HARITA FEHRER LIMITED

Tenth Annual Report 2017-2018

Harita Fehrer Limited

Board of Directors

H Lakshmanan

C N Prasad

Christian Prause

Anke Kuhlmann Cattau

S I Jaffar Ali

L Bhadri

Audit Committee

H Lakshmanan

S I Jaffar Ali

L Bhadri

Nomination and Remuneration Committee

S I Jaffar Ali, *Chairman*

C N Prasad

Christian Prause

L Bhadri

Corporate Social Responsibility Committee

H Lakshmanan, *Chairman*

Anke Kuhlmann Cattau

S I Jaffar Ali

President and Chief Executive Officer

A G Giridharan

Chief Financial Officer

S Jagannathan

Company Secretary

S Sudarshan

Bankers

State Bank of India
Industrial Finance Branch
Chennai - 600 006

Statutory Auditors

Raghavan, Chaudhuri & Narayanan
Chartered Accountants
No.17/12, II Floor, Casa Capitol
Wood Street, Ashoknagar,
Bangalore - 560 025
Tel: 080 – 2556 7578 / 2551 4771
Email: Sathya @nca-india.com

Secretarial Auditor

T N Sridharan
No. 4, Viswanathan Street,
Vivekananda Nagar, Ambattur,
Chennai - 600 053
Tel: 044 – 26581508
Email: tn_sridhar@yahoo.com

Registered Office

"Jayalakshmi Estates"
29, Haddows Road
Chennai - 600 006, Tamilnadu, India.
Tel.: 044-28272233
Fax: 044-28257121
CIN: U25200TN2008PLC068513
E-mail: corpsec@scl.co.in
Website: www.haritafehrer.co.in

Plant location

1. Survey No. 29, 30 and 31
   Vellanthangal Village
   No. 55, Thandalam Group,
   Irrungattukottai,
   Sriperumbudur 602 105
   Tel : 044- 27156470
   Fax : 044- 271564722.

2. Belagondapalli,
   Thally Road,
   Hosur - 635 114,
   Tamilnadu, India.
   Tel : 04347-233445
   Fax : 04347-2334603.

3. Plot A2 MIDC Industrial Area
   Ranjangaon, Koregaon Village
   Shirur Taluk, Pune District - 412 210
   Maharashtra, India.
   Tel : 02138-6108004.

4. Site No.40, Kadakola Industrial Area,
   Mysuru - 571 311, Karnataka, India.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the tenth annual general meeting of the shareholders of the Company will be held on Wednesday, the 8th August 2018, at 2.30 P.M. at the Registered Office of the Company at No. 29, Haddows Road, Chennai - 600 006 to transact the following businesses:

ORDINARY BUSINESS:

(1) To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT the audited balance sheet as at 31st March 2018, the statement of profit and loss, notes forming part thereof and cash flow statement of the Company for the year ended on that date, together with the directors' report and the auditors' report thereon as circulated to the members and presented to the meeting, be and the same are hereby approved and adopted."

(2) To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT Mr Christian Prause (holding DIN 07102417), director, who retires by rotation and being eligible, offers himself for re-appointment be and is hereby re-appointed as a director of the Company."

(3) To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT Ms Anke Kuhlmann Cattau (holding DIN 07101172), director, who retires by rotation and being eligible, offers herself for re-appointment be and is hereby re-appointed as a director of the Company."

For and on behalf of the board

Place: Hosur
Date: 8th May 2018

S Sudarshan
Company Secretary

Registered Office:
"Jayalakshmi Estates"
No.29, Haddows Road,
Chennai 600 006

Notes:

A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.

Encl: Proxy form

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors are pleased to present the tenth annual report together with the audited financial statements for the year ended 31st March 2018.

Financial Highlights

(Rs. in Lakhs)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Sales and other income	50,555.21	44,666.79
Profit before finance cost, depreciation and tax	4,714.09	3,589.79
Less: Finance cost	10.40	0.49
Depreciation	1,127.43	963.83
Profit before tax	3,576.26	2,625.47
Less: Provision for taxation (including deferred Tax & prior period adjustment)	1,230.91	891.48
Profit after tax	2,345.34	1,733.98
Other comprehensive income	1.81	(20.93)
Total Comprehensive income for the Year	2,347.15	1,713.05
Appropriations:		
First Interim Dividend Paid	301.47	301.47
Second Interim Dividend Paid	703.43	703.43
Dividend tax paid	204.57	204.57
Balance surplus in statement of profit and loss carried forward to balance sheet	1,137.68	503.58
	2,347.15	1,713.05

Dividend

The board of directors, (the board), at their meeting held on 8th November 2017, declared a first interim dividend of Rs.2.00 per share (20%) on 2,00,98,040 equity shares of Rs. 10 each fully paid up, absorbing a sum of Rs.483.79 lakhs including dividend distribution tax.

The board, at its meeting held on 6th February 2018 again declared a second interim dividend of Rs.3.00 per share (30%) on 2,00,98,040 equity shares of Rs.10 each fully paid up, absorbing a sum of Rs.725.68 lakhs including dividend distribution tax.

Hence, the total amount of dividend paid per share, aggregated to Rs.5.00 (50%) for the year ended 31st March 2018 thereby absorbing a sum of Rs.1,209.47 lakhs including dividend distribution tax.

The board does not recommend any further dividend for the year under consideration.

Performance

Industry Performance: (Source: Central Statistics Office – CSO, Society of Indian Automotive Manufacturers - SIAM)

During the year 2017-18, Gross Domestic Product (GDP) is expected to register a growth of 6.6% as against 7.1% in 2016-17.

The Index for Industrial Production (IIP) for the year 2017-18 is expected to end up with 4.3% growth as against 4.6% in previous year.

Automobile industry experienced a significant, double digit growth of 14.5% during the year 2017-18 compared to 5.1% growth in the previous year due to increased infrastructure activities and new product launches across various product segments.

During the year under review, the two wheeler industry registered a growth of 15.4%, due to continued increase in demand for scooters and increase in rural income on account of normal monsoon. The scooter segment registered a double digit growth of 19.3% for fourth consecutive year, while the moped segment registered de-growth of -3.7% compared to 23% growth in last year. The motorcycle segment also grew by 15.4% compared to 1.6% in the previous year.

The passenger car industry registered a growth of 6.0% on account of strong domestic demand, aided with new launches, and lower interest rates. The commercial vehicles industry registered a 15.9% growth owing to increased infrastructure activity as compared to last year.

Company Performance:

The Company achieved a turnover of Rs. 50,637.91 lakhs with a growth of 13% over the previous year and registered a profit before tax and other comprehensive income of Rs. 3,576.25 lakhs during the year under review with a growth of 36.2% over the previous year.

During the year, the Company added new customers like Suzuki Motorcycles, Okinawa Scooters and obtained nomination for direct supplies to BMW Motorrad, Germany. The Company obtained new orders for supply of head rests and arm rests to new model of Renault Nissan through Lear and Hyundai Verna through Yongsan, foam pads for Hyundai Verna through Dymos. Orders for two wheeler seat assemblies were obtained from BMW Motorrad for K67, Suzuki Motorcycles & India Yamaha Motors for their new project at Chennai, Okinawa for electric scooter and Royal Enfield for product upgrades.

The Company has also invested in spray skin technology during the year under review and the commencement of commercial production is expected to be in Q1 of 2018-19.

The Company is also expanding its Hosur plant to cater to increased demand from TVS Motor Company Limited and Harita Seating Systems Limited.

The new plant established at Mysuru commenced commercial production in April 2018 and achieved 100% delivery performance with zero ppm quality record for supplies to TVS Motor Company Limited, Mysuru.

Awards & recognition

Chennai plant received the award for "Strong commitment for TPM" from CII during CII's 17th national TPM conference.

Business outlook & overview

For the year 2018-19, the GDP is expected to be between 7.1%-7.4% and the inflation is expected to stabilize at 4.0% levels.

The two wheeler segment is expected to grow by 10%-12% in 2018-19. The growth in this segment will continue to be driven by both urban demand in terms of scooters and rural demand on expectations of normal or above normal monsoon for executive segment motorcycles.

The passenger vehicle segment is expected to grow in the range of 9%-11% owing to continued demand for compact SUV's and new product launches. Commercial vehicle segment is expected to see a growth of 6%-8% owing to lower interest rates and increased infrastructure activities.

Considering the auto industry growth estimates, share of business with key customers and with new product introductions, the Company is expected to grow by 16.5%. As a regular practice, the Company has identified various cost reduction projects to make it competitive in the industry.

The key focus for the Company in 2018-19 would be to increase market share in two-wheeler seat assembly, create capacity at Hosur through existing building expansion, and establish new satellite plant at Biwadi (NCR region) for catering to existing and new customers in North region, obtain 100% raw material compensation from all customers, and obtain orders for new technology products from major OEMs.

Risks and concerns

The polyurethane raw material prices are expected to increase further from FY18 due to various global factors such as crude oil price increase, which would make a significant impact on the Company's performance.

The increased capital expenditure requirements for current year would put strain on the free cash flow management, the Company is however confident of maintaining positive free cash flow.

Manufacturing review

(i) **Manufacturing:**

The Company practices Just-in-Time (JIT) supplies to all its major customers with best-in-class practices for safety, work environment, water and energy conservation. The Company focusses on automation in foaming and assembly lines to improve efficiency and productivity.

The Company has diffused VSME learning to all model cells in 2017-18 at Hosur plant which will be horizontally deployed to all other plants in 2018-19. The Company started production in its new manufacturing facility established at Mysuru from April 2017.

A new manufacturing facility at Bhiwadi will be established in the year 2018-19 by implementing all the best practices available across plants, to meet the requirements of new customers such as Suzuki Motorcycles and Scooters and Okinawa Electric, as well as existing customers like Yamaha and United Motors. Hosur plant will undergo expansion in the year 2018-19 to meet the increased demand from major customers.

(ii) **Quality:**

The quality system at the factory aims at achieving total customer satisfaction through its continuous focus in improving product quality to world standards. This is achieved through Cross Functional Team approach, Total Employee Involvement (TEI) and continuous improvement culture. Hosur and Chennai plants are certified with new IATF / TS16949 certifications. The Company has obtained Integrated Management Systems (IMS) – ISO 14001 & OHSAS 18001 certification.

(iii) **Focus on cost:**

The Company has undertaken various measures like value engineering, alternate materials & process, elimination of non-value added activities and productivity improvement through process engineering & automation in order to stay competitive.

Human Resource Development

In keeping with the Company's objective that employees are the assets of a successful organisation, the Company has a well-planned in-house training programme on a continuous basis to upgrade the skills of employees at all levels. The Company also recruits fresh graduates in various disciplines to meet the future needs of manpower requirements.

As of 31st March 2018, the Company had 334 employees on its rolls

Risk Management

The Board has established a Risk Minimisation Policy which formalizes Company's approach to oversee and manage material business risks. The Policy is implemented through a top down and bottom up approach for identifying, assessing, monitoring and managing key risks across the Company's business units.

Risks and effectiveness of management are internally reviewed and reported regularly to the Board. Management has reported to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Company's audit committee reviews reports given by members of the management team and recommends suitable action from time to time.

Directors' Responsibility Statement

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(i) in the preparation of the annual accounts for the year ended 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(iii) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the directors had prepared the annual accounts for the financial year ended 31st March 2018 on a "going concern basis"; and

(v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors

Independent Directors (ID's)

In line with the requirements of the Companies Act, 2013, the Company has appointed two independent directors viz., Mr S I Jaffar Ali and Mr L Bhadri. IDs hold office for a fixed term of office and are not liable to retire by rotation.

In accordance with Section 149(7) of the Companies Act, 2013 (the Act 2013), all IDs have declared that they meet the criteria of independence as provided under Section 149 (6) of the Act, 2013.

