S.R. BATLIBOI & CO. LLP
Chartered Accountants

4th Floor, Office 405
World Mark - 2, Asset No. 8
IGI Airport Hospitality District, Aerocity
New Delhi - 110 037, India
Tel : +91 11 4681 9500

INDEPENDENT AUDITOR'S REPORT

To the Members of HMEL Organics Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of HMEL Organics Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and notes to the Ind AS financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its loss including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

Basis for Opinion

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the Ind AS financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

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

S.R. BATLIBOI & CO. LLP NEW DELHI

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

When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility of Management for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

S. R. BATLIBOI NEW DELHI

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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 Act based on our audit, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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;

S. R. BATLIBOI & CO. LLP * NEW DELHI *

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(i)(vi) below on reporting under Rule 11(g);

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(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) The observation related to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above;

(g) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(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 impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any 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 its 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,

S.R. BATLIBOI & CO. LLP
NEW DELHI

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 or entity, 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; and

c) Based on such audit procedures performed that have been 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 (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. Based on our examination which included test checks, the Company has used accounting software (SAP ECC 6.0 EHP7) for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled at the application underlying database such that it does not maintain a trail of what changes have been done from the application, as described in note 33 to the Standalone Ind AS financial statements. No instance of audit trail feature being tampered with was noted in respect of other software.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S. R. BATLIBOI & CO. LLP * NEW DELHI

per Naman Agarwal
Partner
Membership Number: 502405
UDIN: 24502405BKEYWZ1529
Place of Signature: Noida
Date: April 16, 2024

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: HMEL Organics Private Limited ("the Company")

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a)(B) The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.

(b) Property, Plant and Equipment have been physically verified by the management during the period and no material discrepancies were identified on such verification.

(c) The title deeds of all the immovable properties are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment during the period ended March 31, 2024. The Company has not capitalized any intangible assets in the books of the Company.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the period. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such verifications.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the period on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) During the period, the Company has not made investments, provided guarantees, provided security and granted loans, advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

S. R. BATLIBOI & CO. LLP * NEW DELHI *

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, income-tax, provident fund, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, income tax, provident fund and cess, which have not been deposited on account of any dispute.

The provisions relating to employees' state insurance, sales tax, service tax, customs duty, duty of excise and value added tax are not applicable to the company.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the period. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the period. Accordingly, the requirement to report on clause 3(ix)(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the period hence, the requirement to report on clause 3(ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) and 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the period by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the period under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the period.

(b) During the period, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

S.R. BATLIBOI & CO. LLP NEW DELHI

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the period.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) of the Order is not applicable to the Company.

(b) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(b) of the Order 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 and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has incurred cash losses amounting to Rs. 18 million in the current period. The Company has been registered for a period of less than one year.

(xviii) There has been no resignation of the statutory auditors during the period and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 32 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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.

S.R. BATLIBOI & CO. LLP NEW DELHI

(xx) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) and (b) of the Order is not applicable to the Company.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Naman Agarwal
Partner
Membership Number: 502405
UDIN: 24502405BKEYWZ1529
Place of Signature: Noida
Date: April 16, 2024

Annexure 2 referred to in paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date on the Ind AS financial statements of HMEL Organics Private Limited

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

We have audited the internal financial controls with reference to Ind AS financial statements of HMEL Organics Private Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the Ind AS financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Ind AS 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS 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 judgement, including the assessment of the risks of material misstatement of the Ind AS 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 with reference to these Ind AS financial statements.

S.R. BATLIBOI & CO. LLP
NEW DELHI

Meaning of Internal Financial Controls With Reference to these Ind AS Financial Statements

A company's internal financial controls with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Ind AS 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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS 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 issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

S. R. BATLIBOI & CO. LLP * NEW DELHI *

per Naman Agarwal
Partner
Membership Number: 502405
UDIN: 24502405BKEYWZ1529
Place of Signature: Noida
Date: April 16, 2024

HMEL ORGANICS PRIVATE LIMITED

BALANCE SHEET AS AT 31 MARCH 2024
(All amounts are in million Indian Rupees, unless otherwise stated)

Particulars	Notes	As at 31 March 2024
ASSETS		
Non-current assets		
Property, plant and equipment	3.1	5,166
Financial assets		
Other financial assets	4.3	19
Deferred tax assets (net)	5.3	4
Tax assets	6	6
Other non-current assets	7	398
		5,593
Current assets		
Inventories	8	477
Financial assets		
Trade receivables	4.1	3
Cash and cash equivalents	4.2	397
Other financial assets	4.3	2
Other current assets	7	438
		1,317
TOTAL ASSETS		**6,910**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	9	1,750
Other equity	10	(21)
		1,729
Liabilities		
Non-current liabilities		
Provisions	12	1
		1
Current liabilities		
Financial liabilities		
Trade payables	11.1	
Total outstanding dues of micro enterprises and small enterprises		10
Total outstanding dues of creditors other than micro enterprises and small enterprises		101
Other financial liabilities	11.2	5,061
Other current liabilities	13	7
Provisions	12	1
		5,180
TOTAL EQUITY AND LIABILITIES		**6,910**

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No. 301003E/E300005

per Naman Agarwal
Partner

Membership No. 502405

S.R. BATLIBOI & CO. LLP NEW DELHI

Place: Noida
Date: 16 April 2024

For and on behalf of the Board of Directors
HMEL Organics Private Limited

Kamlesh Chokhani
Director &
Chief Financial Officer
DIN 10301729

Anindya Sundar Basu
Director &
Chief Executive Officer
DIN 03113473

Sidhartha Tyagi
Company Secretary
Membership No. A 14544

HMEL ORGANICS PRIVATE LTD.

