

# HARITA SEATING SYSTEMS LIMITED

Eighteenth Annual Report 2013-2014





## HARITA SEATING SYSTEMS LIMITED

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### Board of Directors

H Lakshmanan, *Chairman*  
S I Jaffar Ali  
Martin Grammer  
C N Prasad

### Audit Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee

H Lakshmanan, *Chairman*  
S I Jaffar Ali  
C N Prasad

### Nomination and Remuneration Committee

C N Prasad, *Chairman*  
H Lakshmanan  
S I Jaffar Ali

### President and Manager

A G Giridharan

### Company Secretary

N Iswarya Lakshmi

### Bankers

State Bank of India  
State Bank of Mysore

### Auditors

Sundaram & Srinivasan  
Chartered Accountants, Chennai.

### Cost Auditors

Raman & Associates  
Cost Accountants, Chennai.

### Shares listed with

National Stock Exchange of India Ltd., Mumbai  
Madras Stock Exchange Ltd., Chennai  
Bangalore Stock Exchange Ltd., Bengaluru

### Share Transfer Agent

Sundaram-Clayton Limited  
"Jayalakshmi Estates", 1<sup>st</sup> Floor,  
No.29 (Old No.8), Haddows Road,  
Chennai - 600 006  
Tamil Nadu, India.  
Tel. : 044 - 2828 4959; 2827 2233  
Fax : 044 - 2825 7121  
E-mail : [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in)  
[investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in)

### Registered Office

"Jayalakshmi Estates"  
No.29 (Old No.8), Haddows Road,  
Chennai - 600 006, Tamil Nadu, India  
Tel. : 044-28272233, Fax : 044-28257121  
CIN : L27209TN1996PLC035293

Web site: [www.haritaseating.com](http://www.haritaseating.com)

### Plant Locations

Belagondapalli, Thally Road,  
Hosur - 635 114, Tamil Nadu, India  
Tel. : 04347-233445, Fax : 04347-233460

Plot A2 MIDC Industrial area  
Ranjangaon, Koregaon village, Shirur taluk,  
Pune - 412210, Maharashtra, India  
Tel. : 02138-660742

Chaurasia Road, Pargana Plassi,  
Bhatian Village, Thesil Nalagarh,  
Solani District - 174 101,  
Himachal Pradesh, India  
Tel. : 01795-220562

Plot No.553-D, 2<sup>nd</sup> Stage,  
Belur Industrial Area,  
Dharwad - 580 011, Karnataka, India

Plot No.35, Sector 4,  
Integrated Estate, Pantnagar,  
Rudrapur, Udham Singh Nagar Dist.,  
Uttarkhand - 263 153, India

### Subsidiary company

Harita Fehrer Limited, Chennai

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## HARITA SEATING SYSTEMS LIMITED

### Financial Highlights

Rs. in lakhs

Details	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Statement of Profit &amp; Loss</b>										
Sales	11,798.82	13,736.82	15,547.33	19,104.87	19,625.18	22,356.35	24,078.27	30,664.18	27,616.68	25,012.53
Other income	117.93	143.80	149.41	271.76	196.98	893.51	153.53	225.85	226.18	341.86
Total income	11,916.75	13,880.62	15,696.74	19,376.63	19,822.16	23,249.86	24,231.80	30,890.03	27,842.86	25,354.39
Gross profit before interest, depreciation & tax	987.92	1,292.85	1,363.01	1,772.58	330.76	1,487.56	594.85	2,516.04	2,295.52	1,558.39
Depreciation	269.39	315.28	386.34	532.93	696.92	883.52	431.66	434.38	422.14	463.24
Profit/(Loss) before interest & tax	718.53	977.57	976.67	1,239.65	(366.16)	604.04	163.19	2,081.66	1,873.38	1,095.15
Interest	0.28	31.78	75.75	286.90	424.77	704.44	747.29	663.70	559.36	505.92
Profit/(Loss) before taxation	718.25	945.79	900.92	952.75	(790.93)	(100.40)	(584.10)	1,417.96	1,314.02	589.23
Profit/(Loss) after taxation	451.78	638.79	583.92	641.25	(892.09)	8.81	(509.99)	1,122.01	1,067.15	465.72
<b>Balance Sheet</b>										
Net fixed assets	1,878.80	2,337.96	4,380.64	5,546.86	7,999.88	4,705.11	4,652.63	3,577.92	4,101.30	4,072.18
Investment	367.96	407.87	350.00	437.38	259.85	2,988.76	2,759.00	2,759.00	2,857.03	2,857.03
Net current assets	598.89	1,420.19	1,866.44	725.77	5,217.27	900.36	1,064.00	2,374.75	2,041.49	2,983.28
Total	2,845.65	4,166.02	6,597.08	6,710.01	13,477.00	8,594.23	8,475.63	8,711.67	8,999.82	9,912.49
Share capital	388.45	388.45	388.45	776.90	776.90	776.90	776.90	776.90	776.90	776.90
Reserves & Surplus	2,082.72	2,522.17	2,902.57	2,930.94	2,055.78	2,072.98	1,561.79	2,407.25	3,250.84	3,600.02
Net worth	2,471.17	2,910.62	3,291.02	3,707.84	2,832.68	2,849.88	2,338.69	3,184.15	4,027.74	4,376.92
Loan funds	220.04	1,091.96	3,125.62	2,639.73	10,200.03	5,422.27	5,888.97	5,282.64	4,757.69	5313.67
Deferred tax liability	154.44	163.44	180.44	362.44	444.29	322.08	247.97	244.88	214.39	221.90
Total	2,845.65	4,166.02	6,597.08	6,710.01	13,477.00	8,594.23	8,475.63	8,711.67	8,999.82	9,912.49
Earnings per share (Rs.)	11.75	16.44	15.03	^ 8.25	(11.48)	0.11	(6.56)	14.44	13.74	5.99
Dividend per share (Rs.)	3.20	4.50	4.50	2.50	-	-	-	3.50	2.50	1.50
Book value per share (Rs.)	63.62	74.93	84.72	47.73	36.46	36.68	30.10	40.99	51.84	56.34
Return on capital employed %(ROCE)*	28.40	25.80	18.70	19.40	(2.69)	7.31	1.92	25.88	22.40	11.51
Return on networth % (RONW)**	19.50	23.70	18.80	18.30	(27.28)	0.31	(19.66)	40.63	29.59	11.08
Fixed asset turnover (No. of times) #	6.85	6.52	4.63	3.85	2.90	3.52	5.15	7.45	7.19	6.12
Working capital turnover (No. of times) @	26.10	13.61	9.46	14.74	6.60	7.31	24.52	17.83	12.51	9.96
Gross profit as % of total income	8.30	9.30	8.70	9.10	1.70	6.40	2.45	8.15	8.24	6.15
Profit/(Loss) before tax as % of total income	6.00	6.80	5.70	4.90	(4.00)	(0.43)	(2.41)	4.59	4.72	2.32

**Notes:**

The figures from 2010-11 are based on the Revised Schedule VI classifications. The figures upto 2009-10 are based on the respective year's reported results.

\* ROCE is profit before interest and taxation divided by average networth plus loan funds.

\*\* RONW is profit after tax divided by average networth.

# Fixed assets turnover is sales divided by average net fixed assets as at the end of the year.

@ Working capital turnover is sales divided by average net current assets as at the end of the year.

^ Adjusted for bonus issue.

### Notice to the Shareholders

NOTICE is hereby given that the eighteenth annual general meeting of the shareholders of the Company will be held at Kasturi Srinivasan Hall (Mini Hall), The Music Academy, No.168, (Old No. 306) T. T. K Road, Chennai 600 014 on Wednesday, the 6<sup>th</sup> August 2014 at 10.00 a.m. to transact the following business:

#### ORDINARY BUSINESS

1. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:  
"RESOLVED THAT the audited balance sheet as at 31<sup>st</sup> March 2014, the statement of profit and loss and cash flow statement including consolidated financial statements for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting be and are hereby, approved and adopted".
2. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:  
"RESOLVED THAT Mr Martin Grammer (holding DIN 00061786), director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company".
3. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:  
"RESOLVED THAT M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, having Firm Registration No. 004207S, allotted by The Institute of Chartered Accountants of India, be and are hereby appointed as statutory auditors of the Company to hold office, for the transitional period of three consecutive years from the conclusion of the ensuing annual general meeting, subject to ratification at every annual general meeting, on such remuneration, as may be fixed in this behalf by the board of directors of the Company."

#### SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:  
"RESOLVED THAT the remuneration of Rs. 2 Lakhs, in addition to reimbursement of travel and out-of-pocket expenses, payable to M/s. Raman & Associates, Cost Accountants, Chennai, having Firm Registration No. 000050, allotted by The Institute of Cost Accountants of India, who were appointed as cost auditors of the Company for the year 2014-15, as recommended by the audit committee and approved by the board of directors of the Company, in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, be and is hereby ratified."
5. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:  
"RESOLVED THAT, subject to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr H Lakshmanan (holding DIN 00057973), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the board / committees, and profit related commission, if any, in terms of the applicable provisions of the Companies Act, 2013 as determined by the board from time to time."
6. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:  
"RESOLVED THAT, subject to the provisions of Sections 149, 150, 152, 160 and other applicable

provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr S I Jaffar Ali (holding DIN 00058955), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the board / committees, and profit related commission, if any, in terms of the applicable provisions of the Companies Act, 2013 as determined by the board from time to time."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT, subject to the provisions of Sections 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr C N Prasad (holding DIN 01950656), be and is hereby appointed as a non-executive and independent director of the Company, to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting and to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the board / committees, and profit related commission, if any, in terms of the applicable provisions of the Companies Act, 2013 as determined by the board from time to time."

By order of the Board

Chennai  
22<sup>nd</sup> May 2014

N Iswarya Lakshmi  
Company Secretary

Registered Office:  
"Jayalakshmi Estates"  
No.29 (Old No.8), Haddows Road  
Chennai 600 006

### Notes:

- 1. A member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a member or members, as the case may be, of the Company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.**
2. The explanatory statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the special businesses, as set out in the Notice is annexed hereto.
3. The register of members and the share transfer register will remain closed for a period of two days, viz., 5<sup>th</sup> August 2014 and 6<sup>th</sup> August 2014 for the purpose of Annual General Meeting of the Company.
4. In terms of Section 205A read with Section 205C of the Companies Act, 1956, the dividend declared by the Company, for earlier years, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.  
  
Members who have not encashed their dividend warrants in respect of the above period are

requested to make their claim(s) by surrendering the unencashed warrants immediately to the Company.

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules 2012, the Company will provide / host the required details of unclaimed amounts referred to under Section 205C (2) of the Companies Act, 1956 on its website and also in the website of the Ministry of Corporate Affairs (MCA) in the relevant form every year.

5. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.
6. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.
7. Members are requested to notify any change in their addresses to the Company immediately. Members holding shares in electronic form are requested to advise change of addresses to their Depository Participants.
8. As a measure of economy, copies of the Annual Report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
9. Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form and handover the Slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorizing their representatives to attend and vote at the Annual General Meeting.
10. Members may also note that the Notice of the Annual General Meeting and the Annual Report will also be available on the Company's website [www.haritaseating.com](http://www.haritaseating.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send their requests to [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in).
11. Voting through electronic means:
  - a) The Company is pleased to provide members a facility to exercise their right to vote on the resolutions as set out in the Notice calling for the Annual General Meeting (AGM) by 'electronic means' and all the businesses may be transacted through e-Voting services provided by National Securities Depository Limited (NSDL), in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.
  - b) Voting rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the cut-off date fixed for this purpose, viz., 8<sup>th</sup> July 2014.
  - c) Mr K Sriram, partner M/s. S. Krishnamurthy & Co., company secretaries, Chennai has been appointed as scrutinizer for conducting the e-Voting process in a fair and transparent manner.
  - d) Members are requested to read the instructions given below.
    - A) The instructions for e-Voting are as under:

In case of members' receiving e-mail from NSDL [for members whose email

IDs are registered with the Company / Depository Participants(s)]:

- i) Open e-mail and then open PDF file viz., "Harita Seating Systems Limited - 18<sup>th</sup> AGM e-Voting.pdf" with their Client ID or Folio No. as password. The said PDF file contains the User ID and password for e-Voting. Please note that the password is an initial password.
  - ii) Launch internet browser by typing the following URL in the address bar: [www.eVoting.nsdl.com](http://www.eVoting.nsdl.com).
  - iii) Click on shareholder - Login
  - iv) Enter User ID and password as initial password noted in step (i) above. Click Login.
  - v) Password change menu appears. Change the password with new password with minimum 8 digits / characters or combination thereof. Note the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
  - vi) Home page of e-Voting opens. Go to "eVoting" icon and select "Active Evoting Cycles".
  - vii) Select "EVEN" of Harita Seating Systems Limited.
  - viii) Now members are ready for e-Voting as Cast Vote page opens.
  - ix) Cast the vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - xi) Once the member has voted on the resolution, such member will not be allowed to modify their vote, subsequently.
  - xii) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to [sriram.krishnamurthy@rediffmail.com](mailto:sriram.krishnamurthy@rediffmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [kr.raman@scl.co.in](mailto:kr.raman@scl.co.in).
- B) In case of members receiving physical copy of the Notice of AGM:
- i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

EVEN (e-Voting Event Number)	USER ID	PASSWORD / PIN

- ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of item No. 11(d)(A) above to cast vote.
- e) In case of any queries, members may refer to the Frequently Asked Questions (FAQs) for Members and e-Voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following Telephone No: 022-24994600.
- f) If members are already registered with NSDL for e-Voting, then they can use their existing user ID and password for casting the vote.
- g) Members can also update their mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- h) The e-Voting period commences on 31<sup>st</sup> July 2014 (9:00 a.m.) and ends on



2<sup>nd</sup> August 2014 (6:00 p.m.). During this period, members holding shares either in physical form or in dematerialized form, as on 8<sup>th</sup> July 2014, may cast their votes electronically. The e-Voting module will be disabled by NSDL for voting thereafter.

Once the vote on a resolution is cast by a member, such member will not be allowed to change it subsequently.

- i) The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast "in favour" or "against", if any, forthwith to the Chairman of the Company.
- j) The Results declared along with the Scrutinizer's Report will be placed on the Company's website [www.haritaseating.com](http://www.haritaseating.com) and on the website of NSDL within two days of passing of the resolutions at the AGM and communicated to the Stock Exchanges.
- k) All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company during 10.00 a.m. to 12.00 noon on all working days up to and including the date of the AGM.

12. In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile of directors, who are proposed to be re-appointed / appointed in this AGM, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholding and relationship with other directors of the Company are given below:

**I. Mr Martin Grammer**

Born on 5<sup>th</sup> June, 1960 in Amberg, Germany, Mr Martin Grammer holds a degree in Business Economics from University Nuremberg, Germany. He was co-opted as a director on 21<sup>st</sup> January 2004.

He has vast experience in international marketing and consultancy areas. He has served in internationally renowned companies which include Magna International Inc., Toronto, Canada, a leading supplier to the global automotive industry and Roland Berger & Partner, a leading international management consultant in Germany and Europe.

He held the position as managing director and member of Executive Committee Board of Grammer AG, Germany for ten years, a leading supplier to the global automotive industry. During 2003 - 2008, he served as a member of the board of directors of GHE S.P.A, Milano, Italy, a leading supplier of European bus and train interiors industry with manufacturing locations in Italy, Germany, Spain, UK, Czech Republic and Mexico.

He does not hold any position as a director in any other Indian Company or a member of any committee of directors of any other Company and he is not related to any director of the Company.

He holds 10,87,600 equity shares of the Company.

**II. Mr H Lakshmanan**

Born on 14<sup>th</sup> August 1933, Mr H Lakshmanan is a company executive with vast experience, expertise and knowledge in areas such as banking, finance, business administration and human resources. He was co-opted as a director on 24<sup>th</sup> April 1996.

He holds 2,020 equity shares in the Company and is not related to any director of the Company.

The details of his memberships in the committees of the Company are as follows:

S. No.	Committee Name	Position
1.	Audit Committee	Chairman
2.	Stakeholders Relationship Committee	Chairman
3.	Corporate Social Responsibility Committee	Chairman
4.	Nomination and Remuneration Committee	Member

## HARITA SEATING SYSTEMS LIMITED

Details of his other directorships and membership / chairmanship of committees are given below:

S. No	Name of the Companies	Position held	Committee memberships/ chairmanships
1.	TVS Motor Company Limited	Director	-
2.	Sundaram Auto Components Limited	Chairman	Chairman - Audit Committee
3.	TVS Electronics Limited	Director	Member - Audit Committee Member - Investors' Grievance Committee
4.	Chennai Business Consulting Services Limited	Director	Member - Audit Committee
5.	TVS Capital Funds Limited	Director	Member - Governance Committee (Audit Committee)
6.	Harita-NTI Limited	Director	-
7.	Harita Techserv Limited	Director	Chairman - Audit Committee
8.	TVS Motor Services Limited	Director	-
9.	Harita Fehrer Limited	Director	Member - Audit Committee
10.	TVS Housing Limited	Director	-
11.	TVS Training and Services Limited	Director	-
12.	Sundaram Investment Limited	Director	-
13.	Harita Properties Private Limited	Director	-

S. No	Name of the Companies	Position held	Committee memberships/ chairmanships
14.	Lakson Technology Private Limited	Director	-
15.	TVS Organics Private Limited	Director	-
16.	Gallant E-Access Private Limited	Director	-
17.	TVS Motor (Singapore) Pte Limited	Director	-
18.	TVS Motor Company (Europe) B.V, Netherlands	Director	-
19.	PT TVS Motor Company Indonesia	Commissioner	-

### III. Mr S I Jaffar Ali

Born on 30<sup>th</sup> November 1938, Mr S I Jaffar Ali is a post-graduate in economics from Madras University and also a law graduate from Madras Law College. He was co-opted as a director of the Company on 22<sup>nd</sup> January 1997.

He held senior positions in the Indian Police Service and retired in the year 1995 as Inspector General of Police. He does not hold any share in the Company and he is not related to any director of the Company.

The details of his memberships in the committees of the Company are as follows:

S. No.	Committee Name	Position
1.	Audit Committee	Member
2.	Stakeholders Relationship Committee	Member
3.	Corporate Social Responsibility Committee	Member
4.	Nomination and Remuneration Committee	Member

He does not hold any position as a director or a member of any committee of directors of any other Company.

**IV. Mr C N Prasad**

Born on 1<sup>st</sup> July 1947, Mr C N Prasad is a graduate in mechanical engineering and postgraduate in manufacturing technology from Cranfield University, UK. He is also an MBA in Technology Management from La Trobe University, Australia. His experience includes 16 years in Hindustan Aeronautics Limited in various areas of manufacturing, production engineering and project management, 3 years in Kinetic Honda, Indore as Works Manager and 15 years in Rane Engine Valves Limited (REVL) as Director and CEO.

During his tenure as CEO of REVL a strong quality orientation and customer centricity were brought into the Company that resulted in several accolades and achievements. REVL was one of the earliest companies in India to secure ISO 9000 certification in 1993, won the best vendor awards from Maruti and Deutz, Germany. The export business and turnover of REVL grew several folds during his tenure.

He has been awarded ITM Awards for Corporate Excellence in 2006 by ITM Business School and has also been awarded 'Best CEO' by Quality Circle Forum of India (QCFI) for the year 2007.

He was co-opted as a director of the Company on 23<sup>rd</sup> April 2008.

The details of his memberships in the committees of the Company are as follows:

S. No.	Committee Name	Position
1.	Audit Committee	Member
2.	Stakeholders Relationship Committee	Member
3.	Corporate Social Responsibility Committee	Member
4.	Nomination and Remuneration Committee	Chairman

He does not hold any share in the Company and is not related to any director of the Company.

Details of his other directorships and memberships / chairmanships of committees are given below:

S. No	Name of the Companies	Position held	Committee memberships/ chairmanships
1.	Harita Fehrer Limited	Director	Member - Audit Committee
2.	Sundaram Auto Components Limited	Director	Member - Audit Committee
3.	Harita-NTI Limited	Director	Member - Audit Committee
4.	Emerald Haven Realty Limited	Director	-

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act)**

The following explanatory statement sets out all material facts relating to the special businesses mentioned in the accompanying notice dated 22<sup>nd</sup> May 2014 and shall be taken as forming part of the notice.

