

Harita Seating Systems Limited

Regd. Off : Jayalakshmi Estates, No.29 (Old No.8), Haddows Road, Chennai - 600 006, India.
Tel : +91 (44) 28272233, Fax : +91 (44) 28257121
CIN : L27209TN1996PLCO35293
E-Mail: corpsec@scl.co.in

01/01/C/01

10th August 2016

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

Scrip code: 520056

Dear Sirs,

Reg : Compliance under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the Annual Report for the financial year 2015-16 duly approved and adopted by the members of the Company at its 20th Annual General Meeting held on 8th August 2016.

Kindly acknowledge receipt.

Thanking You,

Yours faithfully,
For Harita Seating Systems Limited



V N Venkatanathan
Special Officer

HARITA SEATING SYSTEMS LIMITED

Twentieth Annual Report 2015-2016





HARITA SEATING SYSTEMS LIMITED

Board of Directors

H Lakshmanan, *Chairman*
S I Jaffar Ali
Martin Grammer
C N Prasad
L Bhadri
Sasikala Varadachari

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 Chief Executive Officer

A G Giridharan

Chief Financial Officer

A Baskar

Company Secretary

N Iswarya Lakshmi

Bankers

State Bank of India
State Bank of Mysore

Statutory Auditor

Sundaram & Srinivasan
Chartered Accountants,
New No. 4 (Old No.23), C.P. Ramasamy Road,
Alwarpet, Chennai 600 018.

Secretarial Auditor

B Chandra
Practising Company Secretary
AG 3, Ragamallika,
No. 26, Kumaran Colony Main Road,
Vadapalani, Chennai 600 026

Shares listed with

National Stock Exchange of India Ltd., Mumbai

Share Transfer Agent

Sundaram-Clayton Limited
"Jayalakshmi Estates", 1st Floor,
New No.29 (Old No.8), Haddows Road,
Chennai - 600 006
Tamil Nadu, India.
Tel. : 044 - 2828 4959
Fax : 044 - 2825 7121
E-mail : raman@scl.co.in
investorscomplaintssta@scl.co.in

Registered Office

"Jayalakshmi Estates"
No.29 (Old No.8), Haddows Road,
Chennai - 600 006, Tamil Nadu, India
Tel. : 044-2827 2233, Fax : 044-2825 7121
CIN : L27209TN1996PLC035293
E-mail : corpsec@scl.co.in
Website: www.haritaseating.com

Plant Locations

1. Belagondapalli, Thally Road,
Hosur - 635 114, Tamil Nadu, India
Tel. : 04347-233445, Fax : 04347-233460
2. Plot A2 MIDC Industrial area
Ranjangaon, Koregaon village, Shirur taluk,
Pune - 412210, Maharashtra, India
Tel. : 02138-610700
3. Plot No.553-D, 2nd Stage,
Belur Industrial Area,
Dharwad - 580 011, Karnataka, India
Tel. : +91 0836 2486625
4. Plot No.35, Sector 4,
Integrated Industrial Estate, Pantnagar,
Rudrapur, Udham Singh Nagar Dist.,
Uttarakhand - 263 153, India
Tel. : +91 5944 250889
5. Survey No.29, 30, 31,
Vellanthangal Village,
No.55, Thandalam Group,
Irrungattukottai, Sriperumpudur - 602 105
Tamil Nadu, India.
Tel : 044-67121380/381

Subsidiary company

Harita Fehrer Limited, Chennai

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HARITA SEATING SYSTEMS LIMITED

