HARITA FEHRER LIMITED

Eleventh Annual Report 2018-2019

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

N Iswarya Lakshmi

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 : 04347-233460.

3. Plot A2 MIDC Industrial Area
   Ranjangaon, Koregaon Village
   Shirur Taluk, Pune District - 412 210
   Maharashtra, India.
   Tel : 02138-610800.

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

5. Part A, Plot No. 111 to 114,
   RIICO Industrial Area, Bhiwadi,
   Alwar District, Rajasthan - 301 019.

Contents	Page No.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the eleventh annual general meeting of the shareholders of the Company will be held on Wednesday, the 9th August 2019, at 10.00 A.M. at the Registered Office of the Company at No. 29, Haddows Road, Chennai - 600 006 to transact the following business:

ORDINARY BUSINESS:

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

"RESOLVED THAT audited balance sheet as at 31st March 2019, 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 H Lakshmanan (holding DIN 00057973), 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 Mr C N Prasad (holding DIN 01950656), 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."

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

RESOLVED THAT the M/s V Sankar Aiyar & Co., Chartered Accountants, holding Firm Registration No. 109208W allotted by the Institute of Chartered Accountants of India, be and are hereby appointed as auditors of the Company to hold office for the first term of 5 consecutive years from the conclusion of this annual general meeting till the conclusion of the sixteenth annual general meeting of the Company on such remuneration, as may be fixed in this behalf by the board of directors of the Company.

For and on behalf of the board

Place: Chennai
Date: 7th May 2019

N Iswarya Lakshmi
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

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Explanatory statement sets out all material facts relating to the ordinary business mentioned in the accompanying Notice dated 7th May 2019 and shall be taken as forming part of the Notice.

Item No. 4

As per the provisions of Section 139 of the Act, 2013, the period of office of M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru (ICAI Firm Registration Number 007761S), as Statutory Auditors of the Company will conclude from the close of the ensuing Annual General Meeting (AGM) of the Company.

In view of the above, the Audit Committee and the Board of Directors of the Company at their meeting held on 7th May, 2019 have recommended the appointment of M/s V Sankar Aiyar & Co. Chartered Accountants, as the Statutory Auditors of the Company, subject to the approval of the shareholders.

They have consented to the said appointment and confirmed that their appointment, if made, would be within the limits mentioned under the provisions of Section 141 of the Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

They will hold office as statutory auditors for the first term of five years from the conclusion of the 11th AGM till the conclusion of 16th AGM of the Company, subject to ratification of the appointment by Members at every AGM held during their tenure of office as statutory auditors.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.4 of this Notice.

The directors, therefore, recommend the ordinary resolution, as set out in item No.4, for approval of shareholders.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors are pleased to present the eleventh annual report together with the audited financial statements for the year ended 31st March 2019.

Financial Highlights

(Rs. in Lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Sales and other income	55,022.87	49,053.59
Profit before finance cost, depreciation and tax	5,127.80	4,714.09
Less: Finance cost	132.57	10.40
Depreciation	1,351.06	1,127.43
Profit before tax	3,644.17	3,576.26
Less: Provision for taxation (including deferred Tax & prior period adjustment)	1,311.06	1,230.91
Profit after tax	2,332.11	2,345.35
Other comprehensive income	13.36	1.80
Total Comprehensive income for the Year	**2,346.47**	**2,347.15**
Appropriations:		
First Interim Dividend Paid	602.94	401.96
Second Interim Dividend Paid	401.96	602.94
Dividend tax paid	206.56	204.57
Balance surplus in statement of profit and loss carried forward to balance sheet	1,135.01	1,137.68
Total	2,346.47	2,347.15

Preparation of financial statements under Indian Accounting Standards

In terms of Rule 4(1)(ii) of the Companies (Indian Accounting Standard) Rules, 2015, the Company is adopting IND AS from 2016-17 as the holding company viz., Harita Seating Systems Limited (HSSL) is required to adopt IND AS from financial year 2016-17.

Accordingly, the financial statements of the Company for the year 2018-19 have also been prepared in compliance with the said rules.

Dividend

The board of directors (the board), at its meeting held on 6th February 2019 declared a first 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.7.27 Cr including dividend distribution tax.

The Board, vide circular resolution dated 25th March, 2019, declared a Second 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. 4.85 Cr 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 2019 thereby absorbing a sum of Rs. 12.12 Cr including dividend distribution tax.

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

INDUSTRY PERFORMANCE FOR THE YEAR 2018-19

Indian economy ended the year 2018-19 on a high note. Gross Domestic Product (GDP) registered a growth of 6.9% as against 6.7% in previous year 2017-18 strongly driven by the domestic growth. The Wholesale Price Index (WPI) inflation was under control for the entire year and is expected to be at 4.5%. The Index for Industrial Production (IIP) for the year 2018-19 ended with 1.7% growth as against 4.0% in previous year.

While economy had fared on good note, Automobile industry growth was muted with only a single digit growth of 6.5% during the year 2018-19 compared to significant growth of 14.5% registered in the previous year due to factors of commodity increase, liquidity crunch and lowered pre-election budget spend. Passenger car ended with almost flat growth of 0.4% and two wheelers at 6.3%.

While the M&HCV, LCV and three wheelers registered good growth of 14.2%, 16.1% and 24.8% respectively, the growth in the second half of the year was very low – this situation is expected to continue into the first half of next year.

COMPANY PERFORMANCE

The Company achieved a turnover of Rs. 54,880.52 Lakhs with a growth of 12.48% over the previous year and registered a profit before tax and other comprehensive income of Rs. 3,644.17 lakhs during the year under review with a small drop of 0.02% over the previous year.

During the year, the Company added new customers in paper honey comb composite parts and two wheeler seats.

The Company has also invested in multi colour Integral Skin Foam (ISF) technology during the year under review and the commencement of commercial production is expected to be in Q1 of 2019-20.

The Company completed its planned Hosur plant expansion with two new 24 carrier foaming line addition to cater to increased demand from its customers.

The 5th new plant of the Company was established at Bhiwadi and commenced smooth commercial production in November 2018.

AWARDS & RECOGNITION

The Company's Chennai plant received the award for "Strong commitment for TPM" from CII during CII's 17th National TPM Conference.

Both Hosur and Mysuru plant have received highest rating of "Platinum" from its customer viz., TVS Motor Company Limited for QCD performance.

BUSINESS OUTLOOK & OVERVIEW

For the year 2019-20, the GDP is expected to be between 6.7%-6.9% and the WPI inflation is expected to continue to be under control at 4.0% levels.

The overall Economy growth looks to be subdued due to no structural economy growth, lower private investments, election and BS VI implementation uncertainties. On auto industry outlook, all industry segments are expected to register only single digit growth. Both two-wheeler and passenger car segments are expected to grow by 5%-7%.

Commercial vehicle segment is also expected to see a growth of 6%-8%.

Considering the auto industry growth estimates, share of business with key customers and with new product introductions, the Company is expected to grow by 8.3%. As a regular practice, the Company has identified various cost reduction projects to achieve set targets and to also make it competitive in the industry.