The detailed terms of appointment of IDs is disclosed on the Company's website at www.haritafehrer.co.in

During the year under review, the Nomination and Remuneration Committee (NRC) at its meeting held on 6th February 2018 made a performance evaluation of the Independent Directors and the Board based on such recommendations, at its meeting held on 6th February 2018, appointed Mr S I Jaffar Ali and Mr L Bhadri, as Independent Directors for the second term of three consecutive years.

The appointment of Mr S I Jaffar Ali and Mr L Bhadri, as Independent Directors for the second term of three consecutive years was approved by the shareholders at the extra-ordinary general meeting held on 2nd March 2018.

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 6th February 2018 and all the independent directors were present at the Meeting.

Complete feedback on Non-Independent Directors and details of various activities undertaken by the Company were provided to them to facilitate their review / evaluation through a set of questionnaire.

A) Non-Independent Directors (Non-IDs)

IDs were accomplished with the criteria and methodology and inputs for evaluation of Non-IDs viz., M/s. H Lakshmanan, C N Prasad, Christian Prause and Anke Kuhlmann Cattau, directors of the board and the board as a whole.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires, reviewing their attributes towards overall level of contribution to the Company's growth.

IDs were completely satisfied with the versatile performance of all Non-IDs.

B) Board

IDs have evaluated board's composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, so as to improve governance and enhance personal effectiveness of directors.

The board upon evaluation concluded that it is well balanced in terms of diversity of experience and had an expert in each domain viz., Engineering, Finance, Marketing and Administration. The Company endeavours to have a diverse board representing a range of experience at policy-making levels in business and technology.

The IDs unanimously evaluated the prerequisites of the board viz., formulation of strategy, acquisition & allocation of overall resources, setting policies, directors' selection and cohesiveness on key issues and satisfied themselves that they were adequate.

C) Quality, Quantity and Timeliness of flow of Information between the Company, Management and the Board

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the last year.

The IDs appreciated the management for their hard work and commitment to meet the corporate goals and also expressed that the relationship between the top management and board is smooth and seamless.

Directors liable to retire by rotation

In terms of Section 152 of the Act 2013, two-thirds of the total number of directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Mr Christian Prause and Ms Anke Kuhlmann Cattau, non-executive and non-independent directors, who are liable to retire at the ensuing AGM and being eligible, offer themselves for re-appointment.

The Nomination and Remuneration Committee of directors at their meeting held on 8th May 2018 recommended the re-appointment of Mr Christian Prause and Ms Anke Kuhlmann Cattau as directors of the Company.

Policy on Directors Appointment and Remuneration of Directors and Key Managerial Personnel

In accordance with Section 178 of the Act, 2013, the Nomination and Remuneration Committee has formulated a Nomination and Remuneration Policy (NRC Policy) to ensure that executive directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

Remuneration Policy

Directors:

NRC will recommend the remuneration for executive and non-executive directors. This will be then approved by the board and shareholders. The non-executive independent directors are appointed to the board of the Company in terms of regulatory requirements.

The board has approved the payment of remuneration by way of profit related commission to the non-executive Independent directors, for the financial year 2017-18, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of a special resolution was obtained at the eighth annual general meeting held on 11th August 2016, in terms of Sections 197 and 198 and other applicable provisions of the Act 2013.

Commission:

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the board / committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence IDs are being remunerated by way of commission.

As approved by the shareholders at the annual general meeting of the Company held on 11th August 2016, non-executive and Independent directors are being paid commission, subject to a maximum, as determined by the board, for each such director from the financial year 1st April 2015.

Accordingly, a commission of Rs. 10 lakhs per annum is paid to Mr S I Jaffar Ali non-executive independent director for the financial year 2017-18, who serves as a member of the audit committee as well. The amount of commission for every financial year will be decided by the board and will be within the limits as prescribed under the provisions of the Companies Act, 2013.

Key Managerial Personnel:

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company's policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits and performance of each employee.

The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of senior executives is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

Criteria for Board Membership

Directors:

The Company will generally consider (i) the director's relevant experience in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to company's business, (ii) the director's highest personal and professional ethics, integrity and values and (iii) the director's willingness to devote sufficient time and energy in carrying out their duties and responsibilities.

Independent Directors:

Independent Director is a director who has no direct or indirect material pecuniary relationship with the Company and or any of its officers. They should meet all criteria specified in Section 149(7) of the Act, 2013 and rules made thereunder.

Key Managerial Personnel (KMP)

Mr A G Giridharan, chief executive officer, Mr S Jagannathan, chief financial officer and Mr S Sudarshan, company secretary are the KMP of the Company as on the date of this report. Hence, the Company is fully compliant with the provisions of Section 203 of the Act 2013.

Corporate Governance

Board meetings:

During the year, the board met four times, viz., on 5th May 2017, 27th July 2017, 8th November 2017 and 6th February 2018 and the gap between two meetings did not exceed one hundred and twenty days.

Audit Committee:

In terms of Section 177 of the Act, 2013, the Audit Committee is required to consist of minimum of three members, with majority of independent directors.

The Audit Committee of the Company comprises of three members out of which two are independent directors. All members of the Audit Committee possess requisite qualification and have sound knowledge of finance, accounts and internal control.

The following directors are the members of Audit Committee of the Company as on the date of this Report:

1. Mr H Lakshmanan, non-independent director
2. Mr S I Jaffar Ali, independent director
3. Mr L Bhadri, independent director

Nomination and Remuneration Committee:

In terms of Section 178 of the Act 2013, the Nomination and Remuneration Committee is required to consist of minimum of three members, of which not less than one-half shall be independent directors.

The following are the members of Nomination and Remuneration Committee of the Company as on the date of this Report:

1. Mr S I Jaffar Ali, chairman and independent director
2. Mr L Bhadri, independent director
3. Mr C N Prasad, non-independent director
4. Mr Christian Prause, non-independent director

Remuneration criteria to Directors:

The non - executive / independent director(s) will receive remuneration by way of fees for attending meetings of board or any committee in which director(s) is a member.

In addition to the sitting fees, the non - executive independent director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the limits prescribed by the provisions of the Act, 2013.

Corporate Social Responsibility (CSR) Committee:

In terms of Section 135 of the Act 2013, the CSR Committee is required to consist of three or more directors, out of which at least one director shall be an independent director.

The CSR Committee comprises of three members out of which one is an independent director.

The following are the members of the CSR Committee as on date of this Report:

1. Mr H Lakshmanan, chairman and non-independent director
2. Mr S I Jaffar Ali, independent director
3. Ms Anke Kuhlmann Cattau, non-independent director

Based on the recommendation of the CSR Committee, the board has approved the projects / programmes to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed Rs. 44 lakhs constituting 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2017-2018.

SST, over 21 years of service, has played a pivotal role in changing lives of people in many villages in rural India by creating self-reliant communities that are models of sustainable development.

The Company is eligible to spend on their ongoing projects / programmes, falling within the CSR activities specified under the Act 2013, as mandated by the MCA for carrying out its CSR activities.

As required under Section 135 of the Act 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual report on CSR containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the board are given by way of Annexure V attached to this Report.

Auditors

Statutory Auditors:

The Company at its sixth annual general meeting held on 30th July 2014 appointed M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, having Firm Registration No. 07761S allotted by the Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office for five consecutive years in the second term of five years, from the conclusion of the said AGM, subject to ratification at every AGM, at such remuneration in addition to reimbursement of all applicable taxes, out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

It is, therefore, proposed to re-appoint them as statutory auditors for the fifth consecutive year in the second term of five years, from the conclusion of this AGM, subject to ratification by the members at the AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 from them conveying their eligibility for being statutory auditors of the Company for the year 2018-19.

The Auditors' Report for the financial year 2017-18 does not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

Secretarial Auditor:

As required under Section 204 of the Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company is required to appoint a Secretarial Auditor for auditing the secretarial and related records of the Company and a report received from them is required to be enclosed along with the annual report of the Company.

Accordingly, Mr T N Sridharan, Practicing Company Secretary, secretarial auditor of the Company submitted his report for the year 2017-18.

The board has re-appointed him as Secretarial Auditor for carrying out the secretarial audit for the financial year 2018-19.

Both the Statutory Auditors Report and Secretarial Audit Report are free from any qualification, reservation or adverse remark or disclaimer, and hence do not warrant any explanation or comments by the board.

Statutory Statements

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2018 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Information on conservation of energy, technology absorption, foreign exchange etc.:

The information is given in Annexure I to this report, in terms of the requirements of Section 134(3)(m) of the Act 2013 read with the Companies (Accounts) Rules 2014.

Material changes and commitments:

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company:

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company and its future operations.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure II to this report, in terms of the requirements of Section 134(3)(a) of the Act, 2013 read with the Companies (Accounts) Rules, 2014.

Employee's remuneration:

Details of employees receiving the remuneration as prescribed under Section 197 of the Act 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure III.

Details of related party transactions:

Particulars of contracts / arrangements with related parties referred to in sub-section (1) of Section 188 of the Act, 2013 are given in Annexure IV to this report in the prescribed form.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans and guarantees under Section 186 of the Act 2013 for the financial year 2017-18, the Company has not extended any guarantee or loans to other companies during the year under review.

However, please refer note no. 3 to Notes on accounts for the financial year 2017-18, for details of investments made by the Company.

Reporting of fraud

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act 2013.

Other Laws

During the year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the promoters, M/s. Harita Seating Systems Limited and M/s. F.S. Fehrer Automotive GmbH, Germany.

The directors thank the suppliers, customers and bankers for their continued support and assistance.

The directors wish to place on record their appreciation of the excellent work done by all the employees of the Company.

For and on behalf of the board

	H Lakshmanan	C N Prasad
Place : Hosur	Director	Director
Date : 8th May 2018	DIN: 00057973	DIN: 01950656

Annexure - I

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

(Pursuant to Section 134(3)(m) of the Companies Act, 2013)

A. Conservation of Energy

1.1 Measures taken in the year 2017-18:

a. Consolidation of foaming lines and shifts across plants;

b. Upgradation of hydraulic power pack in Chennai foaming lines;

c. Increase in LED lighting composition across plants;

d. Improvement in power factor across plants;

e. 50% increase in no of carriers per foaming line at Hosur plant; and

f. Addition of wind power.

1.2 Proposed measures for the year 2018-19:

a. 50% increase in no of carriers per foaming line across plants;

b. Installation of new 650 kVA diesel generator in Chennai plant replacing two old generators;

c. Usage of third party solar power in Pune and Chennai plants; and

d. Reduction of foaming line cycle time by adding additional mixing head.

2. Steps taken for utilizing alternate sources of energy during the year 2017-18

During the year 2017-18, the Company has utilized the power generated through wind energy to an extent of 34,70,000 kWh. The Company is planning to continue the utilization of the wind energy for the year 2018-19 to an extent of 33,00,000 kWh. The Company is further planning to utilize solar power in the year 2018-19 either through third party purchase or contract based installation of solar panels. The Company is also focusing on installation of new lines and consolidation of lines across plants.

3. Capital investment - Energy conservation Equipments

The Company during the year 2017-18 has invested in upgradation of old compressors to Kaeser make compressor, implementation of vacuum booster, and installation of LED lighting facilities. The total investment stands at Rs.35 lakhs. The annual savings realized during the year was 1,60,000 units.

B. Technology Absorption

The Company has not incurred any expenses towards research and development during the year other than those in the normal course of process formulation and design and development and has not imported any technology so far.

The Company commissioned new technology of Paper Honeycomb Composite (PHC) at its Chennai plant.

C. Foreign Exchange Actual Earnings and Outgo

1. Activities relating to export

The Company has made an export sale of Rs.471.30 Lakhs during the year under review, and has specific plans to be laid out for expansion of exports in the current financial year with new customers and new parts.

