V. Sankar Aiyar & Co.
Chartered Accountants
41, Circular Road, 1st Floor, United India Colony, Kodambakkam, Chennai - 600 024.
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# 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 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, profit, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24



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**Responsibilities of Management and Those Charged with Governance for the financial statements**

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

In preparing the financial statements, Management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

As part of an audit in accordance with SAs, we exercise professional judgement 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 override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

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.

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

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

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

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

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

   (e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 38 to the financial statements.

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

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act.
   In our opinion and according to the information and explanations given to us, the Company has not paid remuneration to its directors during the current year and hence, applicability of the provisions of Section 197 of the Act does not arise. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For V. SANKAR AIYAR& CO.
Chartered Accountants
ICAI Regd. No.109208W

| UDIN | 21023116AAAAIE1220 |
|---|---|

S VENKATARAMAN
Partner
M. No.023116

Place: Chennai
Date: 3rd May 2021

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**Annexure A to Independent Auditor's Report - 31 March 2021**
(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 (Property, Plant and Equipment).

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 the nature of its assets. No material discrepancies as compared to book records were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.

(ii) The inventories have been physically verified by the management during the year. In our opinion the frequency of the physical verification is reasonable, the discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of accounts.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or Other parties covered in the register maintained under Section 189 of the Companies Act 2013. Accordingly, the provisions of clauses (iii) (a), (b) & (c) of Para 3 of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect making investments, as applicable. The Company has not granted any loan or provided any guarantee/securities during the year.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) According to the information and explanations given to us, in respect of the class of industry the company falls under, the Central Government has not specified the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.

(vii) a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs duty and Cess and other material statutory dues as applicable to the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance Income Tax, Goods and Service Tax, Customs duty and Cess and other material statutory dues were in arrears as at 31st March 2021 for a period of more than six months from the date they became payable.

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

b) According to the information and explanations given to us and the records of the Company, there are no dues of Income-Tax, Customs Duty, Sales Tax, Service Tax, Goods and Service Tax, Value added Tax and Cess which have not been deposited on account of any dispute as at 31st March 2021 other than the following on account of dispute as given below.

| Name of the statue/ (Nature of dues) | Period of Due | Rs. In lakhs | Forum where dispute is pending |
|---|---|---|---|
| Sales Tax | FY 2013 – 14 to 2014-15 | 42.89 | Deputy Commissioner of State Tax Officer, Chennai |

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Banks/Financial Institutions. The company has not raised any monies against issue of debentures nor borrowed from government.

(ix) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose to which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no material fraud by the Company and on the company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under section 197 read with Schedule V to the Act and hence reporting under clause (xi) of Para 3 of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, based on verification of the records and approvals of the Audit Committee, the Company is in compliance with Section 177 and Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards

(xiv) During the year the Company has not made any preferential allotment and private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the para 3 of the Order is not applicable to the Company.

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

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

For V. SANKAR AIYAR& CO.
Chartered Accountants
ICAI Regd. No.109208W

| UDIN | 21023116AAAAIE1220 |
|---|---|

S VENKATARAMAN
Partner
M. No.023116

Place: Chennai
Date: 3rd May 2021

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**Annexure - B to the Independent Auditor's Report – 31 March 2021**
(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of Harita Fehrer Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Managements Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. 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.

5. 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**

6. 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

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7. 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**

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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 Control over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. SANKAR AIYAR& CO.
Chartered Accountants
ICAI Regd. No.109208W

| UDIN | 21023116AAAAIE1220 |
|---|---|

S VENKATARAMAN
Partner
M. No.023116

Place: Chennai
Date: 3rd May 2021

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**Harita Fehrer Limited**
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

**Balance Sheet as at 31st Mar 2021** **(Rs. In Lakhs)**

| | Particulars | Note No. | As at 31-03-2021 | As at 31-03-2020 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| I | **Non-Current Assets** | | | |
| | (a) Property, Plant and Equipment | 2 | 12,001.89 | 12,976.44 |
| | (b) Capital Work in progress | 2 | 274.72 | 299.46 |
| | (c) Right to use of Assets | 2 (a) | 420.55 | 591.95 |
| | (d) Other Intangible Assets | 2 | 20.20 | 25.60 |
| | (e) Financial Assets | | | |
| | i. Investments | 3 | 17.64 | 55.62 |
| | ii. Other Financial Assets | 4 | 129.41 | 158.83 |
| | (f) Other Non-Current Assets | 5 | 52.77 | 71.65 |
| II | **Current Assets** | | | |
| | (a) Inventories | 6 | 3,571.51 | 2,651.56 |
| | (b) Financial Assets | | | |
| | i. Investments | 3 | 156.39 | 151.05 |
| | ii. Trade Receivables | 7 | 11,396.19 | 7,283.11 |
| | iii. Cash and Cash equivalents | 8 | 2,676.06 | 1,111.10 |
| | iv. Other Financial Assets | 4 | 48.44 | 46.36 |
| | (c) Current tax Assets (Net) | | 49.63 | 58.70 |
| | (d) Other Current Assets | 9 | 635.48 | 712.79 |
| | **Total Assets** | | **31,450.88** | **26,194.22** |
| | **EQUITY AND LIABILITIES** | | | |
| | **Equity** | | | |
| | (a) Equity Share Capital | 10 | 2,009.80 | 2,009.80 |
| | (b) Other Equity | 11 | 17,468.89 | 15,672.69 |
| | **LIABILITIES** | | | |
| I | **Non-Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Lease Liabilities | | - | 12.90 |
| | (b) Provisions | 12 | 164.69 | 137.01 |
| | (c )Deferred Tax Liabilities (Net) | 26 | 440.50 | 501.74 |
| | (d ) Non Current Tax liabilites (Net) | | 230.62 | 20.92 |
| II | **Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | i. Lease Liabilities | | 12.90 | 212.77 |
| | ii. Trade Payables | 13 | | |
| | (a) Total outstanding dues of micro and small enterprises | | 1,015.46 | 549.31 |
| | (b) Total outstanding dues other than ii(a) above | | 9,007.68 | 6,369.03 |
| | iii. Other Financial Liabilities | 14 | 209.87 | 226.64 |
| | (b) Other Current Liabilities | 15 | 859.59 | 440.25 |
| | (c) Provisions | 12 | 30.88 | 41.16 |
| | **Total Equity and Liabilities** | | **31,450.88** | **26,194.22** |
| | **Significant Accounting Policies (See accompanying notes to the financial statements)** | 1 | | |

As per our report annexed
*for* **V.Sankar Aiyar & Co.**
Chartered Accountants
Firm Regn. No. 109208W

*for* **and on Behalf of Board of Directors**

**S.Venkataraman**
Partner
Membership No. 023116

**Sudhir Kashyap**
Director

**Paridhi Minda**
Director

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**A G Giridharan**
Chief Executive officer