Financial Highlights

Rs. in lakhs

Details	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Statement of Profit & Loss										
Sales	15,547.33	19,104.87	19,625.18	22,356.35	24,078.27	30,664.18	27,616.68	25,012.53	27,375.54	30,781.08
Other income	149.41	271.76	196.98	893.51	153.53	225.85	226.18	341.86	643.71	973.75
Total income	15,696.74	19,376.63	19,822.16	23,249.86	24,231.80	30,890.03	27,842.86	25,354.39	28,019.25	31,754.83
Gross profit before interest, depreciation & tax	1,363.01	1,772.58	330.76	1,487.56	594.85	2,516.04	2,295.52	1,558.39	1,692.60	3,432.33
Depreciation	386.34	532.93	696.92	883.52	431.66	434.38	422.14	463.24	407.78	438.76
Profit / (Loss) before interest & tax	976.67	1,239.65	(366.16)	604.04	163.19	2,081.66	1,873.38	1,095.15	1,284.82	2,993.57
Interest	75.75	286.90	424.77	704.44	747.29	663.70	559.36	505.92	470.99	147.95
Profit / (Loss) before taxation	900.92	952.75	(790.93)	(100.40)	(584.10)	1,417.96	1,314.02	589.23	813.83	2,845.62
Profit / (Loss) after taxation	583.92	641.25	(892.09)	8.81	(509.99)	1,122.01	1,067.15	465.72	709.27	2,531.71
Balance Sheet										
Net fixed assets	4,380.64	5,546.86	7,999.88	4,705.11	4,652.63	3,577.92	4,101.30	4,072.18	4,031.81	3,470.03
Investment	350.00	437.38	259.85	2,988.76	2,759.00	2,759.00	2,857.03	2,857.03	2,857.03	2,857.03
Net current assets	1,866.44	725.77	5,217.27	900.36	1,064.00	2,374.75	2,041.49	2,983.28	1,709.84	960.34
Total	6,597.08	6,710.01	13,477.00	8,594.23	8,475.63	8,711.67	8,999.82	9,912.49	8,598.68	7,287.40
Share capital	388.45	776.90	776.90	776.90	776.90	776.90	776.90	776.90	776.90	776.90
Reserves & Surplus	2,902.57	2,930.94	2,055.78	2,072.98	1,561.79	2,407.25	3,250.84	3,600.02	4,061.93	6,109.38
Net worth	3,291.02	3,707.84	2,832.68	2,849.88	2,338.69	3,184.15	4,027.74	4,376.92	4,838.83	6,886.28
Loan funds	3,125.62	2,639.73	10,200.03	5,422.27	5,888.97	5,282.64	4,757.69	5,313.67	3,568.26	502.05
Deferred tax liability	180.44	362.44	444.29	322.08	247.97	244.88	214.39	221.90	191.59	(100.93)
Total	6,597.08	6,710.01	13,477.00	8,594.23	8,475.63	8,711.67	8,999.82	9,912.49	8,598.68	7,287.40
Earnings per share (Rs.)	15.03	^ 8.25	(11.48)	0.11	(6.56)	14.44	13.74	5.99	9.13	32.59
Dividend per share (Rs.)	4.50	2.50	–	–	–	3.50	2.50	1.50	2.50	6.00
Book Value per share (Rs.)	84.72	47.73	36.46	36.68	30.10	40.99	51.84	56.34	62.28	88.64
Return on Capital Employed %(ROCE)*	18.70	19.40	(2.69)	7.31	1.92	25.88	22.40	11.51	15.71	47.03
Return on Networth % (RONW)**	18.80	18.30	(27.28)	0.31	(19.66)	40.63	29.59	11.08	15.39	43.18
Fixed asset turnover (No. of times) #	4.63	3.85	2.90	3.52	5.15	7.45	7.19	6.12	6.76	8.21
Working capital turnover (No. of times) @	9.46	14.74	6.60	7.31	24.52	17.83	12.51	9.96	11.67	23.06
Gross profit as % of total income	8.70	9.10	1.70	6.40	2.45	8.15	8.24	6.15	6.04	10.81
Profit / (Loss) before tax as % of total income	5.70	4.90	(4.00)	(0.43)	(2.41)	4.59	4.72	2.32	2.90	8.96

Notes:

The figures from 2010-11 are based on 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 twentieth 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 Monday, the 8th August 2016 at 2.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To consider passing the following resolution as an ordinary resolution:

"RESOLVED THAT the audited balance sheet as at 31st March, 2016, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date and the consolidated financial statements, together with the directors' report and the auditors' report thereon as circulated to the Members and presented to the meeting be and the same are hereby approved and adopted."