**Item No.4**

The board, at its meeting held on 22<sup>nd</sup> May 2014, appointed M/s. Raman & Associates, Cost Accountants, Chennai, having Firm Registration No. 000050, allotted by The Institute of Cost Accountants of India, as cost auditors of the Company in terms of Section 148 of the Companies Act, 2013 (the Act) and fixed a sum of Rs. 2 Lakhs as remuneration payable to them, for the financial year 2014-15.

The remuneration, as recommended by the audit committee and approved by the board, is required to be ratified by the shareholders of the Company, as per the requirements of the Companies (Audit and Auditors) Rules, 2014 read with Section 148(3) of the Act.

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

Accordingly, the Board recommends the ordinary resolution, as set out in item No.4, for ratification by the shareholders of the Company.

**Item Nos.5 to 7**

The shareholders may be aware that Ministry of Corporate Affairs (MCA) notified majority sections of the Companies Act, 2013 (the Act 2013) along with corresponding Rules.

Out of these notified sections, 98 sections of the Act 2013 were made operative effective 12<sup>th</sup> September 2013, while 184 sections came into effect from 1<sup>st</sup> April 2014, replacing the corresponding provisions of the Companies Act, 1956.

The new Act 2013, inter alia, prescribed certain specific procedures for selection, appointment and remuneration of independent directors (IDs), besides their term can be for a period upto five consecutive years and are not liable to retire by rotation during this period.

Accordingly, all the following directors appointed earlier in terms of the erstwhile applicable provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement, are proposed to be appointed as non-executive independent directors for a term of five consecutive years, in compliance with the new provisions of the Act 2013.

Item No	Name of the directors (M/s)	Earlier appointment
5.	H Lakshmanan Non-executive Independent Director	Co-opted as a director of the Company effective 24 <sup>th</sup> April 1996. He is the Chairman of the Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and member of the Nomination and Remuneration Committee of the Board of Directors of the Company.
6.	S I Jaffar Ali Non-executive Independent Director	Co-opted as a director of the Company effective 22 <sup>nd</sup> January 1997. He is a member of the Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.
7.	C N Prasad Non-executive Independent Director	Co-opted as a director of the Company effective 23 <sup>rd</sup> April 2008. He is a member of the Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and chairman of Nomination and Remuneration Committee of the Board of Directors of the Company.

In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief profile of these directors, who are proposed to be appointed as directors in this meeting for a term of five years in terms of the applicable provisions of the Act 2013, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholding and relationship with other directors in the Company are appended to the Notice annexed hereto.

All the aforesaid directors satisfy the criteria and other attributes for appointment as IDs as per the requirements of the Act 2013 and, being eligible, offer themselves for appointment, for a term of five consecutive years from the conclusion of the AGM.

Both the Nomination and Remuneration Committee of directors and the board were of the opinion, after evaluation of their performance and other attributes, that their continued association would be of immense benefit to the Company and it is desirable to avail their services as IDs for the said term of five consecutive years. All these directors fulfill the terms and conditions specified under the Act 2013 and rules made thereunder for their appointment as IDs by the shareholders and are independent of the management.

The IDs are entitled to receive remuneration by way of fees and reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission, if any as per the provisions of the Companies Act, 2013, as determined by the board, from time to time.

Accordingly, the Board recommends the resolutions, as set out in item nos. 5 to 7, in relation to the terms

of appointment of M/s. H Lakshmanan, S I Jaffar Ali and C N Prasad as IDs for approval by the shareholders of the Company.

Except M/s. H Lakshmanan, S I Jaffar Ali and C N Prasad directors, being appointees, no other director or key managerial personnel or their relatives is concerned or interested, financially or otherwise, in their respective resolutions for appointment as set out in item nos. 5 to 7.

Notices have been received from members of the Company under Section 160 of the Act 2013, along with requisite deposit amount signifying the intention to propose the candidatures of the aforesaid IDs and to move the resolutions set out in item nos. 5 to 7 of this Notice.

The Board, therefore, recommends the resolutions, as set out in item nos. 5 to 7 in the Notice to be approved by the shareholders, by way of special resolutions.

Copies of their letters of appointment, setting out the terms of appointment as IDs will be available for inspection without any fee by the members at the Registered Office of the Company, during normal business hours on any working day.

By order of the Board

Chennai  
22<sup>nd</sup> May 2014

N Iswarya Lakshmi  
Company Secretary

Registered Office:  
"Jayalakshmi Estates"  
No.29 (Old No.8), Haddows Road  
Chennai 600 006

## Directors' Report to the Shareholders

The directors have pleasure in presenting the eighteenth annual report of the Company and the audited accounts for the year ended 31<sup>st</sup> March 2014.

### 1. FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

Particulars	Year ended 31.3.2014	Year ended 31.3.2013
Sales and other income	<b>25,354.39</b>	27,842.86
Gross profit before financial costs, depreciation and amortization expenses and tax	<b>1,558.39</b>	2,295.52
Finance costs	<b>505.92</b>	559.36
Depreciation and amortization expenses	<b>463.24</b>	422.14
Profit before tax	<b>589.23</b>	1,314.02
Provision for taxation	<b>123.51</b>	246.87
Profit after tax	<b>465.72</b>	1,067.15
Add: Surplus brought forward	<b>950.04</b>	213.17
Profit available for appropriation	<b>1,415.76</b>	1,280.32
<b>Appropriations:</b>		
Tax relating to earlier years	–	13.74
Proposed Interim Dividend	<b>116.54</b>	194.23
Dividend tax payable	–	15.59
Transfer to general reserve	<b>23.30</b>	106.72
Balance surplus in profit and loss statement carried forward	<b>1,275.92</b>	950.04
	<b>1,415.76</b>	1,280.32

### 2. DIVIDEND

The board of directors (the board), at its meeting held on 22<sup>nd</sup> May 2014, declared an interim dividend of Rs.1.50 per share (15%) for the year 2013-14 absorbing a sum of Rs.116.54 lakhs on 77,69,040 equity shares of Rs.10/- each. The same will be paid to the shareholders on or after 31<sup>st</sup> May 2014. The Company has set-off its dividend distribution tax payable under Section

115-O(1A) of the Income Tax Act, 1961 against the dividend distribution tax paid by its subsidiary company on the dividend declared.

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

### 3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company provides a complete seating solutions for driver and cabin seating for commercial vehicles, tractors and construction equipment, as well as passenger seats for buses across all segments and has established itself as a leader in these segments in the country for seating systems. This premier position in the country has helped the Company emerge as the seat provider of choice for new OEMs entering the country, such as Scania buses.

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

In 2013-14, the economy grew only at 4.9% as against 5.5% previous year. In tandem, the industrial sector growth was low at 0.7% which was 1.0% last year. This slowdown can be attributed to all-round contraction in demand as well as drop in consumer confidence due to the global economic conditions.

During the fiscal year 2013-14, Rupee depreciated steeply to Rs. 60.10 / USD from Rs. 53 / USD levels in the previous year.

All the customer segments of the Company in the Indian domestic market except tractors registered a decline during 2013-14. The following table highlights the segment wise industry sales figures in vehicle units.

Category	2013-14 Nos.	2012-13 Nos.	Growth / (decline) %
Medium and Heavy Commercial Vehicles (M & HCV)	2,24,433	2,87,371	(21.9)
Light Commercial Vehicles (LCV)	4,85,302	5,85,816	(17.2)
Buses - M & HCV	45,813	53,691	(14.7)
Tractors	6,34,151	5,27,329	20.3

[ Source: SIAM ]

The Company registered sales at Rs.25,012.53 lakhs in 2013-14. During the year, efficiency in

supply chain was improved through inter-plant coordination; horizontal deployment of lean and other improvement initiatives was done across all plants. These initiatives, along with the implementation of various other cost reduction projects across functions have enabled the Company to post a profit before tax of Rs. 589.23 lakhs in 2013-14.

### OPPORTUNITIES AND THREATS

The Company has initiated product development activities to maintain the leadership position in the tractor segment in the domestic market. The Company continues to supply products to export markets and is exploring opportunities to increase export sales.

As a leader in the bus passenger seats with a wide range of seats, the Company has further strengthened its position with new product variant launches, including the seats for deluxe, standard and school bus segments. The Company expects the added features to support further growth in this segment.

A significant competitive threat is the entry of overseas competition and the Indian bus body builders getting into seat manufacturing. During the past years, international seating companies have entered India with plans for local manufacturing facility either directly or through joint ventures. The Company continues to invest in the indigenous design capability to counter and address this threat.

The continued slow-down in the Indian economy is a threat to the Company owing to the large share of domestic sales. The Company is taking steps to expand the customer base and market spread to counter this threat.

### PRODUCT-WISE PERFORMANCE

The Company posted a decline of 9.5% in the overall sales. The Company's sales declined in the Commercial Vehicle segment and exports by 8% and 25% respectively.

### BUSINESS OUTLOOK AND OVERVIEW

Continuing the depressed growth scenario in the previous year, the projected GDP growth for 2014-15 is 5.0-5.5%. The M&HCV and LCV segments are estimated to further decline. Bus segment is also expected to decline over last year levels. Tractor growth is expected to be marginal in year 2014-15.

### RISKS AND CONCERNS

The domestic market for commercial vehicles, buses and off road equipment seat has declined last year. The continuing depressed economic projection for the country is expected to further impact the commercial vehicles and bus industry. The Company is working across the entire value chain to improve operational efficiency and maintain the cost base during the market decline. The Company plans to develop additional products to maintain its growth plans. The Company has also put in place initiatives to improve product quality to support the growth plans.

The Rupee depreciated in the last year as against the US dollar. There may not be a major recovery in 2014-15, and the Company is taking suitable forex cover to mitigate the risk in foreign exchange fluctuations.

### OPERATIONS REVIEW

#### a. Manufacturing:

The Company has continued its focus on imparting training to key employees in an effort to reskill people and upgrade the manufacturing processes, apart from improvements in the facility by means of automation.

Further improvements of Lean Manufacturing initiatives will help the Company in containing manufacturing costs.

#### b. Quality:

The Company has earned recognition from customer in the form of best Supplier award

from Tata Motors Limited and TAFE Motors & Tractors Limited. The Company was selected for the honour in recognition of its dedication for providing products and service of outstanding quality as well as its commitment to continuous improvement. The quality system at the factories aims at achieving total customer satisfaction through its focus on improving product quality. Consistently, the Company has been achieving improved Quality levels at the customer-end, both in their line and warranty quality.

The Company plants are certified for TS 16949. In addition, the Quality laboratory at the Company is certified by National Accreditation Board for Testing and Calibration Laboratories (NABL) for conformance to ISO/IEC 17025.

100% employee participation in the Company's improvement programmes like suggestion schemes, Quality Control Circle projects, Supervisory Improvement Team projects, Cross Functional Team projects and

Task Force Team projects continued successfully for the 13<sup>th</sup> year in succession.

- c. Focus on Vendor Development:  
In the previous year, the Company has launched a programme to improve capability and competitiveness of its vendors, in association with CII and Prof. Shoji Shiba, through the auspices of the Visionary Small and Medium Enterprises Programme. The pilot programme, run in one plant, had yielded positive results. This initiative was continued in 2013-14 also to cover other product segments and associated vendors. The Company will pursue this program in 2014-15 as well and will cover other vendors under this program.
- d. Financial performance:

The financial and operational performance of the Company for the year 2013-14, as compared to the previous year 2012-13, is as follows:

Particulars	Year ended 31 <sup>st</sup> March 2014		Year ended 31 <sup>st</sup> March 2013	
	Rs. in lakhs	%	Rs. in lakhs	%
Income:				
Sales	25,012.53	98.65	27,616.68	99.19
Other Income	341.86	1.35	226.18	0.81
<b>Total Income</b>	<b>25,354.39</b>	<b>100.00</b>	<b>27,842.86</b>	<b>100.00</b>
Expenditure:				
Raw materials and components consumed	18,471.10	72.85	20,264.92	72.78
Changes in inventories of finished goods and work-in-process	30.42	0.12	2.99	0.01
Staff cost	2,793.23	11.02	2,564.76	9.21
Stores and tools consumed	56.59	0.22	102.85	0.37
Power and fuel	253.48	1.00	263.49	0.95
Repairs and maintenance	448.37	1.77	393.41	1.41
Carriage outward & Packing expenses	508.18	2.00	760.82	2.73
Other expenses	1,234.63	4.87	1,194.10	4.29
Finance costs	505.92	2.00	559.36	2.01
Depreciation and amortization expenses	463.24	1.83	422.14	1.52
<b>Total expenditure</b>	<b>24,765.16</b>	<b>97.68</b>	<b>26,528.84</b>	<b>95.28</b>



Particulars	Year ended 31 <sup>st</sup> March 2014		Year ended 31 <sup>st</sup> March 2013	
	Rs. in lakhs	%	Rs. in lakhs	%
Profit/(Loss) before exceptional items and tax	589.23	2.32	1,314.02	4.72
Profit before tax	589.23	2.32	1,314.02	4.72
Provision for taxation - Current tax	116.00	0.46	277.36	1.00
- Deferred tax	7.51	0.03	(30.49)	(0.11)
Profit / (Loss) after tax	465.72	1.84	1,067.15	3.83
EBITDA/Turnover		6.15		8.24
Profit/(Loss)before tax/turnover		2.32		4.72
Return on capital employed		11.51		22.40
Return on net worth		11.08		29.59
Earnings per share in Rs.		5.99		13.74

### INTERNAL CONTROLS AND THEIR ADEQUACY

The Company has effective and adequate internal control systems covering all areas of operations. The internal control system provides for well documented policies / guidelines, authorisations and approval procedures. The internal control system stipulates a reasonable assurance with regard to maintaining of proper accounting controls, protecting assets from unapproved use and compliance of statutes.

The Internal Controls are supplemented by defined program of periodic internal audits at all locations and functions based on the plan approved by the Audit Committee. The observations, if any arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and the status on implementation of corrective actions are reported to the Audit Committee of the Board of Directors for their review.

### HUMAN RESOURCE DEVELOPMENT

The Company has been able to sustain its financial performance despite the industry slow-down, through the concerted and goal-aligned efforts by employees across the hierarchy. The Company places on record its deep appreciation

for the exemplary contribution of the employees at all levels.

The Company continued to induct fresh talent. The Company has upgraded the training needs identification based on the role requirements and gaps in this identification are closed by providing training to improve employee competencies. The Company's industrial relations continue to be cordial.

As of 31<sup>st</sup> March 2014, the Company had 366 employees on its rolls.

### COMMUNITY DEVELOPMENT AND SOCIAL RESPONSIBILITY

The Board at its meeting held on 5<sup>th</sup> November 2013, constituted a Corporate Social Responsibility Committee with Mr H Lakshmanan as the Chairman of the Committee and Mr C N Prasad and Mr S I Jaffar Ali as members.

The Company has a vision to contribute to all round development of the rural areas around the Company. Some of the activities engaged by the Company are mentioned below:

- Providing material support to a government school for improving the infrastructure in the area.

- b) Assisting Self Help Groups in Belagondapalli village near Hosur Factory and at villages near Ranjangaon Factory on a continuous basis.
- c) In order to encourage students in education and motivate them to do well in their studies, the Company offers scholarships to meritorious students of schools in nearby villages of the Factories.

### CAUTIONARY STATEMENT

Statements in the management discussion and analysis report describing the Company's objectives, projections, estimates, expectations may be forward looking statements within the meaning of applicable Securities Laws and Regulations. Actual results could differ materially from those expressed and implied. Important factors that could make a difference to the Company's operations include, among other things, economic conditions affecting the demand, supply and price conditions in the markets in which the Company operates, changes in government regulations, tax laws and other statutes and incidental factors.

### 4. SUBSIDIARY COMPANY

As on the date of this report, Harita Fehrer Limited, Chennai (HFRL) is the only subsidiary of the Company.

HFRL is a material non-listed Indian subsidiary in terms of sub-clause III of Clause 49 of the Listing Agreement, as the total turnover of the subsidiary exceeds 20% of the consolidated turnover of the Company.

The Company is in fully compliant with the provisions as specified in sub-clause III of Clause 49 of the Listing Agreement. During the financial year 2013-14, HFRL achieved an income of Rs.28,501.94 lakhs and registered a profit after tax of Rs. 816.74 lakhs.

### 5. CONSOLIDATED FINANCIAL STATEMENTS

As required under the Listing Agreement with the Stock Exchanges, the consolidated financial

statements of the Company are attached.

The Ministry of Corporate Affairs (MCA) vide its circular No.2 in file No. 51/12/2007-CL-III dated 8<sup>th</sup> February 2011 has granted general exemption from attaching annual reports of subsidiaries along with the annual report of the holding companies without seeking any approval of the Central Government, subject to the conditions laid down therein.

The board of directors, at the meeting held on 22<sup>nd</sup> May 2014, passed necessary resolution confirming compliance with all the conditions enabling the circulation of annual report of the Company without attaching all the documents, referred to in Section 212(1) of the Companies Act, 1956 of the subsidiary company to the shareholders of the Company.

The annual accounts, reports and other documents of the subsidiary company will be made available to the stakeholders, on receipt of a request from them at the registered office of the Company during the business hours on any working day of the Company. If any member or investor wishes to inspect the same, it will be available during the business hours of any working day of the Company.

A statement giving the following information about HFRL consisting of (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation and (j) proposed dividend, has been attached with the consolidated balance sheet of the Company in compliance with the conditions as provided in the circular issued by MCA.

### 6. DIRECTORS

During the year, the Ministry of Corporate Affairs (MCA) has notified majority of the Sections of the Companies Act, 2013 (the Act, 2013) which include inter alia provisions relating to selection, manner of appointment, roles, functions, duties, reappointment of independent directors (IDs) and the relevant rules under the Act, 2013 and made them effective 1<sup>st</sup> April 2014.

The existing composition of the Company's board is fully in conformity with the applicable provisions of the Act 2013 and Clause 49 of the Listing Agreement having the following directors as non-executive IDs, namely M/s H Lakshmanan, S I Jaffar Ali and C N Prasad.

In terms of the provisions of Section 149(10) read with Section 149(5) of the Act 2013, IDs are eligible to hold office for a term upto five consecutive years on the board and eligible for re-appointment for the second term on passing special resolutions by the Company. During the period, they will not be liable to 'retire by rotation' as per the provisions of Sections 150(2) and 152(2) read with Schedule IV to the Act, 2013.

It is, therefore, proposed to appoint them as IDs for a consecutive period of five years at the ensuing annual general meeting. Necessary declarations have been obtained from them, as envisaged under the Act, 2013.

Both the Nomination and Remuneration Committee and the board also ensured that their appointments as IDs are in compliance with the requirements under the relevant statutes and that there were appropriate balance of skills, experience and knowledge in the board, so as to enable the board to discharge its functions and duties effectively.

Notices in writing signifying the intention to offer their candidatures as IDs of the Company along with the requisite deposit have been received from members of the Company in terms of Section 160 of the Act, 2013.

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act 2013, two-third of the total number of directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Mr Martin Grammer, director of the Company, is, therefore, liable to retire by rotation, at the ensuing annual general meeting, and being eligible, offers himself for re-appointment.

The brief resume of these directors proposed to be appointed and reappointed and other relevant information have been furnished in the Notice of AGM. Appropriate resolutions for their appointment / reappointment are being placed for approval of the shareholders at the annual general meeting.

The board, therefore, recommend their appointment / re-appointment as directors of the Company.

## 7. AUDITORS

### Statutory Auditors

The Company, in terms of Section 139 (1) and (2) of the Act, 2013 (the Act) is required to appoint a statutory auditor for a term of five consecutive years i.e., till the conclusion of sixth annual general meeting and ratify their appointment, during the period, in every annual general meeting, till the sixth such meeting by way of passing of an ordinary resolution.

The period, for which any firm has held office as auditor prior to the commencement of the Act, 2013 will be taken into account for calculating the period of five consecutive years, as per the fourth proviso to Section 139(2) of the Act, 2013 read with Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014.

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, who were earlier appointed as statutory auditors of the Company, were functioning as auditor for more than ten years. Hence, they are eligible to be appointed for the transitional period of three years in terms of the aforesaid provisions and rules under the Act, 2013.

It is proposed to appoint them as statutory auditors for the transitional period of three years, subject to the approval and ratification by the shareholders at the ensuing annual general meeting and at subsequent annual general meeting during the transitional period.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for the above appointment. The audit committee and board reviewed their eligibility criteria, as laid down under Section 141 of the Act, 2013 and recommended their appointment as auditors for the aforesaid period by the members.