The key focus for the Company in 2019-20 would be to increase market share in two-wheeler seat assembly through new customer addition, obtain orders for new technology products of paper honey comb, multi-colour ISF from major OEMs, increase capacity utilization from new satellite plant at Bhiwadi (NCR region), control fixed expenses below plan and achieve aggressive cost reduction plan.

RISKS AND CONCERNS

The polyurethane raw material prices are stabilizing and are showing a decreasing trend versus exit quarter of 2018-19 due to various global factors such as crude oil price decrease, exchange rate appreciation which would make a significant impact on the Company's performance considering customer demands of pass on of the benefits of reduced chemical costs.

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 is continuously embarking on Japanese manufacturing practices of TQM (Total Quality Management), TPM (Total Productive Maintenance) and TPS (Toyota Production Systems).

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

The Company will continue to deploy VSME learning across all plants in 2019-20.

A new manufacturing facility at Bhiwadi was set up in November 2018 and all the best practices available across plants will be deployed, 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 had undergone expansion in the year 2019-20 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 on quality assurance by improving product quality to world standards. This is achieved through horizontal deployment of best industry practices, Cross Functional Team approach, Total Employee Involvement (TEI) and continuous improvement culture.

Hosur, Chennai, Pune and Mysuru plants are certified with new IATF 16949 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. Competency development of select function is pursued. The Company also recruits fresh graduates in various disciplines to meet the future needs of manpower requirements.

As of 31st March 2019, 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 2019, 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 2019 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 met 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 in the following link:

http://www.haritafehrer.co.in/pdf/HFRL_Terms%20of%20Appointment%20of%20IDs.pdf.

During the year under review, the Nomination and Remuneration Committee (NRC) at its meeting held on 7th May, 2019 made performance evaluation of the Independent Directors.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year under review, a separate meeting of IDs was held on 20th March, 2019 and all the independent directors were present at the meeting and they were enlightened about the objectives and process involved in evaluating the performance of board, Non-IDs and timeliness of flow of information from management.

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.

The IDs were fully kept informed of the Company's activities in all its spheres.

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.

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.

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, Administration, Leadership / Strategy, Industry Experience, Governance, Legal and Regulatory. The Company endeavors 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.

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-third 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 H Lakshmanan and Mr C N Prasad, non-executive and non-independent directors, 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 7th May 2019 recommended the re-appointment of Mr H Lakshmanan and Mr C N Prasad 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 & 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.

Nomination and 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 2018-19, 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, advice 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 2018-19, 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)

Change in Company Secretary:

During the year under review, Mr S Sudarshan resigned as Company Secretary of the Company effective 8th August 2018. Consequent to his resignation Ms N Iswarya Lakshmi was appointed as Company Secretary effective 8th August 2018.

Mr A G Giridharan, chief executive officer, Mr S Jagannathan, chief financial officer and Ms N Iswarya Lakshmi, 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.

Evaluation of the Independent Directors and Committees of Directors

In terms of Section 134 of the Act, 2013, the Board reviewed and evaluated Independent Directors and its Committees viz., Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

Independent Directors

The performance of all Independent Directors (IDs) was assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the Board cohesion.

The performance evaluation has been done by the entire Board of Directors except the Director concerned being evaluated. The Board noted that all IDs have understood the opportunities and risks to the Company's strategy and are supportive of the direction articulated by the management team towards consistent improvement.

Committees

Board delegates specific mandates to its various Committees, to optimize Directors' skills and talent besides complying with key regulatory aspects.

- Audit Committee for overseeing financial reporting and risk minimization;
- Nomination and Remuneration Committee for selecting and remunerating Directors / KMPs; and
- Corporate Social Responsibility Committee for overseeing CSR initiatives.

The performance of each Committee was evaluated by the Board after seeking inputs from its Members on the basis of the specific terms of reference, its charter, time spent by the Committees in considering key issues, major recommendations, action plans and work of each Committee.

The Board is satisfied with overall effectiveness and decision making of all Committees. The Board reviewed each Committee's terms of reference to ensure that the Company's existing practices remain appropriate. Recommendations from each Committee are considered and approved by the Board prior to implementation.

Corporate Governance

Board meetings:

During the year, the board met four times, viz., on 8th May 2018, 8th August 2018, 8th November 2018 and 6th February 2019 and the gap between two meetings did not exceed one hundred and twenty days.

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities in accordance with the requirements of the applicable provisions of the Act 2013.

The Board has established the following committees:

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 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 should 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 of the Company 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. 55 lakhs constituting 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2018-2019.

SST, over 23 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 and providing assistance in the areas of education, medical benefits etc.

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 for the second term of five consecutive years.

In terms of the above provisions, M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, have completed their final year in the second term of five consecutive years.

The boards at its meeting held on 7th May, 2019 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants as statutory auditors for the first term of five consecutive years, subject to approval of the members at the ensuing general meeting of the company.

The Company has obtained necessary certificate under Section 141 of the Act conveying their eligibility for being Statutory Auditors of the Company for the year 2019-20.

The Auditors' Report for the financial year 2018-19 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 2018-19.

The board has re-appointed him as Secretarial Auditor for carrying out the secretarial audit for the financial year 2019-20.

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 2019 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 of the Report.

Details of material related party transactions:

Particulars of contracts / arrangements with material 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 2018-19, 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 2018-19, for details of investments made by the Company.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has duly constituted an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act 2013.

Reporting of fraud

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the 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 : Chennai	Director	Director
Date : 7th May 2019	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 2018-19:

a. Upgradation of foaming lines with new imported machines;

b. Increase in LED lighting composition across plants;

c. Improvement in specific energy consumption and power factor across plants;

d. Addition of wind power and change of new feeder system with least power cuts.

1.2 Proposed measures for the year 2019-20:

a. Usage of third party solar power in Pune and Mysuru plants.

b. Reduction of foaming line cycle time.

c. Installing energy efficient system across all areas.

2. Steps taken for utilizing alternate sources of energy during the year 2018-19 and planned for 2019-20

During the year 2018-19, 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 2019-20 to an extent of 36,00,000 kWh. The Company is further planning to utilize solar power in 2019-20 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 2018-19 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.60 lakhs. The annual savings realized during the year was 1,80,000 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, multi colour ISF and spray skin technology at Hosur.

C. Foreign Exchange Actual Earnings and Outgo

1. Activities relating to export

The Company has made an export sale of Rs 1465.22 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. 1465.22 lakhs

Foreign exchange used : Rs. 2324.74 lakhs

For and on behalf of the board

	H Lakshmanan	C N Prasad
Place : Chennai	Director	Director
Date : 7th May 2019	DIN: 00057973	DIN: 01950656

Annexure - II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended 31st March 2019

[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	46.03%
2.	Two wheelers / Three wheelers Seat foams	4027/8714	53.97%

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 2018)		Shareholding at the end of the year (as on 31st March 2019)		% 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	548.67	-	548.67
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i)	548.67	-	548.67
Change in Indebtedness during the financial year			
· Addition	-	-	-
· Reduction	548.67	-	548.67
Net Change (ii)	548.67	-	548.67
Indebtedness at the end of the financial year			
i) Principal Amount	-	-	-
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	**-**	**-**	**-**