Place: Noida
Date: 16 April 2024

Place: Bathinda

Place: Noida

HMEL ORGANICS PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 31 AUGUST 2023 TO 31 MARCH 2024

(All amounts are in million Indian Rupees, unless otherwise stated)

Particulars	Notes	For the period ended 31 March 2024
Income		
Revenue from operations	14	3
Other income	15	11
Total income		**14**
Expenses		
Cost of raw materials consumed	16	116
Changes in inventories of finished goods and work-in-progress	17	(145)
Employee benefits expense	18	5
Depreciation and amortisation expense	19	8
Other expenses	20	56
Total expenses		**40**
Loss before tax		**(26)**
Tax expense/(credit)		
Deferred tax charge/(credit)	5.1	(4)
Total tax expense/(credit)		**(4)**
Loss for the period		**(22)**
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Re-measurement gain on defined benefit obligations		1
Income tax impact	5.1	-
		1
Total other comprehensive income for the period		**1**
Total comprehensive loss for the period		**(21)**
Earnings per equity share in INR computed on the basis of loss for the period (nominal value of share INR 10)	21	
Basic and Diluted		(0.24)

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No. 301003E/E300005

per Naman Agarwal
Partner
Membership No. 502405

S.R. BATLIBOI & CO. LLP NEW DELHI

For and on behalf of the Board of Directors
HMEL Organics Private Limited

Kamlesh Chokhani
Director &
Chief Financial Officer
DIN 10301729

Anindya Sundar Basu
Director &
Chief Executive Officer
DIN 03113473

Sidhartha Tyagi
Company Secretary
Membership No. A 14544

Place: Noida
Date: 16 April 2024

Place: Noida
Date: 16 April 2024

Place: Bathinda

Place: Noida

HMEL ORGANICS PRIVATE LTD.

HMEL ORGANICS PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 31 AUGUST 2023 TO 31 MARCH 2024
(All amounts are in million Indian Rupees, unless otherwise stated)

(a) Equity share capital

	No. million	INR million
Issued during the period	175	1,750
As at 31 March 2024	**175**	**1,750**

(b) Other equity

Particulars	Retained Earnings
Loss for the period	(22)
Other comprehensive income for the period -	
Re-measurement of defined benefit obligations (net of tax)	1
As at 31 March 2024	**(21)**

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No. 301003E/E300005

per Naman Agarwal
Partner
Membership No. 502405

S. R. BATLIBOI & CO. LLP NEW DELHI

Place: Noida
Date: 16 April 2024

For and on behalf of the Board of Directors
HMEL Organics Private Limited

Kamlesh Chokhani
Director &
Chief Financial Officer
DIN 10301729

Place: Noida
Date: 16 April 2024

Anindya Sundar Basu
Director &
Chief Executive Officer
DIN 03113473

Place: Bathinda

Sidhartha Tyagi
Company Secretary
Membership No. A 14544

Place: Noida

HMEL ORGANICS PRIVATE LTD.

HMEL ORGANICS PRIVATE LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 31 AUGUST 2023 TO 31 MARCH 2024
(All amounts are in million Indian Rupees, unless otherwise stated)

	Particulars	For the period ended 31 March 2024
A	**CASH FLOW FROM OPERATING ACTIVITIES**	
	Loss before tax	(26)
	Adjustments for:	
	Depreciation and amortisation expense	8
	Interest income	(11)
	Operating loss before working capital changes	**(29)**
	Movement in working capital:	
	(Increase)/decrease in inventories	(477)
	(Increase)/decrease in trade receivables	(3)
	(Increase)/decrease in other assets	(855)
	Increase/(decrease) in trade payables	111
	Increase/(decrease) in other financial liabilities	1
	Increase/(decrease) in provisions	3
	Increase/(decrease) in other liabilities	733
	Cash (used in) operations	**(516)**
	Direct tax paid	(6)
	Net cash (used in) operating activities (A)	**(522)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**	
	Payments for property, plant and equipment (including capital work in progress and capital advances)	(840)
	Interest received	9
	Net cash (used in) investing activities (B)	**(831)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**	
	Proceeds from issue of share capital (note 26)	1,750
	Net cash generated from financing activities (C)	**1,750**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**397**
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	-
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**397**