**Naveen Agarwal**
Chief Financial Officer

Place: Chennai
Date: 3rd May 2021

**Harita Fehrer Limited**
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

**Statement of Profit and Loss for the year ended 31st March 2021** **(Rs. In Lakhs)**

| | Particulars | Note No. | Year ended 31-03-2021 | Year ended 31-03-2020 |
|---|---|---|---|---|
| | **Income** | | | |
| I | Revenue from Operations | 16 | 41,489.10 | 44,521.55 |
| II | Other Income | 17 | 267.84 | 162.18 |
| III | **Total Income (I)+(II)** | | **41,756.94** | **44,683.73** |
| IV | **Expenses** | | | |
| a) | Cost of Material Consumed | 18 | 28,306.97 | 30,889.72 |
| b) | Purchase of traded goods | 18 | 1,460.38 | 821.91 |
| c) | Changes in Inventory of Finished Goods and Work-in-Progress | 19 | (548.44) | (86.52) |
| d) | Employee Benefits Expense | 20 | 5,229.48 | 5,073.42 |
| e) | Finance Costs | 21 | 59.48 | 105.50 |
| f) | Depreciation and Amortization Expense | 22 | 1,577.03 | 1,607.58 |
| g) | Other Expenses | 23 | 3,171.30 | 3,743.17 |
| | **Total Expenses (IV)** | | **39,256.20** | **42,154.78** |
| V | Profit before Exceptional Items and Tax (III-IV) | | **2,500.74** | **2,528.95** |
| VI | Exceptional Items | | - | - |
| VII | **Profit Before Tax (V-VI)** | | **2,500.74** | **2,528.95** |
| VIII | **Income Tax Expense** | | | |
| | Current Tax | 24 | 657.75 | 656.83 |
| | Deferred Tax | 24 | (32.61) | (364.86) |
| | **Total Income Tax Expense (VIII)** | | **625.14** | **291.97** |
| IX | **Profit for the period (VII-VIII)** | | **1,875.60** | **2,236.98** |
| X | Other Comprehensive Income | | | |
| | Items that will not be reclassified to profit or loss | | | |
| | Fair valuation of Equity investments | | (16.94) | - |
| | Income tax relating to these items | | 4.26 | - |
| | Remeasurement of employee benefit obligation | | (96.84) | (27.71) |
| | Income tax relating to these items | | 24.37 | 6.98 |
| | **Other comprehensive income for the year, net of tax (X)** | | **(85.15)** | **(20.73)** |
| XI | **Total Comprehensive Income for the Year (IX+X)** | | **1,790.45** | **2,216.25** |
| | **Earnings Per Equity Share** | 37 | | |
| | (1) Basic | | 9.33 | 11.13 |
| | (2) Diluted | | 9.33 | 11.13 |
| | **Significant Accounting Policies (See accompanying notes to the financial statements)** | 1 | | |

As per our report annexed
*for* **V.Sankar Aiyar & Co.**
Chartered Accountants
Firm Regn. No. 109208W

**S.Venkataraman**
Partner
Membership No. 023116

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

*for* **and on Behalf of Board of Directors**

**Sudhir Kashyap**
Director

**Paridhi Minda**
Director

**A G Giridharan**
Chief Executive officer

**Naveen Agarwal**
Chief Financial Officer

Place: Chennai
Date 3rd May 2021

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

## Cash flow statement for the year ended 31st March, 2021

Rs. in Lakhs

| | Year Ended 31-03-2021 | | Year Ended 31-03-2020 | |
|---|---|---|---|---|
| | Amount | Amount | Amount | Amount |
| **A. Cash flow from operating activities:** | | | | |
| **Net profit before exceptional items and tax** | | 2,500.74 | | 2,528.95 |
| Add: | | | | |
| Depreciation and amortisation for the year | 1,577.03 | | 1,607.58 | |
| Net (profit)/loss on sale of investments | | | | |
| Bad Debts written off | 2.14 | | 23.80 | |
| Profit on sale of fixed assets | (0.00) | | (1.58) | |
| Loss on sale of Assets | 33.54 | | 35.75 | |
| Interest income | (75.45) | | (9.52) | |
| Net (gain)/loss on fair value of investment | 15.71 | | (1.05) | |
| Profit on redemption of MF | - | | | |
| Interest expenditure | 59.48 | | 105.50 | |
| Provision for pension, leave salary and warrantty | | | | |
| Exchange difference (net) | 30.21 | | (13.39) | |
| Less: | | | | |
| Increase in valuation of employee benefit obligation | (96.84) | | (27.71) | |
| | | 1,545.82 | | 1,719.38 |
| **Operating profit before working capital changes** | | 4,046.56 | | 4,248.33 |
| **Adjustments for:** | | | | |
| Increase / (Decrease) in trade payables | 3,104.80 | | (3,574.34) | |
| Other Current Liabilities | 419.34 | | (73.06) | |
| Short Term Provisions | (10.28) | | 36.87 | |
| Long Term Provision | 27.68 | | 88.03 | |
| Other Financial Liabilities | (16.77) | | (533.85) | |
| Other Financial Assets - Non-current | 29.42 | | (2.59) | |
| Other Non Current Assets | | | | |
| Other Current Assets | 40.39 | | 125.19 | |
| Current Investment | | | | |
| (Increase) / Decrease in Inventories | (919.95) | | 171.16 | |
| Trade Receivables | (4,145.48) | | 1,906.46 | |
| Other Financial Assets - Current | (2.08) | | 24.00 | |
| | | (1,472.93) | | (1,832.13) |
| **Cash generated from operations** | | 2,573.63 | | 2,416.20 |
| Income taxes net of refund | | (429.22) | | (620.59) |
| **Net cash from operating activities** | | 2,144.41 | | 1,795.61 |
| **B. Cash flow from investing activities:** | | | | |
| Payment for purchase of PPE | (457.49) | | (1,161.29) | |
| Payment for purchase of Intangible | (22.43) | | (2.23) | |
| Proceeds fom Sale of PPE | 42.95 | | 3.87 | |
| Payment for purchase of Investments | - | | (150.00) | |
| Advance for capital goods | 18.88 | | (2.13) | |
| Investments in Mutual Funds | | | | |
| Redemption of Mutual Funds | | | | |
| Interest received | 75.45 | | 9.52 | |
| Loan to subsidiary | | | | |
| **Net cash from / (used in) investing activities** | | (342.64) | | (1,302.26) |
| **C. Cash flow from financing activities :** | | | | |
| Principal repayments related to lease liabilities | (204.49) | | (176.85) | |
| Interest payments related to lease liabilities | (10.69) | | (28.95) | |
| Interest paid | (21.63) | | (76.55) | |
| **Net cash from / (used in) financing activities** | | (236.81) | | (282.35) |
| **Total (A+B+C)** | | 1,564.96 | | 210.99 |
| Cash and cash equivalents at the beginning of the year | | 1,111.10 | | 900.11 |
| Cash and cash equivalents at the end of the year | | 2,676.06 | | 1,111.10 |
| **D. Net increase/(decrease) in cash and cash equivalents** | | 1,564.96 | | 210.99 |

**Note: The above statement of cash flow is prepared using indirect method**

As per our report annexed
*for* **V.Sankar Aiyar & Co.**
Chartered Accountants
Firm Regn. No. 109208W

**S.Venkataraman**
Partner
Membership No. 023116

Place: Chennai
Date: 3rd May 2021

*for* **and on Behalf of Board of Directors**

**Sudhir Kashyap**
Director

**Paridhi Minda**
Director

**A G Giridharan**
Chief Executive officer

**Naveen Agarwal**
Chief Financial Officer

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

(Rs. In Lakhs)

**Statement of changes in equity**

**I) Equity Share Capital**

| Particulars | Amount |
|---|---|
| **Balance as at March 31, 2020** | **2,009.80** |
| Changes in equity share capital during the year | - |
| **Balance as at March 31, 2021** | **2,009.80** |

**II) Other equity**

| Particulars | Reserves and surplus: General reserve | Securities Premium | Retained earnings | Total |
|---|---|---|---|---|
| **Balance as at April 1, 2019** | 81.67 | 9,248.79 | 4,184.33 | **13,514.79** |
| Less: Utilisation for initial adoption of Ind AS | | | (58.35) | **(58.35)** |
| Add: Profit for the period | | | 2,236.98 | **2,236.98** |
| Other comprehensive income | | | (20.73) | **(20.73)** |
| **Balance as at March 31, 2020** | 81.67 | 9,248.79 | 6,342.23 | **15,672.69** |
| Add: Utilisation for initial adoption of Ind AS | | | 5.75 | **5.75** |
| Add: Profit for the period | | | 1,875.60 | **1,875.60** |
| Other comprehensive income | | | (85.15) | **(85.15)** |
| **Balance as at March 31, 2021** | **81.67** | **9,248.79** | **8,138.43** | **17,468.89** |

i) *General reserve:* Part of retained earnings was earlier utilized for declaration of dividends as per the erstwhile 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

As per our report annexed
*for V.Sankar Aiyar & Co.*
Chartered Accountants
Firm Regn. No. 109208W

**S.Venkataraman**
Partner
Membership No. 023116

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Place: Chennai
Date 3rd May 2021

*for* **and on Behalf of Board of Directors**

**Sudhir Kashyap**
Director

**Paridhi Minda**
Director

**A G Giridharan**
Chief Executive officer

**Naveen Agarwal**
Chief Financial Officer

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)
Notes to Financial Statements
2 Property, Plant and Equipment