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	55,000 10,00,000		50,000 -		1,05,000 10,00,000
	Total (A)	10,55,000		50,000		11,05,000
		HL	CNP	CP	AKC	Total Amount
2.	Other Non –Executive Directors Fee for attending board / committee meetings Commission Others	45,000 - -	20,000 - -	30,000 - -	10,000 - -	1,05,000 - -
	Total (B)	45,000	20,000	30,000	10,000	1,05,000
	Total (A) + (B)					12,10,000
	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	Mr S Jagannathan CFO	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	70.34 - -	70.34 - -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify	- -	- -
5.	Others, please specify		-
	Total	70.34	70.34

Remuneration for CEO & CS is paid by the holding company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the board

Place : Chennai
Date : 7th May 2019

H Lakshmanan
Director
DIN: 00057973

C N Prasad
Director
DIN: 01950656

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, 2019, 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	2018-19
(d)	Date (s) of approval by the Board, if any:	6th February 2018 & 6th February 2019

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	17.35
Sale	Foams Moulds	Cost plus mark-up	4,737.44 94.93
Services rendered	Lease rent Other services	At cost	65.00 125.42
Services availed	Electricity, Man power, Rent, Telephone, Management service charges salary, canteen and Lease rent	At cost	825.09

For and on behalf of the board

	H Lakshmanan	C N Prasad
Place : Chennai	Director	Director
Date : 7th May 2019	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 - http://www.haritafehrer.co.in/pdf/HFRL_CSR%20Policy.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. 27.52 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) — Rs. 0.55 Cr

7. Details of CSR spent during the financial year

   (a) Total amount spent for the financial year — Rs. 0.56 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: swaran@tvssst.org
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, Health care, Quality education, Environment and Infrastructure

4.	Local Area / Others	• Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills • Mysore and Chamrajanagar
	State & district	- Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts - Karnataka : Mysore, Bangalore Urban, and Chamrajanagar districts
	Amount outlay (budget) project or programme-wise	Rs. 1940 lakhs
5.	Amount spent on the projects or programmes	Rs. 56 lakhs
6.	Direct expenses On projects / programmes	Rs. 1652.99 lakhs (including contribution of Harita Fehrer Limited of Rs.56 Lakhs)
	Overheads	Nil
7.	Cumulative expenditure upto the reporting period	Rs. 1652.99 lakhs (including contribution of Harita Fehrer Limited of Rs.56 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 : Chennai
Date : 7th May 2019

H Lakshmanan
Chairman of CSR Committee

FORM NO.MR-3

SECRETARIAL AUDIT REPORT OF HARITA FEHRER LIMITED

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2019

[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,
No.29, Haddows Road,
Chennai 600 006

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

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, 2019 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, 2019 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.55 lacs, constituting 2% of average net profits for the immediate past three financial years, has been spent for the financial year 2018-19 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:

Name of the Company Secretary:
T N Sridharan
Certificate of Practice No. 4191

Place: Chennai
Date: 7th May 2019

To

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

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

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:

Name of the Company Secretary:
T N Sridharan
Certificate of Practice No. 4191

Place: Chennai
Date: 7th May 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of

Harita Fehrer Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Harita Fehrer Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Satement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Financial Statements

The Company's board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

S. No.	Key Audit Matter	Auditor's Response.
1	**Tax Litigations and Provisions.** The Company has material uncertain tax positions, including matters under dispute, which involves significant judgment to determine the possible outcome of these disputes.	**Principal Audit Procedures** We have obtained details of completed assessments and demands relating to direct tax and indirect tax, for the year ended 31st March 2019. Our audit procedures involved discussion with the company's experts on the expected outcome of these disputes in comparison with precedent case laws presenting similar facts. Additionally, we have considered the effect of any new information in respect of uncertain tax positions as at April 1, 2019 to evaluate whether any change was required to management's position on these uncertainties. On the basis of the above evaluations, we have analysed the adequacy of provisions made in books against such disputed tax positions.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

As required by the Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and the explanations which to the best of our knowledge and belief were necessary for the purpose our audit.

(b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

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

(d) In our opinion, aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.

(e) On the basis of written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as directors in term of Section 164 (2) of the Act.

(f) With respect to the adequacy of the financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on the financial position in its Financial statements- Refer Note 30 (i) to the 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 : Chennai
Date : 7th May, 2019

Annexure'A' to Independent Auditors' Report -31st March 2019

(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) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the company and nature of its assets. 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 between the book stock and physical stock were not material and have been properly dealt with in the books of account;

In respect of inventories with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties;

iii) During the year, 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) During the year, the company has not granted any loans nor has furnished any guarantee nor provided any security or made any investments which attracts provisions of section 185 and 186 of the Companies Act, 2013. Hence, reporting under 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. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii) a) According to the information and 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. Further, there are no statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable;

b) 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 2019:

Period of Dues	Nature of Dues	Amount of Disputed Tax (Rs. in Lakhs)	Forum where dispute is pending
2013-14	Commercial Tax	20.81	Commissioner of Commercial Tax Appeal Chennai
2014-15	Commercial Tax	3.20	Commissioner of Commercial Tax Appeal Chennai

viii) Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment of dues to its banks. The company has not borrowed from any financial institution or Government nor has issued any debentures;

ix) The Company has not raised any money by way of initial public offer or further public offer including (including debt instruments) during the year. Hence, reporting on utilization of such money does not arise. The Company has not availed any term loan, during the year 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 by its officers and employees 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 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 : Chennai
Date : 7th May, 2019

Annexure 'B' to the Independent Auditors' Report for the year ended 31st March 2019

Report on the Internal Financial Controls Over Financial Reporting 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 **Harita Fehrer Limited** ("the Company"), Jayalakshmi Estates, #29, Haddows Road, Chennai – 600006, as of **31st March 2019** in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the 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 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 Institute of Chartered Accountants of India 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. 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

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

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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, to the best of our information and according to the explanations given to us, 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 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

V. Sathyanarayanan
Partner
Membership No. 027716

Place : Chennai
Date : 7th May, 2019

Balance Sheet as at 31st March 2019

(Rs. in Lakhs)

Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
ASSETS			
I Non-Current Assets			
(a) Property, Plant and Equipment	2	13,484.51	10,188.92
(b) Capital Work in progress	2	492.95	732.04
(c) Other Intangible Assets	2	53.90	40.93
(d) Financial Assets			
i. Investments	3	55.62	55.37
ii. Other Financial Assets	4	126.09	102.22
(e) Other Non-Current Assets	5	69.52	124.18
II Current Assets			
(a) Inventories	6	2,822.72	3,336.51
(b) Financial Assets			
i. Investments	3	-	672.98
ii. Trade Receivables	7	9,200.00	10,597.57
iii. Cash and Cash equivalents	8	930.26	159.94
iv. Other Financial Assets	4	105.60	58.99
(c) Current tax Assets (Net)		36.56	41.19
(d) Other Current Assets	9	832.40	489.53
Total Assets		**28,210.13**	**26,600.37**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	10	2,009.80	2,009.80
(b) Other Equity	11	13,514.79	12,379.79
LIABILITIES			
I Non-Current Liabilities			
(a) Provisions	12	48.98	49.87
(b) Deferred Tax Liabilities (Net)	26	873.58	695.89
II Current Liabilities			
(a) Financial Liabilities			
i. Borrowings	13	-	548.67
ii. Trade Payables	14	10,308.80	10,019.25
iii. Other Financial Liabilities	15	1,042.76	515.02
(b) Other Current Liabilities	16	188.60	152.08
(c) Provisions	12	222.82	230.00
Total Equity and Liabilities		**28,210.13**	**26,600.37**
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: Chennai
Date: 7th May,2019

