS 7 "Statement of Cash Flows". The disclosures with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
- 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.

### 3.2 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

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

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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 Standalone 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, attrition rates 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. As at the end of the year no judgement were exercised in this regard which impacts the useful life or the depreciation rates.

d. **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

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

HERANBA ORGANICS PVT. LTD. MUMBAI

lower than their cost.

**e. 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.

**f. 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. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### 3.3 Recent pronouncements

There has been no recent accounting pronouncements made by Ministry of Corporate Affairs relating to the Companies (Indian Accounting Standards) Rules, 2015:

### 3.4 Material Accounting policies Information

**a) Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is expected to be realised within 12 months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

HERANBA ORGANICS PVT. LTD. MUMBAI

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

**b) 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 INDAS for the first time, the Company adopted the deemed cost approach mentioned in INDAS 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 upto the month of such sale/disposal, as the case may be.

| **Asset Category** | **Estimated useful life (in Years)** |
|---|---|
| Plant & Machinery | 20 |
| Servers and networks | 6 |
| Computer desktops and laptops | 3 |
| Laboratory 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.

**c) Asset classified as Held for Sale**

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. Assets are not depreciated or amortized while they are classified as held for sale. Assets classified as held for sale are presented separately from the other assets in the balance sheet.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

HERANBA ORGANICS PVT. LTD. MUMBAI

**d) Inventories**

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

i. 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.

ii. 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.

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

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.

**e) 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.

**f) 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

**g) Financial Assets**

- 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.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

HERANBA ORGANICS PVT. LTD. MUMBAI

- Classification and Subsequent measurement
  For purposes of subsequent measurement, financial assets are classified in following categories:

  i. 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.

  ii. 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.

  iii. Financial asset not measured at amortised cost or at fair value through OCI is carried at Fair Value through Profit and Loss

  iv. 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.

- De-recognition of Financial Assets:

  A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:
  -The rights to receive cash flows from the asset have expired, or

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

  On de-recognition, any gains or losses on all debt instruments (other than debt instruments measured at FVOCI) and equity instruments (measured at FVTPL) are recognised in the statement of Profit and Loss. Gains and losses in respect of debt instrument measured at FVOCI and that are accumulated in OCI are reclassified to Profit and Loss on de-recognition. Gains or losses on equity instruments measured at FVOCI that are

NATVARLAL VEPARI & CO. * CHARTERED ACCOUNTANTS * Mumbai

HERANBA ORGANICS PVT. LTD. * MUMBAI

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

**h) 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.

**i) 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.

**j) 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.

**k) Impairment**

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

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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.

**l) 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.

- **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

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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.

- **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.

**m) 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 Rs. is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of related obligation.

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

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

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

c) Leave Entitlement

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

d) Short-term Benefits

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

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related service is rendered.

**n) 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.

**o) 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.

**p) 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.

**q) 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

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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.

**r) Trade Payables & Trade Receivables.**

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

s) A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at transaction values and subsequently measured at amortised cost using the EIR method (if there is a financing element), less provision for expected or lifetime credit loss.

**t) 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.

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HERANBA ORGANICS PRIVATE LIMITED
CIN: U24110MH2022PTC389547
Notes forming part of the Financial Statements as at and for the year ended March 31, 2024
(All figures are Rupees in Lacs unless otherwise stated)

Note 2. Property, plant and equipment and capital work-in-progress

| Particulars | Freehold Land | Building | Plant and Equipment | Electrical Installation | Office Equipment | Computers | Furniture and Fixtures | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross Carrying Value** | | | | | | | | |
| **Balance at 1st April, 2022** | - | - | - | - | - | - | - | - |
| Additions | 31.78 | - | - | - | - | - | - | **31.78** |
| Disposals | - | - | - | - | - | - | - | - |
| **Balance at 31st March, 2023** | 31.78 | - | - | - | - | - | - | 31.78 |
| Additions | - | 6,383.64 | 9,634.35 | 940.80 | 42.09 | 16.21 | 46.58 | **17,063.68** |
| Disposals | - | - | - | - | - | - | - | - |
| **Balance at 31st March, 2024** | 31.78 | 6,383.64 | 9,634.35 | 940.80 | 42.09 | **16.21** | 46.58 | **17,095.46** |
| **Accumulated depreciation** | | | | | | | | |
| **Balance at 1st April, 2022** | - | - | - | - | - | - | - | - |
| Depreciation charge | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| **Balance at 31st March, 2023** | - | - | - | - | - | - | - | - |
| Depreciation charge | - | 23.99 | 38.85 | 6.83 | 0.54 | 0.30 | 0.34 | **70.84** |
| Disposals | - | - | - | - | - | - | - | - |
| **Balance at 31st March, 2024** | - | 23.99 | 38.85 | 6.83 | 0.54 | 0.30 | 0.34 | 70.84 |
| **Net carrying value as on 31st March, 2024** | **31.78** | **6,359.65** | **9,595.50** | **933.97** | **41.55** | **15.92** | **46.24** | **17,024.62** |
| **Net carrying value as on 31st March, 2023** | **31.78** | - | - | - | - | - | - | **31.78** |