2. Total foreign exchange earned and used

Foreign exchange earned	:	Rs. 471.30 lakhs
Foreign exchange used	:	Rs.5,535.12 lakhs

For and on behalf of the board

	H Lakshmanan	C N Prasad
Place : Hosur	Director	Director
Date : 8th May 2018	DIN: 00057973	DIN: 01950656

Annexure - II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended 31st March 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U25200TN2008PLC068513
ii)	Registration Date	:	09.07.2008
iii)	Name of the Company	:	Harita Fehrer Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006 Tele : (044) 2827 22 33 Fax : (044) 2825 71 21
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:-

Sl. No.	Name and Description of main products / ~~services~~	NIC Code of the product	% to total turnover of the Company
1.	Automotive seat foams	4043/9401	47.62%
2.	Two wheelers / Three wheelers Seat foams	4027/8714	52.38%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	Harita Seating Systems Limited Jayalakshmi Estates, No. 29, Haddows Road, Chennai – 600006.	L27209TN1996PLC035293	Holding Company	51%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: Not Applicable

(ii) Shareholding of Promoters:

S. No.	Name of the Shareholders (M/s.)	Shareholding at the beginning of the year (as on 1st April 2017)		Shareholding at the end of the year (as on 31st March 2018)		% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1.	Harita Seating Systems Limited (Holding Company) and its six nominees	1,02,50,000	51%	1,02,50,000	51%	-
2.	F S Fehrer Automotive GmbH, Germany	98,48,040	49%	98,48,040	49%	-
TOTAL		2,00,98,040	100%	2,00,98,040	100%	-

(iv) Change in Promoters' Shareholding: **No Change**

(v) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): **N.A.**

(v) Shareholding of Directors and Key Managerial Personnel: **Nil**

V. INDEBTEDNESS

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

(Rs in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	-	-	-
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i)	-	-	-
Change in Indebtedness during the financial year			
· Addition	548.67	-	548.67
· Reduction	-	-	-
Net Change (ii)	548.67	-	548.67
Indebtedness at the end of the financial year			
i) Principal Amount	548.67	-	548.67
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	**548.67**	**-**	**548.67**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and / or Manager: Nil

B. Remuneration to other directors: (in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		JA		LB		
1.	Independent Directors Fee for attending board / committee meetings Commission Others	60,000 10,00,000 -		55,000 - -		1,15,000 10,00,000 -
	Total (A)	10,60,000		55,000		11,15,000
		HL	CNP	CP	AKC	Total Amount
2.	Other Non –Executive Directors Fee for attending board / committee meetings Commission Others	45,000 - -	30,000 - -	30,000 - -	5,000 - -	1,10,000 - -
	Total (B)	45,000	30,000	30,000	5,000	1,10,000
	Total (A) + (B)					12,25,000
	Overall Ceiling as per the Act					

JA - Mr S I Jaffar Ali; LB - Mr L Bhadri; HL – Mr H Lakshmanan; CNP - Mr C N Prasad; CP - Mr Christian Prause; AKC - Ms Anke Kuhlmann Cattau

A. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Rs. In lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr A G Giridharan CEO	Mr S Jagannathan CFO	Mr S Sudarshan CS	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	- - -	58.33 - -	- - -	58.33 - -
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	- -	- -	- -	- -
5.	Others, please specify	-		-	-
	Total	-	58.33	-	58.33

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the board

H Lakshmanan
Director
DIN: 00057973

C N Prasad
Director
DIN: 01950656

Place : Hosur
Date : 8th May 2018

ANNEXURE - III

Employee receiving the remuneration in excess of the limits prescribed under Section 197 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name	Age (Yrs.)	Designation	Date of Employment	Remuneration (Gross) (in Rs.)	Qualification	Experience (Yrs.)	Previous Employment
1	Jagannathan S	53	Chief Financial Officer	01/04/2010	5,863,953.00	ACA, ACS	27	Valeo Friction Materials India Limited
2	Swaminathan S	45	AGM - Purchase	04/07/1997	3,487,820.00	BE (Mech), Executive PG in purchase	22	Padi Machine Tools
3	Satish B Liya	43	AGM - Sales & Marketing	24/04/2011	2,835,706.00	DME, DMM (Marketing Management)	8	Minda Industries Limited
4	Gopal N	44	Senior Manager - Operations	15/07/1996	2,509,226.00	DME, BS, MS	24	Usha Tel Private Limited
5	Charles C	50	Senior Manager - Operations	01/04/2009	2,507,743.00	BE (Electrical & Electronics)	28	Polyflex India Private Limited
6	Dwarakanath N	44	AGM - Operations	03/03/2010	2,460,774.00	DPMT, PDPMD	22	TATA Auto Comp Systems Limited
7	Sridharan T M	56	Manager - Sales	05/02/1988	2,406,149.00	BA	35	Eason Machine Tool Works
8	Sunil Kumar Mohini	36	Manager - Finance & Accounts	05/11/2008	2,155,642.00	B.Com, CA	8	Nil
9	Senthilkumaran G	42	Manager - Production	01/04/2009	1,734,624.00	BE (MECH) & MBA	16	Polyflex India Private Limited
10	Janarthanan P V	40	Sr. Manager - Operations	01/04/2009	1,645,889.00	DME	20	Polyflex India Private Limited

Notes:

(i) Years of experience also include experience prior to joining the Company.

(ii) Remuneration comprises of salary, house rent allowance, contribution to provident fund, medical reimbursement, medical insurance premium, leave travel assistance and other benefits evaluated under Income tax rules.

(iii) Besides, employees are entitled to gratuity as per rules.

(iv) None of the above employees is related to any of the directors of the Company.

(v) Terms of employment of all the employees mentioned above are contractual.

(vi) None of the employees either individually or together with spouse or children holds more than 2% of the equity shares of the Company.

For and on behalf of the board

H Lakshmanan
Director
DIN: 00057973

C N Prasad
Director
DIN: 01950656

Place : Hosur
Date : 8th May 2018

Annexure IV

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

1. **Details of contracts or arrangements or transactions not at arm's length:**

   There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2018, which were not at arm's length.

2. **Details of material contract, arrangement or transaction at arm's length:**

(a)	Name of the related party	Harita Seating Systems Limited
(b)	Nature of relationship	Holding Company
(c)	Duration of the contracts/ arrangements/ transactions	2017-18
(d)	Date (s) of approval by the Board, if any:	5th May 2017

Nature of contracts / arrangements / transactions	Goods / Services	Salient terms of the contracts or arrangements or transactions	Amount of contract or arrangement (Rs. In Lacs)
Purchase	Rexine	Cost plus mark-up	6.11
Sale of foams	Foams capital goods – moulds	Cost plus mark-up	4,444.64 160.57
Services rendered	Lease rent Other services	At cost	62.26 106.62
Services availed	Electricity, Man power, Rent, Telephone, Management service charges salary, canteen and Lease rent	At cost	738.92

For and on behalf of the board

	H Lakshmanan	C N Prasad
Place : Hosur	Director	Director
Date : 8th May 2018	DIN: 00057973	DIN: 01950656

Annexure V

Particulars of Corporate Social Responsibility activities carried out by the Company in terms of Section 135 of the Companies Act, 2013

1. A brief outline of the company's CSR policy:

   This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the transformation and sustainable development of the rural communities at large.

2. Overview of projects or programmes being undertaken:

   Focus areas relates to economic development, quality education, health care, conservation of environment and the creation, maintenance of infrastructure, art, culture and protection of places of public and historical importance.

   Web-link to the CSR policy and projects or programmes - www.haritafehrer.co.in/pdf/CSR-Policy.pdf.

3. Composition of the CSR Committee.

#	Name of the Director (M/s.)	Designation	Status
1.	H Lakshmanan	Non-Independent Director	Chairman
2.	S I Jaffar Ali	Independent Director	Member
3.	Anke Kuhlmann Cattau	Non-Independent Director	Member

5. Average net profit of the Company for last three financial years — Rs. 21.50 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) — Rs. 0.44 Cr

7. Details of CSR spent during the financial year

   (a) Total amount spent for the financial year — Rs. 0.44 Cr

   (b) Amount unspent, if any — Not Applicable

   (c) Manner in which the amount spent during the financial year is detailed below.

1.	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu Phone No: 044-28332115 Mail ID: sst@scl.co.in
2.	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promotion of Education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and • rural development projects
3.	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure

4.	Local Area / Others	• Shirur block, Pune • Hosur
	State & district	- Maharashtra : Pune - Tamilnadu : Hosur
	Amount outlay (budget) project or programme-wise	Rs. 93.37 lakhs
5.	Amount spent on the projects or programmes	Rs. 93.37 lakhs (including contribution of Harita Fehrer Limited of Rs.44 Lakhs)
6.	Direct expenses On projects / programmes	Rs. 93.37 lakhs
	Overheads	Nil
7.	Cumulative expenditure upto the reporting period	Rs. 93.37 lakhs (including contribution of Harita Fehrer Limited of Rs.44 Lakhs)

8. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

- **Not applicable -**

9. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

   To discharge the duties cast under provisions of the Act, members of the CSR Committee visit places where SST is doing service.

For and on behalf of the board

Place : Hosur
Date : 8th May 2018

H Lakshmanan
Chairman of CSR Committee

FORM NO.MR-3

SECRETARIAL AUDIT REPORT OF HARITA FEHRER LIMITED

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

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

To

The Members

HARITA FEHRER LIMITED,
CIN: U25200TN2008PLC068513
Authorised Capital: Rs.20,10,00,000/-
Paid up Capital: Rs.20,09,80,400/-
No.29, Haddows Road,
Chennai 600 006

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by **HARITA FEHRER LIMITED (CIN U25200TN2008PLC068513)**, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by HARITA FEHRER LIMITED for the financial year ended on 31st March, 2018 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;

iii) The Company being unlisted public limited company, the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder are not applicable;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v) The Company being unlisted public limited company, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 are not applicable to the Company.

vi) The Company has materially complied with laws applicable specifically to the Company for the financial year under review.

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

i) The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of sub-section 10 of Section 118 of the Companies Act, 2013, for the financial year under review;

ii) The Company being unlisted public limited company, the company is not required to enter into Listing Agreements with any Stock Exchange(s), and hence compliance in relation thereto is not applicable.

From the verification of records and as per the information and explanation furnished to me, during the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable.

I further report that

i) The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii) Majority decision is carried through and recorded as part of the minutes. However on perusal of the minutes of the Board or Audit Committee or Nomination & Remuneration Committee, or Corporate Social Responsibility Committee meetings, it was observed that there was no dissenting note made by any of the director or member of any committee.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The Company has

i) Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy' in terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder;

ii) Constituted the Audit Committee of directors in terms of Section 177 of the Companies Act, 2013;

iii) Constituted Corporate Social Responsibility Committee of Directors (CSR) and has formulated CSR Policy and the projects / programmes, to be undertaken for CSR spending in terms of the Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. It was observed on verification of records that an amount of Rs. 44 lacs, constituting 2% of average net profits for the immediate past three financial years, has been spent for the financial year 2017-18 on the projects/programs that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST),an independent Trust (NGO) in existence since 1996;

iv) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;

v) has appointed a woman director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

I further report that from the information and explanations furnished to me, during the audit period the Company has:

i) not made any Public / Right / Preferential issue of shares/ debentures/ sweat equity etc.

ii) not done any Redemption / buyback of securities;

iii) no major decisions were taken by the members in pursuance to section 180 of the Companies Act 2013;

iv) no Merger / amalgamation / reconstruction etc. took place during the year under review; and

v) No Foreign technical collaborations have been entered into during the year under review.