Notes:
(i) The statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 Statement of cash flows.
(ii) Components of cash and cash equivalents included under cash and cash equivalents (note 4.2) are as under:

Balances with scheduled banks	
-On current accounts	3
-Deposits with original maturity of upto 3 months	394
Cash and cash equivalents (note 4.2)	**397**

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No. 301003E/E300005

per Naman Agarwal
Partner
Membership No. 502405

S. R. BATLIBOI & CO. LLP NEW DELHI

Place: Noida
Date: 16 April 2024

For and on behalf of the Board of Directors
HMEL Organics Private Limited

Kamlesh Chokhani
Director &
Chief Financial Officer
DIN 10301729

Place: Noida
Date: 16 April 2024

Anindya Sundar Basu
Director &
Chief Executive Officer
DIN 03113473

Place: Bathinda

Sidhartha Tyagi
Company Secretary
Membership No. A 14544

Place: Noida

HMEL ORGANICS PRIVATE LTD.

1. Corporate Information

HMEL Organics Private Limited ('HOPL' or 'the Company') was incorporated on 31 August 2023 as a wholly owned subsidiary of HPCL-Mittal Energy Limited ('HMEL'). The Company is engaged in the business of manufacturing of ethanol and related products and has an ethanol plant at Bathinda, Punjab. The Company is domiciled in India and is limited by shares. The registered office of the Company is located at Village Phulokhari, Taluka Talwandi Saboo, Bathinda, Punjab - 151301.

The financial statements have been authorized for issue by the Board of Directors on 16 April 2024.

2. Material accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Act.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value/ amortised cost. Refer note 2(e)(3) for accounting policy regarding financial instruments.

Since the company is incorporated in current financial year 2023-24 and these are its first set of financial statements, so comparative information of previous year is not applicable.

The financial statements have been prepared and presented in INR, which is the Company's functional currency and all values are rounded to the nearest million except when otherwise indicated.

(b) Accounting standards issued but not yet effective

There are no standards that are notified and not yet effective as on the date.

(c) Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require material adjustment to the carrying value of assets or liabilities in future periods.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There are no significant accounting judgments and estimates.

(d) Current and non-current classification

Based on the nature of the operations and the time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/non-current classification of assets and liabilities.

(e) Summary of material accounting policies

1) Property, plant and equipment ('PPE')

Recognition and measurement
PPE is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Capital work in progress is stated at cost, net of accumulated impairment losses, if any.

Cost comprises the purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Items such as spare parts, stand-by equipment and servicing equipment are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE. Likewise, on initial recognition expenditure to be incurred towards major inspections and overhauls are required to be identified as a separate component and depreciated over the expected period till the next inspections and overhaul expenditure.

S. R. BATLIBOI & CO. LLP ★ NEW DELHI

HMEL ORGANICS PRIVATE LTD. ★

Subsequent costs and disposal
Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance/ life. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Depreciation and useful lives
Depreciation on PPE is calculated using the straight-line method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives (determined by the management based on technical estimates) as given below. The asset's residual values and useful lives are reviewed regularly and adjusted prospectively, if appropriate.

Particulars	Useful life (years)
Buildings	30
Buildings (roads)	5
Plant and equipment*	15 - 35
Furniture and fixtures	10
Office equipment	10

*Based on technical assessment.

Spares, with useful life of more than one year are depreciated over the useful life of the principal item of PPE in case of specific spare and over the useful life of that spare in case of common spare from the date they are ready for use which ranges between 2 to 5 years.

No depreciation is charged on Freehold land since they have an infinite life.

2) Impairment of property, plant and equipment

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount. The recoverable amount is the greater of the asset's (or cash generating unit's) net selling price and value in use. 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 risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

3) Financial instruments

Recognition and subsequent measurement
Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

A. Financial assets

(i) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(ii) Other bank balances
Other bank balances consist of term deposits with banks, which have original maturities of more than three months. Such assets are recognised and measured at amortised cost (including directly attributable transaction cost) using the effective interest method, less any impairment losses.

S. R. BATLIBOI & CO. LLP * NEW DELHI *

HMEL ORGANICS PRIVATE LTD. *

(iii) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets 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.

(iv) Financial assets at fair value

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. Financial assets are subsequently measured at fair value with fair value movements being recognized in the other comprehensive income if the financial assets are held within the business whose objective is achieved both by collecting contractual cash flows and selling the 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.

(v) Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

(vi) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety (except for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of profit and loss.

B. Equity instruments and financial liabilities

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Incremental costs directly attributable to the issuance of new ordinary equity shares are recognised as a deduction from equity, net of tax effects.

(ii) Financial liabilities

a) Financial liabilities subsequently measured at amortised cost

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

b) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

C. Effective interest rate (EIR)

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example: prepayment, extension, call and similar options) but does not consider the expected credit losses.

D. Offsetting of financial assets and financial liabilities

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

S. R. BATLIBOI & CO. LLP * NEW DELHI *

HMEL ORGANICS PRIVATE LTD. *

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.

E. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
(b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
(c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

4) Inventories

Inventories are valued as follows:

Raw materials, components, stores and spares: Lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a moving weighted average basis.

Work-in-progress and finished goods: Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity and is determined on a monthly weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs net of benefits, necessary to make the sale.

5) Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Provisions are reviewed by the management at each reporting date and adjusted to reflect the current best estimates.

6) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

7) Employee benefits

(a) Short-term employee benefits
Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

(b) Post-employment benefits
The Company operates the following post-employment schemes:

Defined contribution plan: Provident fund

S. R. BATLIBOI & CO. LLP * NEW DELHI *

HMEL ORGANICS PRIVATE LTD. *

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Defined benefit plan: Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service, subject to limits prescribed as per the Payment of Gratuity Act, 1972.

The liability recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated at each reporting date by actuary using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR 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 the 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 period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the 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) Other long-term employee benefit obligations: Compensated absences

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss in the period in which these occur.

8) Revenue recognition

Sale of goods

The company derives revenue primarily from sale of bio-ethanol and related products.
The Company recognises revenue when control of the goods or services is transferred to the customer, at an amount that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue from sale of bio- ethanol products are recognised at a point in time, when the control is transferred to the customer, generally upon delivery of the products, where the title is passed and the customer takes physical possession. Revenue from sale of other products are recogised on ex-factory basis, where control and title is passed and the customer take physical possession.

The Company collects goods & service tax (GST) on behalf of the government and therefore, these are not economic benefits flowing to the Company and is excluded from revenue.

Interest income

Interest income is recognised on accrual basis on a time proportion basis.

9) Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

S. R. BATLIBOI & CO. LLP NEW DELHI

HMEL ORGANICS PRIVATE LTD.

Current tax

Current tax comprises the expected tax payable on the taxable income for the year. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria is met. Current Income tax related to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity as the case may be.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and tax base i.e. amounts used for taxation purposes.

A deferred tax asset is recognised for unused tax losses, unabsorbed depreciation, deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. A deferred tax liability is recognised in respect of taxable temporary differences.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss either in comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

10) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Apex Committee.

Identification of segments:

In accordance with Ind AS 108 *Operating Segments*, the operating segments used to present segment information are identified on the basis of information reviewed by the Company's chief operating decision maker (CODM) to allocate resources to the segments and assess their performance. An operating segment is a component of the Company that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

Results of the operating segments are reviewed regularly by the Apex Committee, to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

11) Earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

S. R. BATLIBOI & CO. LLP NEW DELHI

HMEL ORGANICS PRIVATE LTD.

(All amounts are in million Indian Rupees, unless otherwise stated)

3.1 Property, plant and equipment

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Total
Cost or valuation					
Additions	118	229	4,830	4	5,181
Disposals	-	-	-	-	-
As at 31 March 2024	**118**	**229**	**4,830**	**4**	**5,181**
Depreciation					
Charge for the period	-	8	7	-	15
Disposals	-	-	-	-	-
As at 31 March 2024	**-**	**8**	**7**	**-**	**15**
Net Block					
As at 31 March 2024	**118**	**221**	**4,823**	**4**	**5,166**

(This space has been intentionally left blank)

S. R. BATLIBOI & CO. LLP
NEW DELHI

HMEL ORGANICS PRIVATE LTD.

(All amounts are in million Indian Rupees, unless otherwise stated)

3.2 Capital work in progress

	As at 31 March 2024
Additions during the period	5,095
Add: Expenditure during the period	
- Employee benefits expense (note 18)	11
- Depreciation and amortisation expense (note 19)	7
- Other expenses (note 20)	68
Less: Assets capitalised during the period	(5,181)
	-

4. Financial assets

4.1 Trade receivables (at amortised cost)

	Current As at 31 March 2024
Unsecured, Considered Goods	
Receivables from related party (note 26)	3
	3

Notes: Trade receivable are non interest bearing and have credit period of 21 days.

Trade receivables ageing schedule:

Particulars	As at 31 March 2024			
	Amount Not Due	Outstanding for following periods from due date of payment		Total
		Less than 6 months	6 months - 1 year	
(i) Undisputed trade receivables – considered good	3	-	-	3
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-
(iv) Disputed trade receivables – considered good	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-
Total	3	-	-	3

4.2 Cash and cash equivalents

	Current As at 31 March 2024
Balances with banks:	
- On current accounts	3
- Deposits with original maturity of 3 months or less	394
	397

4.3 Other financial assets

	Non-current As at 31 March 2024	Current As at 31 March 2024
Security deposits	19	-
Interest accrued but not due	-	2
	19	2

5. Deferred tax assets (net)

	As at 31 March 2024
Deferred tax assets (net)	4
	4

S. R. BATLIBOI & CO. LLP NEW DELHI

HMEL ORGANICS PRIVATE LTD.