Note 3 - Capital Work in Progress

| Particulars | Total |
|---|---|
| **Opening balance as on 01-04-2022** | - |
| Addition | 3,022.10 |
| Less: Capitalised during the year | - |
| **Closing balance as on 31-03-2023** | **3,022.10** |
| Addition | 26,924.06 |
| Less: Capitalised during the year | (17,063.68) |
| **Closing balance as on 31-03-2024** | **12,882.48** |

Capital-Work-in Progress (CWIP) ageing schedule is as under:

| Particulars | March 31, 2024 | | | March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Project in Progress | | Total | Project in Progress | | Total |
| | Sarigam | Saykha | | Sarigam | Saykha | |
| Less than 1 year | 2,473.90 | 8,370.59 | **10,844.49** | 2,371.13 | 650.97 | **3,022.10** |
| 1-2 years | 1,418.05 | 619.94 | **2,037.99** | - | - | - |
| 2 to 3 years | - | - | - | - | - | - |
| > 3 years | - | - | - | - | - | - |
| Total | **3,891.94** | **8,990.53** | **12,882.47** | **2,371.13** | **650.97** | **3,022.10** |

Completion schedule in respect of Capital-Work-in-Progress (CWIP) as on March 31, 2024, whose completion is overdue and has exceeded its cost compared to its original plan is as under :-

| Particulars | Project in Progress | | Total |
|---|---|---|---|
| | Sarigam | Saykha | |
| Less than 1 year | 3,891.94 | 8,990.53 | 12,882.47 |
| 1-2 years | - | - | - |
| 2 to 3 years | - | - | - |
| > 3 years | - | - | - |
| Total | **3,891.94** | **8,990.53** | **12,882.47** |

Project in progress which has exceeded the period and cost includes plant and equipments and associated civil construction initiated during the year which is in nearing completion and expected to be capitalized in FY 2024-25.

The Company has carried out the exercise of assessment of any indication of impairment to its property plant and equipment as on the Balance Sheet date. Pursuant to such exercise it is determined that there has been no indicators of impairment to its property, plant and equipment as at balance sheet date.

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HERANBA ORGANICS PRIVATE LIMITED
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Notes forming part of the Financial Statements as at and for the year ended March 31, 2024
(All figures are Rupees in Lacs unless otherwise stated)

**4 Financial Assets**

**Other Financial Assets**

| Particulars | Non- Current | | Current | |
|---|---|---|---|---|
| | 31-Mar-24 | 31-Mar-23 | 31-Mar-24 | 31-Mar-23 |
| Security Deposits | 477.28 | - | 3.29 | - |
| Total | 477.28 | - | 3.29 | - |

**5 Other Assets**

| Particulars | Non- Current | | Current | |
|---|---|---|---|---|
| | 31-Mar-24 | 31-Mar-23 | 31-Mar-24 | 31-Mar-23 |
| Non Current | | | | |
| Capital Advances (Unsecured, considered good) | 1,979.58 | 1,658.33 | - | - |
| Advances to Suppliers | - | - | 7.41 | 0.40 |
| Balance with Revenue Authorities | - | - | 1,967.61 | 168.08 |
| Prepaid Expenses | - | - | 0.13 | - |
| Prepaid Rent on Security Deposit | 14.95 | - | 3.90 | - |
| Prepaid Unamortized Guarantee | 18.31 | - | 9.91 | - |
| | 2,012.85 | 1,658.33 | 1,988.96 | 168.48 |

**6 Deferred Tax Assets(Net)**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| **Deferred tax assets (Net)** | | |
| Unabsorbed Losses | 472.95 | 19.34 |
| Long Term Borrowings | 368.27 | - |
| Property, plant and equipment | (641.90) | - |
| **Total** | 199.33 | 19.34 |

Note: The 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 115BAB as the company plans to avail the benefit of Section 115BAB granting of concessional rate of Income Tax

**7 Inventories**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Inventories (lower of cost and net realisable value) | | |
| Raw materials | 71.89 | - |
| Work In Progress | 7.81 | - |
| Finished Goods | 5.57 | - |
| Packing materials | 0.13 | - |
| **Total** | 85.39 | - |

**The disclosure of inventories recognised as an expense in accordance with paragraph 36 of IND AS 2 is as follows:**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Amount of inventories recognised as an expense. | 32.57 | - |
| Amount of write - down of inventories recognised as an expense | - | - |
| **Total** | 32.57 | - |