Signature:
T N Sridharan
Practising Company Secretary
Certificate of Practice No. 4191

Place: Hosur
Date: 8th May 2018

CIN: U25200TN2008PLC068513
Authorised Capital: Rs.20,10,00,000/-
Paid up Capital: Rs.20,09,80,400/-

To

The Members
HARITA FEHRER LIMITED,
No.29, Haddows Road,
Chennai 600 006

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Signature:

T N Sridharan
Practising Company Secretary
Certificate of Practice No. 4191

Place: Hosur
Date: 8th May 2018

Independent Auditor's Report for the year ended 31st March 2018

To the Members of

Harita Fehrer Limited

Report on the Ind AS Financial Statements

We have audited the accompanying financial statements of **Harita Fehrer Limited** ("the Company"), Jayalakshmi Estates, #29, Haddows Road, Chennai – 600 006, which comprise the Balance Sheet as at **March 31, 2018**, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at **31st March, 2018**, and its profit including its other comprehensive income, its cash flows and the changes in equity for the year ended on that date**.**

Report on other Legal and Regulatory Requirements

1. As required under the Companies (Auditor's Report) Order, 2016 ("The Order"), issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, we give in the "Annexure A" a statement of the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, 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 relevant rules issued thereunder;
   (e) On the basis of written representations received from the directors as on 31st March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018, from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financials statements – Refer note 32(v) to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

iii. There are no amounts required to be transferred to investor education and Protection fund.

For **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716

Place : Hosur
Date : 8th May, 2018

Annexure'A' to Independent Auditors' Report -31st March 2018

(Referred to in our report of even date)

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

b) The Company has a regular programme of physically verifying all its Fixed Assets at reasonable intervals. No material discrepancies have been noticed on such verifications;

c) All the title deeds of the immovable properties owned by the Company are held in the name of the Company;

ii) The inventory, other than in-transit, has been physically verified at reasonable intervals during the year under review by the management. The discrepancies noticed on verification between the book stock and physical stock were not material and have been properly dealt with in the books of account.

iii) The Company has not granted any loan to a Company, firm or other parties covered in the register maintained under section 189 to the Companies act 2013.

iv) There are no loans, investments, guarantees and security granted and accepted by the company which attracts provisions of section 185 and 186 of the Companies Act, 2013 and hence reporting sub-clause (iv) of paragraph 3 of the Order does not arise;

v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76. Therefore, the provisions of sub-clause (v) of paragraph 3 of the Order are not applicable to the Company;

vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under section 148(1) of the Companies Act, 2013 for the maintenance of cost records and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained;

vii) a) According to the information and explanation given to us, and on the basis of our examination of the records of the company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax and any other material statutory dues with the appropriate authorities.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax were is arrear as at 31st March 2018 for a period of more than 6 months from the date they became payable.

c) According to the information and explanations given to us, following are the disputed amounts in respect of Service Tax, Value added tax and Income tax which have not been deposited on account of any dispute as on **31st March 2018:**

Period of Dues	Nature of Dues	Amount of Disputed Tax (Rs. in Lakhs)	Forum where dispute is pending
2010-11	Income Tax	48.65	Commissioner of Income Tax (Appeals) Chennai
2012-13	Income Tax	35.91	Commissioner of Income Tax (Appeals) Chennai
2013-14	Income Tax	62.35	Commissioner of Income Tax (Appeals) Chennai
2013-14	Commercial Tax	20.81	Commissioner of Commercial Tax Appeal Chennai
2014-15	Commercial Tax	3.20	Commissioner of Commercial Tax Appeal Chennai
2016-17	Central Excise	5.84	Commissioner of Central Excise Appeals

viii) The Company has not defaulted in the repayment of dues to Financial institutions, Banks and there are no borrowings from Government or Debenture holder;

ix) a) The Company has not raise any money by way of initial public offer or further public offer including debt instruments during the year. Hence reporting on utilization of such money does not arise.

b) The Company has not availed any term loan, during the year under review and hence reporting sub-clause (ix) of paragraph 3 of the Order does not arise;

x) Based on the audit procedures adopted and the information and explanation given to us, no fraud by the Company or on the Company has been noticed or reported during the year under review;

xi) In our opinion, the Managerial remuneration paid/provided are in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act and hence reporting sub-clause (xi) of paragraph 3 of the Order does not arise;

xii) As the Company is not in the nature of Nidhi Company reporting under sub-clause (xii) of paragraph 3 of the Order does not arise;

xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the act and details of such transactions have been disclosed in Ind AS financial statements as required by the applicable accounting standards.

xiv) According to the information and explanation given to us and in our opinion, the company has not made any preferential or private placement of shares or fully or partly convertible debentures during the year under review;

xv) According to the information and explanation given to us and in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

xvi) The company is not required to be registered under section 45-IA of the Reserve Bank Act, 1934.

For **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716

Place : Hosur
Date : 8th May, 2018

Annexure 'B' to the Independent Auditors' Report for the year ended 31st March 2018

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

We have audited the internal financial controls over financial reporting of **M/s Harita Fehrer Limited** ("the Company"), Jayalakshmi Estates, #29, Haddows Road, Chennai – 600006, as of **31st March 2018** in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Ind AS financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31st March 2018,** based on;

i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business;

ii. continuous adherence to Company's policies;

iii. existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made and cash and bank balances;

iv. existing system to prevent and detect fraud and errors;

v. accuracy and completeness of Company's accounting records; and

vi. existing capacity to prepare timely and reliable financial information

For **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716

Place : Hosur
Date : 8th May, 2018

Balance Sheet as at 31st March 2018

Rs in Lakhs

Particulars	Note No.	March 31, 2018	March 31, 2017	April 1, 2016
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	2	10,188.92	9,740.72	8,596.54
Capital Work in progress		732.07	258.95	142.25
Other Intangible Assets	2	40.93	46.61	20.55
Financial Assets				
i. Investments	3	55.37	77.80	77.60
ii. Other financial assets	4	102.22	117.24	141.86
Other Non-Current Assets	5	124.18	38.69	-
Current Assets				
Inventories	6	3,336.51	1,888.58	1,918.97
Financial Assets				
i. Investments	3	672.98	1,392.88	1,213.28
ii. Trade Receivables	7	10,597.57	6,974.45	6,546.51
iii. Cash and Cash equivalents	8	159.94	654.77	868.20
iv. Other Financial Assets	4	58.99	38.17	39.62
Other Current Assets	9	1,742.20	1,528.18	929.75
Total Assets		**27,811.88**	**22,757.03**	**20,495.13**
Equity and Liabilities				
Equity				
Equity Share Capital	10	2,009.80	2,009.80	2,009.80
Other Equity	11	12,379.82	11,242.14	10,738.55
Liabilities				
Non-Current Liabilities				
Provisions	12	49.87	50.52	40.50
Deferred Tax Liabilities (Net)	13	695.89	675.23	697.34
Current Liabilities				
Financial Liabilities				
i. Borrowings	14	548.67	-	-
ii. Trade Payables	15	10,019.25	7,063.72	5,911.94
iii. Other Financial Liabilities	16	515.02	439.65	310.78
Other Current Liabilities	17	152.08	172.18	175.32
Provisions	12	1,441.48	1,103.79	610.90
Total Equity and Liabilities		**27,811.88**	**22,757.03**	**20,495.13**
Significant Accounting Policies	1			

In terms of our Reports Attached

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
F. R. No. 007761S

V Sathyanarayanan
Partner
Membership No. 027716

Place: Hosur
Date: 8th May,2018

For and on Behalf of Board of Directors

H Lakshmanan
Director

C N Prasad
Director

A G Giridharan
Chief Executive Officer

S Jagannathan
Chief Financial Officer

S Sudarshan
Company Secretary

Statement of Profit and Loss for the year ended 31st March 2018

Rs in Lakhs

Particulars	Note No.	March 31, 2018	March 31, 2017
Income			
Revenue from Operations	18	50,290.74	44,374.87
Other Income	19	264.47	291.92
Total Income (I)		**50,555.21**	**44,666.79**
Expenses			
Cost of Material Consumed	20	35,383.13	28,158.31
Changes in Inventory of Finished Goods and Work-in-Process	21	(100.61)	(52.70)
Excise Duty		1,317.40	4,906.80
Employee Benefit Expenses	22	4,947.31	4,155.13
Finance Costs	23	10.40	0.49
Depreciation and Amortisation cost	24	1,127.43	963.83
Other Expenses	25	4,293.89	3,909.46
Total Expenses (II)		**46,978.95**	**42,041.32**
Profit/(Loss) before Exceptional Items and Tax (I-II)		**3,576.26**	**2,625.47**
Exceptional Items		-	-
Profit/(Loss) Before Tax		**3,576.26**	**2,625.47**
Income Tax Expense	26		
Current Tax		1,211.21	902.80
Deferred Tax		19.70	(11.32)
Total Income Tax Expense		**1,230.91**	**891.48**
Profit/(Loss) for the period		**2,345.35**	**1,733.99**
Other Comprehensive Income			-
Items that will not be reclassified to profit or loss			
Remeasurement of employee benefit obligation		2.76	(31.73)
Income tax relating to these items		(0.96)	10.80
Other comprehensive income for the year, net of tax		**1.80**	**(20.93)**
Total Comprehensive Income for the Year		**2,347.15**	**1,713.06**
Earnings Per Equity Share			
Basic	31	11.67	8.63
Diluted		11.67	8.63
Significant Accounting Policies	1		

In terms of our Reports Attached

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
F. R. No. 007761S

V Sathyanarayanan
Partner
Membership No. 027716

Place: Hosur
Date: 8th May,2018

For and on Behalf of Board of Directors

H Lakshmanan
Director

C N Prasad
Director

A G Giridharan
Chief Executive Officer

S Jagannathan
Chief Financial Officer

S Sudarshan
Company Secretary

Statement of changes in equity

Rs in Lakhs

I) Equity Share Capital	**Notes**	**Amounts**
Balance as at April 1, 2016		**2,009.80**
Changes in equity share capital during the year	10	**-**
Balance as at March 31, 2017		**2,009.80**
Changes in equity share capital during the year	10	**-**
Balance as at March 31, 2018		**2,009.80**

II) Other equity

	Notes	Reserves and surplus			Total
		General reserve	Securities Premium	Retained earnings	
Balance as at April 1, 2016		81.67	9,248.79	1,408.09	**10,738.55**
Profit for the period	11			1,733.99	**1,733.99**
Other comprehensive income	11			(20.93)	**(20.93)**
Transaction in the capacity as owners				-	
Dividend paid (including dividend distribution tax)	11			(1,209.47)	**(1,209.47)**
Balance as at March 31, 2017		**81.67**	**9,248.79**	**1,911.68**	**11,242.14**
Profit for the period	11			2,345.35	**2,345.35**
Other comprehensive income	11			1.80	**1.80**
Transaction in the capacity as owners					
Dividend paid (including dividend distribution tax)	11			(1,209.47)	**(1,209.47)**
Balance as at March 31, 2018		**81.67**	**9,248.79**	**3,049.36**	**12,379.82**