Rs. in Lakhs

| Description | Property, Plant and Equipment | | | | | | | Other Intangible | |
|---|---|---|---|---|---|---|---|---|---|
| | Land | Building | Plant & Machinery | Furniture & Fittings | Vehicles | Office Equipment | Total | Software | Total |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Gross carrying value | | | | | | | | | |
| As at 01-04-2020 | 1,235.62 | 4,135.73 | 11,856.47 | 81.33 | 33.21 | 319.99 | 17,662.35 | 108.96 | 108.96 |
| Additions | - | 73.26 | 402.77 | 0 | - | 5.73 | 482.23 | 22.43 | 22.43 |
| Sub Total | 1,235.62 | 4,208.99 | 12,259.24 | 81.80 | 33.21 | 325.72 | 18,144.58 | 131.39 | 131.39 |
| Sales/Deletion | - | 37.40 | 295.33 | 3.42 | - | 2.47 | 338.62 | - | - |
| Ind AS 116 transition | - | - | - | - | - | - | - | - | - |
| **Total** | **1,235.62** | **4,171.59** | **11,963.91** | **78.38** | **33.21** | **323.25** | **17,805.96** | 131.39 | 131.39 |
| Depreciation/Amortiation | | | | | | | | | |
| Up to 31-03-2020 | - | 470.55 | 3,991.98 | 41.44 | 14.14 | 167.76 | 4,685.87 | 83.36 | 83.36 |
| For the year | - | 160.65 | 1,148.99 | 6.26 | 5.61 | 58.82 | 1,380.33 | 27.83 | 27.83 |
| Sub-total | - | 631.20 | 5,140.97 | 47.70 | 19.75 | 226.58 | 6,066.20 | 111.19 | 111.19 |
| Withdrawn on assest sold/deletion | - | 11.25 | 245.39 | 3.25 | - | 2.24 | 262.13 | - | - |
| Ind AS 116 transition | - | - | - | - | - | - | - | - | - |
| **Total** | - | **619.95** | **4,895.58** | **44.45** | **19.75** | **224.34** | **5,804.07** | 111.19 | 111.19 |
| Carrying value | | | | | | | | | |
| **As at 31-03-2021** | **1,235.62** | **3,551.64** | **7,068.33** | **33.93** | **13.46** | **98.91** | **12,001.89** | 20.20 | 20.20 |

| | |
|---|---|
| Capital work-in-progress (at cost) as at 31-03-2021 | |
| (a) Building | - |
| (b) Plant & equipment | 274.72 |
| Total | 274.72 |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)
**Notes to Financial Statements**
**2 Property, Plant and Equipment**

Rs. in Lakhs

| Description | Property, Plant and Equipment | | | | | | | Other Intangible | |
|---|---|---|---|---|---|---|---|---|---|
| | Land | Building | Plant & Machinery | Furniture & Fittings | Vehicle | Office equipment | Total | Software | Total |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Gross carrying value | | | | | | | | | |
| As at 01-04-2019 | 1,666.19 | 4,056.83 | 10,671.54 | 81.33 | 37.64 | 306.03 | 16,819.56 | 106.74 | 106.74 |
| Additions | - | 78.90 | 1,260.89 | - | - | 14.99 | 1,354.78 | 2.23 | 2.23 |
| Sub Total | 1,666.19 | 4,135.73 | 11,932.43 | 81.33 | 37.64 | 321.02 | 18,174.34 | 108.97 | 108.97 |
| Sales/Deletion | - | - | 75.98 | - | 4.43 | 1.03 | 81.44 | - | - |
| Ind AS 116 transition | 430.57 | - | - | - | - | - | 430.57 | - | - |
| **Total** | **1,235.62** | **4,135.73** | **11,856.45** | **81.33** | **33.21** | **319.99** | **17,662.33** | **108.97** | **108.97** |
| Depreciation/Amortiation | | | | | | | | | |
| Up to 31-03-2019 | 12.03 | 306.02 | 2,869.20 | 33.11 | 12.20 | 102.48 | 3,335.04 | 52.83 | 52.83 |
| For the year | - | 164.53 | 1,161.13 | 8.34 | 6.15 | 66.13 | 1,406.28 | 30.54 | 30.54 |
| Sub-total | 12.03 | 470.55 | 4,030.33 | 41.45 | 18.35 | 168.61 | 4,741.32 | 83.37 | 83.37 |
| Withdrawn on assest sold/deletion | - | - | 38.34 | - | 4.21 | 0.85 | 43.40 | - | - |
| Ind AS 116 transition | 12.03 | - | - | - | - | - | 12.03 | - | - |
| **Total** | - | **470.55** | **3,991.99** | **41.45** | **14.14** | **167.76** | **4,685.89** | **83.37** | **83.37** |
| Carrying value | | | | | | | | | |
| **As at 31-03-2020** | **1,235.62** | **3,665.18** | **7,864.46** | **39.88** | **19.07** | **152.23** | **12,976.44** | **25.60** | **25.60** |

| Capital work-in-progress (at cost) as at 31-03-2020 | |
|---|---|
| (a) Building | - |
| (b) Plant & equipment | 299.46 |
| **Total** | **299.46** |

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes to Financial Statements

2 (a) Right of use Asset

(Rs. in Lakhs)

| S.No. | Particulars | Land | Building | Total |
|---|---|---|---|---|
| | **Cost of asset** | | | |
| 1 | Opening on transition to Ind AS 116- Leases | 430.57 | 344.17 | 774.74 |
| 2 | Additions during the year | - | - | - |
| 3 | Deletions (Preclosures) | - | 2.53 | 2.53 |
| | | **430.57** | **341.64** | **772.21** |
| | **Amortisation:** | | | |
| 4 | Amortisation upto 31-03.2020 | 16.38 | 166.41 | 182.79 |
| 5 | Amortisation for the year | 4.35 | 164.52 | 168.87 |
| 6 | Withdrawn on Deletions (Preclosures) | - | - | - |
| | | **20.73** | **330.93** | **351.66** |
| 7 | Carrying value as at 31-03-2021 | **409.84** | **10.71** | **420.55** |

The company has leased Land and Buildings. The lease period ranges from 3-99 years. Lease terms included for workings is the non-cancellable period and expected lease term.

Extension options has been included only in case of certain offices where it is certain, rest of the assets the term is limited to non-cancellable period.

| | 2020-21 |
|---|---|
| Payment towards short term leases | - |
| Payment towards low value asset leases | - |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

## Notes to Financial Statements

2 (a) Right of use Asset

| S.No. | Particulars | Land | Building | Total |
|---|---|---|---|---|
| | **Cost of asset** | | | |
| 1 | Opening on transition to Ind AS 116- Leases | 430.57 | 344.17 | 774.74 |
| 2 | Additions during the year | - | - | - |
| 3 | Deletions (Preclosures) | - | - | - |
| | | **430.57** | **344.17** | **774.74** |
| | **Amortisation:** | | | |
| 4 | Opening - On transition to Ind AS 116- Leases | 12.03 | - | 12.03 |
| 5 | Amortisation for the year | 4.35 | 166.41 | 170.76 |
| 6 | Withdrawn on Deletions (Preclosures) | - | - | - |
| | | **16.38** | **166.41** | **182.79** |
| 7 | Carrying value as at 31-03-2020 | **414.19** | **177.76** | **591.95** |

The company has leased Land and Buildings. The lease period ranges from 3-99 years. Lease terms included Extension options has been included only in case of certain offices where it is certain, rest of the assets the

| | 2019-20 |
|---|---|
| Payment towards short term leases | 8.00 |
| Payment towards low value asset leases | - |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