### **Cost Auditor**

As required under the Companies (Cost Accounting Records) Rules 2011, the Company filed the Cost Audit Report for the financial year 2012-13 in XBRL format.

The board of directors, subject to the approval of the Central Government, has re-appointed M/s. Raman & Associates, Cost Accountants, Chennai, with Firm Registration No. 000050, as Cost Auditors for conducting the Cost Audit for the financial year 2014-15. The audit committee of directors recommended their appointment and remuneration subject to the compliance of all the requirements as stipulated in circular no.15/2011 dated 11<sup>th</sup> April 2011 issued by the MCA.

The Company has also received necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for re-appointment. The remuneration fixed by the board, based on the recommendation of the audit committee is required to be ratified by the members at the ensuing annual general meeting as per the requirement of Section 148(3) of the Act, 2013.

### **Secretarial Auditor**

As required under Section 204 of the Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company is required to appoint a

Secretarial Auditor for auditing the secretarial and related records of the Company and to provide a report in this regard.

Accordingly, Ms B Chandra, Practising Company Secretary, has been appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2014-2015 for attaching the report with the Board's report to the shareholders.

## **8. CORPORATE GOVERNANCE**

The Company has been practicing the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity.

A separate section on corporate governance and a certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges form part of this Annual Report.

The President cum Manager (CEO) and the General Manager - finance (CFO) of the Company have certified to the board on financial statements and other matters in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2014.

## **9. STATUTORY STATEMENTS**

a. Conservation of energy, technology absorption and foreign exchange earnings and outgo:

As per the requirements of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I to this report.

b. Particulars of employees:

The particulars required pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are given in Annexure II to this report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report (excluding Annexure II) is being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

c. Public Deposits:

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956, for the year ended 31<sup>st</sup> March 2014.

d. Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby stated:

- i) that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2014, the applicable accounting standards had been followed and that there were no material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view

of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2014 on a "going concern basis".

### 10. ACKNOWLEDGEMENT

The directors acknowledge the support and co-operation received from the promoters, Harita Group and Mr Martin Grammer.

The directors thank the customers, suppliers, financial institutions and bankers for their valuable support and assistance.

The directors wish to place on record their appreciation of the sincere efforts of all the employees of the Company during the year under review.

The directors also thank the shareholders for their continued faith in the Company.

For and on behalf of the Board

Chennai  
22<sup>nd</sup> May 2014

H LAKSHMANAN  
Chairman

**Annexure I to the Directors' Report for the year ended 31<sup>st</sup> March 2014 - Information pursuant to Section 217(1)(e) of the Companies Act, 1956**

**A. CONSERVATION OF ENERGY**

1. Measures taken (2013-14):

- Energy conservation in lighting by introduction of T5 light fittings for street lights.
- Conservation of fuel in canteen boiler by using LPG resonator.
- Introduction of timer based auto shutoff air conditioners.
- Power factor improvement.

The above measures had resulted in an annual saving of Rs. 9.50 lakhs.

2. Proposed measures (2014-15):

- Reduce Energy consumption by implementing LED lights fittings for street lights.
- Reduce energy consumption by implementing T5 fittings for shop floor.
- Sustaining power factor in electrical distribution system.
- Introduction of solar heating system for paint plant pretreatment process.

The above measures will result in an annual saving of Rs. 23.50 lakhs.

**B. TECHNOLOGY ABSORPTION**

Research & Development (R&D)

1. Specific areas in which R&D is carried out in the Company:

- Deluxe Seats developed for Bus Passenger under platform concept.
- Plastic moulded, Semi Deluxe and School Bus Seats developed under platform concept.
- Single Pan Seat and Sliding Seat design and tryout completed.
- Mechanical suspension system for both CV and Tractor seats proto development is completed.

2. Benefits derived as a result of above measures:

- Expanded market / segment presence.
- Improved productivity.
- Single Piece Foam-In-Place (FIP) Vinyl and adhesive joining technology for better Aesthetics.
- New customer portfolio addition in both Domestic and Export markets.

3. Future plan of action:

- Development of identified new technologies for Tractor, Commercial Vehicle and Bus passenger seats;
- Development of new models of seats for Lawn mowers & Garden Tractors.

#### 4. Expenditure on R&D:

	(Rs. in lakhs)
i) Capital expenditure	8.05
ii) Revenue expenditure	452.54
Total R&D expenditure	<u>460.59</u>
Percentage to sales	1.84%

#### 5. Technology absorption, adaptation and innovation:

##### i) Efforts in brief:

- Development of modular / platform structural design, parts and raw materials level standardization leads to reduction in product weight.

##### ii) Benefits derived as a result of the above are:

- Price competitiveness.
- Better fuel economy of vehicles

both contributing to increase in market share.

##### iii) Details relating to imported technology:

No import of technology happened during the year.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

#### 1. Activities relating to export:

- During 2013-2014 period, the Company has pursued multiple opportunities for new orders for tractor seats.
- The Company has been continuing its efforts to increase the current volume of export of tractor seats to USA.

#### 2. Total foreign exchange earned and outgo:

	(Rs. in lakhs)
Foreign exchange earned	: 2,054.28
Foreign exchange used	: 787.40

For and on behalf of the Board

Chennai  
22<sup>nd</sup> May 2014

H LAKSHMANAN  
Chairman

## Report on Corporate Governance

### 1. Company's philosophy on Code of Governance

The Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company, which are pre-requisite for attaining sustainable growth in this competitive corporate world. Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. The Company would constantly endeavour to improve on these aspects.

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct for Prevention of Insider Trading for board and senior management personnel.

### 2. Board of Directors

The board of directors (the board) which consists of eminent persons with considerable professional expertise and experience, provides leadership and guidance to the management, thereby enhancing stakeholders' value.

#### 2.1 Composition and category of directors:

As on 31<sup>st</sup> March 2014, the total strength of the board is four. All are non-executive directors. Out of the four non-executive directors, three directors are independent directors.

Chairman is a non-executive and independent director. The number of independent directors is more than one third of its total strength. Thus, the Company meets with the requirements of composition of the board as per the Listing Agreement.

#### 2.2 Board Meetings:

The Company, in consultation with the directors, prepares and circulates a tentative

annual calendar for meetings of the committees / board in order to assist the directors for planning their schedules well in advance to participate in the meetings.

The Company regularly places, before the board for its review, information as required under Annexure 1A to Clause 49 of the Listing Agreement such as annual operating plans, capex budget and its quarterly updates, quarterly results, minutes of meetings of audit committee and other committees of the board, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with background materials, wherever necessary, are circulated well in advance to the committee/board, to enable them for making value addition as well as exercising their business judgment in the committee / board meetings.

Presentations are also being made by the business heads on the Company's operations and marketing strategies on a quarterly basis.

During the year 2013-2014, the board met six times, viz., on 23<sup>rd</sup> April 2013, 22<sup>nd</sup> May 2013, 31<sup>st</sup> July 2013, 5<sup>th</sup> November 2013, 3<sup>rd</sup> January 2014 and 6<sup>th</sup> February 2014 and the gap between two meetings did not exceed four months.

#### 2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last annual general meeting held on



4<sup>th</sup> September 2013 and also the number of other directorships, committee memberships / chairmanships as on 31<sup>st</sup> March 2014 are as follows:

Name of the Directors (M/s.)	Category	Attendance Particulars		Number of other directorships and committee memberships / chairmanships		
		Board Meeting	Last Annual General Meeting	Other directorships*	Committee memberships@	Committee chairmanships
H Lakshmanan	NE-I	6	Yes	19	9	4
S I Jaffar Ali	NE-I	5	Yes	–	2	–
C N Prasad	NE-I	5	Yes	4	5	–
Martin Grammer	NE-NI	4	Yes	–	–	–

\* includes private companies

@ includes Committees where the director holds the position of chairman

NE-I : Non Executive - Independent director

NE-NI : Non Executive - Non Independent director

None of the directors on the board is a member of more than ten committees or chairman of more than 5 committees across all the companies in which they are directors. Chairmanships / memberships of committees include only audit and stakeholders relationship committees, as covered under Clause 49 of the Listing Agreement, as per the disclosures made by the directors.

#### 2.4 Access to information and Updation to directors:

The board reviews all information provided periodically for discussion and consideration at its meetings in terms of Clause 49 of the Listing Agreement. Functional heads are present whenever necessary and apprise all the directors about the developments. They also make presentations to the board and audit committee of directors.

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the statutory auditors of the Company are placed and discussed with the functional heads, by the committee / board. The board also reviews the declarations made by the President and the

Company Secretary regarding compliance of all applicable laws on quarterly basis.

Decisions taken at the meetings of the board / committee are communicated to the functional heads. Action taken report on decisions taken of previous meetings is placed at every succeeding meeting of the board / committee for reporting the compliance.

#### 2.5 Code of Business Conduct and Ethics for board and senior management personnel:

The Company has in place the Code of Business Conduct and Ethics for member of the board and senior management personnel (the Code), approved by the board. The Code has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website [www.haritaseating.com](http://www.haritaseating.com).

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2014. The annual report contains a declaration to this effect signed by the President and the Company Secretary as compliance officer of the Code.

### 2.6 Appointment / Re-appointment of directors:

In terms of clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of directors, proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and their relationships, if any, with other directors are provided in the notice convening the annual general meeting.

### 3. Audit Committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting.

#### 3.1 Brief description of terms of reference:

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and *inter alia* performs the following functions:

- a. Overseeing the Company's financial reporting process and the disclosure of financial information.
- b. Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.
- c. Reviewing the statement of related party transactions and transactions with companies in which one or more director(s) of the Company is / are deemed to be interested / concerned.
- d. Discussing the nature and scope of audit including internal audit prior to the commencement of the audit and areas of concern, if any, arising post audit.
- e. Reviewing the reports of internal auditors and ensuring that adequate follow-up action is taken by the management on observations and recommendations made by the internal auditors.
- f. Reviewing the findings of any internal investigations by the internal auditors into matters of suspected fraud or irregularity or a failure of internal control systems, of a material nature, if any.
- g. Recommending to the board the appointment / re-appointment / replacement of the statutory auditors & cost auditors and the fees payable for audits and approving the payment for any other services rendered by the statutory auditors.
- h. Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.
- i. Reviewing of management discussion analysis of financial conditions and results of operations and other matters specified under Clause 49 of the Listing Agreement.
- j. Reviewing the financial statements, in particular the investments made by the unlisted subsidiary.
- k. Reviewing the cost audit report.
- l. Reviewing with the management the annual financial statements before submission to the board, in particular:
  - a. Any changes in accounting policies and practices;
  - b. Major accounting entries passed, based on exercise of judgment by management;
  - c. Significant adjustments arising out of audit;
  - d. Compliance with accounting standards; and
  - e. Disclosure of contingent liabilities.
- m. Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience, background, etc. of the candidate.
- n. In addition, reviewing such other functions as envisaged under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

The subjects reviewed and recommended in the meetings of the Audit Committee were apprised to the board by the Chairman of the Audit Committee, for its approval.

In line with the requirements of Section 177 of the Companies Act, 2013 (the Act, 2013) additional powers were vested with the Audit Committee, at the board meeting held on 22<sup>nd</sup> May, 2014.

### 3.2 Composition of Audit Committee:

As at 31<sup>st</sup> March 2014, the Audit Committee consists of the following non-executive independent directors:

Name of the Directors (M/s.)	Position
H Lakshmanan	Chairman
C N Prasad	Member
S I Jaffar Ali	Member

Mr H Lakshmanan, Chairman of the audit committee, is a non-executive independent director. Ms N Iswarya Lakshmi, Company Secretary acts as the Secretary of the committee.

Chairman of the audit committee was present at the last annual general meeting held on 4<sup>th</sup> September 2013.

The composition of the audit committee is in accordance with the requirements of Clause 49 of the Listing Agreement read with Section 177 of the Act, 2013.

### 3.3 The particulars of meetings and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of the meeting	Members present (M/s.)
22.05.2013	H Lakshmanan, C N Prasad and S I Jaffar Ali
31.07.2013	H Lakshmanan, C N Prasad and S I Jaffar Ali
05.11.2013	H Lakshmanan and C N Prasad
06.02.2014	H Lakshmanan and S I Jaffar Ali

## 4. Subsidiary company

4.1 The Company's Subsidiary, Harita Fehrer Limited is covered within the definition of "material non-listed Indian subsidiary" in terms of Clause 49(III) of the Listing Agreement.

4.2 The board of directors of the said subsidiary Company consists of two independent directors of the Company viz., M/s. H Lakshmanan and C N Prasad, in terms of Clause 49 (III) of the Listing Agreement.

4.3 The audit committee of directors of the Company reviews the financial statements and in particular the investments made by the said unlisted subsidiary.

4.4 The minutes of the board meetings of the said unlisted subsidiary are periodically placed before the board. The board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiary.

## 5. Disclosures

5.1 Materially significant related party transactions:

During the year, the Company has not entered into any transaction of material nature with the directors, their relatives or management, which is in conflict with the interests of the Company.

The transactions with the related parties, namely its promoters, its subsidiary company etc., of routine nature have been reported elsewhere in the annual report as per Accounting Standard 18 (AS 18) issued by The Institute of Chartered Accountants of India and Companies (Accounting Standards) Rules, 2006.

The Audit Committee also reviews, *inter alia*, the following aspects:

(a) related party transactions undertaken by the Company in the ordinary course of business;

(b) material individual transactions, if any, which were not in the normal course of business; and

(c) material individual transactions, if any, with related parties or others, which were not at arm's length basis.

### 5.2 Disclosure of accounting treatment:

The Company follows Accounting Standards issued by The Institute of Chartered Accountants of India and Companies (Accounting Standards) Rules, 2006.

### 5.3 Risk Management:

The Company has laid down procedures to inform board about the risk assessment and mitigation procedures, to ensure that executive management controls risk through means of a properly defined framework.

### 5.4 Instances of non-compliances, if any:

There was no instance of non-compliances by the Company, penalty and stricture imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any other statutory authorities on any matter related to capital markets during the last three years.

### 5.5 Disclosure by senior management personnel:

The senior management personnel have made disclosures to the board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

### 5.6 CEO and CFO Certification:

The President (CEO) and General Manager - Finance (CFO) of the Company have certified to the board on financial and other matters in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March 2014.

### 5.7 Compliance with mandatory / non-mandatory requirements:

The Company has complied with all applicable mandatory requirements in terms of Clause 49 of the Listing Agreement. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

### 5.8 Code of Conduct for Prevention of Insider Trading:

In compliance with the SEBI (Prevention of Insider Trading) Regulations 1992, as amended till date, the Company has a comprehensive code of conduct for prevention of insider trading and the same is being strictly adhered to by the directors, senior management personnel and other persons covered by this Code. The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them on the consequences of non-compliances thereof.

The Company regularly follows closure of trading window prior to the publication of price sensitive information. The Company has been disclosing promptly to the Stock Exchanges, where the shares of the Company are listed, all the information in compliance with Clause 36 of the Listing Agreement along with the applicable closure of trading window period. The Company has been advising the promoters, directors, senior management personnel and other persons covered by the Code not to trade in Company's securities during the closure of trading window period.

### 5.9 Management Discussion and Analysis Report

The management discussion and analysis report forms part of the Directors' report.

**6. Nomination and Remuneration Committee**

6.1 During the year, Remuneration Committee of Directors, which was constituted on 10<sup>th</sup> July 2009, was renamed as Nomination and Remuneration Committee at the board meeting held on 5<sup>th</sup> November 2013 and was also re-constituted with Mr C N Prasad as the Chairman of the Committee in terms of Section 177 of the Companies Act, 2013. The Committee was constituted with the main objective to decide the Company's policy on specific remuneration packages for executive directors if any and manager including, payment of remuneration as per the limits specified in terms of Schedule V to the Companies Act, 2013 and to have such additional powers, as may be entrusted to them, from time to time, by the board, on other matters including pension rights and any compensation to managerial personnel.

The Committee comprises of Mr C N Prasad as Chairman, Mr H Lakshmanan and Mr S I Jaffar Ali as members. All the members of the Committee are non-executive independent directors.

6.2 The Committee met on 2<sup>nd</sup> January 2014 and recommended the revision in the remuneration of Mr A G Giridharan, Manager, by increasing the overall limit of remuneration to Rs.80 lakhs per annum effective from 1<sup>st</sup> April 2013 and for the remaining period of his tenure of office up to 10<sup>th</sup> November 2015.

6.3 The revised terms of remuneration, in line with the recommendation of the Nomination and Remuneration Committee of directors was also approved by the shareholders by way of special resolution through Postal Ballot.

6.4 Details of remuneration paid to the managerial personnel during financial year 2013-2014 are as follows:

(Rs. in lakhs)

Name & Position	Salary	Contribution to PF and other funds	Performance Incentive	Allowances	Total
Mr A G Giridharan, President cum Manager	21.60	3.67	11.08	35.78	72.13

6.5 Remuneration to directors:

The directors of the Company do not draw any remuneration from the Company other than the sitting fees for attending the meetings of the board and committees thereof.

Sitting fees of Rs.2,500/- are paid to the non-executive directors for every meeting of the board and / or committee thereof attended by them, which is within the limits prescribed under the Act. Presently, the Company does not have a scheme for grant of any stock option, either to the directors or employees of the Company.

6.6 Particulars of sitting fees paid to the directors during the financial year 2013-2014:

Name of the Directors (M/s.)	Sitting fees paid (in Rs.)
H Lakshmanan	42,500
C N Prasad	32,500
S I Jaffar Ali	32,500
Martin Grammer	10,000
<b>Total</b>	<b>1,17,500</b>

6.7 Details of shareholdings of non-executive directors in the Company as on 31<sup>st</sup> March 2014:

Name of the Directors (M/s.)	No. of shares held (face value of Rs.10/- each)	Percentage to the paid up capital (%)
H Lakshmanan	2,020	0.03
Martin Grammer	10,87,600	14.00

Except the above, no other non-executive director hold shares in the Company. None of the directors of the Company is related to each other.

There are no other pecuniary relationships or transactions of the non-executive directors vis-à-vis of the Company.

**7. Stakeholders' Relationship Committee**

7.1 During the year, Investors' Grievance Committee was renamed as Stakeholders' Relationship Committee in compliance with the requirements of Section 178 of the Act 2013. The Stakeholders' Relationship Committee consists of three members, viz., M/s. H Lakshmanan, C N Prasad and S I Jaffar Ali. Mr H Lakshmanan is the chairman of the Committee. All the members of the committee are non-executive independent directors.

7.2 As required by SEBI, Ms N Iswarya Lakshmi, company secretary is the compliance officer of the Stakeholders' Relationship Committee. For any clarification/ complaint, the shareholders may contact Ms N Iswarya Lakshmi, company secretary.

7.3 The Committee oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The Committee also looks into redressal of investors' grievances pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Company, in order to expedite the process of share transfers, has delegated the powers of share transfers to an officer of the Share Transfer Agent.

The Company, as a matter of policy, disposes of investor complaints within a span of seven days.

7.4 During the year 2013 - 2014, the Company had received one complaint for non-receipt of dividend warrant which was duly redressed.

7.5 All requests for dematerialization of shares were carried out within the stipulated time period and no share certificate was pending for dematerialization.

**7.6 Reconciliation of Share Capital Audit**

A qualified Practising Company Secretary carries out a Reconciliation of Share Capital (RSC) Audit on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and places the report for perusal of the board.

The RSC audit report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**8. General Body Meeting**

8.1 Location and time where the annual general meetings were held during the last three years:

Year	Location	Date	Time
2010-11	Narada Gana Sabha (Mini Hall) No.314 (Old No.254), T.T.K. Road, Chennai 600 018.	19.09.2011	10.15 A.M.
2011-12	Kasturi Srinivasan Hall (Mini Hall) The Music Academy, No.168 (Old No.306), T.T.K. Road, Chennai 600 014.	21.09.2012	10.00 A.M.
2012-13		04.09.2013	10.00 A.M.

8.2 Special resolutions passed in the previous three annual general meetings (AGM)

During the last three years, namely 2010-11 to 2012-13, approval of the shareholders was

obtained by passing special resolutions in respect of the following:

Year	Subject matter of special resolution	Date of AGM
2010-11	Amendment of the articles of association of the Company in terms of Section 31 of the Companies Act, 1956	19.09.2011
2011-12	Revision in remuneration payable to Mr. A G Giridharan, president as manager under the Companies Act, 1956	21.09.2012
2012-13	Nil	04.09.2013

8.3 None of the subjects placed before the shareholders in the last / ensuing annual general meeting required / requires approval through Postal Ballot.