In terms of our Reports Attached

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
F. R. No. 007761S

V Sathyanarayanan
Partner
Membership No. 027716

Place: Hosur
Date: 8th May,2018

For and on Behalf of Board of Directors

H Lakshmanan
Director

C N Prasad
Director

A G Giridharan
Chief Executive Officer

S Jagannathan
Chief Financial Officer

S Sudarshan
Company Secretary

Cash flow statement for the year ended 31st March, 2018

Rs in Lakhs

		March 31, 2018	March 31, 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax and extra ordinary items	3,576.26	2,625.47
	Add:		
	Depreciation (net)	1,127.43	963.83
	Dividend income	-	-
	Interest Income	(7.21)	(9.92)
	Interest Expenditure	10.40	0.49
	Net Gain on Sale of Traded Quoted Investment	(147.09)	(145.70)
	Profit on sale of Fixed Assets	-	(21.53)
	Loss on sale of Fixed Assets	59.41	
	Miscellaneous Expenditure written off		-
	Less:		
	Increase/(Decrease) in valuation of employee benefit obligation	2.76	(31.73)
	Operating profit before working capital changes	**4,621.96**	**3,380.91**
	Adjusted for: Working Capital changes		
	Trade Payables	2,955.52	1,151.78
	Other Current Liabilities	(20.10)	(3.14)
	Short Term Provisions	29.02	115.75
	Other Financial Liabilities	75.37	128.87
	Short Term Borrowings	548.67	-
	Non Current Financial Assets	15.02	24.62
	Other Non Current Assets	(85.49)	(38.69)
	Current Investment	719.90	(179.61)
	Inventories	(1,447.93)	30.39
	Trade Receivables	(3,623.12)	(427.94)
	Short Term Loans and Advances		
	Other Financial Assets	(20.82)	1.46
	Other Current Assets	85.50	(138.34)
	Long Term Provision	(0.65)	10.02
	Cash generated from operations	**3,852.85**	**4,056.08**
	Adjusted for: Tax Liability		
	Direct tax paid	(1,202.05)	(985.75)
	Deferred Tax	-	-
	Net cash from operating activities -(A)	**2,650.80**	**3,070.33**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(2,103.58)	(2,612.09)
	Sale of fixed assets	1.10	382.88
	Purchase of investments	-	(0.20)
	Sale of non current investments	22.43	-
	Profit/(Loss) Sale of Investments	147.09	145.70
	Interest received	7.21	9.92
	Dividend received	-	-
	Net cash used in investing activities -(B)	**(1,925.75)**	**(2,073.79)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Share Capital	-	-
	Share Premium	-	-
	Interest paid	(10.40)	(0.49)
	Dividend and dividend tax paid	(1,209.48)	(1,209.48)
	Net cash from financing activities - (C)	**(1,219.88)**	**(1,209.97)**
D.	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)**	**(494.83)**	**(213.43)**
	Cash and cash equivalents at the beginning of the year	654.77	868.20
	Cash and cash equivalents at the end of the year	**159.94**	**654.77**

In terms of our Reports Attached

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
F. R. No. 007761S

V Sathyanarayanan
Partner
Membership No. 027716

Place: Hosur
Date: 8th May,2018

For and on Behalf of Board of Directors

H Lakshmanan
Director

C N Prasad
Director

A G Giridharan
Chief Executive Officer

S Jagannathan
Chief Financial Officer

S Sudarshan
Company Secretary

Notes To Financial Statements for the year ended March 31, 2018

1. **Company overview**

HARITA FEHRER LIMITED (‘the Company’) is a public limited company incorporated in India. The registered office is located at “Jayalakshmi Estates”, 29, Haddows Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India.

2. **Significant accounting policies**

2.1 **Statement of compliance**

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Upto the year ended 31st March, 2017, the Company prepared financial statements in accordance with the requirements of previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006 and other relevant provisions of the Act.

These are Company’s first Ind AS based financial statements. The date of transition to Ind AS is 1st April, 2016. Company has opted certain exemptions while first-time adoption of Ind As based Financial statement (refer note 42 of Financial Statement)

2.2 **Basis of preparation and presentation**

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services.

The principal accounting policies are set out below:

All assets and liabilities have been classified as current or noncurrent according to the Company’s operating cycle and other criteria set out in the Act. 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 twelve months for the purpose of current and non-current classification of assets and liabilities.

2.3 **Going concern**

The board of directors have considered the financial position of the Company at 31 March 2017 and projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The board of directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

2.4 **Use of estimates and judgments**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

2.5 **Revenue recognition**

The Company recognizes revenue when the amount of revenue and its related cost can be reliably measured and it is probable that future economic benefits will flow to the entity and specific criteria in relation to significant risk.

2.5.1 **Sale of goods**

Revenue from sale of products is recognised when the products are delivered to the dealer / customer or when delivered to the carrier, when risks and rewards of ownership pass to the dealer / customer, as per terms of contract.

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates. It includes excise duty but excludes Value Added Tax and Sales Tax.

2.5.2 **Income from service**

Income from services is accounted over the period of rendering of services.

Notes To Financial Statements - *(continued)*

2.6 **Foreign currencies**

2.6.1. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupee, which is the company's functional and presentation currency.

2.6.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

2.7 Employee Benefits

2.7.1. Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

2.7.2. Other long term employee benefit

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 the expected future payments to be made in respect of services provided by employee upto the end of 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. Measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

2.7.3. Post-employment obligation

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity for its eligible employees, and

b) Defined contribution plans such as provident fund.

Defined contribution plan:

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 recognizes contribution payable to the provident fund scheme and pension scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Notes To Financial Statements - *(continued)*

Defined benefit plan:

The Company has a gratuity defined benefit plans for its employees. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Re-measurement 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. They are included in retained earnings in the statement of changes in equity and the balance sheet. The Company has funded this with Life Insurance Corporation of India ('LIC'). The contributions made to the LIC are treated as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

2.7.4. Bonus plans

The Company recognizes a liability and an expense for bonus. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation

2.8. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1. Current tax

The income tax expenses or credit 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 tax rates that have been enacted.

2.8.2. Deferred tax

Deferred tax is provided in full, using the balance sheet approach, 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 profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets 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 realised, 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.

2.8.2. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

2.9. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.

Notes To Financial Statements - *(continued)*

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1st April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method on a prorata basis from the month in which each asset is put to use to allocate their cost, net of their residual values, over their estimated useful lives.

Estimated useful life of assets are as follows which is based on technical evaluation of the useful lives of the assets:

Particulars	Useful life in years (Nos.)
Buildings	30
Plant & Machinery	14
Vehicles	8
Computer hardware	3

The assets' residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are credited / debited to profit or loss.

2.10. Intangible assets

Intangible assets are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

2.10.1. Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1st April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.11. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal 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 the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2.12. Inventories

Inventories are valued at the lower of cost and net realizable value.

The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and appropriate proportion of variable and fixed overhead expenditure. Overhead expenditures are being allocated on the basis of normal operating capacity. Raw materials are valued at weighted average cost. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Non-production inventory (other than those supplied along with main plant and machinery, which are capitalised and depreciated accordingly) are charged to profit or loss on consumption.

2.13 Provisions and contingencies

Provisions: Provisions are recognised when there is a present obligation or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessment of the time value of money and the risks specific to the liability

Notes To Financial Statements - *(continued)*

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.14 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. Financial assets and financial liabilities are recognised when the 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 instruments (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 recognized immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

2.15 Financial assets

All purchases or sales of financial assets are recognized and de-recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.15.1. Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset that meets the following two conditions is measured at amortised cost unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test : the objective of the Company's business model is to hold the financial asset to collect the contractual cash flows.
- Cash flow characteristic test : the contractual term 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.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option:

- business model test : the financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets.
- cash flow characteristic test : the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

2.15.2. Financial assets at fair value through profit or loss (FVTPL)

Investment in equity instrument are classified at fair value through profit or loss, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets that do not meet the amortised cost criteria or fair value through other comprehensive income criteria are measured at fair value through profit or loss. A financial asset that meets the amortised cost criteria or fair value through

Notes To Financial Statements - *(continued)*

other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets and liabilities or recognising the gains or losses on them on different bases.

Investments in debt based mutual funds are measured at fair value through profit and loss.

Financial assets which are fair valued through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on re measurement recognized in profit or loss.

2.15.3. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

2.15.4. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, cheques and drafts in hand, balances with bank and deposits held at call with financial institutions, 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. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the cash flow statement. Book overdraft are shown within other financial liabilities in the balance sheet and forms part of operating activities in the cash flow statement.

2.15.5. Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following :

- financial assets measured at amortised cost
- financial assets measured at fair value through other comprehensive income

Expected credit loss are measured through a loss allowance at an amount equal to :

- the twelve month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within twelve months after the reporting date); or
- full life time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

2.15.6. Income recognition

Interest Income: Interest income from debt instruments is recognised using the effective interest rate method.

2.16 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

2.16.1. Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid.

2.16.2. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes To Financial Statements - *(continued)*

2.16.3. Foreign exchange gains or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of the reporting period. For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.18. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

2.19. Leases

Leases of property, plant and equipment where the Company, as a lessee has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.20. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.21. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

2.22. Earning Per Share

Basic earnings per share have been computed by dividing the net income by the weighted average number of shares outstanding during the year. Diluted earnings per share has been computed using the weighted average number of shares and diluted potential shares, except where the result would be anti-dilutive

2.23. Dividends

Final dividends on shares are recorded on the date of approval by the shareholders of the Company.

Notes To Financial Statements - *(continued)*

Note no. 2

Property, Plant and Equipment and Intangible Asset**Rs in Lakhs**

	Property, Plant and Equipment										Total of PPE As at 31.03.2018	Intangible Assets	
Description	**Land (Own)**	**Land (Lease)**	**Building**	**Plant & Machinery**	**Electrical Equipments**	**Vehicles**	**Office Equipment**	**Moulds**	**Furniture & Fittings**	**Computers**		**Software**	**Software As at 31.03.2018**
Cost of the assets													
As at 01.04.2016	**1,343.92**	**-**	**1,885.24**	**4,737.16**	**239.65**	**17.17**	**95.16**	**218.45**	**40.28**	**19.51**	**8,596.54**	**20.55**	**20.55**
Additions	187.30	428.64	762.12	719.85	271.15	23.77	34.43	18.57	1.45	15.76	2,463.04	32.38	32.38
Sales / Deletions	295.61		-	63.81		1.90				0.04	361.36	-	-
Total	**1,235.61**	**428.64**	**2,647.36**	**5,393.20**	**510.80**	**39.04**	**129.59**	**237.02**	**41.73**	**35.23**	**10,698.22**	**52.93**	**52.93**
Depreciation													
For the year	-		83.23	768.94	29.71	4.80	15.95	35.05	10.54	9.28	957.50	6.33	6.33
Withdrawn on assets sold/ deleted	-		-									-	-
Total	-	-	83.23	768.94	29.71	4.80	15.95	35.05	10.54	9.28	957.50	6.33	6.33
Written down Value													
As at 31.03.2017	**1,235.61**	**428.64**	**2,564.13**	**4,624.26**	**481.08**	**34.24**	**113.64**	**201.97**	**31.19**	**25.95**	**9,740.72**	**46.60**	**46.60**
Cost of the assets													
As at 01.04.2017	**1,235.61**	**428.64**	**2,647.36**	**5,393.20**	**510.80**	**39.04**	**129.59**	**237.02**	**41.73**	**35.23**	**10,698.22**	**52.93**	**52.93**
Additions			124.33	1,189.52	32.89	6.04	15.24	182.28	15.62	49.40	1,615.33	15.14	15.14
Sales / Deletions				5.73		7.45	1.54	58.81		7.75	81.28		-
Total	**1,235.61**	**428.64**	**2,771.69**	**6,576.99**	**543.69**	**37.63**	**143.29**	**360.50**	**57.35**	**76.88**	**12,232.27**	**68.07**	**68.07**
Depreciation													
Upto 01.04.2017	-	-	83.23	768.94	29.71	4.80	15.95	35.05	10.54	9.28	957.50	6.33	6.33
For the year		7.65	106.75	839.90	43.66	7.40	20.74	50.86	11.87	17.79	1,106.62	20.81	20.81
Withdrawn on assets sold/ deleted				4.95		7.07	1.46			7.28	20.77		-
Total	-	7.65	189.98	1,603.89	73.37	5.13	35.23	85.91	22.41	19.79	2,043.35	27.14	27.14
Written down Value													
As at 31.03.2018	**1,235.61**	**420.99**	**2,581.71**	**4,973.10**	**470.32**	**32.50**	**108.06**	**274.59**	**34.94**	**57.09**	**10,188.92**	**40.93**	**40.93**
Property, plant and equipment and intangible assets have been carried at deemed cost as at April 1, 2016 i.e., measured at carrying value as per previous GAAP refer note 41. A.1.1 Deemed cost													
Refer to notes 1 for information on significant accounting policies.													