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

N Iswarya Lakshmi
Company Secretary

Statement of Profit and Loss for the period ended 31st March 2019

(Rs. in Lakhs)

	Particulars	Note No.	For the year ended 31st March 2019	For the year ended 31st March 2018
	Income			
I	Revenue from Operations	17	54,880.52	48,789.12
II	Other Income	18	142.35	264.47
III	**Total Income (I)+(II)**		**55,022.87**	**49,053.59**
IV	**Expenses**			
	(a) Cost of Material Consumed	19	39,721.85	33,881.51
	(b) Changes in Inventory of Finished Goods and Work-in-Progress	20	(103.52)	(100.61)
	(c) Excise Duty		-	1,317.40
	(d) Employee Benefits Expense	21	5,557.10	4,947.31
	(e) Finance Costs	22	132.57	10.40
	(f) Depreciation and Amortization Expense	23	1,351.06	1,127.43
	(g) Other Expenses	24	4,719.64	4,293.89
	Total Expenses (IV)		**51,378.70**	**45,477.33**
V	Profit before Exceptional Items and Tax (III-IV)		**3,644.17**	**3,576.26**
VI	Exceptional Items		**-**	**-**
VII	**Profit Before Tax (V-VI)**		**3,644.17**	**3,576.26**
VIII	**Income Tax Expense**			
	Current Tax		1,140.54	1,211.21
	Deferred Tax		170.52	19.70
	Total Income Tax Expense (VIII)		**1,311.06**	**1,230.91**
IX	**Profit for the period (VII-VIII)**		**2,333.11**	**2,345.35**
X	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	Remeasurement of employee benefit obligation		20.53	2.76
	Income tax relating to these items		(7.17)	(0.96)
	Other comprehensive income for the year, net of tax (X)		**13.36**	**1.80**
XI	**Total Comprehensive Income for the Year (IX+X)**		**2,346.47**	**2,347.15**
	Earnings Per Equity Share			
	(1) Basic	29	11.61	11.67
	(2) Diluted		11.61	11.67
	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: Chennai
Date: 7th May,2019

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

N Iswarya Lakshmi
Company Secretary

Statement of changes in equity

Rs in Lakhs

I) Equity Share Capital	**Notes**	**Amounts**
Balance as at March 31, 2018		**2,009.80**
Changes in equity share capital during the year	10	-
Balance as at March 31, 2019		**2,009.80**

II) Other equity

	Notes	Reserves and surplus			Total
		General reserve	Securities Premium	Retained earnings	
Balance as at April 1, 2017		81.67	9,248.79	1,911.66	**11,242.13**
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**	**3,049.33**	**12,379.79**
Profit for the period	11			2,333.11	**2,333.11**
Other comprehensive income	11			13.36	**13.36**
Transaction in the capacity as owners					
Dividend paid (including dividend distribution tax)	11			(1,211.47)	**(1,211.47)**
Balance as at March 31, 2019		**81.67**	**9,248.79**	**4,184.33**	**13,514.79**

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

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

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

In terms of our Reports Attached

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

V Sathyanarayanan
Partner
Membership No. 027716

Place: Chennai
Date: 7th May,2019

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

N Iswarya Lakshmi
Company Secretary

Cash flow statement for the Period ended 31st March, 2019

(Rs. in Lakhs)

		For the year ended 31st March 2019	For the year ended 31st March 2018
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax and extra ordinary items	3,644.17	3,576.26
	Add:		
	Depreciation (net)	1,351.06	1,127.43
	Dividend income	-	-
	Interest Income	(6.40)	(7.21)
	Interest Expenditure	132.57	10.40
	Net Gain on Sale of Traded Quoted Investment	(9.53)	(147.09)
	Profit on sale of Fixed Assets	(2.04)	-
	Loss on sale of Fixed Assets	-	59.41
	Miscellaneous Expenditure written off		
	Less:		
	Increase in valuation of employee benefit obligation	20.53	2.76
	Operating profit before working capital changes	**5,130.36**	**4,621.96**
	Adjusted for: Working Capital changes		
	Trade Payables	289.55	2,955.52
	Other Current Liabilities	36.52	(20.10)
	Short Term Provisions	(7.18)	29.02
	Other Financial Liabilities	527.74	75.37
	Short Term Borrowings	(548.67)	548.67
	Non Current Financial Assets	(23.87)	15.02
	Other Non Current Assets	54.67	(85.49)
	Current Investment	672.98	719.90
	Inventories	513.79	(1,447.93)
	Trade Receivables	1,397.58	(3,623.12)
	Short Term Loans and Advances		
	Other Financial Assets	(46.61)	(20.82)
	Other Current Assets	(342.87)	85.50
	Long Term Provision	(0.89)	(0.65)
	Cash generated from operations	**7,653.10**	**3,852.86**
	Adjusted for: Tax Liability		
	Direct tax paid	(1,135.91)	(1,202.05)
	Deferred Tax	-	-
	Net cash from operating activities -(A)	**6,517.19**	**2,650.81**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(4,420.56)	(2,103.58)
	Sale of fixed assets	2.04	1.10
	Purchase of investments	-	-
	Sale of non current investments	(0.25)	22.43
	Profit Sale of Investments	9.53	147.09
	Interest received	6.40	7.21
	Dividend received	-	-
	Net cash used in investing activities -(B)	**(4,402.84)**	**(1,925.74)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Share Capital	-	-
	Share Premium	-	-
	Interest paid	(132.57)	(10.40)
	Dividend and dividend tax paid	(1,211.46)	(1,209.48)
	Net cash used in financing activities - (C)	**(1,344.03)**	**(1,219.87)**
D.	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)**	**770.32**	**(494.83)**
	Cash and cash equivalents at the beginning of the year	159.94	654.77
	Cash and cash equivalents at the end of the year	**930.26**	**159.94**

In terms of our Reports Attached

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

V Sathyanarayanan
Partner
Membership No. 027716

Place: Chennai
Date: 7th May,2019

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

N Iswarya Lakshmi
Company Secretary

Notes To Financial Statements for the year ended March 31, 2019

1. **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

a) **Brief description of the Company**

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.

The Company manufactures seat foams for the automotive industry. The Company has four manufacturing plants located across India

b) **Basis of preparation and presentation**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standard) Rules, 2015 and other relevant provisions of the Act.

Disclosure under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decision.

The financial statements have been prepared on the historical basis following the principles of prudence which requires recognition of expected losses and non-recognition of unrealized gains.