**8.4 Postal Ballot**

The board sought the consent of shareholders of the company by way of special resolution through Postal Ballot as per the notice issued to the shareholders on 3<sup>rd</sup> January 2014 for revision in remuneration payable to Mr A G Giridharan, President as Manager, under the Companies Act, 1956.

The special resolution was passed by the shareholders of the Company with majority.

The results of the Postal Ballot are given below.

No. / % of votes cast in favour		No. / % of votes cast against	
58,84,808	99.89	6,750	0.11

**8.5 Declaration of results of Postal Ballot:**

The procedures prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 were duly followed for conducting postal ballot process during the year to approve the resolutions mentioned above.

The results of the Postal Ballot were published in the newspapers, namely Business Line and Makkal Kural on

12<sup>th</sup> February 2014 and also on the notice board of the registered office of the Company on 11<sup>th</sup> February 2014 and the same were also published in the official website of the Company.

**9. Means of communication to shareholders**

The board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with shareholders through multiple channels of communication such as result announcement, annual report, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

**9.1 Quarterly Results:**

The unaudited quarterly financial results of the Company were published in English and regional newspapers. These are not sent individually to the shareholders.

**9.2 Newspapers wherein results normally published:**

The results are normally published in English newspaper, viz., Business Line and Makkal Kural, regional newspaper.

**9.3 Website:**

The Company's website is [www.haritaseating.com](http://www.haritaseating.com). This website contains the basic information about the Company, e.g details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances and such other details as required under Clause 54 of the Listing Agreement. The Company ensures that the contents of this website are periodically updated.

The Company has designated the following e-mail IDs, namely [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in) / [ni.iswarya@scl.co.in](mailto:ni.iswarya@scl.co.in) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

**10. General shareholder information**

**10.1 Annual General Meeting:**

Date and time : Wednesday, the 6<sup>th</sup> August 2014 at 10.00 A.M.  
 Venue : Kasturi Srinivasan Hall (Mini Hall) The Music Academy, No. 168, (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014.

**10.2 Financial calendars:**

Financial year : 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015  
 Annual General Meeting (next year) : During July / September 2015  
 Financial reporting for the quarter ending : Financial calendar  
 30<sup>th</sup> June 2014 : between 15<sup>th</sup> July and 14<sup>th</sup> August 2014  
 30<sup>th</sup> September 2014 : between 15<sup>th</sup> October and 14<sup>th</sup> November 2014  
 31<sup>st</sup> December 2014 : between 15<sup>th</sup> January and 14<sup>th</sup> February 2015  
 31<sup>st</sup> March 2015 : Within 30<sup>th</sup> May 2015

**10.3 Date of book closure :** 5<sup>th</sup> August 2014 and 6<sup>th</sup> August 2014

**10.4 Particulars of dividend payment:**

The board of directors of the Company at their meeting held on 22<sup>nd</sup> May 2014 declared an interim dividend of Rs.1.50 per share (15%) for the year 2013-14 absorbing a sum of Rs.116.54 lakhs including dividend distribution tax. The directors do not recommend any further dividend for the year ended 31<sup>st</sup> March 2014.

**10.5 Listing on Stock Exchanges:**

Name of the Stock Exchange	Stock code/symbol
Madras Stock Exchange Ltd., (MSE)	-
Bangalore Stock Exchange Ltd., (BgSE)	-
National Stock Exchange of India Limited (NSE)	HARITASEAT
ISIN allotted by Depositories (Company ID Number)	INE 939D01015

Effective 7<sup>th</sup> January 2005, the equity shares of the Company are regularly traded in BSE-INDONext under scrip code 590043.

(Note: Annual listing fees and custodial charges for the year 2014-2015 were duly paid to the Stock Exchanges and Depositories).

**10.6 Market price data:**

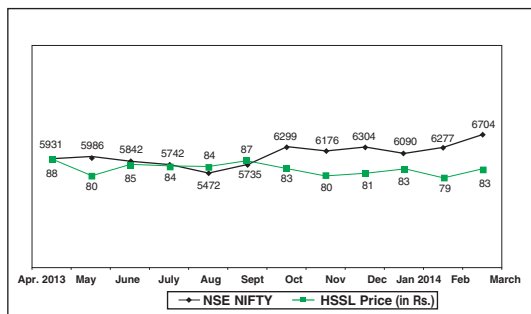
The shares of the Company were not traded during the period 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014 in MSE and BgSE. However the shares are regularly traded in NSE and BSE-INDONext. The data relating to the said trading are given below:

(in Rs.)

Month	NSE		BSE-INDONext	
	High	Low	High	Low
April 2013	88.35	65.50	97.00	75.00
May 2013	80.55	74.00	90.00	74.00
June 2013	84.50	76.20	96.60	77.90
July 2013	83.80	80.00	80.00	76.05
August 2013	84.00	84.00	88.00	70.35
September 2013	87.25	84.10	83.65	70.50
October 2013	82.65	71.00	99.00	87.00
November 2013	80.00	71.25	95.00	94.10
December 2013	81.00	71.60	90.30	73.00
January 2014	82.50	71.50	80.30	73.00
February 2014	79.00	69.00	78.70	71.00
March 2014	82.65	70.10	84.90	72.10

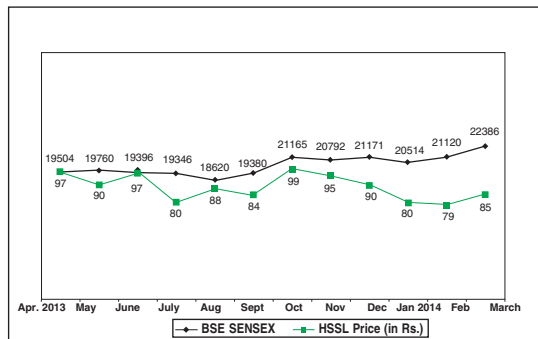
**10.7 Company's share price performance in comparison to broad based indices - NSE Nifty and BSE Sensex:**

**SHARE PRICE MOVEMENT  
NSE NIFTY VS HSSL**





**SHARE PRICE MOVEMENT  
BSE SENSEX VS HSSL**



**10.8 Share Transfer Agent (STA) and Share Transfer System:**

- a. With a view to render prompt and efficient service to the shareholders, Sundaram-Clayton Limited (SCL), which has been registered with SEBI as share transfer agents in Category II, has been appointed as the Share Transfer Agent of the Company (STA) with a view to rendering prompt and efficient service to the investors. The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1<sup>st</sup> October 2004.
- b. All matters connected with the share transfer, dividends and other matters are being handled by the STA located at the address mentioned elsewhere in this report.
- c. Shares lodged for transfer are normally processed within 10 days from the date of lodgement, if the documents are clear and complete in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates etc., are processed by the STA within 7 days.
- d. Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice

towards due compliance of share transfer formalities by the Company within the due dates, in terms of Clause 47(c) of the Listing Agreement with Stock Exchanges.

- e. Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.
- f. The Company, as required under Clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely [investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in) / [ni.iswarya@scl.co.in](mailto:ni.iswarya@scl.co.in) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- g. Shareholders are, therefore, requested to correspond with the STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc.

**10.9 Shareholding pattern as on 31<sup>st</sup> March 2014:**

Category of shareholders	No. of shares held	%
(A) Shareholding of Promoter and Promoter Group		
Bodies Corporate	51,54,900	66.35
<b>Total (A)</b>	<b>51,54,900</b>	<b>66.35</b>
(B) Public Shareholding		
Banks	200	-
Foreign Institutional Investors	6,74,969	8.69
<b>Total Institutions (B)</b>	<b>6,75,169</b>	<b>8.69</b>
Bodies Corporate	4,51,778	5.82
Individuals holding nominal capital in excess of Rs. 1 lakh	1,58,265	2.04
Individuals holding nominal capital upto Rs. 1 lakh	12,91,315	16.61
NRI Repatriable	21,000	0.27
NRI Non- Repatriable	14,193	0.18
Foreign National (individuals)	400	0.01
Directors & relatives	2020	0.03
<b>Total Non-Institutions (C )</b>	<b>19,38,971</b>	<b>24.96</b>
Total Public Shareholding D=(B+C)	26,14,140	33.65
<b>Grand Total (A) + (B)</b>	<b>77,69,040</b>	<b>100.00</b>

## 10.10 Distribution of Shareholding as on 31<sup>st</sup> March 2014:

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 500	5,35,848	6.90	3,302	83.92
501-1000	2,87,992	3.71	362	9.20
1001-2000	2,41,392	3.11	165	4.19
2001-5000	1,92,180	2.47	63	1.60
5001-10000	1,41,673	1.82	20	0.51
10001 & above	63,69,955	81.99	23	0.58
<b>Total</b>	<b>77,69,040</b>	<b>100.00</b>	<b>3,935</b>	<b>100.00</b>

## 10.11 Dematerialization of shares:

All the promoters holding consisting of 51,54,900 equity shares of Rs.10/- each have been fully dematerialised.

Out of 26,14,140 equity shares of Rs.10/- each held by persons other than Promoters, 21,61,638 shares have been dematerialised as on 31<sup>st</sup> March 2014 accounting for 82.69%.

10.12 The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's equity.

## 10.13 Address for investor correspondence:

- (i) For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company : Sundaram-Clayton Limited Share Transfer Agent (STA) Unit : Harita Seating Systems Limited "Jayalakshmi Estates", I Floor, No. 29, Haddows Road, Chennai - 600 006.
- (ii) For any query on annual report Tel. : 044 - 2827 2233, 044 - 2828 4959 Fax : 044 - 2825 7121
- (iii) For investors' grievance : Email and general correspondence : [ni.iswarya@scl.co.in](mailto:ni.iswarya@scl.co.in)  
[investorscomplaintssta@scl.co.in](mailto:investorscomplaintssta@scl.co.in)  
[kr.raman@scl.co.in](mailto:kr.raman@scl.co.in)  
[sclshares@gmail.com](mailto:sclshares@gmail.com)

## 10.14 Plant Locations:

- A) Hosur : Belagondapalli, Thally Road, Hosur - 635 114.  
Tel : 04347 - 233445  
Fax : 04347 - 233460  
Email : [agiri@haritaseating.com](mailto:agiri@haritaseating.com)
- B) Ranjangaon : Plot No. A2, MIDC Industrial area, Ranjangaon, Koregaon Village, Shirur taluk, Pune District - 412 210 Maharashtra  
Tel : 02138 - 610700  
Fax : 02138 - 660744  
Email : [agiri@haritaseating.com](mailto:agiri@haritaseating.com)
- C) Himachal Pradesh : Chaurasia Road, Pargana Plassi Village Bhatian, Thesil Nalagarh Solan District - 174 101 Himachal Pradesh  
Mob. : +91 - 98168 01981  
Email : [agiri@haritaseating.com](mailto:agiri@haritaseating.com)
- D) Dharwad : Plot No.553-D, 2<sup>nd</sup> Stage, Belur Industrial Area, Dharwad - 580 011, Karnataka  
Mob. : +91 - 0836 - 2486625  
Email : [agiri@haritaseating.com](mailto:agiri@haritaseating.com)
- E) Pantnagar : Plot No.35, Sector 4, Integrated Estate, Pantnagar, Rudrapur, Udham Singh Nagar Dist., Uttarkhand - 263 153  
Mob. : +91 - 5944 - 250889  
Email : [agiri@haritaseating.com](mailto:agiri@haritaseating.com)

## 11. Non-Mandatory Disclosure

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

### 11.1 The Board:

During the year, the Ministry of Corporate Affairs (MCA) has notified certain provisions relating to selection, manner of appointment, role, functions, duties and re-appointment of independent directors (IDs) and made effective from 1<sup>st</sup> April 2014.

Accordingly, the IDs are eligible to hold office for a term of upto five consecutive years on the board and are eligible for re-appointment for the second term on passing special resolution by the Company in terms of Section 149(10) read with Section 149(5) of the Act 2013. During this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV to the said Act, 2013.

It is, therefore, proposed to appoint the IDs of the Company for a consecutive period of five years at the annual general meeting in line with the requirement of the Act, 2013.

### 11.2 Remuneration Committee:

The board has set up a remuneration committee on 10<sup>th</sup> July 2009 and renamed the said committee as Nomination and Remuneration Committee at the board meeting held on 5<sup>th</sup> November 2013.

### 11.3 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the board and are also uploaded in the Company's website namely [www.haritaseating.com](http://www.haritaseating.com). The results are not sent to the shareholders individually.

### 11.4 Audit Qualifications:

The audited financial statements of the Company are unqualified.

### 11.5 Training of board members:

The present board consists of well-experienced and responsible members of society. All the directors are well aware of business model as well as the risk profile of the business parameters of the Company and their responsibilities as directors. Hence, in the opinion of the

board, they do not require any further training.

### 11.6 Vigil Mechanism (Whistle Blower):

The Company has not denied access to any personnel, to approach the management on any issue. The Company is in the process of formulating a policy on vigil mechanism as required under the Act, 2013.

## 12. Request to shareholders

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder in order to serve them efficiently and avoid risks while dealing in securities of the Company.

### 12.1 Demat of Shares:

Shareholders are requested to convert their physical holding to demat/ electronic form through any of the Depository Participants (DPs) to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

### 12.2 Registration of Electronic Clearing Service (ECS) Mandate:

SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from members holding shares in electronic mode for deletion of / change in such bank details. Members who wish to change such bank account details are therefore requested to advise their DPs about such change, with complete details of bank account.

ECS helps in quick remittance of dividend without possible loss/delay in postal transit. Shareholders, who have not earlier availed this facility, are requested

- to register their ECS details with the STA or their respective DPs.
- 12.3 Transfer of shares in physical mode:  
Shareholders should fill up complete and correct particulars in the transfer deed, for expeditious transfer of shares. Wherever applicable, registration number of power of attorney should also be quoted in the transfer deed at the appropriate place.  
Shareholders, whose signatures have undergone any change over a period of time, are requested to lodge to the STA their new specimen signature duly attested by a bank manager. In terms of SEBI's circular no. MRD/DoP/Cir -05/1009 dated 20<sup>th</sup> May 2011, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.  
In case of loss / misplacement of share certificates, Shareholders should immediately lodge a FIR / Complaint with the police and inform the Company / STA with original or certified copy of FIR / acknowledged copy of complaint for marking stop transfer of shares.
- 12.4 Consolidation of Multiple Folios:  
Shareholders, who have multiple folios in identical names and order, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.
- 12.5 Registration of Nominations:  
Section 72 of the Act, 2013 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc.  
It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13 to the Company or STA. This form will be made available on request. Investors holding shares in demat form are advised to contact their DPs for making nominations.
- 12.6 Updation of address:  
Shareholders are requested to update their address registered with the Company, directly through the STA to receive all communications promptly.  
Shareholders, holding shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc.
- 12.7 SMS Alerts:  
Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby Shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have

provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely [www.nsdl.co.in](http://www.nsdl.co.in) and [www.cdslindia.com](http://www.cdslindia.com), respectively.

**12.8 Timely encashment of dividends:**

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation/ losing their right of claim owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund (IEPF).

As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders who have not encashed their dividend warrants in respect of dividends declared for the year ended 31<sup>st</sup> March 2007 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment shall be transferred to IEPF in terms of Section 205C of the Companies Act, 1956. Accordingly, a sum of Rs.1,68,939 being unclaimed dividend upto 31<sup>st</sup> March 2006, was transferred to IEPF during the year.

Information in respect of unclaimed dividends due for remittance to IEPF is given below:

**PARTICULARS OF UNCLAIMED DIVIDEND OF THE COMPANY**

Financial Year	Date of declaration	Date of transfer to special account	Due Date for transfer to IEPF
2007-08	07.08.2008	12.09.2008	12.09.2015
2011-12 (Interim)	30.05.2012	29.06.2012	29.06.2019
2012-13 (Interim)	22.05.2013	21.06.2013	21.06.2020

**UNCLAIMED SHARE CERTIFICATES**

In terms of the provisions of Clause 5A of the Listing Agreement (introduced vide SEBI circular dated 16<sup>th</sup> December, 2010), the unclaimed share certificates will be dematerialized and transferred to "Unclaimed Suspense Account". As required under this clause of the Listing Agreement, the Company has sent three reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed.

**GREEN INITIATIVE IN CORPORATE GOVERNANCE**

Rule 11 of the Companies (Accounts) Rules, 2014, permits circulation of annual report to shareholders through electronic means to such of the members whose e-mail addresses are registered with NSDL or CDSL or with the Company to receive the documents in electronic form and physical copies to those shareholders whose e-mail addresses have not been either registered with the Company or with the depositories.

To support this green initiative of the Government, members are requested to register their e-mail addresses and also intimate changes, if any, with the depositories, in case shares are held in dematerialized form and with the STA, in case the shares are held in physical form.

**DECLARATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF BUSINESS CONDUCT AND ETHICS**

To

The Shareholders of  
Harita Seating Systems Limited, Chennai

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of Clause 49 of the Listing Agreement, we hereby certify that both the members of the board and the senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board for the year ended 31<sup>st</sup> March 2014.

Chennai  
22<sup>nd</sup> May 2014

A G GIRIDHARAN  
President cum Manager

N ISWARYA LAKSHMI  
Company Secretary

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**AUDITORS' CERTIFICATE ON COMPLIANCE OF THE PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE IN THE LISTING AGREEMENT**

To

The Shareholders of  
Harita Seating Systems Limited, Chennai

We have examined the compliance of conditions of Corporate Governance by Harita Seating Systems Limited, Chennai 600 006 for the year ended 31<sup>st</sup> March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we

certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Stakeholders' Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SUNDARAM & SRINIVASAN  
CHARTERED ACCOUNTANTS  
FRN: 004207S

Chennai  
22<sup>nd</sup> May 2014

M BALASUBRAMANIAM  
Partner  
Membership No.F7945

### Independent Auditors' Report to the shareholders of Harita Seating Systems Limited, Chennai for the year ended 31<sup>st</sup> March 2014

To the Members of  
Harita Seating Systems Limited,  
29 Haddows Road, Chennai - 600006.

#### Report on the Financial Statements

We have audited the accompanying financial statements of Harita Seating Systems Limited, Chennai - 600006 ("the Company"), which comprise of the Balance Sheet as at 31<sup>st</sup> March 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date along with Notes on accounts.

#### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures

in the financial statements. 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.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central

Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. As required by Section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
- e) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2014, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Sundaram & Srinivasan  
*Chartered Accountants*  
Firm Regn. No.: 004207S

M BALASUBRAMANIAM  
*Partner*  
Membership No.: F7945

Place : Chennai

Date : 22<sup>nd</sup> May 2014



**Annexure referred to in our report of even date on the accounts for the year ended 31<sup>st</sup> March 2014.**

- (i) (a) the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets are physically verified by the management 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 were noticed on such verification.
- (c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.
- (ii) (a) The inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year the Company has not granted loans and advances to Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) At the commencement of the year under report, the company owed Rs.650 lakhs (interest bearing) to a company covered in the register maintained under Section 301 of the Companies Act, 1956. During the year, the Company availed a loan of Rs.200 lakhs from the said company. The company fully repaid the loan and amount outstanding at the year end 31<sup>st</sup> March 2014 is Nil.
- The Company has availed an interest bearing advance of Rs.257 lakhs in earlier year from its subsidiary. During the year a sum of Rs.108 lakhs was repaid and balance still owed as on 31<sup>st</sup> March 2014 is Rs.149 lakhs.
- (c) In our opinion, the rate of interest and the terms and other conditions of loan and advance availed by the Company were not, prima facie prejudicial to the interest of the Company. The payment of interest was regular and in accordance with the terms of loan.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no minor or major continuing failure has been noticed in the internal control system.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion, that the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been properly entered in the said register.

- (b) In our opinion and according to the information and explanations given to us, transactions entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value by rupees five lakhs during the year in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public.
- (vii) The Company has an Internal Audit System, which in our opinion is commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess and other statutory dues with the appropriate authorities. However, there have been delays in respect of Remittance of Service tax, Employees' state insurance and Tax deducted at source. The Provisions of Employees' State Insurance Act, 1948 are not applicable to the units at Belagondapalli (Hosur) and Pune. In respect of unit at Dharwad the employees draw remuneration above the limits prescribed.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31<sup>st</sup> March 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following are the details of the disputed dues that were not deposited with the authorities concerned.