(All amounts are in million Indian Rupees, unless otherwise stated)

5.1 Deferred tax charge/(credit) recognised

In the statement of profit and loss	(4)

5.2 Reconciliation of effective tax rate (tax expense and the accounting profit multiplied by India's domestic tax rate)

	For the period ended 31 March 2024
Loss before tax	**(26.00)**
Statutory income tax rate	17.160%
Expected income tax expense at statutory rates	**(4)**
Total income tax (credit)	**(4)**
Effective income tax rate	17.160%

5.3 Composition of deferred tax balances

	For the period ended 31 March 2024
Deferred tax liabilities	
Property, plant and equipment	63
Gross deferred tax liabilities	**63**
Deferred tax assets	
Preliminary expenses	2
Unabsorbed depreciation	64
Carried forward tax losses	1
Gross deferred tax assets	**67**
Net deferred tax assets	**4**

Note: The Company has been set up and registered on or after 1 October 2019 and begun manufacturing before 31 March 2024. It also satisfies condition under section 115 BAB of Income Tax act, 1961. Accordingly, the company has opted for a lower tax rate of 15% (plus surcharge and cess) and will exercise this option while filing return of income for the financial year ended 31 March 2024.

6. Tax assets

	Non-current	Current
	As at 31 March 2024	As at 31 March 2024
Advance income tax	6	-
	6	-

7. Other assets

	Non-current	Current
	As at 31 March 2024	As at 31 March 2024
Balances with statutory/government authorities	398	438
	398	438

8. Inventories (at lower of cost and net realisable value)

	Current
	As at 31 March 2024
Raw materials	224
Work-in-progress	40
Finished goods	105
Stores and spares	108
	477

HMEL ORGANICS PRIVATE LTD.

S. R. BATLIBOI & CO. LLP NEW DELHI

9. Equity share capital

	As at 31 March 2024
(a) Authorised (numbers in million)	
200 equity shares of INR 10 each	2,000
(b) Issued, subscribed and fully paid up (numbers in million)	
175 equity shares of INR 10 each	1,750
Total issued, subscribed and fully paid up share capital	1,750

(c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The final dividend, if any, proposed by the Board of Directors will be subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all preferential liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Shares held by the holding company

	As at 31 March 2024	
Name of the shareholders	**No. million**	**% holding in the class**
HPCL-Mittal Energy Limited, the holding company along with its nominees 175 (numbers in million) equity shares of INR 10 each fully paid	175	100%

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of shares.

(e) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2024	
Name of the shareholder	**No. million**	**% of total shares**
Equity shares of INR 10 each fully paid HPCL-Mittal Energy Limited (along with its nominees)	175	100%

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of shares.

(f) Details of shareholdings of Promoter in the company:

	As at 31 March 2024	
Name of the shareholder	**No. million**	**% of total shares**
HPCL-Mittal Energy Limited (along with its nominees)	175	100%

10. Other equity

	As at 31 March 2024
Retained earnings	(21)
	(21)

Retained Earnings: Retained earnings is the amount that can be distributed by the Company as dividends to its equity shareholders subject to the requirements of the Companies Act, 2013.

S. R. BATLIBOI & CO. LLP NEW DELHI

HMEL ORGANICS PRIVATE LTD.

(All amounts are in million Indian Rupees, unless otherwise stated)

11 Financial Liabilities

11.1 Trade payables

	Current
	As at 31 March 2024
Total outstanding dues of micro enterprises and small enterprises (note 31)	10
Total outstanding dues of creditors other than micro enterprises and small enterprises	101
	111

Note : None of the trade payable are interest bearing and are normally settled with in 45 days terms. Trade payables includes INR 31 million payable to a related party (note 26).

Refer note 23 for explanations on the Company's liquidity risk management processes.

Trade payables ageing schedule:

Particulars	As at 31 March 2024			
	Unbilled	Not due	Outstanding for following period from due date of payment Less than 1 year	Total
(i) Micro, Small and Medium Enterprises ('MSME')	-	10	-	10
(ii) Others	17	84	-	101
(iii) Disputed dues- MSME	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-
Total	17	94	-	111

11.2 Other financial liabilities

	Current
	As at 31 March 2024
Security deposits received	1
Liability towards project vendors*	5,060
	5,061

*Includes INR 4,758 million payable to a related party (note 26).

12. Provisions

	Non-current	Current
	As at 31 March 2024	**As at 31 March 2024**
Provision for employee benefits		
Provision for gratuity (note 25.2)	-	1
Provision for compensated absences	1	-
	1	**1**

13. Other liabilities

	Current
	As at 31 March 2024
Statutory dues payable	7
	7

S. R. BATLIBOI & CO. LLP NEW DELHI

HMEL ORGANICS PRIVATE LTD.

(All amounts are in million Indian Rupees, unless otherwise stated)

14. Revenue from operations

	For the period ended 31 March 2024
Sale of products (revenue from contract with customers)	
Ethanol (note 26)	3
	3

Note: The Company's performance obligation is satisfied at a point in time, as and when the goods are delivered as per the terms agreed with the customer. There is no difference between the contracted price and revenue from contract with customers.