2. To consider passing the following resolution as an ordinary resolution:

"RESOLVED THAT Mr Martin Grammer (holding DIN 00061786), director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a director of the Company".

3. To consider passing the following resolution as an ordinary resolution:

"RESOLVED THAT the re-appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, having Firm Registration No. 004207S, allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, from the conclusion of this annual general meeting till the conclusion of the next annual general meeting for the last year in the transitional period of three consecutive years as recommended by the audit committee and approved by the board of directors of the Company, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 on such remuneration, as may be mutually agreed upon between the Board and the Statutory Auditors in addition to reimbursement

of all applicable taxes, travelling and out-of-pocket expenses, be and is hereby ratified."

SPECIAL BUSINESS

4. To consider, passing the following resolution as a special resolution:

"RESOLVED THAT, subject to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act 2013) (including any statutory modification(s) or re-enactment thereof for the time being in force), as recommended by the Nomination and Remuneration Committee and the board of directors of the Company, all non-executive directors of the Company, in addition to sitting fees for attending the meetings of the board or of a committee thereof and travelling and stay expenses in connection with the board / committee meetings, such sum as commission be paid at such intervals, for each such director of the Company, as may be determined by the board of directors of the Company, from time to time, for each financial year, for a period of five years commencing from 1st April 2015, within the overall limit and calculated in accordance with the provisions of Sections 197 and 198 of the Act, 2013."

By order of the Board

Chennai
20th May 2016

N Iswarya Lakshmi
Company Secretary

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

Notes:

The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, (the Act, 2013) in respect of the special business to be transacted, as set out in the Notice is annexed hereto.

Proxy:

- 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) During the period beginning 24 hours before the time fixed for the commencement of Annual General Meeting (AGM) and ending with the conclusion of the AGM, a Member is entitled to inspect the proxies lodged, at any time during the business hours of the Company.

Unclaimed Dividend

- 3) 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.
- 4) Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed 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 is providing / hosting the required details of unclaimed amount referred to under Section 205C (2) of the Companies Act, 1956 on its website and also on the website

of the Ministry of Corporate Affairs (MCA) viz., www.iepf.gov.in.

General

- 5) With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
- 6) A Corporate Member intending to send its authorised representative to attend the Meeting in terms of Section 113 of the Act, 2013 is requested to send to the Company a certified copy of the Board Resolution / power of attorney authorizing such representative to attend and vote on its behalf at the Meeting.
- 7) Members may also note that the Notice of the AGM and the Annual Report will also be available on the Company's website viz., 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 10.00 a.m. to 12.00 Noon on all working days, from 8th July 2016 till the date of AGM.
- 8) As a measure of economy, copies of the Annual Report will not be distributed at the AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.

Members holding shares in electronic form

- 9) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) with whom they are maintaining their demat accounts.
- 10) Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP).

- 11) The Company will not entertain any direct request from such Members for deletion or change of such bank details. Instructions, if any, already given by Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form.
- 12) Electronic copy of the Annual Report and the Notice of the AGM *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 / DPs for communication purposes, unless any Member has requested for a hard copy of the same.
- 13) Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the Attendance Slips duly filled in for attending the Meeting. Members are requested to write their Client ID and DP ID numbers in the Attendance Slip for attending the Meeting and handover the Slip at the entrance of the meeting hall.
- 14) 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.

Members holding shares in physical form

- 15) Members can submit their PAN details to the Company / Share Transfer Agent (STA).
- 16) Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nomination as per Section 72 of the Act, 2013 by filling Form SH-13, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., with the Company / STA. Blank forms (SH-13) will be supplied on request.
- 17) Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

Members who have not registered their email address, physical copies of Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.
- 18) Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the Attendance Slips duly filled in for attending the Meeting. Members are requested to write their Folio Number in the Attendance Slip for attending the Meeting and handover the Slip at the entrance of the meeting hall.