Name of the Statute	Nature of dues	Forum where dispute is pending	Amount (Rs. in Lakhs)
TNVAT Act, 2006	Tamil Nadu Value Added Tax	The Hon'ble High Court of Judicature at Madras	323.03
Central Excise Act, 1944	Excise Duty	The Asst. and Additional Commissioner Chennai III Commissionerate	336.42
Finance Act, 1994	Service Tax	The Asst. and Additional Commissioner Chennai III Commissionerate	289.83
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals ), Chennai	753.47

- (x) The Company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks.
- (xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

## HARITA SEATING SYSTEMS LIMITED

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- (xiii) The Company is not a chit/nidhi/mutual benefit fund/society and as such this clause of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. In this year, the company has sold mutual fund investments. Proper records have been maintained in respect of these transactions and contracts and timely entries have been made therein. The investments have been held by the Company in its own name.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The term loans availed by the Company were utilized for the purpose for which the loans were obtained.
- (xvii) On the basis of our examination, the Company has not used funds raised on short-term basis for long term investments.
- (xviii) During the year the Company has not allotted any shares on preferential basis to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) During the year the Company has not issued any secured debenture.
- (xx) During the year the Company has not raised any money by public issue.
- (xxi) Based on the audit procedure adopted and information and explanation given to us by the management, no fraud on or by the Company has been noticed or reported during the course of audit.

For SUNDARAM & SRINIVASAN  
CHARTERED ACCOUNTANTS  
FRN: 004207S

M BALASUBRAMANIAM  
Partner  
Membership No.F7945

Chennai  
22<sup>nd</sup> May 2014

## HARITA SEATING SYSTEMS LIMITED

### Balance Sheet as at 31<sup>st</sup> March, 2014

		(Rs. in Lakhs)		
		Note No	As at 31.03.2014	As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' Funds</b>				
(a)	Share Capital	I	776.90	776.90
(b)	Reserves and Surplus	II	3,600.02	3,250.84
<b>(2) Non-Current Liabilities</b>				
(a)	Long-term borrowings	III	84.50	644.88
(b)	Deferred tax liabilities (Net)		221.90	214.39
(c)	Other Long-term liabilities	IV	46.67	149.42
(d)	Long-term provisions	V	230.10	180.70
<b>(3) Current Liabilities</b>				
(a)	Short-term borrowings	VI	2,181.34	2,092.08
(b)	Trade payables		4,012.73	4,278.13
(c)	Other current liabilities	VII	3,511.98	2,572.82
(d)	Short-term provisions	VIII	510.69	529.31
TOTAL			<b>15,176.83</b>	<b>14,689.47</b>
<b>II. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a)	Fixed assets			
(i)	Tangible assets	IX	4,020.37	3,610.19
(ii)	Intangible assets		23.38	32.95
(iii)	Capital work-in-progress		28.43	458.16
(b)	Non-current investments	X	2,857.03	2,857.03
(c)	Long-term loans and advances	XI	769.95	337.68
(d)	Other non-current assets	XII	35.83	31.34
<b>(2) Current assets</b>				
(a)	Current investments	XIII	-	88.09
(b)	Inventories	XIV	700.81	751.89
(c)	Trade receivables	XV	5,022.96	4,691.45
(d)	Cash and cash equivalents	XVI	99.56	199.13
(e)	Short-term loans and advances	XVII	1,341.40	1,386.05
(f)	Other current assets	XVIII	277.11	245.51
TOTAL			<b>15,176.83</b>	<b>14,689.47</b>

Accounting standards, additional disclosures &  
Notes on accounts

XXVI

H LAKSHMANAN  
Chairman

C N PRASAD  
Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Regn. No: 004207S

Chennai  
22<sup>nd</sup> May 2014

A G GIRIDHARAN  
President cum Manager

N ISWARYA LAKSHMI  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No.F7945

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014**

		Note	Year ended	(Rs. in Lakhs)
		No	31.03.2014	Year ended 31.03.2013
I.	Revenue from Operations (Gross)	XIX	<b>27,383.96</b>	30,191.75
	Less: Excise duty		<b>2,371.43</b>	2,575.07
	Revenue from Operations (Net)		<b>25,012.53</b>	27,616.68
II.	Other Income	XX	<b>341.86</b>	226.18
III.	Total Revenue (I +II)		<b>25,354.39</b>	27,842.86
IV.	Expenses:			
	Cost of materials consumed	XXI	<b>18,471.10</b>	20,264.92
	Changes in inventories of finished goods and work-in-process	XXII	<b>30.42</b>	2.99
	Employee benefits expense	XXIII	<b>2,793.23</b>	2,564.76
	Finance costs	XXIV	<b>505.92</b>	559.36
	Depreciation and amortization expense			
	On Tangible assets		<b>443.94</b>	409.38
	On Intangible assets		<b>19.30</b>	12.76
	Other expenses	XXV	<b>2,501.25</b>	2,714.67
	Total Expenses		<b>24,765.16</b>	26,528.84
V.	Profit before exceptional and extraordinary items and tax (III - IV)		<b>589.23</b>	1,314.02
VI.	Exceptional Items		-	-
VII.	Profit before extraordinary items and tax (V + VI)		<b>589.23</b>	1,314.02
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII - VIII)		<b>589.23</b>	1,314.02
X.	Tax expense:			
	(1) Current tax		<b>116.00</b>	277.36
	(2) Deferred tax		<b>7.51</b>	(30.49)
XI.	Profit/(Loss) for the year from continuing operations (IX - X)		<b>465.72</b>	1,067.15
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	Profit/(Loss) from discontinuing operations (XII - XIII) after tax		-	-
XV.	Profit/(Loss) for the year (XI + XIV)		<b>465.72</b>	1,067.15
XVI.	Earnings per equity share:			
	(1) Basic (in Rs.)		<b>5.99</b>	13.74
	(2) Diluted (in Rs.)		<b>5.99</b>	13.74

Accounting standards, additional disclosures &  
Notes on accounts

XXVI

H LAKSHMANAN  
Chairman

C N PRASAD  
Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Regn. No: 004207S

Chennai  
22<sup>nd</sup> May 2014

A G GIRIDHARAN  
President cum Manager

N ISWARYA LAKSHMI  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No.F7945

**Notes on accounts**

	As at 31.03.2014		As at 31.03.2013	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
<b>I. SHARE CAPITAL</b>				
Authorised				
Equity Shares of Rs.10/- each	<u>1,00,00,000</u>	<u>1,000.00</u>	<u>1,00,00,000</u>	<u>1,000.00</u>
Issued, subscribed and fully paid up				
Equity Shares of Rs.10/- each	<u>77,69,040</u>	<u>776.90</u>	<u>77,69,040</u>	<u>776.90</u>
	<u>77,69,040</u>	<u>776.90</u>	<u>77,69,040</u>	<u>776.90</u>

**a) Reconciliation of the number of shares outstanding and the amount of share capital as at 31.03.2014 and 31.03.2013**

Particulars	As at 31.03.2014 Equity Shares		As at 31.03.2013 Equity Shares	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Shares outstanding at the beginning of the year on 01.04.2013	<u>77,69,040</u>	<u>776.90</u>	<u>77,69,040</u>	<u>776.90</u>
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year on 31.03.2014	<u>77,69,040</u>	<u>776.90</u>	<u>77,69,040</u>	<u>776.90</u>

**b) List of shareholders holding more than 5% of the share capital as on the Balance Sheet date**

Name of shareholder	As at 31.03.2014	As at 31.03.2013
	No. of Shares held	No. of Shares held
Harita Limited, Chennai	1800500	1800500
Harita Gopal Private Limited, Chennai	479900	479900
Harita Sheela Private Limited, Chennai	485000	485000
Harita Malini Private Limited, Chennai	467800	467800
Harita Venu Private Limited, Chennai	467800	467800
Mr. Martin Grammer, Germany	1087600	1087600
Horticultural and Constructions Engineers (India) Private Limited, Chennai	-	436816
Strategic Management and Marketing Consultancy Services Limited, Chennai	-	603936

- c) **Rights Attached to Equity Shares** : Shareholders are entitled to such rights as to attend meetings of the share holders, to receive dividend distributable and also have a right in residual interest in the assets of the Company. Further, share holders are entitled to right of inspection of the documents as provided in Companies Act, 1956.
- d) Details of issue of Bonus shares in the last five years preceding the date on which Balance Sheet is prepared. Nil

**Notes on accounts - (Continued)**

	<b>As at 31.03.2014</b>	Rs. in Lakhs As at 31 .03.2013
<b>II. RESERVES AND SURPLUS</b>		
<b>a. Capital Redemption Reserve</b>		
Opening Balance	<b>10.00</b>	10.00
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u><b>10.00</b></u>	<u>10.00</u>
<b>b. Other Reserves</b>		
(i) State subsidy		
Opening Balance	<b>41.10</b>	41.10
(+) Current Year receipt	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<u><b>41.10</b></u>	<u>41.10</u>
(ii) General Reserve		
Opening Balance	<b>2,249.70</b>	2,142.98
(+) Current Year Transfer	<b>23.30</b>	106.72
Closing Balance	<u><b>2,273.00</b></u>	<u>2,249.70</u>
<b>c. Surplus i.e balance as per statement of profit and loss:</b>		
Opening balance	<b>950.04</b>	213.17
(+) Net Profit for the current year	<b>465.72</b>	1,067.15
(-) Tax relating to earlier years	-	(13.74)
(-) Interim Dividend payable	<b>(116.54)</b>	(194.23)
(-) Transfer to General Reserve	<b>(23.30)</b>	(106.72)
(-) Dividend distribution tax*	-	(15.59)
Closing Balance	<u><b>1,275.92</b></u>	<u>950.04</u>
Total (a + b + c)	<u><b>3,600.02</b></u>	<u>3,250.84</u>

\* The Company has setoff its dividend distribution tax payable (in full) under Section 115-O(1A) of Income Tax Act, 1961 against the dividend distribution tax paid by subsidiary company on the dividend declared.

**Notes on accounts - (Continued)**

	<b>As at 31.03. 2014</b>	<b>Rs. in Lakhs As at 31.03.2013</b>
<b>III. LONG TERM BORROWINGS</b>		
<b>Secured</b>		
(a) Term loans		
From banks		
Term Loan - I	–	600.00
Term Loan - II	<b>73.00</b>	–
Secured by equitable mortgage of Land and buildings and first charge on all other fixed assets of the Company		
Terms of Repayment:		
(Term Loan - I Repayable Rs. 150 lakhs each quarter with the first installment due on December 2012)		
(Term Loan - II Repayable Rs. 50 lakhs each quarter with the first installment due on September 2013)		
<b>Unsecured</b>		
(b) Term loans		
i) From others	<b>11.50</b>	44.88
Interest Free Sales Tax Loan		
Terms of Repayment:		
(Repayable in 5 yearly equal instalments of Rs. 33.38 lakhs with effect from April 2010)		
Total	<u><b>84.50</b></u>	<u>644.88</u>
<b>IV. OTHER LONG-TERM LIABILITIES</b>		
(a) Long term advance from subsidiary company	<b>41.42</b>	149.42
(b) Security deposits from dealers of spares	<b>5.25</b>	–
Total	<u><b>46.67</b></u>	<u>149.42</u>
<b>V. LONG-TERM PROVISIONS</b>		
Employee benefits : Pension	<b>190.84</b>	149.69
Leave encashment	<b>39.26</b>	31.01
Total	<u><b>230.10</b></u>	<u>180.70</u>
<b>VI. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
<b>Loans repayable on demand</b>		
From banks	<b>2,181.34</b>	2,092.08
(Secured by first charge on the entire current assets of the Company present and future)		
Total	<u><b>2,181.34</b></u>	<u>2,092.08</u>



**Notes on accounts - (Continued)**

	<b>As at</b>	<b>Rs. in Lakhs</b>
	<b>31.03. 2014</b>	<b>As at</b>
		<b>31.03.2013</b>
<b>VII. OTHER CURRENT LIABILITIES</b>		
<b>Secured</b>		
(a) Current maturities of long-term debt - From Banks	<b>800.00</b>	600.00
(b) Interest accrued but not due on borrowing	<b>9.98</b>	12.85
<b>Unsecured</b>		
i) Interest Free Sales Tax Loan	<b>33.38</b>	33.38
ii) Loans repayable on demand		
(a) From Banks	<b>2,204.47</b>	724.50
(b) From Others	-	650.00
(c) Interest accrued but not due on borrowings	-	7.18
Unpaid dividends	<b>11.76</b>	10.45
<b>Other Payables</b>		
(a) Employees	<b>120.82</b>	108.49
(b) Advances from customers	<b>112.15</b>	127.62
(c) Statutory payables:		
- Tax deducted at source	<b>36.30</b>	27.27
- Value added taxes, central sales tax and service tax	<b>37.49</b>	43.65
- Others	<b>18.38</b>	20.44
(d) Other payables	<b>127.25</b>	206.99
Total	<b><u>3,511.98</u></b>	<u>2,572.82</u>
<b>VIII. SHORT-TERM PROVISIONS</b>		
(a) Employee benefits:		
Leave Encashment	<b>17.27</b>	2.02
(b) Others:		
Income tax net off advance taxes paid	-	17.15
Warranty	<b>97.32</b>	116.30
Supplier Price Increase	<b>234.15</b>	153.50
Others	<b>45.41</b>	30.52
Interim dividend payable	<b>116.54</b>	194.23
Dividend distribution tax payable	-	15.59
Total	<b><u>510.69</u></b>	<u>529.31</u>

**Notes on accounts - (Continued)**  
**IX NON CURRENT ASSETS**  
**FIXED ASSETS**

Rs. in Lakhs

Description	Tangible Assets					Intangible Assets				Total				
	Free hold Land	Lease hold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipment	Total	Software	Technical Know how	Product licence fee	Total	As at 31.03.2014	As at 31.03.2013
<b>Cost of assets</b>														
As at 01-04-2013	135.85	90.66	2,307.11	4,027.39	127.52	32.38	541.81	7,262.72	182.85	31.50	22.32	236.67	7,499.39	7,059.50
Additions	-	-	427.65	417.65	18.41	9.86	31.84	905.41	9.73	-	-	9.73	915.14	493.02
Sales/deletion	135.85	90.66	2,734.76	4,445.04	145.93	42.24	573.65	8,168.13	192.58	31.50	22.32	246.40	8,414.53	7,552.52
Total	135.85	90.66	2,734.76	4,112.49	145.85	42.24	573.26	7,835.11	192.58	31.50	22.32	246.40	8,081.51	7,499.39
<b>Depreciation/ Amortisation</b>														
Upto 31-03-2013	-	7.59	542.99	2,616.45	56.95	25.94	402.61	3,652.53	160.41	29.92	13.39	203.72	3,856.25	3,483.71
For the year	-	0.98	89.24	317.78	7.02	1.98	26.94	443.94	17.07	-	2.23	19.30	463.24	422.14
Withdrawn on assets sold / deleted	-	8.57	632.23	2,934.23	63.97	27.92	429.55	4,096.47	177.48	29.92	15.62	223.02	4,319.49	3,905.85
Total	-	8.57	632.23	2,652.95	63.90	27.92	429.17	3,814.74	177.48	29.92	15.62	223.02	4,037.76	3,856.25
<b>Written down value</b>														
As at 31-03-2014	135.85	82.09	2,102.53	1,459.54	81.95	14.32	144.09	4,020.37	15.10	1.58	6.70	23.38	4,043.75	3,643.14
As at 31-03-2013	135.85	83.07	1,764.12	1,410.94	70.57	6.44	139.20	3,610.19	22.44	1.58	8.93	32.95	3,643.14	

As at 31.03.2014

As at 31.03.2013

**Capital Work-in-Progress (At Cost)**

Building	-	397.68
Plant & Equipments	28.43	57.61
Furniture & Fixtures	-	1.49
Office Equipment	-	1.38
	<u>28.43</u>	<u>458.16</u>

**Notes on accounts - (Continued)**

	<b>As at 31.03. 2014</b>	<b>Rs. in Lakhs As at 31.03.2013</b>
<b>X. NON-CURRENT INVESTMENTS</b>		
Trade Investments (At cost)		
Unquoted:		
Investment in Equity Instruments :		
(1,02,50,000 Equity shares of Rs.10/- each per share fully paid in Harita Fehrer Limited, Chennai, a subsidiary)		
Percentage of holding - 51%	<b>2,759.00</b>	2,759.00
Other Investments (At cost)		
Unquoted:		
Life Insurance Corporation of India, Chennai		
Group annuity policy for pension to employees	<b>98.03</b>	98.03
Total	<u><b>2,857.03</b></u>	<u>2,857.03</u>
<b>XI. LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured considered good)		
Capital advances	<b>62.55</b>	37.68
Advance payment of taxes	<b>707.40</b>	300.00
Total	<u><b>769.95</b></u>	<u>337.68</u>
<b>XII. OTHER NON - CURRENT ASSETS</b>		
Unsecured, considered good - Deposits made		
Electricity Deposit	<b>18.51</b>	18.21
Telephone Deposit	<b>0.18</b>	0.18
Others	<b>17.14</b> <b>35.83</b>	12.95    31.34
Total	<u><b>35.83</b></u>	<u>31.34</u>
<b>XIII. CURRENT INVESTMENTS (at cost)</b>		
Investment in Mutual funds : (Trade and quoted)		
HDFC Standard Life Insurance, Mumbai		
- 2,24,506.77156 units in HDFC Group unit linked plan balanced managed fund (Market Value Last year is Rs.134.10 lakhs.)	-	88.09
Total	<u>-</u>	<u>88.09</u>

**Notes on accounts - (Continued)**

	<b>As at</b>	<b>Rs. in Lakhs</b>	
	<b>31.03. 2014</b>	<b>As at</b>	<b>31.03.2013</b>
<b>XIV. INVENTORIES (Valued at lower of weighted average cost or net realisable value)</b>			
a. Raw Materials and components *	<b>397.65</b>		418.10
b. Work-in-process * (Seat Assembly)	<b>152.78</b>		172.89
c. Finished goods * (Seats)	<b>149.34</b>		159.65
d. Stores and spares *	<b>1.04</b>		1.25
Total	<b><u>700.81</u></b>		<u>751.89</u>
(* As certified by Chairman of the Board)			
<b>XV. TRADE RECEIVABLES</b>			
Debts outstanding for a period exceeding six months from the due date for payment			
Unsecured			
Considered good	–	224.87	
Considered doubtful	<b><u>347.34</u></b>	<u>468.90</u>	
	<b>347.34</b>	693.77	
Less : Provision for doubtful debts	<b><u>347.34</u></b>	<u>468.90</u>	
	–		224.87
Other debts			
Considered good	<b>5,022.96</b>	4,466.58	
Considered doubtful	<b><u>121.56</u></b>	<u>–</u>	
	<b>5,144.52</b>	4,466.58	
Less : Provision for doubtful debts	<b><u>121.56</u></b>	<u>–</u>	
Total	<b><u>5,022.96</u></b>		<u>4,466.58</u>
	<b>5,022.96</b>		<u>4,691.45</u>
<b>XVI. CASH &amp; CASH EQUIVALENTS</b>			
a. Balances with banks	<b>55.79</b>		177.46
b. Cheques on hand	<b>19.49</b>		–
c. Cash on hand	<b>8.84</b>		7.58
d. Unpaid dividend (earmarked balance)	<b>11.76</b>		10.45
e. Bank deposits (Held for more than 12 months)	<b>3.68</b>		3.64
Total	<b><u>99.56</u></b>		<u>199.13</u>