**Notes To Financial Statements**

**3 Investments**

| Note No. | Particulars | Subsidiary/ Associate | No of Shares/Units | | Face value (in Rs.) | Currency | Rs in Lakhs | |
|---|---|---|---|---|---|---|---|---|
| | | | As at 31.03.2021 | As at 31.03.2020 | | | As at 31.03.2021 | As at 31.03.2020 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | **Non current - Unquoted** **Investment in equity instruments Fair Value through FVTOCI:** | | | | | | | |
| a) | Green Infra Wind Energy Theni Limited | | 3,15,523 | 3,15,523 | 10.00 | INR | 14.60 | 52.58 |
| b) | Shree Mother Capfin and Securities Private Limited | | 2,048 | 2,048 | 10.00 | INR | 0.17 | 0.17 |
| c) | Semb Corp Mulanur Wind Energy Limited | | 2,700 | 2,700 | 10.00 | INR | 0.27 | 0.27 |
| | **Other Investments :** **Investment in LLP - FVTPL:** | | | | | | | |
| d) | Paras Green Power LLP | | | | | INR | 2.60 | 2.60 |
| | **Total** | | | | | | **17.64** | **55.62** |
| | Aggregate amount of quoted investments and market value thereof | | | | | | 17.64 | 55.62 |
| | Aggregate amount of unquoted investments | | | | | | - | - |
| | Total | | | | | | **17.64** | **55.62** |
| | | | | | | | | |
| | **Current:** **Investments in Quoted Mutual Funds measured at FVTPL:** | | | | | | | |
| a) | SBI Liquid Fund | | 1627.54 | - | | INR | 52.13 | 50.34 |
| b) | ICICI Prudential Liquid Fund | | 17216.86 | - | | INR | 52.18 | 50.36 |
| c) | HDFC Liquid Fund | | 1296.35 | - | | INR | 52.08 | 50.35 |
| | **Total** | | | | | | **156.39** | **151.05** |
| | Aggregate amount of quoted investments and market value thereof | | | | | | 156.39 | 151.05 |
| | Aggregate amount of unquoted investments | | | | | | - | - |
| | Total | | | | | | **156.39** | **151.05** |

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**Harita Fehrer Limited**
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

**Notes To Financial Statements** **Rs. in Lakhs**

| Note No. | Particulars | As at 31-03-2021 | As at 31-03-2020 |
|---|---|---|---|
| 4 | **Other Financial Assets** | | |
| | **Non Current** | | |
| | **Unsecured and Considered Good** | | |
| | (a) Security Deposits | 99.26 | 128.68 |
| | (b) Other Bank Balances (Bank Deposits) | 30.15 | 30.15 |
| | | **129.41** | **158.83** |
| | **Current** | | |
| | **Unsecured and Considered Good** | | |
| | (a) Salary Advances | 16.83 | 12.07 |
| | (b) Accrued interest & Others | 31.61 | 34.29 |
| | | **48.44** | **46.36** |
| 5 | **Other Non Current Assets** | | |
| | Advances for Capital Goods | 52.77 | 71.65 |
| | | **52.77** | **71.65** |
| 6 | **Inventories*** | | |
| | * Valued at Lower of Cost or Net Realizable Value | | |
| | a) Raw materials and components | 1,249.58 | 910.92 |
| | b) Work-in-progress | 1,075.67 | 817.40 |
| | c) Finished goods | 566.35 | 351.00 |
| | d) Goods in Transit - Finished Goods | 94.44 | 19.62 |
| | f) Goods in Transit - Raw Materials | 0.71 | - |
| | g) Stores, Tools & Dies | 584.76 | 552.62 |
| | | **3,571.51** | **2,651.56** |
| 7 | **Trade Receivables** | | |
| | **Unsecured** | | |
| | Considered good | 11,396.19 | 7,283.11 |
| | | **11,396.19** | **7,283.11** |
| 8 | **Cash and Cash Equivalents** | | |
| | a) Balance with Banks | | |
| | -in Current account | 575.16 | 1,107.43 |
| | -in Fixed deposit | 2,100.00 | - |
| | b) Cash on hand | 0.90 | 3.67 |
| | | **2,676.06** | **1,111.10** |
| 9 | **Other Current Assets** | | |
| | a) Advance to Suppliers and Service Providers | 313.85 | 321.44 |
| | b) Balance with Government Authorities | 171.22 | 203.62 |
| | c) Prepaid expenses | 55.62 | 64.82 |
| | d) Govt., Grant Receivable | 56.71 | 54.94 |
| | e) MEIS Scrips / Export incentive receivable | 38.08 | 67.97 |
| | | **635.48** | **712.79** |

V.SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes To Financial Statements (Rs. in Lakhs)

| Note No. | Particulars |
|---|---|

10 **Equity Share Capital**

a) Details of authorised, issued and subscribed share capital

| Particulars | As at 31-03-2021 | | As at 31-03-2020 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Authorised equity share capital: | | | | |
| Equity Shares of Rs.10/- each | 2,01,00,000 | 2,010.00 | 2,01,00,000 | 2,010.00 |
| Issued, subscribed and paid up | | | | |
| Equity Shares of Rs.10/- each | 2,00,98,040 | 2,009.80 | 2,00,98,040 | 2,009.80 |

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

| Particulars | As at 31-03-2021 | | As at 31-03-2020 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 2,00,98,040 | 2,009.80 | 2,00,98,040 | 2,009.80 |
| Shares Issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | **2,00,98,040** | **2,009.80** | **2,00,98,040** | **2,009.80** |

c) Shares held by holding/ ultimate holding company

| Particulars | 31-03-2021 | 31-03-2020 |
|---|---|---|
| Harita Seating Systems Limited | 1,02,49,994 | 1,02,49,994 |
| % of holding | 51.00% | 51.00% |

Terms and rights attached to 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 | 31-03-2021 | | 31-03-2020 | |
|---|---|---|---|---|
| | No. of Shares | % Holding | No. of Shares | % Holding |
| Harita Seating Systems Limited | 1,02,49,994 | 51.00% | 1,02,49,994 | 51.00% |
| F S Fehrer Automotive GmbH | 98,48,040 | 49.00% | 98,48,040 | 49.00% |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**Harita Fehrer Limited**
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

**Notes To Financial Statements** Rs. in Lakhs

| Note No. | Particulars | As at 31-03-2021 | As at 31-03-2020 |
|---|---|---|---|
| 11 | **Other Equity** | | |
| | Share Premium | 9,248.79 | 9,248.79 |
| | General Reserves | 81.67 | 81.67 |
| | Retained earnings | 8,138.43 | 6,342.23 |
| | | **17,468.89** | **15,672.69** |
| 12 | **Provisions** | | |
| | **Non-Current** | | |
| | Leave Encashment | 82.71 | 81.62 |
| | Gratuity | 81.98 | 55.39 |
| | | **164.69** | **137.01** |
| | **Current** | | |
| | **Provision for Employee Benefits** | | |
| | Leave Encashment | 6.26 | 6.78 |
| | **Other provision** | | |
| | Warranty | 24.62 | 34.38 |
| | | **30.88** | **41.16** |
| 13 | **Trade payables** | | |
| | ***Unsecured*** | | |
| | a) Dues to Micro and Small Enterprises** (Refer note no. **30**) | 1,015.46 | 549.31 |
| | b) Dues to enterprises other than Micro and Small Enterprises | 9,007.68 | 6,369.03 |
| | | **10,023.14** | **6,918.34** |
| | *** Dues to Micro and small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interest due or outstanding on the same.* | | |
| 14 | **Other Financial Liabilities** | | |
| | a) Security deposits | 2.10 | 2.20 |
| | b) Payable against Capital Goods | 207.77 | 224.44 |
| | | **209.87** | **226.64** |
| 15 | **Other Current Liabilities** | | |
| | a) Statutory Dues | 70.17 | 62.56 |
| | b) Employee Dues | 305.02 | 254.59 |
| | c) Advances from customers | 484.40 | 123.10 |
| | | **859.59** | **440.25** |

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes To Financial Statements

Rs. in Lakhs

| Note No. | Particulars | Year ended 31-03-2021 | Year ended 31-03-2020 |
|---|---|---|---|
| 16 | **Revenue from Operations** | | |
| | a) Sale of Products - Gross | 39,910.41 | 43,486.63 |
| | Sales of traded goods | 1,459.07 | 845.11 |
| | b) Other Operating Revenues | | |
| | - Scrap Sales | 119.62 | 189.81 |
| | **Total** | **41,489.10** | **44,521.55** |
| 17 | **Other Income** | | |
| | a) Interest Income | 75.45 | 9.52 |
| | b) MEIS Income | 31.61 | 42.94 |
| | c) Net Gain on Sale of Investment/Fair valuation | - | 1.05 |
| | d) Rental Income | 95.76 | 73.39 |
| | e) Duty Drawback | 18.92 | 21.89 |
| | f) Foreign exchange gain (Net) | - | 13.39 |
| | g) Provision no longer required | 46.10 | - |
| | | **267.84** | **162.18** |
| 18 | **Cost of Material Consumed** | | |
| | Opening Stock of Raw materials | 910.92 | 1,029.90 |
| | Purchase of Raw Materials and Components | 28,646.34 | 30,770.74 |
| | | **29,557.26** | **31,800.64** |
| | Less: Closing Stock of Raw Materials | 1,250.29 | 910.92 |
| | | 28,306.97 | 30,889.72 |
| | Purchase of stock in trade | **1,460.38** | **821.91** |
| 19 | **Changes in Inventory of Finished Goods and Work-in-Progress** | | |
| | **a)Opening stock** | | |
| | Work-in-progress | 817.40 | 585.10 |
| | Finished goods | 370.62 | 516.40 |
| | | **1,188.02** | **1,101.50** |
| | **b)Closing stock:** | | |
| | Work-in-progress | 1,075.67 | 817.40 |
| | Finished goods | 660.79 | 370.62 |
| | | **1,736.46** | **1,188.02** |
| | Total(a-b) | **(548.44)** | **(86.52)** |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes To Financial Statements