**8 Trade Receivables**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| **Considered good-Secured** | | |
| Considered good-Unsecured | 32.16 | - |
| Trade Receivables which have significant increase in Credit Risk | - | - |
| Trade Receivables - credit impaired | - | - |
| | 32.16 | - |

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(All figures are Rupees in Lacs unless otherwise stated)

**The trade receivables ageing schedule (based on Bill date) for the year ended on 31st March, 2024 as follows:**

| Range of O/s period | Undisputed | | | Total |
|---|---|---|---|---|
| | Considered Good | Significant increase in credit risk | credit impaired | |
| Unbilled | - | - | - | - |
| Not Due | - | - | - | - |
| less than 6 months | 32.16 | - | - | 32.16 |
| 6 months - 1 year | - | - | - | - |
| 1-2 year | - | - | - | - |
| 2-3 year | - | - | - | - |
| > 3 years | - | - | - | - |
| Total | 32.16 | - | - | 32.16 |
| Less: Impairment loss allowance | - | - | - | - |
| **Total** | **32.16** | - | - | **32.16** |

*There are no disputed trade receivables as at March 31,2024.*

**9 Cash and cash equivalents**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Cash on hand | 0.69 | 3.61 |
| Balances with banks: | | |
| - in current accounts | 11.51 | 2.17 |
| **Total** | **12.20** | **5.78** |

**10 Equity share capital**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| **Authorised Share Capital:** | | |
| 1,50,000 (PY 1,50,000) Equity Shares of ₹ 10/- each | 15.00 | 15.00 |
| **Issued and subscribed capital:** | | |
| 1,00,000 (PY 1,00,000) Equity Shares of ₹ 10/- each fully paid up | 10.00 | 10.00 |
| **Total** | **10.00** | **10.00** |

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

| | Number of shares |
|---|---|
| Fully paid equity shares | |
| Balance at 1st April, 2022 | - |
| Increase/ (Decrease) during the period | 100,000 |
| **Balance at 31st March, 2023** | 100,000 |
| Increase/ (Decrease) during the period | - |
| **Balance at 31st March, 2024** | 100,000 |

**b) Terms / rights attached to equity shares**

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

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

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

| | As at 31st March, 2024 | | As at 31st March, 2023 | |
|---|---|---|---|---|
| | No of shares held | % of holding | No of shares held | % of holding |
| **Fully paid equity shares** | | | | |
| Heranba Industries Limited | 100,000 | 100.00% | 100,000 | 100.00% |

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HERANBA ORGANICS PVT. LTD.

(All figures are Rupees in Lacs unless otherwise stated)

d) Details of Shares held by holding Company

| | As at 31st March, 2024 | | As at 31st March, 2023 | |
|---|---|---|---|---|
| | No of shares held | % of holding | No of shares held | % of holding |
| **Fully paid equity shares** | | | | |
| Heranba Industries Limited | 100,000 | 100.00% | 100,000 | 100.00% |

e) Details of Promoters shareholders holding in equity shares of the company
For the year ended March 31, 2024

| Promoter Name | No. of Shares | %of total shares | % Change during the year |
|---|---|---|---|
| Promoters Group | | | |
| Heranba Industries Limited | 99,998 | 100% | 0.00% |
| Sadashiv Kanayan Shetty (Nominee of Heranba Industries Limited) | 1 | 0% | 0.00% |
| Raghuram Kanayan Shetty (Nominee of Heranba Industries Limited) | 1 | 0% | 0.00% |
| | 100,000 | 100% | |

For the year ended March 31, 2023

| Promoter Name | No. of Shares | %of total shares | % Change during the year |
|---|---|---|---|
| Promoters Group | | | |
| Heranba Industries Limited | 99,998 | 100% | 0.00% |
| Sadashiv Kanayan Shetty (Nominee of Heranba Industries Limited) | 1 | 0% | 0.00% |
| Raghuram Kanayan Shetty (Nominee of Heranba Industries Limited) | 1 | 0% | 0.00% |
| | 100,000 | 100% | |

f) The entire shareholding is held by the Holding Company

11 **Other equity**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Retained Earnings | (1,646.31) | (164.07) |
| Capital Contribution by Holding Company | 30.98 | - |
| | **(1,615.33)** | **(164.07)** |

12 **Long Term Borrowings**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Loan from Related Parties | 26,851.20 | 4,615.39 |
| Financing Arrangement under Sale and Lease Back Arrangement (*) | 2,146.12 | - |
| Less: Current Maturities | (355.33) | - |
| | **28,641.99** | **4,615.39** |