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
3	**Investments**			
	Non - Current			
	Investment in equity instruments (quoted) at FVTPL			
	Investment in Equity Shares			
	3,15,523 equity shares of Rs.10/- each in Green Infra Wind Energy Theni Limited March 31, 2017 : *7,50,000 equity shares* April 1, 2016 : *7,50,000 equity shares*	52.60	75.00	75.00
	Shree Mother Capfin and Securities Private Limited	0.17	0.20	-
	Investment in LLP			
	Investment in M/s Paras Green Power LLP	2.60	2.60	2.60
	Total of Non-current Investments	**55.37**	**77.80**	**77.60**
	Aggregate amount of quoted investments and market value thereof	-	-	-
	Aggregate amount of unquoted investments	55.37	77.80	77.60
	Current			
	Investment in Mutual Funds			
	Quoted			
	a) UTI Liquid Fund No. Of Units Nil [March 31, 2017 : No. of units, April 1, 2016 : 6219.843 No. of units]		-	154.04
	b) SBI Magnum Insta cash fund No. of Nil [March 31, 2017 : 4228.434 No. of units, April 1, 2016 : 5990.13 No. of units]		151.63	200.35
	c) IDFC funds-Ultra short term funds No. Of Units Nil [March 31, 2017 : 1566508.504 No. of units, April 1, 2016 : 1374856.939 No. of units]		360.75	291.96
	d) ICICI Prudential ultra short term No. Of Units Nil [March 31, 2017 : No. of units 2525976.672, April 1, 2016 : 1283114.218 No. of units]		422.41	196.40
	e) Franklin India TMA Growth Nil No. Of Units [March 31, 2017 : No. of units, April 1, 2016 : 4427.942 No. of units]		-	100.17
	f) ICICI Prudential Money Market No. Of Units [March 31, 2017 : 106785.02 No. of units, April 1, 2016 : 95763.244 No. of units]		256.45	200.26
	g) L&T LIQUID FUND No. Of Units [March 31, 2017 : No. of units, April 1, 2016 : 3379.607 No. of units]		-	70.10
	h) L&T LIQUID FUND regular growth - No. Of Units [March 31, 2017 : No. of units, 9063.207		201.64	-
	i) Aditya Birla sunlife mutual fund- No. Of Units 26896.214 [March 31, 2017 : Nil]	62.15		
	j) Idfc Mutual Fund Collection - No. Of Units 14520.93 [March 31, 2017 : Nil]	305.43		
	k) Sundaram Money Fund Collection - No. Of Units 836925.137 [March 31, 2017 : Nil]	305.40		
	Total of Current Investments	**672.98**	**1,392.88**	**1,213.28**
	Aggregate amount of quoted investments and market value thereof	672.98	1,392.88	1,213.28

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
4	**Other financial assets**			
	Non Current			
	Unsecured and Considered Good			
	Security Deposits	102.22	117.24	141.86
	Total non current other financial assets	**102.22**	**117.24**	**141.86**
	Current			
	Unsecured and Considered Good			
	Income receivable	28.16	10.33	8.02
	Salary Advances	30.83	27.84	31.60
	Total current other financial assets	**58.99**	**38.17**	**39.62**
5	**Other Non Current Assets**			
	Advances for Capital Goods	124.18	38.69	
	Total Non Current Assets	**124.18**	**38.69**	**-**
6	**Inventories***			
	* Valued at Lower of Cost or Net Realisable Value			
	a) Raw materials and components	2,071.68	909.49	1,082.44
	b) Work-in-Process	201.97	186.60	154.79
	c) Finished Goods	453.16	367.91	347.03
	d) Stores, Tools & Dies	609.70	424.58	334.71
	Total Inventories	**3,336.51**	**1,888.58**	**1,918.97**
7	**Trade Receivables**			
	a) Unsecured, considered good	10,597.57	6,974.45	6,546.51
	b) Doubtful	8.10	-	-
	Total	**10,605.67**	**6,974.45**	**6,546.51**
	Less: Provision for doubtful receivables	8.10	-	-
	Total Trade Receivables	**10,597.57**	**6,974.45**	**6,546.51**
8	**Cash and Cash Equivalents**			
	Balance with Banks			
	- in Current account	158.50	653.16	866.47
	Cash on hand	1.44	1.61	1.73
	Total Cash and Cash Equivalents	**159.94**	**654.77**	**868.20**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
9	**Other Current Assets**			
	a) Prepaid expenses	27.66	25.49	35.11
	b) Advance to Suppliers & Service Provider	222.67	324.92	231.61
	c) Income-Tax Deducted at Source	56.10	47.75	34.79
	d) Advance Income Tax Paid	1,145.00	887.00	440.00
	e) Income tax receivable	51.58	18.40	18.28
	f) Others	117.52	111.71	81.68
	g) Balance with Government Authorities	121.67	112.91	70.14
	h) Employee Benefit expenses	-	-	18.14
	Total Other Current Assets	**1,742.20**	**1,528.18**	**929.75**

10 Equity Share Capital

a) Details of authorised, issued and subscribed share capital

Particulars	March 31, 2018		March 31, 2017		April 1, 2016	
	Number	Rupees	Number	Rupees	Number	Rupees
Authorised equity share capital						
Equity Shares of Rs.10/- each	20100000	2,010.00	20100000	2,010.00	20100000	2,010.00
Issued, subscribed and paid up						
Equity Shares of Rs.10/- each	20098040	2,009.80	20098040	2,009.80	20098040	2,009.80

b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	March 31, 2018		March 31, 2017		April 1, 2016	
	Number	Rupees	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	20098040	2,009.80	20098040	2,009.80	20098040	2,009.80
Shares Issued during the year			-	-	-	-
Shares outstanding at the end of the year	**20098040**	**2,009.80**	**20098040**	**2,009.80**	**20098040**	**2,009.80**

c) Shares held by holding/ ultimate holding company

	31-Mar-18	31-Mar-17	01-Apr-16
Harita Seating Systems Limited	10249994	10249994	10249994
% of holding	51.00%	51.00%	51.00%

Terms and rights attached to equity shares

Equity Shares: The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The shareholders have rights in proportion to their shareholding for dividend as well as for assets, in case of liquidation.

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

	31-Mar-18		31-Mar-17		01-Apr-16	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Harita Seating Systems Limited	10249994	51.00%	10249994	51.00%	10249994	51.00%
F S Fehrer Automotive GMBH	9848040	49.00%	9848040	49.00%	9848040	49.00%

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
11	**Reserves and Surplus**			
	a) Share Premium			
	Opening Balance	9,248.79	9,248.79	9,248.79
	Add: Premium on share issued during the year			
	Less: Utilized during the year			
	Closing Balance	**9,248.79**	**9,248.79**	**9,248.79**
	b) General Reserves	81.67	81.67	81.67
	Add: Current Year Transfer			
	Closing Balance	**81.67**	**81.67**	**81.67**
	c) Surplus/(deficit) in Statement of Profit and Loss			
	Opening Balance	1,911.68	1,408.09	1,171.27
	Add: Profit for the year	2,345.35	1,733.99	1,326.44
	Add: Other comprehensive Income	1.80	(20.93)	
	Less: Interim Dividend	(1,004.90)	(1,004.90)	(904.41)
	Less: Interim Dividend Distribution Tax	(204.57)	(204.57)	(185.21)
	Net Surplus in the Statement of Profit and Loss	**3,049.36**	**1,911.68**	**1,408.09**
	Total (a+b+c)	**12,379.82**	**11,242.14**	**10,738.55**

Nature and purpose of reserves

i) *General reserve:* Part of retained earnings was earlier utilised for declaration of dividends as per the erstwhile Companies Act, 1956. This is available for distribution to share holders.

ii) *Retained earnings:* Company's cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve

iii) *Securities Premium:* Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.

Note No.	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
12	**Provisions**			
	Non-Current			
	Leave Encashment	49.87	50.52	40.50
	Total Non Current Provision	**49.87**	**50.52**	**40.50**
	Current			
	Provision for Employee Benefits			
	a) Bonus	227.25	167.44	83.48
	b) Gratuity	0.45	31.20	
	c) Leave Encashment	2.30	2.35	1.75
	Provision for Income tax			
	Income Tax	1,211.48	902.80	525.67
	Total Current Provision	**1,441.48**	**1,103.79**	**610.90**

(Refer note no: 27 detailed employee benefit obligation disclosure)

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
13	**Deferred Tax Liabilities**			
	Deferred Tax Liability	**695.89**	**675.23**	**697.34**
	(Refer note no: 28 Deferred tax assets and liabilities split and movement)			
14	**Borrowings**			
	Loans repayable on demand			
	Secured			
	From Banks	548.67	-	-
	Total	**548.67**	**-**	**-**
	Details of securities created for loans repayable on demand:			
	First charge by way of hypothecation on all the current assets of the company including stocks, work-in progress and book debts (Current and Non Current), both present and future			
15	**Trade payables**			
	a) Dues to Micro and Small Enterprises **	2,158.43	2,137.18	1,644.56
	b) Dues to enterprises other than Micro and Small Enterprises	7,860.82	4,926.54	4,267.38
	c) Trade payables to related parties (note no. 37)			
	Total trade payables	**10,019.25**	**7,063.72**	**5,911.94**
	*** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.The entire closing balance represents the principal amount payable to these enterprises. There are no interest due or outstanding on the same*			
16	**Other Financial Liabilities**			
	a) Salary Payable	54.49	93.92	69.45
	b) Security deposits	2.10	2.10	1.50
	c) Payable for Fixed Assets	93.51	168.23	-
	d) Other Payables	364.92	175.40	239.83
	Total	**515.02**	**439.65**	**310.78**
17	**Other Current Liabilities**			
	a) Statutory Dues	82.41	64.86	89.04
	b) Advances from customers	69.67	107.32	86.28
	Total	**152.08**	**172.18**	**175.32**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	March 31, 2018	March 31, 2017
18	**Revenue from Operations**		
	a) Sale of Products	49,932.24	44,249.52
	b) Other Operating Revenues		
	- Scrap Sales	358.50	125.35
	Total	**50,290.74**	**44,374.87**
19	**Other Income**		
	a) Profit on sale of Land	-	73.56
	b) Interest Income	7.21	9.92
	c) MEIS Income	44.98	-
	d) Net Gain or (Loss) on Sale of Investment	147.09	145.70
	e) Rental Income	62.19	57.41
	f) Duty Drawback	3.00	5.33
	Total	**264.47**	**291.92**
20	**Raw Material & Components Consumed**		
	Opening Stock of Raw materials	909.49	1,082.45
	Purchase of Raw Materials and Components	36,545.32	27,985.35
	Closing Stock of Raw Materials	2,071.68	909.49
	Total	**35,383.13**	**28,158.31**
	a) Chemicals		
	Opening Stock	455.11	416.43
	Purchase	17,499.05	13,290.31
	Closing Stock	1,071.81	455.11
	Consumption	**16,882.35**	**13,251.63**
	b) Bought Out Components		
	Opening Stock	294.29	475.84
	Purchase	11,076.76	8,736.64
	Closing Stock	425.28	294.29
	Consumption	**10,945.77**	**8,918.19**
	c) Others		
	Opening Stock	160.09	190.18
	Purchase	7,969.52	5,958.39
	Closing Stock	574.60	160.09
	Consumption	**7,555.01**	**5,988.48**
21	**Changes in Inventory**		
	Opening Stock of Finished Goods and Work-in-process	554.51	501.81
	Less: Closing Stock of Finished Goods and Work-in-process	655.12	554.51
	Changes In Inventory	**(100.61)**	**(52.70)**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	March 31, 2018	March 31, 2017
22	**Employee Benefit Expenses**		
	a) Salary, Wages and Bonus *	3,837.60	3,274.00
	b) Contribution to provident and other funds*	202.46	172.19
	c) Staff welfare expenses*	907.25	708.94
	Total	**4,947.31**	**4,155.13**
23	**Finance Cost**		
	a) Interest Expense	10.40	0.49
	b) Other Borrowing Cost		
	Total	**10.40**	**0.49**
24	**Depreciation and Amortization**		
	Depreciation	1,127.43	963.83
	Total	**1,127.43**	**963.83**
25	**Other Expenses**		
	Consumption of stores and spare parts	803.34	730.12
	Payments to auditors		
	- As auditors - statutory audit	14.00	11.00
	- For taxation matters	1.00	1.00
	- For other services	1.00	1.00
	- Reimbursement of expenses	4.96	4.42
	Legal and professional Charges	326.61	284.76
	Repairs and maintenance *		-
	- Buildings	56.13	82.38
	- Machinery	914.21	871.90
	- Computers	54.38	34.40
	- Others	58.32	58.41
	Power and fuel *	778.99	625.28
	Travelling and Conveyance	209.13	247.51
	Transportation Expense	343.80	326.67
	Rent including lease rentals *	167.87	159.92
	Security detective Charges	122.12	92.13
	Rates and taxes *	39.64	40.81
	Printing & stationery	43.13	33.20
	Net (Gain)/Loss on foreign currency fluctuation	40.33	7.87
	Insurance	45.72	26.19
	Bank Charges	35.69	33.98
	Other Administrative Expenses*	83.54	95.39
	Trade and other receivables written off	8.10	1.92
	Sales Promotion	31.47	37.17
	Corporate Social Responsibility Expenses	44.00	35.00
	Donations and contributions	7.00	15.00
	Loss on PPE sold / scrapped / written off *	59.41	52.03
	Total	**4,293.89**	**3,909.46**