Voting

- 19) The businesses set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The Members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-Voting').
- 20) The facility for voting through Ballot papers shall be made available at the venue of AGM and the Members attending the AGM who have not cast their vote by remote e-Voting shall be able to vote at the AGM.
- 21) In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
- 22) In terms of Section 108 of the Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, as amended ('the Rules') and Regulation 44 of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations 2015 [SEBI (LODR) Regulations], the Company has provided facility to exercise votes through electronic voting system, to Members holding shares as on 1st August 2016 being the "Cut-off Date" ("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of Members entitled to participate in the e-Voting process through the e-Voting platform provided by NSDL by typing the URL <https://www.evoting.nsdl.com>.

The voting rights of the Members / beneficial owners will be reckoned on the Equity Shares held by them as on 1st August 2016, i.e "Cut-off Date". Members as on the cut-off date i.e, 1st August 2016 only shall be entitled to avail the facility of remote e-Voting or Ballot paper.

The instructions for remote e-Voting are as under:

(A) For members - who receive notice of AGM through e-mail:

- i. Launch internet browser by typing the following URL:<https://www.evoting.nsdl.com>;
- ii. Enter the login credentials, i.e., User ID and Password mentioned in your email. Your Folio No. / DP ID will be your User ID. However, if you are already registered with NSDL for e-Voting, you can use your existing User ID and Password for casting your votes;
- iii. Initial Password is provided in the body of the e-mail;
- iv. After entering the details appropriately, click on LOGIN;
- v. You will reach the Password Change menu wherein you are required to mandatorily change your Password. The new Password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$ etc). It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential;

- vi. You need to login again with the new credentials;
- vii. On successful login, the system will prompt you to select the EVEN, i.e., Harita Seating Systems Limited;
- viii. On the voting page, the number of shares (which represents the number of votes) as held by the Member as on the Cut-Off-date will appear. If you desire to cast all the votes assenting / dissenting to the resolutions, then enter all the number of shares and click "FOR" / "AGAINST", as the case may be, or partially in "FOR" partially in "AGAINST" but the total number in "FOR" / "AGAINST", taken together should not exceed your total shareholding as on the 'Cut-Off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;
- ix. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account;
- x. Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;
- xi. Corporate / 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 authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail sriram.krishnamurthy@rediffmail.com, with a copy marked to evoting@nsdl.co.in;
- xii. Members can cast their vote online from 5th August 2016 (Friday) (9 a.m.) till 7th August 2016 (Sunday) (5 p.m.) through

remote e-Voting and the remote e-Voting will not be allowed beyond the aforesaid date and time. The remote e-Voting module will be disabled by NSDL for voting thereafter.

Only Members as on the Cut-Off date, attending the AGM who have not cast their vote by remote e-Voting will be able to exercise their voting right at the AGM through ballot paper.

The Members who have cast their vote by remote e-Voting prior to the AGM may also attend the AGM but will not be entitled to cast their vote again;

A person who is not a Member as on the Cut Off date should treat this Notice for information purposes only; and

- xiii. In case of any query, the Member may refer the Frequently Asked Questions (FAQs) for Members and remote e-Voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

- (B) For Members who receive the Notice of AGM in physical form:

- (i) Initial Password is provided as below / at the bottom of the Attendance Slip for the AGM.

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

- (ii) Please follow steps from Sl. No. (ii) to (xiii) under heading (A) above to vote through e-Voting platform.

- (C) General Instructions:

- (i) Members holding shares as on the "Cut-off Date" i.e., 1st August 2016 will be entitled to vote through remote e-Voting or at the venue of the AGM through ballot paper;
- (ii) The Notice of the AGM is being sent (by email where email ID is available and in physical form in other cases) to the Members holding shares of the Company as on 8th July 2016;

Where Notice is sent by email, User ID and Password are sent in the email itself. Where notice is sent in physical form, User ID and Password are printed at the bottom of the Attendance Slip for the AGM sent along with the Notice;

Shareholders who become Members of the Company, after despatch of notice and hold shares as on 1st August 2016 may obtain the User ID and Password for e-Voting by sending an email, intimating DP ID and Client ID / Folio No. to raman@scl.co.in or Member may send an e-mail request to evoting@nsdl.co.in or can vote through ballot paper distributed at the AGM;