(*) The Company has entered in a Master Lease Agreement dated January 29,2024, with Siemens Financial Services Private Limited ("SFSPL") whereby the Company has sold some of the Plant and Machinery to SFSPL and taken it back on Lease for a tenor of 60 months. At the end of the lease period the Company has a repurchase option at a pre determined price. IND AS 116 states that in cases where IND AS 115 is not satisfied seller-lessee shall continue to recognise the transferred asset and shall recognise a financial liability equal to the transfer proceeds. Accordingly the Company has shown the Plant and Machinery under Property, Plant and Equipment and has shown the transfer proceeds as Financing Arrangement under Sale and Lease Back Arrangement under Long Term Borrowings in accrodance with the guidance available which states that the criteria for Sale under IND AS 115 have not been satisfied.

a) **Details of Related Party**

| Particulars | 31st March ,2024 | 31st March ,2023 |
|---|---|---|
| Heranba Industries Limited | 26,851.20 | 4,615.39 |

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**b) Terms Borrowings:**

**i. Borrowings from Holding Company**

The loan from related party is for a period of 5 years, carring interest @ 9% p. a. (PY 9% p.a.) Interest and principal are repayable at the end of 5 years.

**ii. Financing Arrangement under Sale and Lease Back Arrangement**

The tenor of the arrangement is for a period of 5 years, carrying effective interest rate @ 11.65%. Interest and Principal are repayable at the end of each month.

**c)** Maturity Profile for Borrowings

| Particulars | 31st March ,2024 | 31st March ,2023 |
|---|---|---|
| Repayment within one year | 355.33 | - |
| Repayment beyond one year to five years | 28,312.23 | 4,615.39 |
| Repayment beyond five years | - | - |
| | **28,667.56** | **4,615.39** |

Maturity profile given is not adjusted for INDAS adjustment done with respect to Borrowings in the financials.

**d) Disclosure "As per the amendment to INDAS 7 Statement of Cash Flow ":**

| Particulars | Long Term Borrowings | Short Term Borrowings | Total |
|---|---|---|---|
| **Opening Balance** | 4,615.39 | - | 4,615.39 |
| Changes in Financial Cash flow | 23,315.54 | - | 23,315.54 |
| Interest accrued | 1,155.58 | - | 1,155.58 |
| Internal Transfers | (355.33) | 355.33 | - |
| Other Non- Cash Adjustments | (89.19) | - | (89.19) |
| **Closing Balance as at March 31,2024** | **28,641.99** | **355.33** | **28,997.32** |

| Particulars | Long Term Borrowings | Short Term Borrowings | Total |
|---|---|---|---|
| **Opening Balance** | - | - | - |
| Changes in Financial Cash flow | 3,761.00 | - | 3,761.00 |
| Interest accrued | 63.61 | - | 63.61 |
| Other Non- Cash Adjustments | 790.78 | - | 790.78 |
| **Closing Balance as at March 31,2023** | **4,615.39** | - | **4,615.39** |

**13 Short Term Borrowings**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Current Maturities of Long Term Borrowings | 355.33 | - |
| | **355.33** | - |

**14 (ii) Trade payables**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | 1.36 | 0.22 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 446.34 | 38.47 |
| | **447.71** | **38.69** |

**The trade payable ageing schedule (based on Bill date) for the year ended on 31st March, 2024 as follows:**

| Range of O/s period | MSME | | Others | |
|---|---|---|---|---|
| | Undisputed | Disputed | Undisputed | Disputed |
| Unbilled | - | - | 2.25 | - |
| Not Due | - | - | - | - |
| Less than 1 year | 1.36 | - | 444.09 | - |
| 1-2 years | - | - | - | - |
| 2-3 year | - | - | - | - |
| > 3 years | - | - | - | - |
| **Total** | **1.36** | - | **446.34** | - |

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

HERANBA ORGANICS PVT. LTD.

(All figures are Rupees in Lacs unless otherwise stated)

**The trade payable ageing schedule (based on Bill date) for the year ended on 31st March, 2023 as follows:**

| Range of O/s period | MSME | | Others | |
|---|---|---|---|---|
| | Undisputed | Disputed | Undisputed | Disputed |
| Unbilled | - | - | 0.25 | - |
| Not Due | - | - | - | - |
| Less than 1 year | 0.22 | - | 38.22 | - |
| 1-2 years | - | - | - | - |
| 2-3 year | - | - | - | - |
| > 3 years | - | - | - | - |
| **Total** | **0.22** | - | **38.47** | - |

The MSME Parties have been determined to the extent such parties have been identified on the basis of information available with the Company. This is relied upon by the auditors.

| **Details of dues to micro and small enterprises as defined under MSMED Act, 2006** | **31-Mar-24** | **31-Mar-23** |
|---|---|---|
| Principal amount due | 1.36 | 0.22 |
| Interest due on above | - | - |
| the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| 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 | - | - |
| Amount of interest accrued and remaining unpaid as at year end | - | - |
| Amount of further interest remaining due and payable in the succeeding year | - | - |