* Net of recoveries

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	March 31, 2018	March 31, 2017
26	Income tax expense		
	(a) Income tax expense		
	Current tax	1,211.21	902.80
	Current tax on profits for the year	**1,211.21**	**902.80**
	Deferred tax		
	Decrease (increase) in deferred tax assets	8.89	(9.96)
	(Decrease) increase in deferred tax liabilities	10.81	(1.36)
	Total Deferred tax expenses	**19.70**	**(11.32)**
	Adjustments recognised in current year tax of prior periods	-	-
	Total Tax expenses	**1,230.91**	**891.48**
	(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
	Profit before income tax expense		
	Tax at the Indian tax rate of 34.608% (2015-2016 – 34.608%)	1,237.67	908.62
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Corporate social responsibility expenditure	13.39	9.41
	Adjustments recognised in current year tax of prior periods	-	-
	Non creation of deferred tax on fair value gain/capital gain	(17.31)	(25.46)
	Due to indexation benefit		
	Others	(2.83)	(1.09)
	Income tax expense	**1,230.92**	**891.48**

27 Employee benefit obligations

	March 31, 2018		
	Current	Non-current	Total
Compensated absences	2.30	49.87	52.17
Gratuity*	0.45		0.45
Total employee benefit obligations	**2.75**	**49.87**	**52.62**

Net asset position disclosed in other current asset

	March 31, 2017		
	Current	Non-current	Total
Compensated absences	2.35	50.52	52.87
Gratuity*	31.20		31.20
Total employee benefit obligations	**33.55**	**50.52**	**84.07**

	01-Apr-16		
	Current	Non-current	Total
Compensated absences	1.75	40.50	42.26
Gratuity*	(18.14)		(18.14)
Total employee benefit obligations	**(16.39)**	**40.50**	**24.12**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars
27	**Employee benefit obligations - *(continued)***

(i) Compensated absences

	March 31, 2018	March 31, 2017	April 1, 2016
Current leave obligations expected to be settled within the next 12 months	2.44	2.49	1.86

(ii) Gratuity

The company extends defined benefit plans in the form of gratuity to employees. The Company has formed "Harita Fehrer Limited Employees Group Gratuity Scheme" with Life Insurance Corporation of India (LIC). Contribution to gratuity is made to LIC in accordance with the scheme framed by the corporation.The Company has made contribution towards Gratuity based on the actuarial valuation.

(iii) Defined contribution plans

Contribution to provident fund is in the nature of defined contribution plan and are made to provident fund account maintained by the Government on its account.

GRATUITY

	Present value of obligation	Fair value of plan assets	Net amount
Position as at 'April 1, 2016 (A)	**137.41**	**155.54**	**(18.14)**
Current service cost	19.05	-	19.05
Interest expense/(income)	10.99	12.44	(1.45)
Total amount recognised in profit or loss (B)	**30.05**	**12.44**	**17.60**
Remeasurements	-	-	-
(Gain)/loss from change in financial assumptions	**38.90**	-	38.90
Experience (gains)/losses	**(7.17)**	-	(7.17)
Total amount recognised in other comprehensive income (C)	**31.73**	-	**31.73**
Employer contributions	-	-	-
Benefit payments	-	-	-
Total cash flow (D)	-	-	-
	-	-	-
March 31, 2017 (A)+(B)+(C)+(D)	**199.19**	**167.98**	**31.19**

	Present value of obligation	Fair value of plan assets	Net amount
Position as at March 31, 2017 (A)	**199.19**	**167.98**	**31.19**
Current service cost	**18.94**	-	**18.94**
Interest expense/(income)	**20.54**	**12.88**	**7.66**
Total amount recognised in profit or loss (B)	**39.48**	**12.88**	**26.60**
Remeasurements			
(Gain)/loss from change in financial assumptions	-	(3.94)	**3.94**
Experience (gains)/losses	(5.05)	-	**(5.05)**
Total amount recognised in other comprehensive income (C)	**(5.05)**	**(3.94)**	**(1.11)**
Employer contributions	-	56.24	**(56.24)**
Benefit payments	(7.85)	(7.85)	-
Total cash flow (D)	(7.85)	48.39	(56.24)
March 31, 2017 (A)+(B)+(C)+(D)	225.77	225.31	0.44

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars

27 Employee benefit obligations - *(continued)*

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2018	March 31, 2017	April 1, 2016
Present value of funded obligations	225.76	199.18	137.41
Fair value of plan assets	225.31	167.99	155.54
Deficit of funded plan	**0.45**	**31.20**	**(18.14)**

(iv) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate	7.7%	7.0%	8.0%
Salary growth rate	6.0%	6.0%	5.0%
Attrition rate	3.0%	3.0%	3.0%

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age : 58 years

(v) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Impact on defined benefit obligation

	Change in assumption March 31, 2017	Increase in assumption March 31, 2017	Decrease in assumption
Discount rate	**0.50%**	12.36	(13.52)
Salary growth rate	**0.50%**	(13.68)	12.61

The sensitivity of the defined benefit obligation to other assumption are insignificant

(vi) Risk exposure

Through its defined benefit plans, The company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit.

Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Major category of plan assets as a % of total plan assets:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	100.00%	100.00%	100.00%

The following payments are expected contributions to the defined benefit plan in future years:

	31-Mar-18
Funds managed by LIC	8.73
Between 2 and 5 years	55.27
Beyond 5 years	93.66
Total	**157.66**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars				
28	**Deferred tax Liabilities/(assets) (Net)**				
	The balance comprises temporary differences attributable to:				
		March 31, 2018	**March 31, 2017**	**April 1, 2016**	
	Expenses allowed on payment basis	(19.25)	(29.10)	(8.34)	
	Total deferred tax (assets)	(19.25)	(29.10)	(8.34)	
	Fair Valuation of Investments	4.35	14.48	1.56	
	Depreciation	710.78	689.85	704.12	
	Net deferred tax Liabilities/(Assets)	**695.88**	**675.23**	**697.34**	
	Movement in deferred tax assets				
		Depreciation	**Expenses allowed on payment basis**	**Fair Valuation of Investments**	**Total**
	At April 1, 2016	704.12	(8.34)	1.56	697.34
	(Charged)/credited:				
	- to profit or loss	(14.28)	(9.96)	12.92	(11.32)
	- to other comprehensive income		(10.80)		(10.80)
	At March 31, 2017	**689.84**	**(29.10)**	**14.48**	**675.22**
	(Charged)/credited:				
	- to profit or loss	20.94	8.89	(10.13)	19.70
	- to other comprehensive income	-	0.96	-	0.96
	At March 31, 2018	**710.78**	**(19.25)**	**4.35**	**695.88**

Note No.	Particulars	March 31, 2018	March 31, 2017
29	**Government grants**		
	During the financial year under review the Company has received and recognised following government grants:-		
	a. Duty drawback on exports	3.00	5.33
	b. MEIS benefits on exports	44.98	-
	c. PMRY scheme benefits (the amount is credited to PF Employer Contribution)	4.64	-
30	**Leases**		
	Lease rent paid during the year	167.87	159.92
	Lease rent received during the year	62.19	57.41
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
	Within one year	167.87	159.92
	Within two to five year	335.75	319.83
31	**Earnings per share**		
	Profit after tax as per Statement of Profit & Loss	2,345.35	1,733.99
	Adjusted Profit for the Current Period	**2,345.35**	**1,733.99**
	Weighted Average No of equity shares	20098040	20098040
	Nominal value of equity shares -Rs.	10	10
	Basic and diluted earnings per share - Rs.	11.67	8.63

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	March 31, 2018	March 31, 2017
32	**Provisions, Contingent liability and contingent asset**		
	i . Provisions		
	Provisions have been made in the books of accounts for all ascertained liabilities.		
	ii. Contingent liabilities		
	The amount for which the company is contingently liable are disclosed in Clause 2 herein below		
	iii. Contingent assets which are likely to give rise to the possibility of inflow of economic benefits	**Nil**	**Nil**
	iv. Contested liabilities are detailed in Clause 3 herein below		
	Other money for which the company is contingently liable		
	Contingent liabilities not provided for		
	- on account of Import Letter of Credit		-
	- on account of counter guarantees furnished to Customs	1,300	1,300
	- on account of UP State Micro & small enterprises facilitation council order towards supplier liability	3.39	3.39
	Claims against the company not acknowledged as debt		
	v. Contested liabilities not provided for		
	- on account of Income tax for the F Y 2010-11 in respect of which an appeal is preferred with CIT Appeal Chennai	48.65	48.65
	- on account of Income tax for the F Y 2012-13 in respect of which an appeal is preferred with CIT Appeal Chennai	35.91	108.09
	- on account of Income tax for the F Y 2013-14 in respect of which an appeal is preferred with CIT Appeal Chennai	62.35	62.35
	- on account of TN Commercial Tax for the F Y 2013-14 in respect of which an appeal is preferred with Commissioner of Commercial Tax Appeal Chennai	20.81	20.81
	- on account of TN Commercial Tax for the F Y 2014-15 in respect of which an appeal is preferred with Commissioner of Commercial Tax Appeal Chennai	3.20	60.85
	- on account of non renewal of Letter of Under Taking on time with excise department in respect of which an appeal is preferred with Commissioner of Central Excise Appeal	5.84	13.67
	- on account of The Payment of Bonus (Amendment) Act 2015 amended bonus eligibility limit and extended the minimum wage limit for Bonus with retrospective effect from April 2014. The Company has obtained a Stay Order from High court of Chennai with respect to the retrospective applicability and hence no provision for the same has been made for the period prior to this financial year.	28.18	28.18

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	March 31, 2018	March 31, 2017
33	**Trade payables include amount due to micro and small scale industrial units**	2,158.43	2,137.18
	Disclosure under Micro,Small and Medium Enterprises Development Act, 2006		
	i The principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
	a) Principal (all are within agreed credit period and not due for payment)	2,158.43	2,137.18
	b) Interest (as no amount is overdue)	-	-
	ii The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	-	-
	iii The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
	iv The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
	v The amount of further interest remaining due and payable even in the succeeding years,until such date when the interest dues as above are actually paid to the small enterprise,for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

34 Other Expense:

No Individual expense is in excess of 1% of the Gross Revenue

35 Expenses, wherever applicable are inclusive of Service tax/GST at appropriate rates and net off where set off is permissible

36 Segment information

(a) Description of segments

The Board of Directors of the Company has been identified as the chief operating decision maker (CODM). They evaluate the company performance, allocate resources based on the analysis of various performance indicators of the company as a single unit. Therefore there is no reportable segment for the company. The company is domiciled in India.