Rs. in Lakhs

| Note No. | Particulars | Year ended 31-03-2021 | Year ended 31-03-2020 |
|---|---|---|---|
| 20 | **Employee Benefits Expense** | | |
| | a) Salary, Wages and Bonus | 4,336.22 | 4,168.35 |
| | b) Contribution to provident and other funds | 197.99 | 166.44 |
| | c) Staff welfare expenses | 695.27 | 738.63 |
| | | **5,229.48** | **5,073.42** |
| 21 | **Finance Costs** | | |
| | a) Interest Expense | 0.02 | 60.34 |
| | b) Other Borrowing Cost | 21.61 | 16.21 |
| | c) Interest on lease liabilities | 10.69 | 28.95 |
| | d) Interest on income tax expenses | 27.16 | - |
| | | **59.48** | **105.50** |
| 22 | **Depreciation and Amortization Expense** | | |
| | a) Depreciation on property plant and equipment | 1,380.33 | 1,406.28 |
| | b) Depreciation on right of use asset | 168.87 | 170.76 |
| | c) Amortisation on intangilble assets | 27.83 | 30.54 |
| | | **1,577.03** | **1,607.58** |
| 23 | **Other Expenses** | | |
| | Consumption of stores and spare parts | 442.52 | 479.51 |
| | Power and fuel | 621.71 | 688.05 |
| | Rent | - | 0.31 |
| | Rates and taxes | 39.41 | 51.65 |
| | Repais - buidling | 40.15 | 46.59 |
| | Repairs - plant and equipment | 465.47 | 714.60 |
| | Repairs - others | 22.61 | 49.45 |
| | Insurance | 102.26 | 99.85 |
| | Audit fees and Reimbursement of expenses | | |
| | - 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 | 0.33 | 6.37 |
| | Transportation Expense | 670.53 | 625.52 |
| | Sales Promotion | 0.82 | 36.96 |
| | Legal and professional Charges | 232.03 | 283.97 |
| | Travelling and Conveyance | 28.41 | 154.65 |
| | Data processing | 78.82 | 82.51 |
| | Security detective Charges | 119.28 | 123.98 |
| | Printing & stationery | 26.32 | 29.15 |
| | Foreign exchange loss (Net) | 30.21 | - |
| | Bank Charges | 14.31 | 24.20 |
| | Trade and other receivables written off | 2.14 | 23.80 |
| | Corporate Social Responsibility Expenses | 65.00 | 70.00 |
| | Loss on sale of fixed assets / write off (Net) | 33.54 | 34.17 |
| | Net Loss on Sale of Investment/Fair valuation | 15.71 | - |
| | Miscellaneous expenses (under this head there is no expenditure which expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher) | 103.72 | 101.88 |
| | | **3,171.30** | **3,743.17** |

V. SANKAR AIYAR & CO CHARTERED ACCOUNTANTS CHENNAI-24

**Harita Fehrer Limited**
**No.29, Haddows Road, Chennai - 600 006**
**(CIN :U25200TN2008PLC068513)**

**Notes To Financial Statements** **Rs. in Lakhs**

| Note No. | Particulars | Year ended 31-03-2021 | Year ended 31-03-2020 |
|---|---|---|---|
| 24 | **Income tax expense** | | |
| | (a) Income tax expense | | |
| | Current tax | 657.75 | 656.83 |
| | Current tax on profits for the year | **657.75** | **656.83** |
| | *Deferred tax* | | |
| | Decrease (increase) in deferred tax assets | 24.68 | 3.94 |
| | (Decrease) increase in deferred tax liabilities | (57.29) | -368.80 |
| | **Total Deferred tax expenses** | **(32.61)** | **(364.86)** |
| | Adjustments recognised in current year tax of prior periods | - | - |
| | Total Tax expenses | **625.14** | **291.97** |
| | (b) Reconciliation of tax expense and the accounting profit multiplied by | | |
| | Profit before income tax expense | 2,500.74 | 2,528.95 |
| | Tax at the Indian tax rate of 25.168% (PY-25.168%) | 629.39 | 636.49 |
| | Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | - | 1.21 |
| | Corporate social responsibility expenditure | 8.18 | 8.81 |
| | Others | (12.43) | (354.54) |
| | **Income tax expense** | **625.14** | **291.97** |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**Harita Fehrer Limited**
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

**Notes To Financial Statements** (Rs. In Lakhs)

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

| | As at 31-03-2021 | | | As at 31-03-2020 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| Compensated absences | 6.26 | 82.71 | 88.97 | 6.78 | 81.62 | 88.40 |
| Gratuity | - | 81.98 | 81.98 | - | 55.39 | 55.39 |
| **Total employee benefit obligations** | **6.26** | **164.69** | **170.95** | **6.78** | **137.01** | **143.79** |

**(i) Compensated absences**

| | As at 31-03-2021 | As at 31-03-2020 |
|---|---|---|
| Current leave obligations expected to be settled within the next 12 months | 6.26 | 6.78 |

**(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.

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes To Financial Statements (Rs. In Lakhs)

| Note No. | Particulars |
|---|---|
| 25 | Employee benefit obligations |

| 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, 2019 (A)** | 256.00 | 263.79 | (7.79) | 53.27 | - | 53.27 |
| Current service cost | 34.38 | - | 34.38 | - | - | - |
| Interest expense/(income) | 20.46 | 19.37 | 1.09 | 4.21 | - | 4.21 |
| **Total amount recognized in profit or loss (B)** | **54.84** | **19.37** | **35.47** | **4.21** | - | **4.21** |
| *Remeasurements* | | | | | | |
| (Gain)/loss from change in financial assumptions | 34.95 | - | 34.95 | 6.72 | - | 6.72 |
| Experience (gains)/losses | (3.36) | 3.89 | (7.25) | 24.20 | - | 24.20 |
| **Total amount recognized in other comprehensive income (C)** | **31.59** | **3.89** | **27.70** | **30.92** | - | **30.92** |
| Employer contributions | - | - | - | - | - | - |
| Benefit payments | (20.28) | (20.28) | - | - | - | - |
| **Total cash flow (D)** | **(20.28)** | **(20.28)** | - | - | - | - |
| **March 31, 2020 (A)+(B)+(C)+(D)** | 322.15 | 266.77 | 55.38 | **88.40** | - | **88.40** |
| | | | | | | |
| **Position as at April 1, 2020 (A)** | **322.15** | **266.77** | **55.38** | **88.40** | - | **88.40** |
| Current service cost | 41.55 | - | 41.55 | - | - | - |
| Interest expense/(income) | 21.65 | 20.20 | 1.45 | 5.85 | - | 5.85 |
| **Total amount recognized in profit or loss (B)** | **63.20** | **20.20** | **43.00** | **5.85** | - | **5.85** |
| *Remeasurements* | | | | | | |
| (Gain)/loss from change in financial assumptions | (13.18) | - | **(13.18)** | (1.69) | - | (1.69) |
| Experience (gains)/losses | 110.01 | - | **110.01** | (3.59) | - | -3.59 |
| **Total amount recognized in other comprehensive income (C)** | **96.83** | - | **96.83** | **(5.28)** | - | **(5.28)** |
| Employer contributions | - | 113.24 | **(113.24)** | - | - | - |
| Benefit payments | (108.45) | (108.45) | - | - | - | - |
| **Total cash flow (D)** | **(108.45)** | **4.79** | **(113.24)** | - | - | - |
| **March 31, 2021 (A)+(B)+(C)+(D)** | **373.73** | **291.76** | **81.97** | **88.97** | - | **88.97** |