**15 Other Financial Liabilities**

| **Particulars** | **31-Mar-24** | **31-Mar-23** |
|---|---|---|
| **Current** | | |
| Payable for Capital Goods | 6,672.14 | 382.99 |
| Employee Benefits Payable | 13.79 | - |
| **Total** | **6,685.93** | **382.99** |

**16 Other current liabilities**

| **Particulars** | **31-Mar-24** | **31-Mar-23** |
|---|---|---|
| **Current** | | |
| Statutory liabilities | 192.94 | 22.81 |
| **Total** | **192.94** | **22.81** |

**17 Revenue from Operations**

| **Particulars** | **2023-2024** | **Period from 29th August 2022 to 31st March 2023** |
|---|---|---|
| Sale of Goods | 27.25 | - |
| | **27.25** | - |

**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** | **2023-2024** | **Period from 29th August 2022 to 31st March 2023** |
|---|---|---|
| Sale of Goods | 27.25 | - |
| | **27.25** | - |

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HERANBA ORGANICS PVT. LTD.

HERANBA ORGANICS PRIVATE LIMITED
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ii) Revenue disaggregation by geographical region is as follows:

| Geographical Region | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| India | 27.25 | - |
| Outside India | - | - |
| **Total revenue from operations** | **27.25** | - |
| | | |
| **Timing of revenue recognition** | | |
| At a point in time | 27.25 | - |
| **Total revenue from operations** | **27.25** | - |

(b) **Contract Balances**

| | | |
|---|---|---|
| Balances at the beginning of the year | - | - |
| Revenue recognised that is included at the beginning of the period | - | - |
| Advances received which have remained outstanding at the end of the year | - | - |
| | - | - |

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

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| **Reconciliation of revenue from operations with Contract Price** | | |
| **Contract Price** | 27.25 | - |
| **Less:** | | |
| Discounts | - | - |
| **Total Revenue from operations** | **27.25** | - |

18 **Other Income**

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| Interest Income fair valued under IND AS 109 | 0.52 | - |
| | 0.52 | - |

19 **Cost of materials consumed**

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| Raw Material / Packing Material | | |
| Opening Stock | - | - |
| Add : Purchases (Net of Discount) | 117.96 | - |
| Less : Closing stock | 72.02 | - |
| Total | **45.95** | - |

20 **Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade**

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| **Inventory adjutment - WIP** | | |
| Opening Stock of Work In Progress | - | - |
| Closing Stock of Work In Progress | (7.81) | - |
| | **(7.81)** | - |
| **Inventory adjutment - Finished Goods** | | |
| Opening Stock of Finished Goods | - | |
| Closing Stock of Finished Goods | (5.57) | - |
| | **(5.57)** | - |
| Total | **(13.38)** | - |

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**21 Employee Benefit Expenses**

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| Salary | 28.10 | - |
| Contribution to PF & Other Funds | 1.47 | - |
| Staff welfare expenses | 1.70 | - |
| **Total** | **31.27** | - |

**22 Finance Costs**

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| Interest on ICD from Holding Company | 1,283.98 | 70.68 |
| Interest on Financing Arrangement | 42.97 | - |
| Amoritzation of Guarantee Commission | 2.75 | - |
| Amoritzation of Upfront Fees | 1.61 | - |
| **Total** | **1,331.31** | **70.68** |

Note : For the year ended March 2023, Interest on Loan was not capitalised as the project was expected to completed within a period of one year

**23 Depreciation and Amortization**

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| Depreciation | 70.84 | - |
| | **70.84** | - |

**24 Other Expenses**

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| Rates & taxes | 0.50 | 0.66 |
| Rent | 8.39 | - |
| Deemed Rent under IND AS 109 | 0.65 | - |
| Registration Charges | 9.12 | - |
| Legal & Professional Charges | 11.73 | 0.63 |
| Audit Fees | 2.25 | 0.25 |
| Loading & Unloading Charges | 0.00 | - |
| Research and Development Expense | 159.88 | 110.14 |
| Insurance | 0.92 | - |
| Factory Expenses | 2.61 | 0.10 |
| Travelling & Conveyance Expenses | 5.62 | 0.91 |
| Labour Charges | 7.82 | - |
| Power and Fuel | 1.92 | - |
| Other Expenses | 12.60 | 0.04 |
| **Total** | **224.00** | **112.73** |

**a) Audit Fees**

| | | |
|---|---|---|
| As Auditor : | | |
| - Statutory Audit fees | 2.00 | 0.25 |
| - Tax Matters | 0.25 | - |
| **Total** | **2.25** | **0.25** |

**b) Total expenditure on R & D is included in respective heads of accounts as under:**

| | | |
|---|---|---|
| Employee benefits expenses | 4.23 | - |
| R & D Expenditure | 159.88 | 110.14 |
| | 164.11 | 110.14 |