(b) Entity wide disclosures

(i) Revenue from geographical areas

The entire revenue from operation are derived from India

All non current assets are with in India.

(ii) Information about major customers

Revenues of approximately INR 17,940 (31 March 2017 – INR 13,090) are derived from a single customer.

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	
37	**Related party disclosure**	
	Disclosure is made as per the requirements of the standard and the same is furnished below:	
	Reporting entity	**Harita Fehrer Limited**
	List of related parties:	
	Holding Company	**Harita Seating Systems Ltd**
	Investing Associate	**F.S. Fehrer Automotive GMBH, Germany**
	Key Management Personnel	**Mr. A G Giridharan** Chief Executive Officer **Mr. S Jagannathan** Chief Financial Officer **Mr. S. Sudarshan** Company Secretary

Particulars of transactions with related parties

Sl.No.	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
1	Purchases			
	a) from Harita Seating Systems Limited	6.68	3.94	
	b) F S Fehrer	17.05	26.29	
2	Sales to Harita Seating Systems Limited			
	- Components	4,444.64	3,225.50	
	- Capital goods	160.57	105.51	
3	Equity Contribution:			
	a) Harita Seating Systems Limited	-	-	
4	Rendering of Services to HSSL & F S fehrer:			
	a) Harita Seating Systems Limited	168.81	144.95	
	b) F S Fehrer Limited	-	4.33	
5	Receipt of Services from HSSL & F S Fehrer:			
	a) Harita Seating Systems Limited	738.92	691.65	
	b) F S Fehrer Ltd	68.10	66.16	
6	Dividend paid to related parties			
	a) Harita Seating Systems Limited	512.50	512.50	
	b) F S Fehrer Ltd	492.40	492.40	
7	**Particulars of outstanding balances with related parties**	**March 31, 2018**	**March 31, 2017**	**April 1, 2016**
	Payable:			
	a) Harita Seating Systems Limited	5.95	49.61	95.28
	b) F S Fehrer Limited	24.51	13.12	15.53
8	Receivable			
	a) Harita Seating Systems Limited	1,223.88	869.14	697.11
9	Remuneration to KMP	58.33	47.20	45.69

Notes To Financial Statements - *(continued)* Rs in Lakhs

Note No.	Particulars

Financial instruments and risk management

38 Fair value measurements

Financial instruments by category

Particulars	March 31, 2018		March 31, 2017		01-Apr-16	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets						
Investments						
- Equity instruments	55.37	-	77.80	-	77.60	-
- Mutual Funds	672.98	-	1,392.88	-	1,213.28	-
Trade receivables	-	10,597.57	-	6,974.45	-	6,546.51
Cash and cash equivalents	-	159.94	-	654.77	-	868.20
Security deposits	-	102.22	-	117.24	-	141.86
Income receivable	-	28.16	-	10.33	-	8.02
Salary Advances	-	30.83	-	27.84	-	31.60
Total financial assets	**728.35**	**10,918.72**	**1,470.68**	**7,784.63**	**1,290.88**	**7,596.19**
Financial liabilities						
Borrowings	-	548.67	-	-	-	-
Trade payables	-	10,019.25	-	7,063.72	-	5,911.94
Salary Payable	-	54.49	-	93.92	-	69.45
Security deposits	-	2.10	-	2.10	-	1.50
Other Payables	-	364.92	-	175.40	-	239.83
Total financial liabilities	**-**	**10,989.43**	**-**	**7,335.14**	**-**	**6,222.72**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Notes	Level 1	Level 2	Level 3	Total
At 31 March 2018					
Financial assets					
Financial Investments at FVTPL	3	672.98	-	55.37	728.35
Total financial assets		**672.98**	**-**	**55.37**	**728.35**
At 31 March 2017					
Financial assets					
Financial Investments at FVTPL	3	1,392.88	-	77.80	1,470.69
Total financial assets		**1,392.88**	**-**	**77.80**	**1,470.69**
At April 1, 2016					
Financial assets					
Financial Investments at FVTPL	3	1,213.28	-	77.60	1,290.88
Total financial assets		**1,213.28**	**-**	**77.60**	**1,290.88**

Notes To Financial Statements - *(continued)* **Rs in Lakhs**

Note No.	Particulars

38 Financial instruments and risk management - *(continued)*

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities,

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Fair value of assets carried at amortised cost

The carrying amounts of trade receivables, trade payables, loans, deposits, advances, borrowings, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

39 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.

(A) Credit risk

Company faces credit risk from cash and cash equivalents, deposits with banks and financial institutions and unsecured trade receivables. The company doesn't face any credit risk with other financial assets

(i) Credit risk management

Credit risk on deposit is mitigated by the depositing the funds in reputed private sector bank.

For trade receivables, the primary source of credit risk is that these are unsecured.The Company sells the products to customers only when the collection of trade receivables is certain and whether there has been a significant increase in the credit risk on an on-going basis is monitored throughout each reporting period. As at the balance sheet date, based on the credit assessment the historical trend of low default is expected to continue. An impairment analysis is performed at each reporting date on an individual basis for major clients. Any recoverability of receivables is provided for based on the impairment assessment. Historical trends showed as at the transition date, 31st March 2017 and 31st March 2018 company had no significant credit risk.

(B) Liquidity risk

Objective of liquidity risk management is to maintain sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet 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's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal requirements

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2018	31 March, 2017	1 April, 2016
Floating rate			
- Expiring within one year (bank overdraft and other facilities)	950.02	1,500.00	1,500.00

(ii) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars

Financial instruments and risk management - *(continued)*

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities

	31 March 2018		31 March 2017		1 April 2016	
Non-derivatives	**Maturing within 3 months**	**Total**	**Maturing within 3 months**	**Total**	**Maturing within 3 months**	**Total**
Borrowings	548.67	548.67	-	-	-	-
Trade payables	10,019.25	10,019.25	7,063.72	7,063.72	5,911.94	5,911.94
Salary Payable	54.49	54.49	93.92	93.92	69.45	69.45
Security deposits	2.10	2.10	2.10	2.10	1.50	1.50
Other Payables	364.92	364.92	175.40	175.40	239.83	239.83
Total non-derivative liabilities	**10,989.43**	**10,989.43**	**7,335.14**	**7,335.14**	**6,222.72**	**6,222.72**

(C) Market risk

(i) Foreign currency risk

The company activities exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EURO Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

	31 March 2018		31 March 2017		1 April 2016	
Currency Traded	**USD**	**EUR**	**USD**	**EUR**	**USD**	**EUR**
Financial liabilities						
Trade payables and capital creditors	1,136.35	136.88	90.64	328.50	468.82	42.33
Exposure to foreign currency risk (liabilities)	1,136.35	136.88	90.64	328.50	468.82	42.33

	Impact on profit after tax			Impact on profit after tax	
	31 March 2018	**31 March 2017**		**31 March 2018**	**31 March 2017**
USD sensitivity			*EURO sensitivity*		
INR/USD Increases by 5% (31 March 2016 - 5%)	37.15	2.96	INR/USD Increases by 5% (31 March 2016 - 5%)	4.48	10.74
INR/USD Decreases by 5% (31 March 2016 - 5%)	(37.15)	(2.96)	INR/USD Decreases by 5% (31 March 2016 - 5%)	(4.48)	(10.74)

* Holding all other variables constant

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No. **Particulars**

Financial instruments and risk management - *(continued)*

40 Capital management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Company has minimal debt currently and it intends to maintain an optimal gearing ratio for optimising shareholder value

(b) Dividends	**March 31, 2018**	**March 31, 2017**
(i) Equity shares		
Interim dividend for the year ended 31 March 2017 of INR 5.00 (31 March 2016 – INR 4.50) per fully paid share		1,209.48
Interim dividend for the year ended 31 March 2018 of INR 5.00 (31 March 2017 – INR 5.00) per fully paid share	1,209.48	

First-time adoption of Ind AS

41 Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (The company's date of transition). In preparing its opening Ind AS balance sheet, The company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected The company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets

Accordingly, The company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

A.1.2 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in equity investments.

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars

First-time adoption of Ind AS - *(continued)*

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVTPL;
- Investment in mutual funds carried at FVTPL;

C: Notes to first-time adoption:

Note 1: Investment in Mutual fund

Under previous GAAP, current investments in mutual funds were carried at cost or NRV whichever is lower, Under Ind-AS the Mutual funds is carried at fair value through profit & loss (FVTPL) this resulted in increase of equity by INR 41.83 as at 31 March 2017 (1 April 2016 - INR 4.51). Profit for FY 16-17 increased by INR 37.32

Note 2: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Under IGAAP company has not recognised net asset position in gratuity, On adoption of Ind-AS group has recognised net asset position as on 1 April 2016 which has resulted in increase of retained earnings by INR 18.14 and retained earnings by INR 31.20 as at 31 March 2016

Note 3: Deferred Taxes

Deferred tax have been recognised on the adjustments made on transition to Ind AS.

42 Reconciliations between previous GAAP and Ind AS

I) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	Notes	March 31, 2017	April 1, 2016
Total equity (shareholder's funds) as per previous GAAP		**13,244.97**	**12,733.55**
Adjustments			
Fair Valuation of Mutual funds	1	41.83	4.51
Accounting for employee benefit asset	2	(31.20)	18.14
Tax impact on the above	3	(3.68)	(7.84)
Total adjustments		**6.95**	**14.81**
Total equity as per Ind AS		**13,251.92**	**12,748.36**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars

Reconciliations between previous GAAP and Ind AS - *(continued)*

II) Reconciliation of total comprehensive income for the year ended March 31, 2017

	Notes	March 31, 2017
Profit after tax as per previous GAAP		1,720.91
Adjustments		
Investments-Fair Valuation of MF Investments	1	37.32
Consequential impact of Accounting for employee benefit asset and remeasurement of employee benefit obligation	2	(17.60)
Deferred tax on the above	3	(6.64)
Total adjustments		**13.08**
Profit after tax as per Ind AS		**1,733.99**
Other comprehensive income	2 & 4	**(20.93)**
Total comprehensive income as per Ind AS		**1,713.06**

III) Impact of Ind AS adoption on cash flow statement

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	3,070.33	-	3,070.33
Net cash flow from investing activities	(2,073.79)	-	(2,073.79)
Net cash flow from financing activities	(1,209.97)	-	(1,209.97)
Net increase/(decrease) in cash and cash equivalents	**(213.43)**	-	**(213.43)**
Cash and cash equivalents as at April 1, 2016	**868.20**	-	**868.20**
Cash and cash equivalents as at March 31, 2017	**654.77**	-	**654.77**

In terms of our Reports Attached

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
F. R. No. 007761S

V Sathyanarayanan
Partner
Membership No. 027716

Place: Hosur
Date: 8th May,2018

For and on Behalf of Board of Directors

H Lakshmanan
Director

C N Prasad
Director

A G Giridharan
Chief Executive Officer

S Jagannathan
Chief Financial Officer

S Sudarshan
Company Secretary