15. Other income

	For the period ended 31 March 2024
Interest income on financial assets carried at amortised cost	
-Bank deposits	11
	11

16. Cost of raw materials consumed

	For the period ended 31 March 2024
Inventory at the beginning of the period	-
Add: Purchases	340
Less: Inventory at the end of the period	(224)
	116

17. Changes in inventories of finished goods and work-in-progress

		For the period ended 31 March 2024
Inventories at the beginning of the period		
- Work-in-progress		-
- Finished goods		-
	(A)	-
Inventories at the end of the period		
- Work-in-progress		40
- Finished goods		105
	(B)	145
Net (increase) in inventories		**(145)**

18. Employee benefits expense

	For the period ended 31 March 2024
Salaries, wages and bonus	14
Contribution to provident fund (note 25.1)	1
Gratuity expense (note 25.2)	1
	16
Less: Transferred to capital work in progress (note 3.2)	(11)
	5

S.R. BATLIBOI & CO. LLP NEW DELHI

HMEL ORGANICS PRIVATE LTD.

19. Depreciation and amortisation expense

	For the period ended 31 March 2024
Depreciation of property, plant and equipment (note 3.1)	15
	15
Less: Transferred to capital work in progress (note 3.2)	(7)
	8

20. Other expenses

	For the period ended 31 March 2024
Consumption of chemical, stores and spares	6
Power and fuel	49
Utilities consumed	30
Repairs and maintenance	
Facility maintenance	9
Professional and consultancy fees (refer note below)	2
Rates and taxes	20
Insurance	1
Security Charges	3
Miscellaneous expenses	4
	124
Less: Transferred to capital work in progress (note 3.2)	(68)
	56

Note: Details of remuneration to auditors included under professional and consultancy fees

	For the period ended 31 March 2024
-Fee for statutory audit	1
-Fee for limited review	*
-Out of pocket expenses	*
	1

*Amounts are less than INR 0.5 million

21. Earnings per share (EPS)

The following reflects the loss and equity shares data used in the basic and diluted EPS computations:

		For the period ended 31 March 2024
Loss attributable to equity share holders for basic and diluted earnings	(A)	(22.00)
Weighted average number of equity shares for basic and diluted EPS (in million)	(B)	90
Nominal value per equity share (in INR)		10
Basic and Diluted earnings per share (in INR)	(A/B)	(0.24)

(All amounts are in million Indian Rupees, unless otherwise stated)

22. Financial Instruments

Classification of each category of financial instruments, their carrying amounts and fair value

Particulars	As at 31 March 2024	
	Carrying amount	Fair value
Financial assets (at amortised cost)		
Trade receivables	3	3
Cash and cash equivalents	397	397
Other financial assets	21	21
Total financial assets	**421**	**421**
Financial liabilities (at amortised cost)		
Trade payables	111	111
Other financial liabilities (current)	5,061	5,061
Total financial liabilities	**5,172**	**5,172**

(a) The carrying amounts of all the financial instruments mentioned in the table above included in other financial assets and other financial liabilities are considered to be the same as their fair values due to their short term maturities.

23. Financial risk management

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company is governed by the financial risk management commitee of the holding company.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's activities expose it to credit risk, liquidity risk and market risk. These risks are actively measured, monitored and managed to abide by the principles of corporate governance.

(a) Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligations resulting in financial loss to the Company. Trade receivables are from a single customer which is a Government Company and a related party as well. In respect to the bank deposits, the Company limits its exposure by dealing with creditworthy and reputable banks.

In addition, as part of its cash management and credit risk function, the Company regularly evaluates the creditworthiness of financial and banking institutions where it deposits cash and performs trade finance operations. The Company primarily has banking relationships with the public sector, private and large international banks with good credit rating.

The maximum exposure to the credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 4.

(This space has been intentionally left blank)

S. R. BATLIBOI & CO. LLP NEW DELHI

HMEL ORGANICS PRIVATE LTD.

(b) Liquidity risk

The Company manages liquidity risk by maintaining sufficient reserves. Management regularly monitors projected and actual cash flow information, analyses the recovery and repayment schedules of the existing financial assets and liabilities and performs annual detailed budgeting procedures coupled with rolling cash flow forecasts.

The contractual maturities of the Company's financial liabilities are presented below:-

As at 31 March 2024	Contractual cash flows				
	< 1 year	1 < 4 years	4 < 9 years	> 9 years	Total
Non-derivative financial liabilities					
Trade payables	111	-	-	-	111
Other financial liabilities	5,061	-	-	-	5,061

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to different types of market risks. The market risk is the possibility that changes in interest rates which may affect the value of the Company's financial assets, liabilities or expected future cash flows.

24. Capital management

The Company's capital management objectives are to ensure its ability to continue as a going concern and to optimize the cost of capital in order to enhance value to shareholders.

The Company manages its capital structure and makes adjustments to it as and when required. To maintain or adjust the capital structure, the Company may raise new debt or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the period ended 31 March 2024.The company has no debt at present.