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## 25 Tax Expense

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| **Current Tax** | | |
| Tax for the year | - | - |
| Deferred Tax Expenses | (179.99) | (19.34) |
| **Income Tax expense** | **(179.99)** | **(19.34)** |

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| Accounting profit before income tax | (1,662.22) | (183.41) |
| Enacted tax rates in India (%) | 17.16% | 17.16% |
| **Computed expected tax expenses** | (285.24) | (31.47) |
| **Tax effects of amounts that are not deductible (taxable) in calculating taxable income:** | | |
| Net changes on account of disallowances | 108.63 | |
| Net changes on account of Allowances | (272.35) | 12.13 |
| Losses to be carried forward | 448.95 | 19.34 |
| **Income tax expenses** | - | - |

| Deferred tax assets / (liabilities) in relation to: | Opening Balance | Recognised in profit or loss | Recognised in Other Comprehensive Income | Closing Balance |
|---|---|---|---|---|
| **As at March 31,2024** | | | | |
| Unabsorbed Losses | 19.34 | 453.61 | - | 472.95 |
| Financing Arrangement under Sale and Lease Back Arrangement | - | 368.27 | - | 368.27 |
| Property, plant and equipment | - | (641.90) | - | (641.90) |
| | 19.34 | 179.99 | - | **199.33** |
| **As at March 31,2023** | | | | |
| Unabsorbed Losses | - | 19.34 | - | 19.34 |
| Total | - | **19.34** | - | **19.34** |

## 26 Earnings Per Share

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| Profit / (Loss) for the period (₹ in Lakh) | (1,482.24) | (164.07) |
| Outstanding equity shares at period end | 100,000 | 100,000 |
| Weighted average Number of Shares outstanding during the period – Basic | 100,000 | 100,000 |
| Weighted average Number of Shares outstanding during the period - Diluted | 100,000 | 100,000 |
| Earnings per Share - Basic (₹ Per Share) | (1,482.24) | (164.07) |
| Earnings per Share - Diluted (₹ Per Share) | (1,482.24) | (164.07) |

**Reconciliation of weighted number of outstanding during the period:**

| Particulars | 2023-2024 | Period from 29th August 2022 to 31st March 2023 |
|---|---|---|
| Nominal Value of Equity Shares (₹ Per Share) | 10.00 | 10.00 |
| Total number of equity shares outstanding at the beginning of the period | 100,000 | - |
| Add : Issue of Equity Shares during the period | - | 100,000 |
| Total number of equity shares outstanding at the end of period | 100,000 | 100,000 |
| Weighted average number of equity shares at the end of period- Basic | 100,000 | 100,000 |
| Weighted average number of equity shares at the end of period- Dilutive | 100,000 | 100,000 |

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HERANBA ORGANICS PVT. LTD.

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**27 Contingent Liability and Capital Commitments**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| **Contingent Liability** | | |
| Demands against Processing of TDS Payments (*) | 1.15 | - |

(*) The Demands are majorly against Inoperative PAN status due to non linking of PAN and Aadhar by the Counter parties. The Company is in the process of getting the same rectified from the parties post which the demand would change.

| | | |
|---|---|---|
| **Capital Commitment** | | |
| 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. | 2,482.18 | 4,817.38 |
| **Total** | **2,482.18** | **4,817.38** |

**28** In the opinion of the Board of Directors, all assets other than Property, Plant & Equipment 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.

**29 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.

**30 Related Party Transactions**

Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies ( Indian Accounting Standards) Rules, 2015
Details are given in Statement -1

**31 Financial Instruments**

**i) The carrying value and fair value of financial instruments by categories, is as follows:**

| | 31-Mar-24 | | 31-Mar-23 | |
|---|---|---|---|---|
| | Carring Value | Fair Value | Carring Value | Fair Value |
| **a) Financial Assets at amortised cost** | | | | |
| Trade Receivable | 32.16 | 32.16 | - | - |
| Cash and cash equivalents | 12.20 | 12.20 | 5.78 | 5.78 |
| Other | 480.57 | 480.57 | - | - |
| **Total** | **524.92** | **524.92** | **5.78** | **5.78** |
| **b) Financial Liabilities at amortised cost** | | | | |
| Borrowings | 28,997.32 | 28,997.32 | 4,615.39 | 4,615.39 |
| Trade payables | 447.71 | 447.71 | 38.69 | 38.69 |
| Other Financial Liabilities | 6,685.93 | 6,685.93 | 382.99 | 382.99 |
| **Total** | **36,130.95** | **36,130.95** | **5,037.07** | **5,037.07** |

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities at amortised cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

**32 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**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency risk as at March 31, 2024.