The financial statements have been prepared under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measure at fair value.

c) **Use of estimates and judgments**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) **Significant estimates and judgments**

The areas involving significant estimates or judgments are:

i) Estimation of defined benefit obligation (Note- 27)

ii) Estimation of useful life of Property, Plant and Equipment Note -1(g) and 1(h)

e) **Going concern**

The board of directors have considered the financial position of the Company at 31 March 2019 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.

f) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates. It excludes Goods and Services Tax.

i) **Sale of products**

Revenue from sale of products is recognized 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.

ii) **Revenue from service**

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

Notes To Financial Statements - *(continued)*

g) **Property, plant and equipment**

Freehold Land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/ construction less accumulated depreciation / amortization and impairment, if any. Cost includes:

i) purchase price,

ii) taxes and duties,

iii) labour cost

iv) directly attributable overheads incurred upto the date the asset is ready for its intended use, and

v) Government grants that are directly attributable to the assets acquired.

However, cost excludes excise duty, value added tax and service tax and GST, to the extent credit of the duty or tax is availed of.

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 separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains/(losses).

h) **Depreciation**

i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is furnished below:

Particulars	Useful life in years (Nos.)
Buildings	30
Plant & Machinery	3 to 15
Amortisation of Moulds	10
Vehicles	8
Computer hardware	3
Furniture and Fittings	10
Office Equipment's	3

iii) The residual value for all the above assets are retained at 5% of the cost Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

iv) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.

v) Depreciation in respect of tangible assets costing individually less than Rs.5,000/- is provided at 100%.

i) **Amortisation of Intangible assets**

Intangible assets acquired are accounted at their acquisition cost and are amortised over its useful life, viz., 2 years in the case of software.

j) **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.

Notes To Financial Statements - *(continued)*

k) **Foreign currency translation**

i) 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, and all values are rounded off to nearest lakhs except where otherwise indicated.

ii) 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.

l) **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 realizable 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 capitalized and depreciated accordingly) are charged to profit or loss on consumption.

m) **Employee Benefits**

i) **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.

ii) **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, recognized and provided for at 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. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and 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.

iii) **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.

Gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other

Notes To Financial Statements - *(continued)*

comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.

Provident fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) **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

n) **Taxation**

Tax expense comprises of (i) current tax and (ii) deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Where the Company is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

o) **Provisions and contingencies**

i) **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.

ii) 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.

p) **Segment reporting**

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

Notes To Financial Statements - *(continued)*

q) **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.

r) **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.

s) **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.

i) **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.

Notes To Financial Statements - *(continued)*

ii) **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 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.

iii) **Trade receivables**

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

iv) **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

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.

t) **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.

i) **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.

ii) **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)*

iii) **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.

u) **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.

v) **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.

w) **Earnings 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

x) **Dividends**

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

y) **Recent accounting pronouncements**

The Ministry of Corporate Affairs has notified Ind AS 116 Leases, which is applicable to the Company from accounting periods beginning 1st April 2019. This Standard changes the classification and accounting for leases and also provides transition guidance. The Company expects the Standard to affect the accounting for assets that are taken on operating lease and is currently in the process of assessing the impact of this Standard on its transactions.

Notes To Financial Statements - *(continued)*

Note No. 2 Property, Plant and Equipment

The changes in the carrying value of fixed assets for the year ended March 31, 2019 are as follows:

(Rs. in Lakhs)

Asset Description	Gross Block (at cost)				Accumulated Depreciation and Amortization				Net Block	
	As at April 1, 2018	Additions	Deletions / Adjustments	As at March 31, 2019	As at April 1, 2018	Depreciation for the year	Deletions	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019
Land - Freehold	1,235.62	1.93		1,237.54	-			-	1,235.62	1,237.54
Land - Leasehold	428.64			428.64	7.65	4.38		12.03	420.99	416.61
Building	2,771.69	1,285.14		4,056.83	189.98	116.04		306.02	2,581.70	3,750.81
Plant and Machinery	6,577.00	2,818.72	34.60	9,361.12	1,603.89	1,047.69	29.95	2,621.63	4,973.11	6,739.49
Furniture and Fixtures	57.35	23.98		81.33	22.41	10.70		33.11	34.94	48.22
Electrical Equipment	543.68	306.94		850.62	73.37	50.08		123.45	470.31	727.17
Office Equipment	143.29	26.10	2.82	166.57	35.23	25.63	2.68	58.18	108.06	108.39
Computer	76.87	63.70	1.11	139.46	19.79	25.57	1.06	44.30	57.09	95.15
Vehicles	37.64	-		37.64	5.13	7.07		12.20	32.52	25.44
Canteen equipment	-	6.49		6.49		0.11		0.11	-	6.38
Moulds	360.49	92.82	-	453.31	85.91	38.09	-	124.00	274.58	329.31
Total	**12,232.27**	**4,625.82**	**38.53**	**16,819.55**	**2,043.36**	**1,325.36**	**33.69**	**3,335.03**	**10,188.92**	**13,484.51**
Plant and Machinery									615.54	454.42
Moulds									-	37.77
Computer									5.82	0.76
Building									110.68	
Capital Work in progress- Total									**732.04**	**492.95**
Other intangible assets										
Asset Description	**Gross Block (at cost)**				**Accumulated Depreciation and Amortization**				**Net Block**	
	As at April 1, 2018	**Additions**	**Deletions / Adjustments**	**As at March 31, 2019**	**As at April 1, 2018**	**Depreciation for the year**	**Deletions**	**As at March 31, 2019**	**As at March 31, 2018**	**As at March 31, 2019**
Computer Software	68.07	38.67		106.74	27.14	25.69		52.83	40.93	53.90
Total	**68.07**	**38.67**	**-**	**106.74**	**27.14**	**25.69**	**-**	**52.83**	**40.93**	**53.90**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018
3	**Investments**		
	Non - Current		
	Investment in equity instruments (quoted) at FVTPL		
	Non Trade Unquoted		
	(a) Investment in Equity Shares		
	(i) *3,15,523 equity shares* of Rs.10/- each in Green Infra Wind Energy Theni Limited March 31, 2019 : *7,50,000 equity shares* April 1, 2018 : *7,50,000 equity shares*	52.58	52.60
	(ii) Shree Mother Capfin and Securities Private Limited	0.17	0.17
	(iii) Semb Corp Mulanur Wind Energy Limited	0.27	-
	(b) Investment in LLP		
	Paras Green Power LLP	2.60	2.60
	Total	**55.62**	**55.37**
	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]		
	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]		
	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]		
	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]		
	e) Franklin India TMA Growth Nil No. Of Units Nil [March 31, 2017 : No. of units, April 1, 2016 : 4427.942 No. of units]		
	f) ICICI Prudential Money Market No. Of Units Nil [March 31, 2017 : 106785.02 No. of units, April 1, 2016 : 95763.244 No. of units]		
	g) L&T LIQUID FUND No. Of Units Nil [March 31, 2017 : No. of units, April 1, 2016 : 3379.607 No. of units]		
	h) L&T LIQUID FUND regular growth - No. Of Units Nil [March 31, 2017 : No. of units, 9063.207		
	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	**-**	**672.98**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018
4	**Other Financial Assets**		
	Non Current		
	Unsecured and Considered Good		
	(a) Security Deposits	126.09	102.22
	Total	**126.09**	**102.22**
	Current		
	Unsecured and Considered Good		
	(a) Income receivable	91.57	28.16
	(b) Salary Advances	14.03	30.83
	Total	**105.60**	**58.99**
5	**Other Non Current Assets**		
	Advances for Capital Goods	69.52	124.18
	Total	**69.52**	**124.18**
6	**Inventories***		
	* Valued at Lower of Cost or Net Realizable Value		
	a) Raw materials and components	1,372.76	2,071.68
	b) Work-in-Process	242.24	201.97
	c) Finished Goods	516.40	453.16
	d) Stores, Tools & Dies	691.32	609.70
	Total	**2,822.72**	**3,336.51**
7	**Trade Receivables**		
	Unsecured		
	a) Considered good	9,200.00	10,597.57
	b) Considered Doubtful	12.66	8.10
	c) Provision for expected credit loss	(12.66)	(8.10)
	Total	**9,200.00**	**10,597.57**
8	**Cash and Cash Equivalents**		
	Balance with Banks		
	- in Current account	898.18	158.50
	- n Fixed deposit	30.15	-
	Cash on hand	1.93	1.44
	Total	**930.26**	**159.94**
9	**Other Current Assets**		
	a) Advance to Suppliers & Service Provider	607.07	222.67
	b) Balance with Government Authorities	40.82	121.67
	c) Prepaid expenses	55.82	27.66
	d) Others	128.69	117.53
	Total	**832.40**	**489.53**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	As at 31st March 2019 Number	As at 31st March 2019 Rupees	As at 31st March 2018 Number	As at 31st March 2018 Rupees
10	**Equity Share Capital**				
	a) Details of authorised, issued and subscribed share capital				
	Authorised equity share capital				
	Equity Shares of Rs.10/- each	20,100,000	2,010.00	20,100,000	2,010.00
	Issued, subscribed and paid up				
	Equity Shares of Rs.10/- each	20,098,040	2,009.80	20,098,040	2,009.80
	b) Reconciliation of equity shares outstanding at the beginning and at the end of the year				
	Shares outstanding at the beginning of the year	20,098,040	2,009.80	20,098,040	2,009.80
	Shares Issued during the year			-	-
	Shares outstanding at the end of the year	**20,098,040**	**2,009.80**	**20,098,040**	**2,009.80**