## HARITA SEATING SYSTEMS LIMITED

### Notes on accounts - (Continued)

	As at 31.03. 2014	Rs. in Lakhs As at 31.03.2013
<b>XVII.SHORT-TERM LOANS &amp; ADVANCES</b>		
<b>unsecured considered good :</b>		
Employee advances	36.19	37.81
Advances to suppliers	798.52	817.21
Prepaid expenses	60.55	70.25
Income tax - Advance tax paid and tax deducted at source receivable (Net off Provisions)	165.56	266.65
Balances with statutory authorities		
Cenvat receivable	96.57	127.36
Vat set off receivable	113.10	49.20
	<u>209.67</u>	<u>176.56</u>
Other Advances	70.91	17.57
Total	<u>1,341.40</u>	<u>1,386.05</u>
<b>XVIII.OTHER CURRENT ASSETS</b>		
Claims Receivable	277.11	245.51
Total	<u>277.11</u>	<u>245.51</u>
<b>XIX. REVENUE FROM OPERATIONS</b>		
	For the year ended 31.03.2014	For the year ended 31.03.2013
a. Sale of products	26,423.78	29,386.98
b. Sale of services	78.75	78.75
c. Other operating revenues	881.43	726.02
Total	<u>27,383.96</u>	<u>30,191.75</u>
Less : Excise duty	2,371.43	2,575.07
Total	<u>25,012.53</u>	<u>27,616.68</u>
<b>XX. OTHER INCOME</b>		
a. Interest Income	8.34	12.94
b. Dividend Income (From Subsidiary Company)	102.50	-
c. Net gain on sale of investments	44.90	0.55
d. Net Foreign Exchange gain	-	66.80
e. Lease rent	138.73	137.48
f. Other non-operating income	47.39	8.41
Total	<u>341.86</u>	<u>226.18</u>

**Notes on accounts - (Continued)**

		<b>For the year ended</b>	<b>Rs. in Lakhs</b>
		<b>31.03.2014</b>	<b>For the year ended</b>
			<b>31.03.2013</b>
<b>XXI. RAW MATERIAL &amp; COMPONENTS CONSUMED</b>			
OPENING STOCK			
Raw materials	(A)	<b>418.10</b>	423.04
Purchase of raw materials and components	(B)	<b>18,450.65</b>	20,259.98
Total (C)	(A) + (B)	<b>18,868.75</b>	20,683.02
CLOSING STOCK			
Raw materials	(D)	<b>397.65</b>	418.10
Consumption	(C) - (D)	<b>18,471.10</b>	20,264.92
<b>XXII. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS</b>			
Opening Stock of Work-in-Process and Finished Goods			
Work-in-process (Seat assembly)		<b>172.89</b>	194.45
Finished goods		<b>159.65</b>	141.08
Total (A)		<b>332.54</b>	335.53
Less: Closing Stock of Work-in-Process and Finished Goods			
Work-in-process (Seat assembly)		<b>152.78</b>	172.89
Finished goods		<b>149.34</b>	159.65
Total (B)		<b>302.12</b>	332.54
Changes in Inventory (A-B)		<b>30.42</b>	2.99
<b>XXIII. EMPLOYEE BENEFIT EXPENSES</b>			
Salaries and wages		<b>2,177.69</b>	1,967.56
Leave Salary		<b>49.77</b>	11.61
Bonus		<b>50.04</b>	46.98
Contribution to Provident and other funds		<b>181.27</b>	189.67
Welfare		<b>334.46</b>	348.94
Total		<b>2,793.23</b>	2,564.76
<b>XXIV. FINANCE COST</b>			
Interest expense		<b>503.42</b>	559.36
Other borrowing costs		<b>2.50</b>	-
Total		<b>505.92</b>	559.36

**Notes on accounts - (Continued)**

	<b>For the year ended</b>	<b>Rs. in Lakhs</b>
	<b>31.03.2014</b>	<b>For the year ended</b>
		<b>31.03.2013</b>
<b>XXV. OTHER EXPENSES</b>		
Consumption of stores and spare parts	<b>56.59</b>	102.85
Power and fuel	<b>253.48</b>	263.49
Rent	<b>42.15</b>	32.02
Rates and Taxes (excluding taxes on income)	<b>21.43</b>	31.75
Repairs & Maintenance - Buildings	<b>124.96</b>	100.08
- Plant and Equipments	<b>242.81</b>	221.58
- Other assets	<b>80.60</b>	71.75
Insurance	<b>46.38</b>	40.50
Carriage outward	<b>280.15</b>	392.74
Packing charges	<b>228.03</b>	368.08
Impairment of fixed assets	<b>43.87</b>	-
Net Foreign Exchange loss	<b>2.68</b>	-
Other expenses	<b>1,061.34</b>	1,075.11
Audit fees - as auditors	<b>8.50</b>	8.50
- tax audit	<b>1.00</b>	1.00
- certification	<b>0.50</b>	0.50
- other services	<b>2.22</b>	1.95
- reimbursement of expenses	<b>4.56</b>	2.77
Total	<b><u>2,501.25</u></b>	<b><u>2,714.67</u></b>

**XXVI Accounting Standards, additional disclosures and notes on accounts**

	<b>As at/year ended</b>	<b>Rs. in Lakhs</b>
	<b>31.03.2014</b>	<b>As at/year ended</b>
		<b>31.03.2013</b>

Notes on Accounting Standards prescribed by The Institute of Chartered Accountants of India

**ACCOUNTING STANDARD (1) - Disclosure of accounting policies**

The accounts are maintained on accrual basis as a going concern.

**ACCOUNTING STANDARD (2) - Valuation of inventories**

Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at weighted average cost or net realisable value, whichever is less.

**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

	<b>As at/year ended</b>	Rs. in Lakhs
	<b>31.03.2014</b>	As at/year ended 31.03.2013
<b>ACCOUNTING STANDARD (3) - Cash flow statement</b>		
The cash flow statement is prepared under "indirect method" and the same is annexed.		
<b>ACCOUNTING STANDARD (4) -Contingencies and events occurring after the Balance Sheet date</b>		
Details regarding contested liabilities are furnished in Note No.3 and also disclosed under Accounting Standard - 29.		
<b>ACCOUNTING STANDARD (5) Net profit or loss for the period, prior period items and changes in accounting policies</b>		
Prior period Items		
- Rent	-	1.25
- Travel expenses	<b>0.61</b>	-
- Other expenses	<b>2.03</b>	-
<b>ACCOUNTING STANDARD (6) - Depreciation accounting</b>		
Depreciation has been provided under straight line method in respect of all assets other than those stated below at the rates prescribed under schedule XIV of the Companies Act, 1956 and on pro-rata basis on assets acquired/sold during the year. Depreciation in respect of the following assets have been provided higher than the rates prescribed under Schedule XIV of the Companies Act 1956. Computers 30%, Moulds 20%, Vehicles 18% & Tools & fixtures 25%.		
Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs.5,000/- has been provided at 100%.		
<b>ACCOUNTING STANDARD (7) - Construction contracts</b>	<b>Not applicable</b>	Not applicable
<b>ACCOUNTING STANDARD (8) - R &amp; D</b>		
This standard is withdrawn from 1 <sup>st</sup> April, 2003		



**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

Rs. in Lakhs

<b>As at/year ended 31.03.2014</b>	<b>As at/year ended 31.03.2013</b>
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**ACCOUNTING STANDARD (9) - Revenue recognition**

The income of the company is derived from manufacture and sale of seating systems for automotive and non automotive applications and other parts and accessories for automotive and non automotive applications.

Indigenous sales are recognised based on raising of invoices and delivery of goods thereof to the carrier.

Export sales are recognised on the basis of date of let export certificate.

The revenue and expenditure are accounted on a going concern basis.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Income from services is recognised on rendering of services and as per terms of agreement.

Dividend Income is recognised when right to receive dividend is established.

**ACCOUNTING STANDARD (10) - Accounting for fixed assets**

Fixed assets are stated at cost including expenditure incurred in bringing them to usable condition less depreciation.

**ACCOUNTING STANDARD (11) - Effects of changes in foreign exchange rates**

Purchase of imported raw materials, components, spares and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices/bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rate prevailing on the date of the Balance Sheet.

Net foreign exchange gain/(loss) shown in statement of Profit and loss.

<b>(2.68)</b>	<b>66.80</b>
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**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

Rs. in Lakhs

	<b>As at/year ended 31.03.2014</b>	As at/year ended 31.03.2013
<b>External commercial borrowings for acquisition of an asset</b>		
The amendment to Accounting Standard-11 introduced by Government of India permitting fluctuation in exchange rates in relation to acquisition of capital assets to be added to or deducted from the carrying cost of such assets is not applicable as the company did not have any external commercial borrowings for acquisition of any asset.		
The company has not entered into any transactions in derivative instruments and hence reporting on currency swapping/interest rate structure does not arise.		
<b>ACCOUNTING STANDARD (12) - Accounting for Government grants</b>		
During the year, the Company has not received any grant from Government.	-	-
<b>ACCOUNTING STANDARD (13) - Accounting for Investments</b>		
Investments are valued at cost. Provision for diminution in the carrying cost of investments is made if such diminution is other than temporary in nature in the opinion of the management. (Refer Notes XIII of the Balance Sheet)		
<b>ACCOUNTING STANDARD (14) - Accounting for amalgamation</b>	<b>Not applicable</b>	Not applicable
<b>ACCOUNTING STANDARD (15) - Employee benefits</b>		
<b>A Defined contribution plan</b>		
a) Contributions to provident fund is in the nature of defined contribution plan and are made to provident fund maintained by Government.		
<b>B Defined benefit plan</b>		
a) The Company extends defined benefit plans in the form of leave salary to employees. In addition, the Company also extends pension to senior managers. Provision for leave salary and pension is made on actuarial valuation basis.		
b) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the corporation.		

**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

Rs. in Lakhs

**As at / year ended  
31.03.2014**
**C. Disclosure as required by Accounting Standard 15**

	Leave Salary	Pension	Gratuity
a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	13.64	–	19.32
(ii) Interest cost	1.83	11.97	17.27
(iii) Expected return on plan assets	–	–	(19.76)
(iv) Net actuarial loss / (gain) recognised in the year	28.62	29.19	15.30
Total	44.09	41.16	32.13
b) Change in defined benefit obligation during the year ended 31 <sup>st</sup> March 2014			
(i) Present total value of obligation as at beginning of the year (01-04-2013)	33.02	149.68	215.93
(ii) Interest cost	1.83	11.97	17.27
(iii) Current service cost	13.64	–	19.32
(iv) Benefits paid	(20.58)	–	(17.68)
(v) Actuarial loss on obligation	28.62	29.19	15.30
(vi) Present value of obligation as at the end of the year (31-03-2014)	56.53	190.84	250.14
c) Change in fair value of plan assets during the year ended 31 <sup>st</sup> March 2014			
(i) Fair value of plan assets at the beginning of the year (01-04-2013)	–	–	232.86
(ii) Expected return on plan assets	–	–	19.76
(iii) Contribution made during the year	–	–	31.53
(iv) Benefits paid	–	–	(17.68)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2014)	–	–	266.47

**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

Rs. in Lakhs

	<b>As at/year ended 31.03.2014</b>		
<b>C. Disclosure as required by Accounting Standard 15 (continued)</b>	<b>Leave Salary</b>	<b>Pension</b>	<b>Gratuity</b>
(d) Balance Sheet movements			
(i) Value of benefit obligations/(net assets) at the beginning of the year (01-04-2013)	33.02	149.68	(16.93)
(ii) Contribution made during the year	–	–	31.53
(iii) Expenses	44.09	41.16	32.13
(iv) Benefits paid	(20.58)	–	(17.68)
(v) Value of benefit obligations/(net assets) at the end of the year 31.03.2014	56.53	190.84	(16.33)
Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income Tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	Not applicable	Not applicable	8.00%
	<b>As at/year ended 31.03.2014</b>	<b>As at/year ended 31.03.2013</b>	

**ACCOUNTING STANDARD (16) - Borrowing costs**

During the year the Company has not incurred any borrowing cost within the meaning of this Accounting Standard.

**ACCOUNTING STANDARD (17) - Segment reporting**

The operations of the entity relate to manufacture of seating system for automotive & non automotive applications, and other parts and accessories for automotive and non automotive applications. The income from sale of other parts and accessories being individually less than ten percent of total revenue, no separate disclosure is made.

**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

	<b>As at/year ended 31.03.2014</b>	Rs. in Lakhs As at/year ended 31.03.2013
<b>ACCOUNTING STANDARD (18) - Related party disclosures</b>		
<b>A) List of related parties as per Clause 3(a) of the Standard where control exists.</b>		
<b>Reporting Entity</b>	: Harita Seating Systems Limited, Chennai	
<b>Holding Companies</b>	: Nil	
<b>Subsidiary Company</b>	: Harita Fehrer Limited, Chennai (01.04.2013 to 31.03.2014)	
<b>B) List of related parties as per Clause 3(c) of the Standard</b>		
<b>Key Management Personnel</b>	: Mr.A.G.Giridharan Manager under the provisions of the Companies Act, 1956.	
<b>C) Particulars of transactions with related parties</b>		
(i) Purchases made		
Subsidiary company		
Harita Fehrer Limited, Chennai		
- Bought out items	<b>2,191.05</b>	2,503.65
- Capital goods	<b>51.05</b>	2.75
(ii) Services availed		
Subsidiary company		
Harita Fehrer Limited, Chennai		
- Interest paid	<b>24.15</b>	38.93
(iii) Sale of Materials		
Subsidiary company		
Harita Fehrer Limited, Chennai	<b>2.28</b>	-
(iv) Services rendered		
Subsidiary company		
Harita Fehrer Limited, Chennai	<b>582.28</b>	521.05
(v) Remuneration paid to Key Managerial Personnel	<b>68.46</b>	52.07
(vi) Amount outstanding as at Balance Sheet date		
Subsidiary company		
Harita Fehrer Limited, Chennai		
Trade payables	<b>780.35</b>	807.14
Other payables	<b>149.42</b>	257.42

**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

	<b>Rs. in Lakhs</b>	
	<b>As at/year ended 31.03.2014</b>	As at/year ended 31.03.2013
<b>ACCOUNTING STANDARD (19) - Accounting for leases</b>		
The Company has taken the following assets under operating lease. The lease term is 5 years.		
Plant & Equipment, Electrical Equipments.		
The details of maturity profile of future operating lease payments are furnished below:		
a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:		
- Not later than one year	<b>24.20</b>	–
- Later than one year and not later than five years	<b>86.15</b>	–
- Later than five years	–	–
b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance sheet date	<b>Not applicable</b>	Not applicable
c. Lease payments recognised in the statement of profit and loss for the period under the head Rent paid	<b>15.05</b>	–
<b>ACCOUNTING STANDARD (20) - Earnings per share</b>		
Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year		
Profit after tax	<b>465.72</b>	1,067.15
No. of equity shares	<b>77,69,040</b>	77,69,040
Face value per share (in Rs.)	<b>10.00</b>	10.00
Weighted average number of equity shares	<b>77,69,040</b>	77,69,040
Earnings Per Share (EPS) (in Rs.)	<b>5.99</b>	13.74
Diluted Earnings Per Share (in Rs.)	<b>5.99</b>	13.74
<b>ACCOUNTING STANDARD (21) - Consolidated financial statements</b>		
Consolidated financial statements of the Company and its subsidiary is enclosed.		
<b>ACCOUNTING STANDARD (22) - Accounting for taxes on income</b>		
Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax liability and asset are recognised based on timing difference.		
1 Deferred tax liability consists of:		
- tax on depreciation	<b>1,215.64</b>	1,193.32
- tax on expenses claimed on payment basis under Income Tax Act, 1961	<b>429.84</b>	411.97
	<b>(A) 1,645.48</b>	<u>1,605.29</u>

**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

	As at/year ended 31.03.2014	As at/year ended 31.03.2013
Rs. in Lakhs		
2 Deferred tax asset consists of:		
- tax on provision in respect of expenditure which will be allowed under the Income Tax Act, 1961 only on payment basis	<b>1,423.58</b>	1,390.90
(B)	<b>1,423.58</b>	1,390.90
Deferred tax liability (net of deferred tax asset) (refer Balance Sheet) (A)-(B)	<b>221.90</b>	214.39

**ACCOUNTING STANDARD (23) - Accounting for investments in associates in consolidated financial statements**
**Not applicable**

Not applicable

**ACCOUNTING STANDARD (24) - Discontinuing operations**

During the year the Company has not discontinued any of its operations.

**ACCOUNTING STANDARD (25) - Interim financial reporting**

The Company has elected to publish quarterly financial results which were subject to limited review by the statutory auditors.

**ACCOUNTING STANDARD (26) - Intangible assets**

Amortisation for intangibles has been provided as under:

(i) Software is amortised over a period of two years.		
- Estimated useful life of the asset	2 years	2 years
- Amortisation rates used	50% each year as amortization	50% each year as amortization
(ii) Technical know-how and product licence fee		
- Estimated useful life of the asset	10 years	10 years
- Amortisation rates used	10% each year as amortization	10% each year as amortization

**ACCOUNTING STANDARD (27) - Financial reporting of interest in joint venture**

Company and the Company's joint venture partner viz. M/s. F.S Fehrer Automotive GmbH, Germany (Fehrer) holds equity shares in the subsidiary Company viz. Harita Fehrer Limited, Chennai (HFRL) in the ratio of 51:49

**ACCOUNTING STANDARD (28) - Impairment of assets**

As on the balance sheet date the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of those assets other than Rs.43.87 lakhs debited to statement of profit and loss (Refer note no.XXVI).

**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

	As at/year ended 31.03.2014	As at/year ended 31.03.2013
Rs. in Lakhs		
<b>ACCOUNTING STANDARD (29) - Provisions, contingent liabilities and contingent assets</b>		
<b>1. Provisions</b>		
In respect of warranty obligations provision is made in accordance with the terms of sale of seat assemblies.		
Provision for warranty at the beginning of the year	116.30	43.43
Provided during the year	36.10	72.87
Total	<u>152.40</u>	<u>116.30</u>
Reversed during the year	55.08	—
Net Provision as on Balance Sheet date	<u>97.32</u>	<u>116.30</u>
<b>2. Contingent liabilities</b>		
The amount for which the Company is contingently liable are disclosed in Note No. 2		
<b>3. Contingent assets</b>		
Contingent assets which are likely to give rise to the possibility of inflow of economic benefits		
	Nil	Nil
<b>4. Contested liabilities</b>		
Contested liabilities are detailed in Note No.3		
<b>ACCOUNTING STANDARD (30) - Financial instruments</b>		
The Company has entered into forward contracts to hedge its risks associated with foreign currency fluctuation relating to import of raw materials. Only net exposure is hedged. The Company has no contracts for import of capital goods. The Company also does not hold derivatives for speculation purposes. The foreign exchange liabilities are restated at the prevailing rates at the year end.		
<b>2. Contingent liabilities not provided for</b>		
a. On counter guarantee furnished to bank	328.59	341.20
b. On account of bill discounting	110.94	20.31
c. Customs duty under Export Promotion Capital Goods Scheme	189.13	189.13
d. Contracts remaining to be executed on Capital Account and not provided for	152.58	34.40



**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

	As at/year ended 31.03.2014	Rs. in Lakhs As at/year ended 31.03.2013
<b>3. Liability contested and not provided for</b>		
a) Income-tax	<b>1,506.94</b>	1,506.94
b) Service tax	<b>289.83</b>	325.71
c) Central Excise	<b>336.42</b>	314.59
d) Value Added Tax	<b>323.03</b>	328.98
e) Customer Claim	<b>439.00</b>	439.00
<b>4. Sundry creditors include</b>		
a) Dues to small scale industrial undertakings	<b>155.89</b>	172.47
b) Dues to creditors other than small scale industrial undertaking	<b>3,856.84</b>	4,105.66
c) Information required under the Micro, Small and Medium Enterprises Development Act, 2006:		
The Company has written to all suppliers to ascertain if they are covered by the said Act. No information has been received in reply.		
However, the suppliers' credit terms are generally 45 days within which all payments are made. Hence, the question of payment of interest or provision thereof for belated payments does not arise.		
<b>5. Note on R&amp;D Expenditure</b>		
Revenue Expenditure	<b>452.54</b>	376.69
Capital Expenditure	<b>8.05</b>	13.67
<b>6. Other expenses include</b>		
No individual head of expense is in excess of 1% of the Revenue from operations or Rs.1,00,000/- whichever is higher.		
<b>7. Expenses, wherever applicable are inclusive of service tax at appropriate rates and net of service tax set off permissible.</b>		

**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

Rs. in Lakhs

**As at/year ended**      As at/year ended  
**31.03.2014**              31.03.2013

**8. Disclosures made in terms of Clause 32 and 41 of the Listing Agreement with Stock Exchanges**

Particulars		Name of the Company	Amount outstanding as on 31.03.2014	Maximum outstanding due at any one time during the year	Amount outstanding as on 31.03.2013
a)	Loans and advances	Harita Fehrer Limited, Chennai			
(i)	Inter corporate deposit granted to subsidiary.		Nil	Nil	Nil
(ii)	Loans and advances in the nature of loans made to associate company		Not applicable		Not applicable
(iii)	Loans and advances in the nature of loans where there is:				
	1) no repayment schedule or repayment beyond seven years		Nil	Nil	Nil
	2) no interest / rate of interest lower than the rates specified under Section 372A of the Companies Act, 1956	Nil	Nil	Nil	
iv)	Loans and advances in the nature of loans made to firms/companies in which directors of the Company are interested.	Nil	Nil	Nil	
b)	Investments by Company in subsidiary		2,759.00		2,759.00

**9. Last year's figures have been regrouped wherever necessary to conform to this year's classification.**

**I RAW MATERIALS CONSUMED**

Rs. in Lakhs

**As at/year ended**      As at/year ended  
**31.03.2014**              31.03.2013

**A. Basic raw materials**

Raw material consists Foam, Rexine, Fabrics and Frames etc. No individual raw material accounts for more than 10% of total raw material & components consumed.