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**b. Interest rate risk**

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

**ii) Credit risk**

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

**Trade and Other Receivables:**

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Based on the historical data of defaults and financial position of parties, chances of credit losses are minimal. The Company is not exposed to Credit risk as there are no trade receivable as at March 31, 2024.

**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 | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Inventory | 85.39 | - |
| Trade receivables | 32.16 | - |
| Cash and Bank Balance | 12.20 | 5.78 |
| Other Financial Assets | 3.29 | - |
| Other Current Assets | 1,988.96 | 168.48 |
| **Total** | **2,122.00** | **174.26** |
| **Less:** | | |
| Borrowings | 355.33 | - |
| Trade payables | 447.71 | 38.69 |
| Other Financial Liabilities | 6,685.93 | 382.99 |
| Other Current liabilities | 192.94 | 22.81 |
| | **7,681.90** | **444.49** |
| **Net Working Capital** | **(5,559.91)** | **(270.24)** |

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

| Particulars | Less than 1 year | 2-5 years | More than 5 years | Total |
|---|---|---|---|---|
| **As at 31st March 2024** | | | | |
| Borrowing | 355.33 | 28,641.99 | - | 28,997.32 |
| Trade Payable | 447.71 | - | - | 447.71 |
| Other Financial Liabilities | 6,685.93 | - | - | 6,685.93 |
| **Total** | **7,488.97** | **28,641.99** | **-** | **36,130.95** |
| **As at 31st March 2023** | | | | |
| Borrowing | - | 4,615.39 | - | 4,615.39 |
| Trade Payable | 38.69 | - | - | 38.69 |
| Other Financial Liabilities | 382.99 | - | - | 382.99 |
| **Total** | **421.68** | **4,615.39** | **-** | **5,037.06** |

**33 Fair value hierarchy**

Since, there are no financial assets and financial liabilities which are carried at fair value in the financial statements and therefore fair value hierarchy disclosures are not required to be presented.

**34 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.

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**The Company's adjusted net debt to equity ratio as follows:**

| Particulars | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| Gross Debt | 28,997.32 | 4,615.39 |
| Less: Cash and Cash Equivalent | (12.20) | (5.78) |
| **Net debt (A)** | **29,009.51** | **4,621.16** |
| **Total Equity (B)** | **(1,605.33)** | **(154.07)** |
| **Gearing ratio (A/B)** | - | - |

**35 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.

**36 Analytical Ratios**

Analytical Ratios as per requirements of Schedule III are given in Statement 2

**37 Audit Trail**

The Ministry of Corporate Affairs (MCA) by the Companies (Accounts) Amendment Rules 2021 and vide notification dated 24 March 2021 has issued the "Companies (Audit and Auditors) Amendment Rules, 2021 has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

As required under above rules, the company uses Navision and HRMS software for its financial accounting and HR which works along with Database for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded and the audit trail feature has not been tampered with except

i) the audit trail feature was not enabled at the database level for accounting software "Navision" to log any direct data changes, used for maintenance of all accounting records by the Company.

ii) At present the audit trail is preserved only for a period of six months and all audit trails beyond six months are not preserved due to space constraints. Further, Back up of the audit trail has not been preserved as per statutory requirements for record retention due to cloud space constraints.

**38** The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of material accounting policies and the other explanatory notes forms an integral part of the financial statements of the Company for the year ended March 31, 2024.

**39** The company was incorporated on 29th August,2022. Hence the comparable figures are provided for the period from August 29,2022 to March 31,2023.

As per our report of even date attached
For Natvarlal Vepari &Co.
Chartered Accountants
Firm Registration No. 106971W

Neha Sutariya
Partner
Membership No. 150816

Mumbai
Date: May 27,2024

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

For & on behalf of the Board of Directors
Heranba Organics Private Limited

R.K Shetty
Director
DIN: 00038703

S. K. Shetty
Director
DIN: 00038681

Mumbai
Date: May 27,2024

HERANBA ORGANICS PVT. LTD.

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**Statement 1- Related Party Transactions**

A. **Relationship**
  a Heranba Industries Limited — Holding Company

B a Daikaffil Chemicals India Limited — Fellow Subsidiary (w.e.f February 5, 2024)

C **Key Management Personnel and their Relatives**
  a Raghuram K Shetty — w.e.f 29/08/2022
  b Sadashiv Shetty — w.e.f 29/08/2022
  c Shriraj Sadashiv Shetty — w.e.f 29/08/2022
  d Raunak Raghuram Shetty — w.e.f 29/08/2022