c) Shares held by holding/ ultimate holding company

Particulars	**31-Mar-19**	**31-Mar-18**
Harita Seating Systems Limited	10,249,994	10,249,994
% of holding	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

Particulars	**31-Mar-19**		**31-Mar-18**	
	No. of Shares	**% Holding**	**No. of Shares**	**% Holding**
Harita Seating Systems Limited	10,249,994	51.00%	10,249,994	51.00%
F S Fehrer Automotive GMBH	9,848,040	49.00%	9,848,040	49.00%

11 **Other Equity**

Statement of changes in equity

I) Equity Share Capital

	Notes	Amounts
Balance as at March 31, 2018		**2,009.80**
Changes in equity share capital during the year	10	-
Balance as at March 31, 2019		**2,009.80**

II) Other equity **Rs in Lakhs**

	Notes	General reserve	Reserves and surplus Securities Premium	Retained earnings	Total
Balance as at April 1, 2017		81.67	9,248.79	1,911.66	**11,242.13**
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**	**3,049.33**	**12,379.79**
Profit for the period	11			2,333.11	**2,333.11**
Other comprehensive income	11			13.36	**13.36**
Transaction in the capacity as owners					
Dividend paid (including dividend distribution tax)	11			(1,211.47)	**(1,211.47)**
Balance as at March 31, 2019		**81.67**	**9,248.79**	**4,184.33**	**13,514.79**

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

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

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

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018
12	**Provisions**		
	Non-Current		
	Leave Encashment	48.98	49.87
	Total	**48.98**	**49.87**
	Current		
	Provision for Employee Benefits		
	a) Bonus	226.32	227.25
	b) Gratuity	(7.79)	0.45
	c) Leave Encashment	4.29	2.30
	Total	**222.82**	**230.00**
13	**Borrowings**		
	Secured		
	From Banks	-	548.67
	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		
	Total	**-**	**548.67**
14	**Trade payables**		
	Unsecured		
	a) Dues to Micro and Small Enterprises** (Refer note no. 36)	1,905.00	2,158.43
	b) Dues to enterprises other than Micro and Small Enterprises	7,376.06	7,860.82
	c) Bills accepted and payable	1,027.74	-
	Total	**10,308.80**	**10,019.25**
	*** 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 principle amount payable to these enterprises. There are no interest due or outstanding on the same.*		
15	**Other Financial Liabilities**		
	a) Salary Payable	93.49	54.49
	b) Security deposits	2.10	2.10
	c) Payable for Fixed Assets	758.39	93.51
	d) Other Payables	188.78	364.92
	Total	**1,042.76**	**515.02**
16	**Other Current Liabilities**		
	a) Statutory Dues	74.44	82.41
	b) Advances from customers	114.16	69.67
	Total	**188.60**	**152.08**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
17	**Revenue from Operations**		
	a) Sale of Products - Gross	54,577.65	48,393.81
	Less: Rate Discount	-	-
	Sale of Products	54,577.65	48,393.81
	b) Revenue from trading activities		
	Sales of traded goods	920.47	1,538.43
	Less: Purchase of traded goods	(912.00)	(1,501.62)
	Net revenue from trading activities	8.47	36.81
	c) Other Operating Revenues		
	- Scrap Sales	294.40	358.50
	Total (a+b+c)	**54,880.52**	**48,789.12**
18	**Other Income**		
	a) Interest Income	6.40	7.21
	b) MEIS Income	44.53	44.98
	c) Net Gain or (Loss) on Sale of Investment	9.53	147.09
	d) Rental Income	65.02	62.19
	e) Duty Drawback	14.83	3.00
	f) Net Gain or (Loss) on Sale of Fixed Asset	2.04	-
	Total	**142.35**	**264.47**
19	**Cost of Material Consumed**		
	Opening Stock of Raw materials	2,071.68	909.49
	Purchase of Raw Materials and Components	39,022.93	35,043.70
	Less: Closing Stock of Raw Materials	(1,372.76)	(2,071.68)
	Total	**39,721.85**	**33,881.51**
20	**Changes in Inventory of Finished Goods and Work-in-Progress**		
	Opening Stock of Finished Goods and Work-in-progress	655.12	554.51
	Less: Closing Stock of Finished Goods and Work-in-progress	(758.64)	(655.12)
	Changes In Inventory	**(103.52)**	**(100.61)**
21	**Employee Benefits Expense**		
	a) Salary, Wages and Bonus *	4,501.73	3,837.60
	b) Contribution to provident and other funds*	166.46	202.46
	c) Staff welfare expenses*	888.91	907.25
	Total	**5,557.10**	**4,947.31**
22	**Finance Costs**		
	Interest Expense	132.57	10.40
	Total	**132.57**	**10.40**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
23	**Depreciation and Amortization Expense**		
	Depreciation	1,325.37	1,106.62
	Amortization	25.69	20.81
	Total	**1,351.06**	**1,127.43**
24	**Other Expenses**		
	Consumption of stores and spare parts	666.11	635.14
	Payments to auditors		
	- As auditors - statutory audit	14.00	14.00
	- For taxation matters	1.00	1.00
	- For other services	1.00	1.00
	- Reimbursement of expenses	3.36	4.96
	Legal and professional Charges	279.82	326.61
	Repairs and maintenance *		
	- Buildings	47.72	56.13
	- Machinery	931.29	914.21
	- Computers	66.47	54.38
	- Others	56.57	58.32
	Power and fuel *	825.17	778.99
	Travelling and Conveyance	237.43	209.13
	Transportation Expense	688.14	512.00
	Rent including lease rentals *	190.48	167.87
	Security detective Charges	159.22	122.12
	Rates and taxes *	46.74	39.64
	Printing & stationery	46.08	43.13
	Net (Gain)/Loss on foreign currency fluctuation	96.13	40.33
	Insurance	42.49	45.72
	Bank Charges	34.08	35.69
	Other Administrative Expenses*	125.24	83.54
	Trade and other receivables written off	12.66	8.10
	Sales Promotion	10.44	31.47
	Corporate Social Responsibility Expenses	56.00	44.00
	Donations and contributions	82.00	7.00
	Loss on PPE sold / scrapped / written off	-	59.41
	Total	**4,719.64**	**4,293.89**