**18,471.10**                      20,264.92  
**18,471.10**                      20,264.92

**B. Consumption of raw materials and components**

	% of total consumption	Value	% of total consumption	Value
a) Imported	<b>3.21</b>	<b>592.79</b>	3.49	708.23
b) Indigenous	<b>96.79</b>	<b>17,878.31</b>	96.51	19,556.69
	<b>100.00</b>	<b>18,471.10</b>	100.00	20,264.92

**XXVI Accounting Standards, additional disclosures and notes on accounts - (continued)**

**I RAW MATERIALS CONSUMED**

Rs. in Lakhs

**C. Consumption of machinery spares**

	% of total consumption	Value	% of total consumption	Value
a) Imported	–	–	–	–
b) Indigenous	<b>100.00</b>	<b>76.26</b>	100.00	82.02
	<b>100.00</b>	<b>76.26</b>	100.00	82.02

Rs. in Lakhs

**As at/year ended**  
**31.03.2014**

**As at/year ended**  
**31.03.2013**

**II IMPORTS - CIF VALUE**

a) Raw materials & components	<b>579.94</b>	711.55
b) Capital goods	<b>0.90</b>	22.33
c) Spares	<b>0.38</b>	–

**III OTHER EXPENDITURE IN FOREIGN CURRENCY**

a) Travel	<b>38.47</b>	45.67
b) Consultancy fee	<b>159.44</b>	138.50
c) Others	<b>8.27</b>	27.32

**IV EARNINGS IN FOREIGN EXCHANGE**

Exports - F.O.B	<b>2,054.28</b>	2,845.06
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**V PAYMENT TO NON-RESIDENT SHAREHOLDERS**

a) No. of non-resident shareholders	<b>1</b>	1
b) No. of shares held by non-residents	<b>10,87,600</b>	10,87,600
c) Dividend	<b>27.19</b>	38.07

**VI SALE BY CLASS OF GOODS**

Seats:

a) For automotive applications	<b>23,060.04</b>	26,700.03
b) Others	<b>992.31</b>	111.88
	<b>24,052.35</b>	26,811.91

H LAKSHMANAN  
Chairman

C N PRASAD  
Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Regn. No: 004207S

M BALASUBRAMANIAM

Chennai  
22<sup>nd</sup> May 2014

A G GIRIDHARAN  
President cum Manager

N ISWARYA LAKSHMI  
Company Secretary

Partner  
Membership No.F7945

**Cash flow statement for the year ended 31<sup>st</sup> March, 2014**

	Rs. in Lakhs	
	Year ended 31.03.2014	Year ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extra ordinary items	589.23	1,314.02
Add:		
Depreciation	463.24	422.14
Dividend income	(102.50)	–
Interest Income	(8.34)	(12.94)
(Profit)/loss on sale of assets(net)	44.51	2.94
Movement Exchange Rate fluctuations	26.82	–
Profit on sale of investments	(44.90)	–
Finance Cost	505.92	559.36
	<u>884.75</u>	<u>971.50</u>
<b>Operating profit before working capital changes</b>	<b>1,473.98</b>	<b>2,285.52</b>
Adjusted for:		
Working Capital changes		
Trade Payables	(267.02)	(34.94)
Other Current Liabilities	940.72	2.13
Short Term Provisions	91.81	127.15
Other Non current assets	(3.67)	4.24
Current Investments	–	(0.55)
Inventories	51.08	8.40
Trade Receivables	(356.71)	83.82
Short Term Loans and Advances	(56.44)	(5.71)
Other Current Assets	(31.60)	100.52
	<u>368.17</u>	<u>285.06</u>
<b>Cash generated from operations</b>	<b>1,842.15</b>	<b>2,570.58</b>
Less : Taxes paid	(439.46)	(487.23)
<b>Net cash from operating activities- (A)</b>	<b>1,402.69</b>	<b>2,083.35</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(485.41)	(949.05)
Proceeds from sale of assets	6.78	0.59
Purchase of investments	–	–
Sale of investments	132.99	–
Interest received	7.52	12.36
Dividend received	102.50	102.50
	<u>(235.62)</u>	<u>(833.60)</u>
<b>Net cash used in investing activities</b>	<b>(235.62)</b>	<b>(833.60)</b>

**Cash flow statement for the year ended 31<sup>st</sup> March, 2014 (Contd.)**

	Year ended 31.03.2014	Rs. in Lakhs Year ended 31.03.2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital	-	-
State subsidy	-	-
Long Term Borrowings (Net)	<b>(560.38)</b>	(633.39)
Long Term Provisions	<b>49.40</b>	73.16
Long Term Loans & advances	<b>(24.87)</b>	(37.68)
Other Long term liabilities	<b>(102.75)</b>	(198.51)
Short Term Borrowings	<b>89.26</b>	98.49
Finance cost paid	<b>(508.79)</b>	(557.84)
Dividend paid	<b>(208.51)</b>	(296.16)
	<b>(1,266.64)</b>	(1,551.93)
<b>Net cash used in financing activities</b>	<b>- (C)</b>	<b>(1,551.93)</b>
<b>D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>		
	<b>(99.57)</b>	(302.18)
Cash and cash equivalents at the beginning of the year	<b>199.13</b>	501.31
<b>Cash and cash equivalents at the end of the year</b>	<b>99.56</b>	199.13

Notes: 1) The above statement has been prepared in indirect method except in case of interest, direct tax, purchase and sale of investments, which have been considered on the basis of actual movement of cash.

2) Cash and Cash equivalent represents cash and bank balances.

H LAKSHMANAN Chairman	C N PRASAD Director	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 22 <sup>nd</sup> May 2014	A G GIRIDHARAN President cum Manager	M BALASUBRAMANIAM Partner Membership No.F7945
	N ISWARYA LAKSHMI Company Secretary	

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary**

(Rs. In lakhs)

S. No	Particulars	Subsidiary Company (Harita Fehrer Limited, Chennai)
(1)	(2)	(3)
1.	Financial year of the subsidiary	01.04.2013 to 31.03.2014
2.	Shares of the subsidiary held by the Company on the above date (a) Number and face value  (b) Extent of holding	1,02,50,000 Equity Shares of Rs.10 each fully paid up  51%
3.	Net aggregate amount of profits / (losses) of the subsidiary for the above financial year of the subsidiary not dealt with in the Company's account  (a) for the financial year of the subsidiary - profit / (loss)  (b) for the previous financial years since it became a subsidiary - profit / (loss)	  415.75  255.88
4.	Net aggregate amount of profits / (losses) of the subsidiary for the above financial year of the subsidiary dealt with in the Company's account  (a) for the financial year of the subsidiary - profit / (loss)  (b) for the previous financial years since it became a subsidiary - profit / (loss)	  102.50  136.54

H LAKSHMANAN  
Chairman

C N PRASAD  
Director

Chennai  
22<sup>nd</sup> May 2014

A G GIRIDHARAN  
President cum Manager

N ISWARYA LAKSHMI  
Company Secretary

# CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

## Independent Auditors' report on consolidated financial statements of Harita Seating Systems Limited, Chennai for the year ended 31<sup>st</sup> March 2014

To the Board of Directors of  
Harita Seating Systems Limited,  
"Jayalakshmi Estates"  
No.29 Haddows Road, Chennai - 600006.

We have audited the accompanying consolidated financial statements of Harita Seating Systems Limited, Chennai - 600006 ("the Company") and its subsidiary, namely Harita Fehrer Limited, Chennai which comprise of the consolidated Balance Sheet as at 31<sup>st</sup> March 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

We did not audit the financial statements of subsidiary, namely Harita Fehrer Limited, Chennai. The financial statements and other information of the said subsidiary have been audited by other auditor whose reports have been furnished to us and our opinion, in so far it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Sundaram & Srinivasan  
Chartered Accountants  
Firm Regn. No.: 0042075

M BALASUBRAMANIAM  
Partner  
Membership No.: F7945

Place : Chennai  
Date : 22<sup>nd</sup> May 2014

## CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

### Balance Sheet as at 31<sup>st</sup> March, 2014

	Note No.	As at 31.03.2014	Rs. in Lakhs As at 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	I	776.90	776.90
(b) Reserves and Surplus	II	6,467.83	5,891.31
<b>(2) Minority Interest</b>	XXVI	<b>6,226.22</b>	5,924.50
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	III	84.50	644.88
(b) Deferred tax liabilities (Net)		898.27	713.19
(c) Other Long-term liabilities	IV	5.25	–
(d) Long-term provisions	V	230.10	180.70
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	VI	2,181.34	2,735.15
(b) Trade payables		8,335.76	8,838.94
(c) Other current liabilities	VII	3,959.72	2,827.62
(d) Short-term provisions	VIII	1,344.46	1,188.45
Total		<b>30,510.35</b>	<b>29,721.64</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	IX	13,129.86	13,414.21
(ii) Intangible assets		30.99	59.11
(iii) Capital work-in-progress		79.48	494.58
(b) Non-current investments	X	173.03	173.03
(c) Deferred tax assets (net)		–	–
(d) Long-term loans and advances	XI	1,251.14	409.38
(e) Other non-current assets	XII	35.83	31.34
<b>(2) Current assets</b>			
(a) Current investments	XIII	–	88.09
(b) Inventories	XIV	2,463.91	2,290.86
(c) Trade receivables	XV	10,061.47	9,600.43
(d) Cash and cash equivalents	XVI	615.80	307.89
(e) Short-term loans and advances	XVII	2,391.73	2,607.21
(f) Other current assets	XVIII	277.11	245.51
Total		<b>30,510.35</b>	<b>29,721.64</b>

Accounting standards, additional disclosures &  
Notes on accounts

XXVII

H LAKSHMANAN  
Chairman

C N PRASAD  
Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Regn. No: 004207S

Chennai  
22<sup>nd</sup> May 2014

A G GIRIDHARAN  
President cum Manager

N ISWARYA LAKSHMI  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No.F7945



**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014**

	Note No.	For the Year ended 31.03.2014	Rs. in Lakhs For the Year ended 31.03.2013
I. Revenue from Operations	XIX	<b>51,228.24</b>	52,737.58
II. Other Income	XX	<b>149.13</b>	112.29
III. Total Revenue (I +II)		<b>51,377.37</b>	52,849.87
IV. Expenses:			
Cost of materials consumed	XXI	<b>37,196.70</b>	38,356.94
Changes in inventories of finished goods and work in process	XXII	<b>(18.49)</b>	(164.05)
Employee benefits expense	XXIII	<b>5,427.41</b>	5,127.41
Finance costs	XXIV	<b>723.05</b>	830.12
Depreciation and amortization expense			
- On Tangible assets		<b>1,319.10</b>	1,242.59
- On Intangible assets		<b>39.43</b>	40.78
Other expenses	XXV	<b>4,934.26</b>	5,265.64
Total Expenses		<b>49,621.46</b>	50,699.43
V. Profit before exceptional and extraordinary items and tax (III - IV)		<b>1,755.91</b>	2,150.44
VI. Exceptional Items (Income)		-	-
VII. Profit before extraordinary items and tax (V + VI)		<b>1,755.91</b>	2,150.44
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		<b>1,755.91</b>	2,150.44
X. Tax expense:			
(1) Current tax		<b>370.00</b>	444.88
(2) Deferred tax		<b>185.08</b>	248.33
(3) Mat Credit Entitlement		<b>12.32</b>	(167.52)
		<b>567.40</b>	525.69
XI. Profit/(Loss) for the period from continuing operations before making prior period adjustments (IX - X)		<b>1,188.51</b>	1,624.75
Prior Period Adjustment:		<b>8.31</b>	-
- Income tax		-	(56.83)
- Mat credit tax		-	431.50
- Deferred tax		-	
		<b>8.31</b>	374.67
Profit / (Loss) for the period from continuing operations		<b>1,180.20</b>	1,250.08
XII. Profit / (Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit / (Loss) from discontinuing operations after tax (XII - XIII)		-	-
XV. Profit / (Loss) for the year (XI + XIV)		<b>1,180.20</b>	1,250.08
Relating to Minority Interest		<b>400.20</b>	90.05
Relating to Parent Company		<b>780.00</b>	1,160.03
XVI. Earnings per equity share:			
(1) Basic (in Rs.)		<b>10.04</b>	14.93
(2) Diluted (in Rs.)		<b>10.04</b>	14.93
Accounting standards, additional disclosures & Notes on accounts	XXVII		

H LAKSHMANAN  
Chairman

C N PRASAD  
Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Regn. No: 004207S

Chennai  
22<sup>nd</sup> May 2014

A G GIRIDHARAN  
President cum Manager

N ISWARYA LAKSHMI  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No.F7945

Notes on accounts

	As at 31.03.2014	Rs. in Lakhs As at 31.03.2013
<b>I. SHARE CAPITAL</b>		
Authorised		
1,00,00,000 Equity Shares of Rs.10/- each	<b>1,000.00</b>	1,000.00
Issued, Subscribed & fully paid up		
77,69,040 Equity Shares of Rs.10/- each	<b>776.90</b>	776.90
Total	<b>776.90</b>	776.90
<b>II. RESERVES &amp; SURPLUS</b>		
a. Capital Redemption Reserve		
Opening Balance	<b>10.00</b>	10.00
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>10.00</b>	10.00
b. Share premium		
Opening Balance	<b>2,982.88</b>	2,982.88
(+) Current Year receipt	-	-
Closing Balance	<b>2,982.88</b>	2,982.88
c. Other Reserves (State subsidy)		
Opening Balance	<b>41.10</b>	41.10
(+) Current Year receipt	-	-
Closing Balance	<b>41.10</b>	41.10
General Reserve		
Opening Balance	<b>2,249.70</b>	2,142.98
(+) Current Year receipt	<b>104.97</b>	106.72
(-) Written Back in Current Year	-	-
Closing Balance	<b>2,354.67</b>	2,249.70
d. Surplus i.e balance as per Statement of Profit and Loss:		
Opening balance	<b>607.63</b>	(205.46)
(+) Net Profit/(Net Loss) for the current year	<b>780.00</b>	1,160.03
(-) Taxes relating to earlier years	-	(13.77)
(-) Interim Dividend payable	<b>(116.54)</b>	(194.23)
(-) Transfer to General Reserve	<b>(104.97)</b>	(106.72)
(-) Dividend Distribution Tax	<b>(86.94)</b>	(32.22)
Closing Balance	<b>1,079.18</b>	607.63
Total	<b>6,467.83</b>	5,891.31

**Notes on accounts - (continued)**

	<b>As at 31.03.2014</b>	Rs. in Lakhs As at 31.03.2013
<b>III. LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
(a) Term loans		
From Bank		
Term Loan - I	–	600.00
Term Loan - II	<b>73.00</b>	–
Secured by equitable mortgage of land and buildings at Belagondapalli village, Hosur and first charge on all other fixed assets of the Company.		
Terms of Repayment:		
(Term Loan - I Repayable - Rs.150 lakhs each quarter with the first instalment due with effect from December 2012)		
(Term Loan - II Repayable - Rs.50 lakhs each quarter with the first installment due with effect from September 2013)		
<b>Unsecured</b>		
(b) Term loans		
From Others		
Interest Free Sales Tax Loan	<b>11.50</b>	44.88
Terms of Repayment:		
(Repayable in 5 yearly equal instalments of Rs. 33.38 lakhs with effect from April 2010)		
Total	<b>84.50</b>	644.88
<b>IV. OTHER LONG-TERM LIABILITIES</b>		
Deposits - Security deposits from dealers of spares	<b>5.25</b>	–
Total	<b>5.25</b>	–
<b>V. LONG-TERM PROVISIONS</b>		
Employee benefits : Pension	<b>190.84</b>	149.69
Leave encashment	<b>39.26</b>	31.01
Total	<b>230.10</b>	180.70
<b>VI. SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
Loans repayable on demand		
From banks	<b>2,181.34</b>	2,735.15
(Secured by first charge on the entire current assets of the Company present and future)		
Total	<b>2,181.34</b>	2,735.15

**Notes on accounts - (continued)**

	<b>As at 31.03.2014</b>	Rs. in Lakhs As at 31.03.2013
<b>VII. OTHER CURRENT LIABILITIES</b>		
<b>Secured</b>		
(a) Current maturities of long-term debt - From Banks	<b>800.00</b>	600.00
(b) Interest accrued but not due on borrowing	<b>9.98</b>	12.85
<b>Unsecured</b>		
(a) Interest Free Sales Tax Loan	<b>33.38</b>	33.38
(b) Loans repayable on demand		
From Banks	<b>2,204.47</b>	724.50
From Others	-	650.00
(c) Interest accrued but not due on borrowings	-	7.18
(d) Interest accrued but due on borrowings	-	9.70
Unpaid dividends	<b>11.76</b>	10.45
<b>Other Payables</b>		
Employees	<b>120.82</b>	133.34
Advances from customers	<b>211.82</b>	254.38
Statutory payables		
- Tax deducted at source	<b>55.68</b>	44.22
- Value added taxes and central sales tax	<b>124.67</b>	182.18
- Others	<b>46.58</b>	66.43
Purchase of fixed assets	<b>40.89</b>	28.18
Other payables	<b>299.67</b>	70.83
Total	<b><u>3,959.72</u></b>	<u>2,827.62</u>
<b>VIII. SHORT-TERM PROVISIONS</b>		
Employee Benefits:		
a) Leave Encashment	<b>41.30</b>	22.14
b) Others	<b>26.28</b>	24.85
Income tax (net off advance tax paid)	<b>698.07</b>	454.24
Warranty	<b>97.32</b>	116.30
Supplier price increase	<b>234.15</b>	153.50
Others	<b>45.41</b>	175.00
Interim dividend payable	<b>116.54</b>	194.23
Dividend Distribution tax payable	<b>85.39</b>	48.19
Total	<b><u>1,344.46</u></b>	<u>1,188.45</u>

Notes on accounts - (continued)

IX NON CURRENT ASSETS  
FIXED ASSETS

Rs. in Lakhs

Description	Tangible Assets						Intangible Assets				Total				
	Land	Lease hold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipment	Total	Software	Technical Know-how	Product licence fee	Non- compete fee	Total	As at 31.03.2014	As at 31.03.2013
<b>Cost of assets</b>															
As at 01.04.2013	1,362.01	90.66	4,577.59	12,995.82	207.94	82.57	695.18	20,011.77	258.33	31.50	22.32	550.00	862.15	20,873.92	20,037.26
Add: Additions/Transfer/adjustments	-	-	429.97	581.38	18.41	18.67	37.61	1,086.04	11.31	-	-	-	11.31	1,097.35	964.66
Sub-total	1,362.01	90.66	5,007.56	13,577.20	226.35	101.24	732.79	21,097.81	269.64	31.50	22.32	550.00	873.46	21,971.27	21,001.92
Less: Sale/Deletions/adjustments	-	-	-	332.55	0.08	-	0.39	333.02	-	-	-	-	-	333.02	128.00
As at 31.03.2014	1,362.01	90.66	5,007.56	13,244.65	226.27	101.24	732.40	20,764.79	269.64	31.50	22.32	550.00	873.46	21,638.25	20,873.92
<b>Depreciation/ amortisation</b>															
upto 31.03.2013	-	7.59	824.37	5,170.34	77.40	54.82	463.04	6,597.56	209.73	29.92	13.39	550.00	803.04	7,400.60	6,198.20
Add: Depreciation for the year	-	0.98	169.03	1,080.15	12.06	12.35	44.53	1,319.10	37.20	-	2.23	-	39.43	1,358.53	1,283.28
Sub-total	-	8.57	993.40	6,250.49	89.46	67.17	507.57	7,916.66	246.93	29.92	15.62	550.00	842.47	8,759.13	7,481.48
Less: Withdrawn on sold assets	-	-	-	281.28	0.07	-	0.38	281.73	-	-	-	-	-	281.73	80.88
As on 31.03.2014	-	8.57	993.40	5,969.21	89.39	67.17	507.19	7,634.93	246.93	29.92	15.62	550.00	842.47	8,477.40	7,400.60
Written down value	<b>1,362.01</b>	<b>82.09</b>	<b>4,014.16</b>	<b>7,275.44</b>	<b>136.88</b>	<b>34.07</b>	<b>225.21</b>	<b>13,129.86</b>	<b>22.71</b>	<b>1.58</b>	<b>6.70</b>	<b>-</b>	<b>30.99</b>	<b>13,160.85</b>	<b>-</b>
31.03.2013	1,362.01	83.07	3,753.22	7,825.48	130.54	27.75	232.14	13,414.21	48.60	1.58	8.93	-	59.11	-	13,473.32