**Harita Fehrer Limited**
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

**Notes To Financial Statements** (Rs. In Lakhs)

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

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

| Particulars | As at 31-03-2021 | As at 31-03-2020 |
|---|---|---|
| Present value of funded obligations | 373.73 | 322.15 |
| Fair value of plan assets | 291.76 | 266.77 |
| **(Excess)/Deficit of funded plan** | **81.97** | **55.38** |

**(iv) Post-Employment benefits**

*Significant estimates: actuarial assumptions and sensitivity*

The significant actuarial assumptions were as follows:

| | GRATUITY | | LEAVE ENCASHMENT | |
|---|---|---|---|---|
| Details | As at 31-03-2021 | As at 31-03-2020 | As at 31-03-2021 | As at 31-03-2020 |
| Discount rate | 6.97% | 6.66% | 6.94% | 6.65% |
| Salary growth rate | 5.50% | 5.50% | 5.50% | 5.50% |
| 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.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes To Financial Statements (Rs. In Lakhs)

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

**(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 31-03-2021 | As at 31-03-2020 | As at 31-03-2021 | As at 31-03-2020 | As at 31-03-2021 | As at 31-03-2020 |
| Discount rate | 0.50% | 0.50% | 20.40 | 17.70 | (22.26) | (19.55) |
| Salary growth rate | 0.50% | 0.50% | (22.47) | (19.47) | 20.76 | 17.97 |

| LEAVE ENCASHMENT | Change in assumption | | Impact on defined benefit obligation | | | |
|---|---|---|---|---|---|---|
| | | | Increase in assumption | | Decrease in assumption | |
| Details | As at 31-03-2021 | As at 31-03-2020 | As at 31-03-2021 | As at 31-03-2020 | As at 31-03-2021 | As at 31-03-2020 |
| Discount rate | 0.50% | 0.50% | 4.00 | 4.31 | (4.32) | (4.69) |
| Salary growth rate | 0.50% | 0.50% | (4.36) | (4.72) | 4.07 | 4.38 |

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

**(vi) Risk exposure**

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

**Asset volatility**

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

**Changes in bond yields**

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

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

| Gratuity | As at 31-03-2021 | As at 31-03-2020 |
|---|---|---|
| | 100.00% | 100.00% |

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

| | As at 31-03-2021 | As at 31-03-2020 |
|---|---|---|
| Funds managed by LIC | 14.42 | 24.53 |
| Between 2 and 5 years | 93.62 | 69.02 |
| Beyond 5 years | 134.19 | 115.72 |
| **Total** | **242.23** | **209.27** |

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Notes To Financial Statements (Rs. In Lakhs)

| Note No. | Particulars |
|---|---|
| 26 | **Deferred tax Liabilities/(assets) (Net)** |

The balance comprises temporary differences attributable to:

| | As at 31-03-2021 | As at 31-03-2020 |
|---|---|---|
| Expenses allowed on payment basis | (22.39) | (22.70) |
| Total deferred tax (assets) | (22.39) | (22.70) |
| Fair Valuation of Investments | (30.44) | 1.36 |
| Depreciation | 493.33 | 523.08 |
| **Net deferred tax Liabilities/(Assets)** | **440.50** | **501.74** |

**Movement in deferred tax assets**

| Particulars | Depreciation | Expenses allowed on payment basis | Fair Valuation of Investments | Total |
|---|---|---|---|---|
| At April 1, 2019 | 881.88 | (19.67) | 11.37 | 873.58 |
| (Charged)/credited: | | | | |
| - to profit or loss | (358.79) | 3.94 | (10.01) | (364.86) |
| - to other comprehensive income | - | (6.98) | - | (6.98) |
| **As at 31-03-2020** | **523.09** | **(22.71)** | **1.36** | **501.74** |
| (Charged)/credited: | | | | |
| - to profit or loss | (29.75) | 24.68 | (27.54) | (32.61) |
| - to other comprehensive income | - | (24.37) | (4.26) | (28.63) |
| **As at 31-03-2021** | **493.34** | **(22.40)** | **(30.44)** | **440.50** |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes to financial statements (Rs. In Lakhs)

| Note No. | Particulars |
|---|---|
| 27 | **Financial instruments and risk management** **Fair value measurements** |

**Financial instruments by category**

| Particulars | As at 31-03-2021 | | | As at 31-03-2020 | |
|---|---|---|---|---|---|
| | FVTOCI | FVTPL | Amortized cost | FVTPL | Amortized cost |
| **Financial assets** | | | | | |
| Investments | | | | | |
| - Equity instruments | 15.04 | 2.60 | - | 55.62 | - |
| -Mutual Funds | - | 156.39 | - | 151.05 | - |
| Trade receivables | - | - | 11,396.19 | - | 7,283.11 |
| Cash and cash equivalents | - | - | 2,676.06 | - | 1,111.10 |
| Security deposits | - | - | 99.26 | - | 128.68 |
| Other Bank Balances (Bank Deposits) | - | - | 30.15 | - | 30.15 |
| Accrued interest & Others | - | - | 31.61 | - | 34.29 |
| Salary Advances | - | - | 16.83 | - | 12.07 |
| **Total financial assets** | **15.04** | **158.99** | **14,250.10** | **206.67** | **8,599.40** |
| *Financial liabilities* | | | | | |
| Trade payables | - | - | 10,023.14 | - | 6,918.34 |
| Salary Payable | - | - | 305.02 | - | 254.59 |
| Security deposits | - | - | 2.10 | - | 2.20 |
| Other Financial liability (payable against capital goods) | - | - | 207.77 | - | 224.44 |
| Lease liability | - | - | 12.90 | - | 225.67 |
| **Total financial liabilities** | - | - | **10,550.93** | - | **7,625.24** |

**(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 2021** **Financial assets** *Financial Investments at FVTPL/FVTOCI* | 3 | 156.39 | - | 17.64 | 174.03 |
| **Total financial assets** | | **156.39** | - | **17.64** | **174.03** |
| **At 31 March 2020** **Financial assets** *Financial Investments at FVTPL/FVTOCI* | 3 | 151.05 | - | 55.62 | 206.67 |
| **Total financial assets** | | **151.05** | - | **55.62** | **206.67** |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes to financial statements (Rs. In Lakhs)

| Note No. | Particulars |
|---|---|
| 27 | **Financial instruments and risk management**<br>**Fair value measurements** |
| | **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.<br><br>**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.<br><br>**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,<br><br>There are no transfers between levels 1 and 2 during the year.<br>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.<br><br>**Fair value of assets carried at amortized cost**<br>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. |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Notes to financial statements (Rs. in Lakhs)

| Note No. | Particulars |
|---|---|
| | **Financial instruments and risk management (contd.)** |
| 28 | **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

***(i) Credit risk management***

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

**Year ended 31-03-2021**

Expected Credit loss for loans, Security deposits and investments

| Particulars | Category | Asset group | Internal credit rating | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|---|---|---|---|---|---|---|---|
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased significantly since initial recognition | Security Deposits | 1 | 99.26 | - | - | 99.26 |

**Year ended 31-03-2020**

Expected Credit loss for loans, Security deposits and investments

| Particulars | Category | Asset group | Internal credit rating | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|---|---|---|---|---|---|---|---|
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased significantly since initial recognition | Security Deposits | 1 | 128.68 | - | - | 128.68 |

(Rs. in Lakhs)

| Note No. | Particulars |
|---|---|

**Financial instruments and risk management (contd.)**

28 **Financial risk management**

(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, 2021 | 31 March, 2020 |
|---|---|---|
| Floating rate | | |
| - Expiring within one year (bank overdraft and other facilities) | 1,500.00 | 1,500.00 |