(This space has been intentionally left blank)

S. R. BATLIBOI & CO. LLP * NEW DELHI *

HMEL ORGANICS PRIVATE LTD. *

(All amounts are in million Indian Rupees, unless otherwise stated)

25. Employee benefits expense

25.1 Defined contribution plan

The Company makes contribution towards provident fund for employees. The Company's contribution to the Employees Provident Fund is deposited with the government under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. During the period, the Company has recognised INR 1 million in the statement of profit and loss.

25.2 Defined benefit obligation

Gratuity (unfunded)

The Company has a defined benefit gratuity plan as per the provisions of the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service, gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Company has created a fund with insurance companies in the form of a qualifying insurance policy, to cover the entire liability.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet for the gratuity plans.

(i) Expenses recognised under employee benefits expense

(a) Expense recognised in the statement of profit and loss

Particulars	As at 31 March 2024
Current service cost	1
Net interest expenses	-
Amount to be recognised in profit and loss	**1**

(b) Remeasurement recognised directly in other comprehensive income

Particulars	As at 31 March 2024
Return on plan assets (excluding interest income)	-
Net actuarial (gain)/loss recognised in the period	
- From changes in demographic assumptions	-
- From changes in financial assumptions	-
- From changes in experience adjustments	(1)
Amount to be recognised in other comprehensive income	**(1)**

(ii) Plan assets/liability

Particulars	As at 31 March 2024
Present value of defined benefit	1
Fair value of plan assets	-
Plan liability	**(1)**

Note: The Company is in the process of maintaining a fund with the insurance company to meet its gratuity liability.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31 March 2024
Opening defined benefit obligation	-
Acquisition cost[1]	1
Current service cost	1
Interest cost	-
Benefits paid	-
Actuarial (gain)/loss on obligation	
- Actuarial (gain)/loss - demographic assumptions	-
- Actuarial (gain)/loss - financial assumptions	-
- Actuarial (gain)/loss - experience adjustments	(1)
Closing defined benefit obligation	**1**

[1] Represents liability related to the employees transferred from the holding company.

S.R. BATLIBOI & CO. LLP NEW DELHI

HMEL ORGANICS PRIVATE LTD.

(All amounts are in million Indian Rupees, unless otherwise stated)

(iii) The principal assumptions used in determining defined benefits and other long term benefit obligations are shown below:

Particulars	As at 31 March 2024
Discount rate	7.23%
Future salary increase	7.96%
Attrition rate	
- Up to 30 years	3.00%
- From 31 to 44 years	2.00%
- Above 44 years	1.00%
Mortality rates inclusive of provision for disability (Indian Assured Lives Mortality)	100% of IAM (2012-14)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Sensitivities due to mortality and withdrawals are not material and hence the impact of change due to these is not disclosed.

(iv) A quantitative sensitivity analysis of the changes in the defined benefit obligation due to changes in significant assumption as at 31 March 2024 is as shown below:

Assumptions	Sensitivity Level	As at 31 March 2024
Discount rate	0.5 % increase	(0.06)
	0.5 % decrease	0.07
Future salary increases	0.5 % increase	0.07
	0.5 % decrease	(0.06)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected credit method at the end of the reporting year) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(vi) Risk exposure

The Company is exposed to the following risk:

a) Interest rate risk: The defined benefit obligation is calculated using the discount rate based on government bonds. If bond yields fall the defined benefit obligation will tend to increase.

b) Salary inflation risk: The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of the participant in future. Deviation in the rate of increase of salary is future for plan participants from the rate of increase in salary used to determine the present value of obligation will have bearing on the plan's liability.

c) Mortality rate: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(vii) The Company expects to contribute INR 1 million in the next one year.

(viii) Maturity profile of defined benefit obligation

Year	As at 31 March 2024
0 to 1 year	0.01
1 to 2 year	0.01
2 to 3 year	0.60
3 to 4 year	0.01
4 to 5 year	0.01
5 to 6 year	0.01
6 year onwards	0.79

S. R. BATLIBOI & CO. LLP NEW DELHI

HMEL ORGANICS PRIVATE LTD.

(ix) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.93 years.

(All amounts are in million Indian Rupees, unless otherwise stated)

26. Related party disclosures

26.1 Related parties : Nature of relationship

Nature of relationship	Name of the related party
Holding company	HPCL-Mittal Energy Limited ('HMEL')
Joint venturer of holding company (HMEL)	Hindustan Petroleum Corporation Limited ('HPCL

26.2 Transactions with related parties

Particulars	HPCL-Mittal Energy Limited	Hindustan Petroleum Corporation Limited
Transactions during the period	**For the period ended 31 March 2024**	**For the period ended 31 March 2024**
Sale of goods	-	3
Reimbursement of expenses	37	-
Receipt of amount towards share capital	1,750	-
Purchase of Property, plant and equipment and Capital work in progress	5,402	-
Purchase of spares	99	-
Purchase of raw material	182	-
Towards defined benefit obligations assumed	2	-
Purchase of utilities	34	-