D **The following are the transactions with related parties**
Related party transactions

| Sr. No. | Nature of transaction | Holding Company | | Total | |
|---|---|---|---|---|---|
| | | 31st March 2024 | 31st March 2023 | 31st March 2024 | 31st March 2023 |
| 1 | **Issue of Share Capital** | - | *10.00* | - | *10.00* |
| | Heranba Industries Limited | - | 10.00 | - | 10.00 |
| 2 | **Loan Taken** | *26,851.20* | *4,615.39* | *26,851.20* | *4,615.39* |
| | Heranba Industries Limited | 26,851.20 | 4,615.39 | 26,851.20 | 4,615.39 |
| 3 | **Purchase of Building under CWIP** | - | *701.11* | - | *701.11* |
| | Heranba Industries Limited | - | 701.11 | - | 701.11 |
| 4 | **Expenses incurred on our behalf** | - | 31.78 | - | *31.78* |
| | Heranba Industries Limited | - | 31.78 | - | 31.78 |
| 5 | **Guarantee Expense** | *2.75* | - | - | *2.75* |
| | Heranba Industries Limited | 2.75 | - | - | 2.75 |
| 6 | **Purchase of Goods** | *116.39* | - | - | *116.39* |
| | Heranba Industries Limited | 116.39 | - | - | 116.39 |
| 7 | **Interest Expenses** | *1,283.98* | *70.68* | *1,283.98* | *70.68* |
| | Heranba Industries Limited | 1,283.98 | 70.68 | 1,283.98 | 70.68 |
| 8 | **Rent Paid** | *253.20* | *53.00* | *253.20* | *53.00* |
| | Heranba Industries Limited | 253.20 | 53.00 | 253.20 | 53.00 |
| 9 | **Capital Contribution by Holding Company representing Fair Value of Guarantee** | *30.98* | - | - | *30.98* |
| | Heranba Industries Limited | 30.98 | - | - | 30.98 |
| 10 | **Guarantee given for our Financial Arrangement by** | *2,949.00* | - | - | *2,949.00* |
| | Heranba Industries Limited | 2,949.00 | - | - | 2,949.00 |
| 11 | **Outstanding as at Balance Sheet Date** | *26,851.20* | *4,615.39* | *26,851.20* | *4,615.39* |
| | Heranba Industries Limited - Loan | 26,851.20 | 4,615.39 | 26,851.20 | 4,615.39 |
| | Heranba Industries Limited - Other Payables | 410.50 | - | 410.50 | - |

**Terms and conditions**
All transactions with these related parties are priced on an arm's length basis. None of the balance is secured.

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***Statement 2- Analytical Ratios***

| Sr. No. | Ratio | Numerator/ Denominator | Ratio (2023-24) | Ratio (2022-23) | Variance | Reason for variance |
|---|---|---|---|---|---|---|
| 1 | Current ratio | Current Asset / Current Liabilities | 0.28 | 0.39 | 29.54% | Increase in Current Liabilities has resulted in adverse ratio |
| 2 | Debt-Equity ratio | Total Debts / Shareholders Equity | (17.84) | (29.96) | 40.44% | Due to Losses and Increase in Borrowings |
| 3 | Debt Service Coverage ratio | Earnings available for debt service / Debt Service | (0.06) | (1.32) | 95.76% | Due to Higher Losses, negative cash flows. |
| 4 | Return on Equity ratio ( ROE) | Net Profits after taxes – Preference Dividend / Average Shareholder's Equity | -168.49% | 212.98% | 179.11% | Due to Higher Losses and negative networth |
| 5 | Inventory Turnover Ratio | Cost of goods sold OR sales / Average Inventory | 0.38 | - | 0.00% | Since there was no inventory in the PY, the ratio is not comparable. |
| 6 | Trade Receivables turnover ratio | Net Credit Sales / Average Accounts Receivable | 1.69 | Nil | 169.49% | Since there was no Turnover and Trade Receivable in the PY , the ratio is not comparable. |
| 7 | Trade payables turnover ratio | Other Expenses Excl. Bad Debts w/off and Expected Credit Loss Provision, Donation and CSR / Average Trade Payables | 1.05 | 5.83 | 81.90% | Increased Expenses during the year and lower payout during the year has resulted in adverse ratio. |
| 8 | Net capital turnover ratio | Net Sales / Average working capital | (0.01) | 0.00 | -0.93% | Since there was no Turnover in the PY, the ratio is not Comparable. |
| 9 | Net profit ratio | Net Profit after Tax / Net Sales | -5439.42% | 0.00% | -5439.42% | Since there was no Turnover in the PY, the ratio is not Comparable. |
| 10 | Return on Capital employed (ROCE) | Earning before interest and taxes / Capital Employed | 0.00% | 0.00% | 0.00% | Since there are losses and also the networth is negative the ratio is not disclosed. |
| 11 | Return on Investment (ROI) | {MV(T1) – MV(T0) – Sum [C(t)]} / {MV(T0) + Sum [W(t) * C(t)]} | NA | NA | NA | |

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