***(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.

**Contractual maturities of financial liabilities**

| | As at 31-03-2021 | | As at 31-03-2020 | |
|---|---|---|---|---|
| **Non-derivatives** | **Maturing within 3 months** | **Total** | **Maturing within 3 months** | **Total** |
| Trade payables | 10,023.14 | 10,023.14 | 6,918.34 | 6,918.34 |
| Salary Payable | 305.02 | 305.02 | 254.59 | 254.59 |
| Security deposits | 2.10 | 2.10 | 2.20 | 2.20 |
| Other Financial liability (Payable against capital goods) | 207.77 | 207.77 | 224.44 | 224.44 |
| Lease liability | 12.90 | 12.90 | 225.67 | 225.67 |
| **Total non-derivative liabilities** | 10,550.93 | 10,550.93 | 7,625.24 | 7,625.24 |

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes to financial statements

(Rs. in Lakhs)

| Note No. | Particulars |
|---|---|
| | Financial instruments and risk management (contd.) |
| 28 | Financial risk management |

(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:

| | As at 31-03-2021 | | | | As at 31-03-2020 | | |
|---|---|---|---|---|---|---|---|
| **Currency Traded** | **USD** | **EUR** | **GBP** | **SGD** | **USD** | **EUR** | **GBP** |
| *Financial Assets* | | | | | | | |
| Trade receivables | 270.94 | 158.22 | 16.17 | 4.32 | 275.51 | 91.45 | 15.26 |
| **Exposure to foreign currency risk (Assets)** | **270.94** | **158.22** | **16.17** | **4.32** | **275.51** | **91.45** | **15.26** |
| *Financial liabilities* | | | | | | | |
| Trade payables and capital creditors | 98.70 | 388.86 | - | - | 45.03 | - | - |
| **Exposure to foreign currency risk (liabilities)** | 98.70 | 388.86 | - | - | 45.03 | - | - |
| **Net Exposure to foreign currency** | **172.24** | **-230.64** | **16.17** | **4.32** | **230.48** | **91.45** | **15.26** |

| | Impact on profit after tax | |
|---|---|---|
| *USD sensitivity* | **31 March, 2021** | **31 March, 2020** |
| INR/USD Increases by 5% (31 March 2019 - 5%) | 6.44 | 8.62 |
| INR/USD Decreases by 5% (31 March 2019 - 5%) | (6.44) | (8.62) |

| | Impact on profit after tax | |
|---|---|---|
| *EURO sensitivity* | **31 March, 2021** | **31 March, 2020** |
| INR/EURO Increases by 5% (31 March 2019 - 5%) | (8.63) | 3.42 |
| INR/EURO Decreases by 5% (31 March 2019 - 5%) | 8.63 | (3.42) |

| | Impact on profit after tax | |
|---|---|---|
| *GBP sensitivity* | **31 March, 2021** | **31 March, 2020** |
| INR/GBP Increases by 5% (31 March 2019 - 5%) | 0.61 | 0.57 |
| INR/GBP Decreases by 5% (31 March 2019 - 5%) | (0.61) | (0.57) |

| | Impact on profit after tax | |
|---|---|---|
| *USD sensitivity* | **31 March, 2021** | **31 March, 2020** |
| INR/SGD Increases by 5% (31 March 2019 - 5%) | 0.16 | - |
| INR/SGD Decreases by 5% (31 March 2019 - 5%) | (0.16) | - |

* Holding all other variables constant

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes to financial statements (Rs. In Lakhs)

| Note No. | Particulars |
|---|---|

**29 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**

| | 31-Mar-21 | 31-Mar-20 |
|---|---|---|
| (i) Equity shares | | |
| Interim dividend (including tax) for the year ended 31 March 2021 - Nil | - | - |
| For the year ended 31 March 2021 | - | - |

| Note No. | DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES | As at / Year ended 31-03-2021 | As at / Year ended 31-03-2020 |
|---|---|---|---|
| 30 | **Trade payables pertaining to micro and small Enterprises** | **1,015.46** | **549.31** |
| | 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) | *1,015.46* | *549.31* |
| | 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 | - | - |
| 31 | **Expenditure incurred on Corporate social responsibility activities** | | |
| | a) Gross amount required to be spent by the company | 65.00 | 65.51 |
| | b) Amount spent during the year in cash | | |
| | i) Construction/ acquisition of any asset | - | - |
| | ii) On purposes other than (i) above | 65.00 | 70.00 |

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes to Financial Statements

32 Note related to transition Ind As 116 and Lease liability

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

a) The company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

b) The company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.

c) The Company has treated the leases with remaining lease term of less than 12 months as "short term leases".

d) The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.

e) The company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Effective 1st April 2019, the company has adopted Ind AS 116 "Leases" and applied the Standard to its leases retrospectively and has recognised the effect of the cumulative adjustment (net of taxes) of Rs. 58.35 Lakhs in the opening balance of retained earnings, on the date of initial application (1st April 2019). Accordingly, comparatives for the period prior has not been restated.
The adoption of the Standard has resulted in recognising "Right-of-Use Asset" of Rs. 344.17 lakhs and a corresponding "Lease Liability" of Rs.402.52 lakhs as at the date of initial application (i.e 1st April 2019).

Measurement of lease liabilities as on 31st March 2021

| Particulars | Rs. in lakhs |
|---|---|
| Operating lease commitments disclosed as at 31st March 2019 | 502.56 |
| Weighted average incremental borrowing rate as at 1st April 2019 | 0.00% |
| Discounted using the lessee's incremental borrowing rate of at the date of initial application | 402.52 |
| Add: | |
| Lease payments relating to renewal periods not included in operating lease commitments as at 31 March 2019 | - |
| Commitments relating to short-term leases | - |
| Commitments relating to leases of low-value assets | - |
| **Lease liabilities as at 1st April 2019** | **402.52** |
| Lease liability recognised as at 1st April 2019 | |
| Of which are: | |
| Current lease liabilities | 178.56 |
| Non-current lease liabilities | 223.96 |
| | **402.52** |
| Lease liability recognised as at 31st March 2020 | |
| Of which are: | |
| Current lease liabilities | 212.77 |
| Non-current lease liabilities | 12.90 |
| | **225.67** |
| Lease liability recognised as at 1st April 2020 | |
| Of which are: | |
| Current lease liabilities | 212.77 |
| Non-current lease liabilities | 12.90 |
| | **225.67** |
| Lease liability recognised as at 31st March 2021 | |
| Of which are: | |
| Current lease liabilities | 12.90 |
| Non-current lease liabilities | - |
| | **12.90** |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**33 Revenue from contracts with customers**

A Disaggregated revenue

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under :

| Particulars | For the year ended 31-03-2021 | For the year ended 31-03-2020 |
|---|---|---|
| **(a) Type of goods or service** | | |
| (i) Sale of Products | 39,910.41 | 43,486.63 |
| (ii) Sale of Traded Goods | 1,459.07 | 845.11 |
| (iii) Sale of Scraps | 119.62 | 189.81 |
| | 41,489.10 | 44,521.55 |
| **(b) Timing of recognition of revenue** | | |
| (i) At a point in time | 41,489.10 | 44,521.55 |
| (ii) Over time | - | - |
| | 41,489.10 | 44,521.55 |

B The operations of the Company relate to only one segment viz., automotive components and tools. Thus, the information on the relationship between disaggregated revenue under Ind AS 115 and for reportable segment under Ind AS 108 is not required.

C Reconciliation of contracts with customers

The following schedule gives the movement of contract liabilities for the reporting period

| Particulars | For the year ended 31-03-2021 | For the year ended 31-03-2020 |
|---|---|---|
| Contract liabilities at the beginning of the period | 123.10 | 114.16 |
| Add / (Less) : | | |
| Consideration received during the year as advance | 482.45 | 123.10 |
| Revenue recognized from contract liability | 121.15 | 114.16 |
| Contract liabilities at the end of the period | 484.40 | 123.10 |

Payments are received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met the same is recognized as revenue.

D Transaction price allocated to the remaining performance obligations

The Company's contracts with customers are short term contracts with performance obligations that has an original expected duration of one year or less. Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

E Reconciliation of revenue with contract price:

| | Particulars | For the year ended 31-03-2021 | For the year ended 31-03-2020 |
|---|---|---|---|
| (i) | Contract price | 41,790.47 | 44,982.93 |
| (ii) | Adjustments : | | |
| | Discounts | 346.89 | 461.38 |
| (iii) | Revenue from operations as per Statement of Profit and loss | 41,443.58 | 44,521.55 |

F There is no impact on the retained earnings as on the date of adoption of the standard. No effect on any financial statement line item due to application of this standard and there is no requirement to disclose the same.