* Net of recoveries and government grants

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars
25	**Employee benefit obligations**

	As at March 31, 2019			As at March 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Compensated absences	4.29	48.98	53.27	2.30	49.87	52.17
Gratuity	(7.79)		(7.79)	0.45		0.45
Total employee benefit obligations	**(3.50)**	**48.98**	**45.48**	**2.75**	**49.87**	**52.62**

(i) Compensated absences

	As at March 31, 2019	As at March 31, 2018
Current leave obligations expected to be settled within the next 12 months	4.45	2.44

(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.

Particulars	GRATUITY			LEAVE ENCASHMENT		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
Position as at April 1, 2017 (A)	**199.19**	**167.98**	**31.21**	**52.88**	**-**	**52.88**
Current service cost	18.94	-	18.94	1.61	-	1.61
Interest expense/(income)	20.54	12.88	7.66	3.78	-	3.78
Total amount recognized in profit or loss (B)	**39.48**	**12.88**	**26.60**	**5.39**	-	**5.39**
Remeasurements						
(Gain)/loss from change in financial assumptions		(3.94)	**3.94**	(4.97)	-	(4.97)
Experience (gains)/losses	(5.05)	-	**(5.05)**	(1.13)	-	(1.13)
Total amount recognized in other comprehensive income (C)	**(5.05)**	**(3.94)**	**(1.11)**	**(6.10)**	-	**(6.10)**
Employer contributions	-	56.24	**(56.24)**	-	-	-
Benefit payments	(7.85)	(7.85)	**-**	-	-	-
Total cash flow (D)	**(7.85)**	**48.39**	**(56.24)**	-	-	-
March 31, 2018 (A)+(B)+(C)+(D)	225.77	225.31	0.46	**52.17**	-	**52.17**
Position as at April 1, 2018 (A)	**225.77**	**225.31**	**0.46**	**52.17**	-	**52.17**
Current service cost	45.56	-	45.56	-	-	-
Interest expense/(income)	19.02	18.75	0.27	3.88	-	3.88
Total amount recognized in profit or loss (B)	**64.58**	**18.75**	**45.83**	**3.88**	-	3.88
Remeasurements						
(Gain)/loss from change in financial assumptions	(20.53)	-	**(20.53)**	(3.08)	-	(3.08)
Experience (gains)/losses	-			27.34	-	27.34
Total amount recognized in other comprehensive income (C)	**(20.53)**	**-**	**(20.53)**	**24.26**	**-**	**24.26**
Employer contributions	-	33.54	**(33.54)**	(27.05)	-	(27.05)
Benefit payments	(13.82)	(13.82)	**-**	-	-	-
Total cash flow (D)	**(13.82)**	**19.72**	**(33.54)**	**(27.05)**	**-**	**(27.05)**
March 31, 2019 (A)+(B)+(C)+(D)	**256.00**	**263.78**	**(7.78)**	**53.26**	**-**	**53.26**

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

Note No.	Particulars

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

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of funded obligations	256.00	225.77
Fair value of plan assets	263.78	225.31
(Excess)/Deficit of funded plan	**(7.78)**	**0.46**

(iv) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	GRATUITY		LEAVE ENCASHMENT	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2019
Discount rate	7.73%	7.72%	7.69%	7.71%
Salary growth rate	5.50%	6.00%	5.50%	6.00%
Attrition rate	3.00%	3.00%	3.00%	3.00%
Mortality rate	IALM (2006-08) Ultimate			

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

GRATUITY	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
Discount rate	0.50%	0.50%	13.42	12.37	(14.63)	(13.51)
Salary growth rate	0.50%	0.50%	(14.88)	(13.67)	13.76	12.62

LEAVE ENCASHMENT	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
Discount rate	0.50%	0.50%	2.33	3.11	(2.52)	(3.43)
Salary growth rate	0.50%	0.50%	(2.56)	(3.47)	2.39	3.18

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

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No. **Particulars**

(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:

Gratuity	As at 31st March 2019	As at 31st March 2018
	100.00%	100.00%

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

Funds managed by LIC	10.66	8.73
Between 2 and 5 years	61.43	55.27
Beyond 5 years	113.62	93.66
Total	**185.71**	**157.66**

26 Deferred tax Liabilities/(assets) (Net)

The balance comprises temporary differences attributable to:

	March 31, 2019	March 31, 2018
Expenses allowed on payment basis	(19.66)	(19.25)
Total deferred tax (assets)	(19.66)	(19.25)
Fair Valuation of Investments	11.37	4.35
Depreciation	881.87	710.79
Net deferred tax Liabilities/(Assets)	**873.58**	**695.89**

Movement in deferred tax assets

Particulars	Depreciation	Expenses allowed on payment basis	Fair Valuation of Investments	Total
At March 31, 2018	**710.79**	**(19.25)**	**4.35**	**695.89**
(Charged)/credited:				
- to profit or loss	171.09	(7.59)	7.02	170.52
- to other comprehensive income		7.17		7.17
At March 31, 2019	**881.88**	**(19.67)**	**11.37**	**873.58**

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018
27	**Government grants**		
	During the financial year under review the Company has received and recognized following government grants:-		
	a. Duty drawback on exports	14.83	3.00
	b. Merchandise Exports from India Scheme benefits on exports	44.53	44.98
	c. Pradhan Mantri Rojgar Protsahan Yojana scheme benefits (the amount is credited to PF Employer Contribution)	14.61	4.64
	d. Board of Apprenticeship for Training (BOAT)	46.50	-
28	**Leases**		
	Lease rent paid during the year	167.52	159.32
	Lease rent received during the year	65.02	62.19
	Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
	Within one year	167.52	159.32
	Within two to five year	335.04	318.64
29	**Earnings per share**		
	Profit after tax as per Statement of Profit & Loss	2,333.11	2,345.35
	Adjusted Profit for the Current Period	**2,333.11**	**2,345.35**
	Weighted Average No of equity shares	20,098,040	20,098,040
	Nominal value of equity shares -Rs.	10	10
	Basic and diluted earnings per share - Rs.	11.61	11.67
30	**Provisions, Contingent liability and contingent asset**		
	(i) Claims against the company not acknowledged as debt		
	- 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	35.91
	- 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 Income tax for the F Y 2015-16 in respect of which an appeal is preferred with CIT Appeal Chennai	10.31	-
	-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	3.20
	- 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
	- 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	As at 31st March 2019	As at 31st March 2018
31	**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 22,574 Lakhs (31 March 2018 – INR 17,940 Lakhs) are derived from a single customer.