Capital Work-in-Progress (At cost)	As at 31.03.2014	As at 31.03.2013
a. Building	-	397.68
b. Plant & Equipments	60.43	94.03
c. Furniture & Fixtures	-	1.49
d. Office Equipment	19.05	1.38
Total	79.48	494.58

**Notes on accounts - (continued)**

	<b>As at 31.03.2014</b>	Rs. in Lakhs As at 31.03.2013
<b>X. NON-CURRENT INVESTMENTS</b>		
Non Trade Investments (At cost)		
Investment in Equity Instruments :		
Non-trade unquoted shares (long term fully paid)		
Green Infra Wind Energy Theni Ltd. (Formerly known as TVS Wind Energy Ltd.)	<b>75.00</b>	75.00
Other Investments (At cost)		
Unquoted:		
Life Insurance Corporation of India, Chennai		
Group annuity policy for pension to employees	<b>98.03</b>	98.03
Total	<b><u>173.03</u></b>	<u>173.03</u>
<b>XI. LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured considered good)		
Capital Advances	<b>62.55</b>	37.68
Advance payment of taxes	<b>707.40</b>	300.00
Security deposits	<b>48.77</b>	58.76
Others	<b>432.42</b>	12.94
Total	<b><u>1,251.14</u></b>	<u>409.38</u>
<b>XII. OTHER NON-CURRENT ASSETS</b>		
Unsecured, considered good : Deposits		
Electricity Deposit	<b>18.51</b>	18.21
Telephone Deposit	<b>0.18</b>	0.18
Others	<b>17.14</b>	12.95
Total	<b><u>35.83</u></b>	<u>31.34</u>
<b>XIII. CURRENT INVESTMENTS</b>		
Investment in Mutual funds :		
HDFC Standard Life Insurance, Mumbai		
- 2,24,506.77156 units in HDFC Group unit linked plan Balanced managed fund	-	88.09
(Market Value for the investment Last year Rs.134.10 lakhs.)		
Total	<b><u>-</u></b>	<u>88.09</u>

**Notes on accounts - (continued)**

	<b>As at 31.03.2014</b>	Rs. in Lakhs As at 31.03.2013
<b>XIV. INVENTORIES</b>		
<b>(Valued at lower of weighted average cost or net realisable value)</b>		
a. Raw Materials and components	<b>1,502.38</b>	1,382.28
b. Work-in-process	<b>244.83</b>	291.36
c. Finished goods	<b>505.58</b>	440.56
d. Stores and spares	<b>211.12</b>	176.66
Total	<b><u>2,463.91</u></b>	<u>2,290.86</u>
<b>XV. TRADE RECEIVABLES</b>		
Debts outstanding for a period exceeding six months from the date due for payment		
Unsecured		
Considered good	<b>24.16</b>	264.24
Considered doubtful	<b>347.34</b>	502.97
	<b><u>371.50</u></b>	<u>767.21</u>
Less : Provision for doubtful debts	<b>347.34</b>	502.97
	<b><u>24.16</u></b>	<u>264.24</u>
Other debts		
Considered good	<b>10,037.31</b>	9,336.19
Considered doubtful	<b>121.56</b>	2.28
	<b><u>10,158.87</u></b>	<u>9,338.47</u>
Less : Provision for doubtful debts	<b>121.56</b>	2.28
	<b><u>10,037.31</u></b>	<u>9,336.19</u>
Total	<b><u>10,061.47</u></b>	<u>9,600.43</u>
<b>XVI. CASH &amp; CASH EQUIVALENTS</b>		
a. Balances with banks	<b>570.16</b>	283.45
b. Cheques on hand	<b>19.49</b>	–
c. Cash on hand	<b>10.71</b>	10.35
d. Unpaid dividend (earmarked balance)	<b>11.76</b>	10.45
e. Bank deposits (Held for more than 12 months)	<b>3.68</b>	3.64
Total	<b><u>615.80</u></b>	<u>307.89</u>

**Notes on accounts - (continued)**

	<b>As at / for the year ended 31.03.2014</b>	Rs. in Lakhs As at / for the year ended 31.03.2013
<b>XVII. SHORT-TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured considered good :</b>		
Employee advances	36.19	37.81
Advances to suppliers	985.02	892.54
Prepaid expenses	92.61	130.04
Income tax - Advance tax paid and tax deducted at source receivable (Net off Provisions)	277.23	355.07
Balances with statutory authorities		
CENVAT receivable	131.21	188.03
VAT set off receivable	124.91	67.41
Other Advances	744.56	936.31
Total	<u>2,391.73</u>	<u>2,607.21</u>
<b>XVIII. OTHER CURRENT ASSETS</b>		
Claims Receivable	277.11	245.51
Total	<u>277.11</u>	<u>245.51</u>
<b>XIX. REVENUE FROM OPERATIONS</b>		
Sale of products	56,106.61	58,012.33
Other operating revenues	1,077.39	726.02
Total	57,184.00	58,738.35
Less: Excise duty	5,955.76	6,000.77
Total	<u>51,228.24</u>	<u>52,737.58</u>
<b>XX. OTHER INCOME</b>		
(a) Interest Income	12.99	13.66
(b) Net gain on sale of investments	44.90	0.55
(c) Net Foreign Exchange gain	-	66.80
(d) Other non-operating income (Net of expenses)	91.24	31.28
Total	<u>149.13</u>	<u>112.29</u>



## CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

### Notes on accounts - (continued)

		For the year ended 31.03.2014	Rs. in Lakhs For the year ended 31.03.2013
<b>XXI. RAW MATERIALS AND COMPONENTS CONSUMED</b>			
OPENING STOCK			
Raw materials	(A)	1,382.28	1,644.28
Purchase of raw materials and components	(B)	37,316.80	38,094.94
Total (C)	(A) + (B)	<u>38,699.08</u>	<u>39,739.22</u>
CLOSING STOCK			
Raw materials	(D)	1,502.38	1,382.28
Consumption	(C) - (D)	<u>37,196.70</u>	<u>38,356.94</u>
<b>XXII. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS</b>			
Opening Stock			
Work-in-process		291.36	220.11
Finished goods		440.56	347.76
Total (A)		<u>731.92</u>	<u>567.87</u>
Less: Closing Stock			
Work-in-Process		244.83	291.36
Finished Goods		505.58	440.56
Total (B)		<u>750.41</u>	<u>731.92</u>
Changes in Inventory (A - B)		<b>(18.49)</b>	(164.05)
<b>XXIII. EMPLOYEE BENEFIT EXPENSES</b>			
Salaries and wages		4,247.91	3,979.43
Leave Salary		74.84	34.98
Bonus		82.83	73.96
Contribution to Provident and other funds		279.38	285.18
Welfare expenses		742.45	753.86
Total		<u>5,427.41</u>	<u>5,127.41</u>
<b>XXIV. FINANCE COST</b>			
Interest expense		613.50	766.33
Net Loss on foreign currency transactions and translation		107.05	63.79
Other borrowing costs		2.50	-
Total		<u>723.05</u>	<u>830.12</u>

**Notes on accounts - (continued)**

	<b>For the year ended 31.03.2014</b>	Rs. in Lakhs For the year ended 31.03.2013
<b>XXV. OTHER EXPENSES</b>		
Consumption of stores and spare parts	<b>479.93</b>	591.78
Power and fuel	<b>828.57</b>	946.29
Rent	<b>44.00</b>	37.88
Rates and taxes, excluding taxes on income	<b>53.50</b>	59.30
Repairs & Maintenance - Buildings	<b>144.98</b>	118.65
- Plant and Equipments	<b>692.69</b>	626.41
- Other assets	<b>137.24</b>	128.59
Insurance	<b>67.72</b>	63.50
Carriage outward	<b>480.32</b>	627.37
Packing charges	<b>324.29</b>	468.58
Impairment of fixed assets	<b>43.87</b>	-
Net Foreign Exchange loss	<b>2.68</b>	-
Other expenses	<b>1,607.71</b>	1,571.67
Audit fees - as auditors	<b>15.50</b>	14.50
- tax audit	<b>1.50</b>	1.50
- certification	<b>0.50</b>	0.50
- other services	<b>2.72</b>	2.45
- reimbursement of expenses	<b>6.54</b>	6.67
Total	<b><u>4,934.26</u></b>	<u>5,265.64</u>
<b>XXVI. MINORITY INTEREST</b>		
Share capital	<b>984.80</b>	984.80
Share premium	<b>4,531.91</b>	4,531.91
Total	<b><u>5,516.71</u></b>	<u>5,516.71</u>
Profit up to year 2012-13	<b>407.79</b>	
Profit for the year 2013-14	<b>400.20</b>	
Less: Dividend relating to 2012-13 paid during 2013-14	<b>(98.48)</b>	407.79
Total	<b><u>6,226.22</u></b>	<u>5,924.50</u>

**XXVII. Accounting Standards, additional disclosures and notes on accounts**

**1. Consolidation of accounts**

**A. Basis of accounting**

The financial statements are prepared under the historical cost convention and comply with the applicable accounting standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

**XXVII. Accounting Standards, additional disclosures and notes on accounts - (continued)**

**1. Consolidation of accounts - (continued)**

**B. Principles of consolidation**

- (i) Consolidated financial statements relate to M/s. Harita Seating Systems Limited, Chennai and its subsidiary viz. Harita Fehrer Limited, Chennai.
- (ii) Consolidated financial statements have been prepared on the following basis:
  - the financial statements of the Company and its subsidiary have been prepared on a line by line consolidation by adding the book values of the like items of assets and liabilities as per the respective audited financial statements of the respective companies.
  - the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the manner as the Company's individual financial statements.
  - Intra - group transactions and resulting unrealised profits have been eliminated.
- (iii) The details of subsidiary company considered in the consolidated financial statements are furnished below:

a	Name of the subsidiary company	M/s. Harita Fehrer Limited, Chennai
b	Country of incorporation	India
c	Proportion of ownership(interest / voting power - in %)	51%
d	Reporting date	31.03.2014
e	Difference in reporting date	Nil

**C. Significant Accounting Policies - on consolidation:**

Accounting Standards 1 to 30 (wherever applicable) issued by the Institute of Chartered Accountants of India have been duly considered while preparing the accounts of each company and the same have been explained in detail in the notes on accounts of the respective companies. These may be referred to. The statements made therein form part of the consolidated accounts.

	<b>As at/Year ended 31.03.2014</b>	Rs. in Lakhs As at/Year ended 31.03.2013
<b>2. Contingent liabilities not provided for</b>		
a) On counter guarantee furnished to bank	<b>1,628.59</b>	1,641.20
b) On account of bill discounting	<b>110.94</b>	20.31
c) Customs duty under Export Promotion Capital Goods Scheme	<b>189.13</b>	189.13
d) Contracts remaining to be executed on Capital Account and not provided for	<b>152.58</b>	34.40
e) VAT Input credit claimed beyond the prescribed period as per Section 19(7) of the Tamil Nadu VAT Act 2006	-	7.95
<b>3. Liability contested and not provided for</b>		
a) Income Tax	<b>1,506.94</b>	1,506.94
b) Service tax	<b>289.83</b>	424.69
c) Central Excise	<b>336.42</b>	314.59
d) Value Added Tax	<b>323.03</b>	328.98
e) Customer Claim	<b>439.00</b>	439.00

## CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

### XXVII. Accounting Standards, additional disclosures and notes on accounts - (continued)

	As at/Year ended 31.03.2014	Rs. in Lakhs As at/Year ended 31.03.2013
<b>4. Sundry creditors include</b>		
a) Dues to small scale industrial undertakings	<b>507.66</b>	902.04
b) Dues of creditors other than small scale industrial undertaking	<b>7,828.10</b>	7,936.90
c) Information required under the Micro, Small and Medium Enterprises Development Act, 2006: The Company has written to all suppliers to ascertain if they are covered by the said Act. No information has been received. However, the suppliers' credit terms are generally 45 days within which all payments are made. Hence, the question of payment of interest or provision thereof for belated payments does not arise.		

#### 5. Other expenses include

No individual head of expense is in excess of 1% of the Revenue from operations or Rs.1,00,000/- whichever is higher.

6. Expenses, wherever applicable are inclusive of service tax at appropriate rates and net off service tax set off permissible.
7. Last year's figures have been regrouped wherever necessary to conform to this year's classification.

#### Related party disclosure:

##### LIST OF RELATED PARTIES

- a) Key Management Personnel  
For Harita Seating Systems Limited, Chennai : Mr. A.G. Giridharan - Manager cum President  
For Harita Fehrer Limited, Chennai : Mr. Rajesh Oommen - Manager
- b) Fellow Associate : F.S. Fehrer Automotive GmbH, Germany

#### Related party transactions

Rs. in Lakhs

Nature of transaction	For the Year ended 31.03.2014	For the Year ended 31.03.2013
<b>F.S. Fehrer Automotive GmbH, Germany</b>		
Purchases	<b>6.00</b>	27.30
Rendering of Services	<b>2.98</b>	10.54
Receipt of Services	<b>96.56</b>	107.03
Receivable	-	10.79
Payable	<b>17.57</b>	25.66

- c) Remuneration paid to Key Managerial personnel **68.46** 52.07

H LAKSHMANAN  
Chairman

C N PRASAD  
Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Regn. No: 004207S

Chennai  
22<sup>nd</sup> May 2014

A G GIRIDHARAN  
President cum Manager

N ISWARYA LAKSHMI  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No.F7945

Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

	Year ended 31.03.2014	Year ended 31.03.2013
Rs. in lakhs		
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extra ordinary items	1,755.91	2,150.44
<b>Add:</b>		
Depreciation	1,358.53	1,283.29
Preliminary expenses	-	0.08
Profit on sale of investments	(44.90)	-
Interest Income	(12.99)	(13.66)
Movement Exchange Rate fluctuations	26.82	-
Profit/(loss) on sale of assets(net)	44.51	2.94
Finance Cost	723.05	830.12
	<u>2,095.02</u>	<u>2,102.77</u>
<b>Operating profit before working capital changes</b>	<b>3,850.93</b>	<b>4,253.21</b>
<b>Adjusted for:</b>		
Working Capital changes		
Trade Payables	(504.80)	(580.92)
Other Current Liabilities	1,150.54	(256.63)
Short Term Provisions	(48.88)	280.80
Current Investments	-	(0.55)
Inventories	(173.05)	79.53
Trade Receivables	(486.24)	(244.05)
Short Term Loans and Advances	125.32	4.60
Other Non current assets	(3.67)	30.36
Other Current Assets	(31.60)	(120.71)
	<u>27.62</u>	<u>(807.57)</u>
<b>Cash generated from operations</b>	<b>3,878.55</b>	<b>3,445.64</b>
Less : Taxes paid	(464.04)	(240.98)
	<u>3,414.51</u>	<u>3,204.66</u>
<b>Net cash from operating activities - (A)</b>	<b>3,414.51</b>	<b>3,204.66</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(682.25)	(1,439.33)
Proceeds from sale of assets	6.78	44.18
Purchase of investments	-	-
Sale of investments	132.99	-
Interest received	12.17	13.08
Dividend received	-	-
	<u>(530.31)</u>	<u>(1,382.07)</u>
<b>Net cash used in investing activities - (B)</b>	<b>(530.31)</b>	<b>(1,382.07)</b>

**Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014  
(continued)**

	Year ended 31.03.2014	Rs. in lakhs Year ended 31.03.2013
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
State subsidy	-	-
Long Term Borrowings (Net)	(560.38)	(633.39)
Long Term Loans and Advances	(434.36)	(109.38)
Long Term Provisions	49.40	73.16
Other Long term liabilities	5.25	(0.51)
Short Term Borrowings	(553.81)	(258.44)
Finance cost paid	(742.80)	(827.84)
Dividend & Dividend tax paid	(339.59)	(427.24)
	<u>(2,576.29)</u>	<u>(2,183.64)</u>
<b>Net cash used in financing activities - (C)</b>	<b>(2,576.29)</b>	<b>(2,183.64)</b>
<b>D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>307.91</b>	<b>(361.05)</b>
Cash and cash equivalents at the beginning of the year	<b>307.89</b>	668.94
<b>Cash and cash equivalents at the end of the year</b>	<b>615.80</b>	<b>307.89</b>

**Notes:** 1) The above statement has been prepared in indirect method except in case of interest, direct tax, purchase and sale of investments, which have been considered on the basis of actual movement of cash.

2) Cash and Cash equivalent represents cash and bank balances.

H LAKSHMANAN  
Chairman

C N PRASAD  
Director

As per our report annexed  
For SUNDARAM & SRINIVASAN  
Chartered Accountants  
Firm Regn. No: 004207S

Chennai  
22<sup>nd</sup> May 2014

A G GIRIDHARAN  
President cum Manager

N ISWARYA LAKSHMI  
Company Secretary

M BALASUBRAMANIAM  
Partner  
Membership No.F7945

Disclosure of Information relating to subsidiary viz., Harita Fehrer Limited, Chennai as required by the Central Government under Section 212 (8) of the Companies Act, 1956

(Rs. in lakhs)			(Rs. in lakhs)		
S. No.	Particulars	Amount	S. No.	Particulars	Amount
(a)	Capital	2,009.80	(f)	Turnover including other income	28,574.59
(b)	Reserves	10,058.76	(g)	Profit before taxation	1,268.94
(c)	Total assets	19,740.27	(h)	Provision for taxation	452.20
(d)	Total liabilities	19,740.27	(i)	Profit after taxation	816.74
(e)	Details of investment	75.00	(j)	Proposed dividend	502.46





## **HARITA SEATING SYSTEMS LIMITED**

### **Registered Office**

"Jayalakshmi Estates", No. 29 (Old No.8), Haddows Road, Chennai - 600 006, Tamil Nadu, India

Tel. : 044-28272233 Fax : 044-28257121

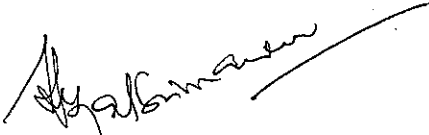
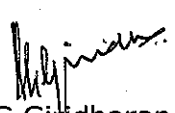
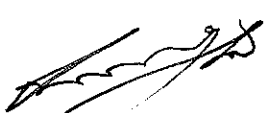
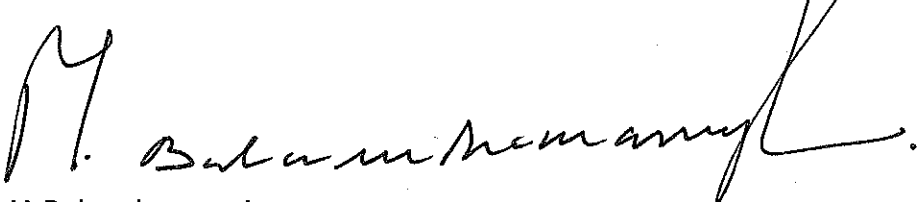
CIN : L27209TN1996PLC035293

[www.haritaseating.com](http://www.haritaseating.com)



**FORM A**

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company	Harita Seating Systems Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Annual - April to March
<p> H Lakshmanan Audit Committee Chairman</p> <p> A G Giridharan President (CEO)</p> <p> V Swaminathan General Manager - Finance (CFO)</p> <p> M Balasubramaniyam Partner Sundaram &amp; Srinivasan, Chartered Accountants Statutory Auditors of the company</p>		