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**Harita Fehrer Limited**
**No.29, Haddows Road, Chennai - 600 006**
**(CIN :U25200TN2008PLC068513)**

**Notes to financial statements** **(Rs. In Lakhs)**

| Note No. | Particulars |
| --- | --- |
| 34 | **Segment information**<br><br>**(a) Description of segments**<br>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.<br><br>**(b) Entity wide disclosures**<br>**(i) Revenue from geographical areas**<br>The entire revenue from operation is derived from India<br>All non current assets are within India.<br>**(ii) Information about major customers**<br>Revenue of approximately Rs.17,122/- Lakhs (Last year – Rs.20,055 Lakhs) is derived from a single customer. |

V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
CHENNAI-24

**Harita Fehrer Limited**
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

Notes to financial statements (Rs. In Lakhs)

| Note No. | Particulars | |
|---|---|---|
| 35 | **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 Limited (HSSL)** |
| | **Investing Associate** | **F.S. Fehrer Automotive GmbH, Germany** |
| | Key Management Personnel (KMP) | **Non-executive Independent Directors:** S.I.Jaffar Ali, L.Bhadri<br>**Non-executive Non-independent Directors:** H.Laksmanan, C.N.Prasad, Christian Prause, Anke Kuhlmann Cattau |

**Particulars of transactions with related parties**

| Sl.No. | Particulars | As at / Year ended 31-03-2021 | As at / Year ended 31-03-2020 |
|---|---|---|---|
| 1 | Purchases from | | |
| | a) Harita Seating Systems Limited | 397.47 | 225.64 |
| | b) F S Fehrer | - | 1.91 |
| | c)Minda Industries Ltd(Arm rest Dar Casting) | 25.18 | - |
| | d)Minda Kyoraku Ltd(Innova Blow moulded Shell) | 12.33 | - |
| 2 | Sales to Harita Seating Systems Limited | | |
| | a) Components | 3,879.77 | 3,457.01 |
| | b) Capital goods | 70.15 | 86.13 |
| 3 | Sales to Minda Industries Limited | | |
| | a)Polyster epoxy powder | 2.23 | - |
| 3 | Rendering of Services to HSSL & F S Fehrer: | | |
| | a) Harita Seating Systems Limited | 190.45 | 188.01 |
| 4 | Receipt of Services from HSSL & F S Fehrer: | | |
| | a) Harita Seating Systems Limited | 638.48 | 759.48 |
| | b) F S Fehrer Ltd | 66.16 | 66.16 |
| 5 | Dividend paid to related parties | | |
| | a) Harita Seating Systems Limited | - | - |
| | b) F S Fehrer Ltd | - | - |
| 6 | Remuneration to Key Management Personnel (KMP) | 2.10 | 2.35 |

| | **Particulars of outstanding balances with related parties** | **As at / Year ended 31-03-2021** | **As at / Year ended 31-03-2020** |
|---|---|---|---|
| 7 | Payable: | | |
| | a) Harita Seating Systems Limited | 409.27 | 606.38 |
| | b) F S Fehrer Limited | 29.77 | 14.88 |
| | c)Minda Industries Limited(Arm rest Dar Casting) | 1.93 | - |
| | d)Minda Kyoraku Ltd(Innova Blow moulded Shell) | 4.26 | - |
| 8 | Receivable | | |
| | a) Harita Seating Systems Limited | 3,205.52 | 1,804.84 |
| | b)Minda Industries Limited((Arm rest Dar Casting) | 0.88 | - |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

Harita Fehrer Limited
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

**Notes To Financial Statements** (Rs. In Lakhs)

| Note No | Particulars | As at / Year ended 31-03-2021 | As at / Year ended 31-03-2020 |
|---|---|---|---|
| | External commercial borrowings for acquisition of an asset | Not Applicable | Not Applicable |
| | The company has not entered in to any transaction in derivative instruments and hence reporting on currency swapping / interest rate structure does not arise. | | |
| 36 | **Government grants** | | |
| | During the financial year under review the Company has received and recognized following government grants:- | | |
| | a. Duty drawback on exports | 18.92 | 21.89 |
| | b. Merchandise Exports from India Scheme benefits on exports | 31.61 | 42.94 |
| | c. Pradhan Mantri Rojgar Protsahan Yojana scheme benefits (the amount is credited to PF Employer Contribution) | - | 2.67 |
| 37 | **Earnings per share** | | |
| | Profit after tax as per Statement of Profit & Loss | 1,875.60 | 2,236.98 |
| | **Adjusted Profit for the Current Period** | **1,875.60** | **2,236.98** |
| | Weighted Average No of equity shares | 2,00,98,040 | 2,00,98,040 |
| | Nominal value of equity shares -Rs. | 10.00 | 10.00 |
| | Basic and diluted earnings per share - Rs. | 9.33 | 11.13 |
| 38 | **Provisions, Contingent liability and contingent asset** | | |
| | (i)Claims against the company not acknowledged as debt | | |
| | Sales Tax (deposit paid- Rs.38.78 lacs) (PY- Rs.66.20 lacs) | 81.67 | 191.34 |
| | Income Tax | 204.27 | 234.23 |
| | Others | 28.18 | 28.18 |
| | The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities. | | |
| | The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. | | |
| | (ii) Commitments: | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for | 66.32 | 222.45 |
| 39 | **Audit fees and Reimbursement of expenses** | | |
| | - 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 | | |
| | (i) Statutory Auditors | 0.07 | 1.21 |
| | (ii) Preceeding Auditors | 0.26 | 5.16 |

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**Harita Fehrer Limited**
No.29, Haddows Road, Chennai - 600 006
(CIN :U25200TN2008PLC068513)

**Notes To Financial Statements** (Rs. In Lakhs)

| Note No | Particulars | As at / Year ended 31-03-2021 | As at / Year ended 31-03-2020 |
|---|---|---|---|
| 40 | MATERIAL CHANGES AND COMMITMENTS<br>Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government. Due to second wave of COVID-19, regional lockdowns continue to be implemented in areas where significant number of COVID-19 cases exists. The impact of second wave of COVID-19 may lead to a rise in the claims.<br>Based on assessment of the impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.<br><br>The Company has considered the possible effects of COVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the company, as at the date of approval of the financial results, has used external and internal sources of information / Indicators to estimate the future performance of the Company. Based on current estimates the Company expects the carrying amount of these assets to be recovered. The impact of the second wave of COVID 19 on the Company's financial results may differ from that estimated as at the date of approval of these results. | | |
| 41 | **Previous year's figures have been regrouped wherever necessary to conform to the Current year's classification.** | | |

As per our report annexed
*for V.Sankar Aiyar & Co.*
Chartered Accountants
Firm Regn. No. 109208W

*for and on Behalf of Board of Directors*

**S.Venkataraman**
Partner
Membership No. 023116

**Sudhir Kashyap**
Director

**Paridhi Minda**
Director

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**A G Giridharan**
Chief Executive officer

**Naveen Agarwal**
Chief Financial Officer

## 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 five 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 measured 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.

V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
CHENNAI-24

**d) Significant estimates and judgments**

The areas involving significant estimates or judgments are:

i) Estimation of defined benefit obligation (Note- 25)

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 31st March 2020 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.

**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.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

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 | 3 to 10 |
| Vehicles | 8 |
| Computer hardware | 3 |
| Furniture and Fittings | 10 |
| Office Equipment | 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%.

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**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.

**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

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

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 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

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (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 contributions are made to the Provident Fund maintained by the Government.

**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

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

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.

**q) Leases**

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and

V.SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
CHENNAI-24

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

**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

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

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 gives 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.

**ii) Financial assets at fair value through profit or loss (FVTPL)**

Investments 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.

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**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

V. SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

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.

**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.

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24

**w) Earnings Per Share**

Basic earnings per share is computed by dividing the net income by the weighted average number of shares outstanding during the year. Diluted earnings per share is 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) Warranty Obligation:**

The Company provides warranties for general repairs of defects as per terms of the contract with ultimate customers. These warranties are considered as assurance type warranties and are accounted for under Ind AS 37– Provisions, Contingent Liabilities and Contingent Assets.

V.SANKAR AIYAR & CO. CHARTERED ACCOUNTANTS CHENNAI-24