32 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 (HSSL)**
Investing Associate	**F.S. Fehrer Automotive GmbH, Germany**
Key Management Personnel (KMP)	**Mr. A G Giridharan** Chief Executive Officer
	Mr. S Jagannathan Chief Financial Officer
	Ms. N Iswarya Lakshmi Company Secretary

Particulars of transactions with related parties

Sl. No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1	Purchases		
	a) from Harita Seating Systems Limited	17.35	6.68
	b) F S Fehrer Automotive GmbH	-	17.05
2	Sales to Harita Seating Systems Limited		
	a) Components	4,737.44	4,444.64
	b) Capital goods	94.93	160.57
3	Equity Contribution:		
	a) Harita Seating Systems Limited	-	-
4	Rendering of Services to HSSL & F S Fehrer:		
	a) Harita Seating Systems Limited	190.42	168.81
	b) F S Fehrer Automotive GmbH	-	-
5	Receipt of Services from HSSL & F S Fehrer:		
	a) Harita Seating Systems Limited	825.09	738.92
	b) F S Fehrer Automotive GmbH	83.94	68.10
6	Dividend paid to related parties		
	a) Harita Seating Systems Limited	512.50	512.50
	b) F S Fehrer Automotive GmbH	492.40	492.40

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018
	Particulars of outstanding balances with related parties		
7	Payable:		
	a) Harita Seating Systems Limited	193.81	5.95
	b) F S Fehrer Automotive GmbH	14.88	24.51
8	Receivable		
	a) Harita Seating Systems Limited	654.01	1,223.88
9	Remuneration to KMP	68.37	58.33

Financial instruments and risk management

33 Fair value measurements

Financial instruments by category

Particulars	March 31, 2019		March 31, 2018	
	FVTPL	Amortized cost	FVTPL	Amortized cost
Financial assets				
Investments				
- Equity instruments	55.62	-	55.37	-
- Mutual Funds	-	-	672.98	-
Trade receivables	-	9,200.00	-	10,597.57
Cash and cash equivalents	-	930.26	-	159.94
Security deposits	-	126.09	-	102.22
Income receivable	-	91.57	-	28.16
Salary Advances	-	14.03	-	30.83
Total financial assets	**55.62**	**10,361.95**	**728.35**	**10,918.72**
Financial liabilities				
Borrowings	-	-	-	548.67
Trade payables	-	10,308.80	-	10,019.25
Salary Payable	-	93.49	-	54.49
Security deposits	-	2.10	-	2.10
Other Payables	-	188.78	-	364.92
Total financial liabilities	**-**	**10,593.17**	**-**	**10,989.43**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized 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 2019					
Financial assets					
Financial Investments at FVTPL	3	-	-	55.62	55.62
Total financial assets		**-**	**-**	**55.62**	**55.62**
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**

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

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018

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 maximize 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 recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Fair value of assets carried at amortized 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.

34 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.

(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, 2019	31 March, 2018
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,500.00	950.02

(ii) Maturities of financial liabilities

The tables below analyze 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.

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.

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

Note No. **Particulars**

Contractual maturities of financial liabilities

Non-derivatives	31st March, 2019 Maturing within 3 months	31st March, 2019 Total	31st March, 2018 Maturing within 3 months	31st March, 2018 Total
Borrowings	-	-	548.67	548.67
Trade payables	10,308.80	10,308.80	10,019.25	10,019.25
Salary Payable	93.49	93.49	54.49	54.49
Security deposits	2.10	2.10	2.10	2.10
Other Payables	188.78	188.78	364.92	364.92
Total non-derivative liabilities	**10,593.17**	**10,593.17**	**10,989.43**	**10,989.43**

(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, EURO and GBP Foreign exchange risk arises from future commercial transactions and recognized 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 2019			31 March 2018	
Currency Traded	**USD**	**EUR**	**GBP**	**USD**	**EUR**
Financial Assets					
Trade receivables	393.19	136.15	-	**112.12**	**75.91**
Exposure to foreign currency risk (Assets)	**393.19**	**136.15**	-	**112.12**	**75.91**
Financial liabilities					
Trade payables and capital creditors	93.59	49.91	4.10	1,136.35	136.88
Exposure to foreign currency risk (liabilities)	93.59	49.91	4.10	1,136.35	136.88
Net Exposure to foreign currency risk assets / (liabilities)	**299.60**	**86.24**	**(4.10)**	**(1,024.23)**	**(60.97)**

	Impact on profit after tax 31 March 2019	Impact on profit after tax 31 March 2018		Impact on profit after tax 31 March 2019	Impact on profit after tax 31 March 2018		Impact on profit after tax 31 March 2019	Impact on profit after tax 31 March 2018
USD sensitivity			*EURO sensitivity*			*GBP sensitivity*		
INR/USD Increases by 5% (31 March 2019 - 5%)	9.75	2.82	INR/EURO Increases by 5% (31 March 2019 - 5%)	2.81	(1.99)	INR/GBP Increases by 5% (31 March 2019 - 5%)	(0.13)	-
INR/USD Decreases by 5% (31 March 2019 - 5%)	(9.75)	(2.82)	INR/EURO Decreases by 5% (31 March 2019 - 5%)	(2.81)	1.99	INR/GBP Decreases by 5% (31 March 2019 - 5%)	0.13	-

* Holding all other variables constant.

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars		
35	**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 a optimal gearing ratio for optimizing shareholder value		
	(b) Dividends		
		March 31, 2019	**March 31, 2018**
	(i) Equity shares		
	Interim dividend for the year ended 31 March 2018 of INR 5.00		1,209.48
	(31 March 2017 – INR 5.00) per fully paid share (Inclusive of DDT)		
	Interim dividend for the year ended 31 March 2019 of INR 5.00	1,211.46	
	(31 March 2018– INR 5.00) per fully paid share (Inclusive of DDT)		
		March 31, 2019	**March 31, 2018**
36	**Trade payables include amount due to micro and small scale industrial units**	**1,905.00**	**2,158.43**
	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)	*1,905.00*	*2,158.43*
	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	-	-
37	**Other Disclosures**		
	Expenditure incurred on Corporate social responsibility activities		
	a) Gross amount required to be spent by the company	54.96	42.95
	b) Amount spent during the year in cash		
	i) Construction/ acquisition of any asset	-	-
	ii) On purposes other than (i) above	56.00	44.00

In terms of our Reports Attached

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

V Sathyanarayanan
Partner
Membership No. 027716

Place: Chennai
Date: 7th May,2019

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

N Iswarya Lakshmi
Company Secretary

Notes To Financial Statements - *(continued)*

Rs in Lakhs

Note No.	Particulars
37	**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		**6.96**	**14.81**
Total equity as per Ind AS		**13,251.92**	**12,748.36**

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	3,107.67	-	**3,107.67**
Net cash flow from investing activities	(2,111.12)	-	**(2,111.12)**
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: Chennai
Date: 7th May,2019

For and on Behalf of Board of Directors

H Lakshmanan
Director

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Director

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