26.3 Balance outstanding

Particulars	HPCL-Mittal Energy Limited	Hindustan Petroleum Corporation Limited
Balance outstanding as at the period end	**As at 31 March 2024**	**As at 31 March 2024**
Trade receivables	-	3
Other financial liabilities	4,758	-
Trade payables	31	-

Including taxes wherever applicable

Note: Government of India (GOI), is also a related party as Hindustan Petroleum Corporation Limited (HPCL) who is a joint venturer in the Company's holding company (HMEL) and subsidiary of Oil and Natural Gas Corporation Limited, is a Government related entity. The Company deals on regular basis with entities directly or indirectly controlled by the central/state governments through its government authorities, agencies, affiliations and other organisations and entered into transactions including but not limited to telephone expenses, air travel, fuel purchase and deposits etc. with various GOI related entities. These transactions are conducted in the ordinary course of business on arm's-length basis and are insignificant individually and collectively and hence not disclosed.

S. R. BATLIBOI & CO. LLP NEW DELHI

HMEL ORGANICS PRIVATE LTD.

(All amounts are in million Indian Rupees, unless otherwise stated)

27. Commitments

Capital commitment and other commitment

The company does not have any capital or other commitment as at 31 March 2024.

28. Segment information

The Company's business activities are manufacturing of ethanol and related products. Considering the nature of Company's business and operations, there are no separate reportable segments (business and / or geographical) in accordance with the requirements of Ind AS 108 - Operating segments. All the Company's revenues, trade receivables and non - current operating assets in India. The Company's revenue aggregating to INR 3 million is from a single customer.

29. Contingent liabilities and contingent assets

The Company does not have any contingent liablities and contingent asset as on 31 March 2024.

30. Relationship with Struck off Companies

There is no transaction and outstanding balance with the struck off Companies during the period and as at 31 March 2024.

31. Details of dues to micro and small enterprises

The information regarding principal and interest pertaining to micro and small enterprises based on available details (as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006) to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors:

Particulars	As at 31 March 2024
i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	10
ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-
iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-
iv) The amount of interest due and payable for the period of delay	-
v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-
vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid	-
vii) Principal amount remaining unpaid to any supplier as at the end of the accounting year included in liability towards project vend(	36

(This space has been intentionally left blank)

S. R. BATLIBOI & CO. LLP ★ NEW DELHI

HMEL ORGANICS PRIVATE LTD. ★

(All amounts are in million Indian Rupees, unless otherwise stated)

32. Ratios

S.No.	Particulars	31 March 2024
a)	Current ratio (times)	0.25
b)	Return on equity ratio (%)	(1.27)
c)	Inventory turnover ratio (times)	0.01
d)	Trade receivables turnover ratio (times)	1.00
e)	Trade payables turnover ratio (times)	3.57
f)	Net capital turnover ratio (times)	-
g)	Net profit ratio (%)	(733.33)
h)	Return on capital employed (%)	(1.96)

Ratios have been computed as follows:

Current ratio	= Current assets/ Current liabilities
Return on equity ratio	= Profit/(loss) after taxes/ Shareholder's equity
Trade receivables turnover ratio	= Revenue from operations/ Trade receivables
Trade payables turnover ratio	= Purchases of raw materials + Other expenses/ Trade payables
Net capital turnover ratio	= Revenue from operations/ Working capital (Current assets - Current liabilities)
Net profit ratio	= Loss after taxes/ Revenue from operations
Return on capital employed	= EBIT/ Capital employed (Shareholder's equity - Deferred tax asset - Capital work in progress - Cash and cash equivalents)
Inventory turnover ratio	= Revenue from operations/ Inventory
Shareholder's equity	= Equity share capital and Other equity
EBIT	= Earnings before finance costs and tax

33. Disclosures on audit trail

The Company has used accounting software (SAP ECC 6.0 EHP7) for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the perod for all relevant transactions recorded in the software. Complete log is available with respect to "Who" initiated the change and "When" was the change initiated. The Company further has a process for requisitioning the changes and maintaining a record of all such requisitions and the users are required to make the requisitioned changes only. However, if changes other than the requisitioned changes are done, a trail for the same is unavailable of what changes have been done from the application. No instance of audit trail feature being tampered with was noted in respect of accounting software.

In terms of our report attached

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration No. 301003E/E300005

per Naman Agarwal
Partner
Membership No. 502405

S. R. BATLIBOI & CO. LLP NEW DELHI

Place: Noida
Date: 16 April 2024

For and on behalf of the Board of Directors
HMEL Organics Private Limited

Kamlesh Chokhani
Director &
Chief Financial Officer
DIN 10301729

Place: Noida
Date: 16 April 2024

Anindya Sundar Basu
Director &
Chief Executive Officer
DIN 03113473

Place: Bathinda

Sidhartha Tyagi
Company Secretary
Membership No. A 14544

Place: Noida

HMEL ORGANICS PRIVATE LTD.