- (iii) Mr K Sriram, Practising Company Secretary (C.P No. 2215), Chennai has been appointed by the board as scrutinizer for conducting the remote e-Voting process and voting through ballot papers at the AGM, in a fair and transparent manner;
- (iv) The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of at least two witnesses, not in employment of the Company and make, within 48 hours from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or any other director, who shall countersign the same; and
- (v) The Scrutinizer will submit his report to the Chairman, or any other director, who will declare the result of the voting. The results declared along with the Scrutinizer's report will be placed on the Company's website www.haritaseating.com & on the website of NSDL <https://www.evoting.nsdl.com> and shall also be communicated to the Stock Exchanges. All the resolutions, subject to receipt of requisite number of votes, shall be deemed to be passed at the AGM scheduled to be held on 8th August 2016.

- 23) Route-map to the venue of the Meeting is provided in the Attendance Slip.
- 24) Any query relating to financial statements must be sent to the Company's Registered Office at least seven days before the date of AGM.
- 25) In accordance with the provisions of Article 132 of the Articles of Association of the Company, Mr Martin Grammer will retire by rotation at the AGM and, being eligible, offer himself for re-election.
- 26) In terms of Regulation 36(3) of SEBI (LODR) Regulations, 2015, read with Secretarial Standards on General Meetings, a brief profile of director, who is proposed to be re-appointed in this AGM, nature of his expertise in specific functional areas, other directorships and committee Memberships, shareholdings and relationship with other directors of the Company are given below:

I. Mr Martin Grammer

Born on 5th 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 21st 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.

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 business mentioned in the accompanying notice dated 20th May 2016 and shall be taken as forming part of the notice.

Item No. 4

As per second proviso to Section 197(1) of the Act, remuneration payable to directors is permissible upto 3% of the net profits of the Company for every year where the Company does not have a managing or whole time director or manager, subject to approval of the shareholders of the Company in a general meeting.

The non-executive directors devote considerable time in deliberating the operational and other issues of the Company and provide valuable advice to the management of the Company, from time to time and the Company also derives substantial benefit through their expertise and advice. Hence, it is suggested that they be compensated by way of payment of commission.

The board, therefore, considered it expedient to recommend the payment of commission to the non-executive directors from 1st April 2015, in view of the increased involvement and participation in the meetings of committees and board.

It is therefore proposed to seek the authorization of the shareholders, by way of a resolution, in terms of Section 197 of the Act for payment of commission to non-executive directors from 1st April 2015.

The directors, therefore, recommend that the special resolution as set out in item no.4 be approved by the shareholders.

Except Mr Martin Grammer, all the other directors of the Company, are deemed to be concerned / interested in the above said resolution.

Chennai
20th May 2016

By order of the board
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 twentieth annual report and the audited accounts for the year ended 31st March 2016.

1. FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

Particulars	Year ended 31.3.2016	Year ended 31.3.2015
Sales and other income	31,754.83	28,019.25
Profit before financial costs, depreciation and amortization expenses	2,984.89	1,692.60
Less : Finance costs	147.95	470.99
Depreciation	438.76	407.78
Profit after finance costs and depreciation	2398.18	813.83
Add: Exceptional Income	447.44	—
Profit before tax	2,845.62	813.83
Less : Provision for:		
Income tax	420.00	100.00
Deferred tax	(292.52)	(4.80)
Tax relating to earlier years	186.43	9.36
Profit after tax	2,531.71	709.27
Surplus brought forward from previous year	1,790.96	1,275.92
Total	4,322.67	1,985.19
Appropriations:		
First interim dividend paid	194.23	194.23
Second interim dividend paid	271.92	—
Dividend tax paid	18.11	—
Balance carried to Balance Sheet	3,838.41	1,790.96
Total	4,322.67	1,985.19

2. DIVIDEND

The board of directors of the Company (the board) at its meeting held on 2nd November 2015, declared a first interim dividend of Rs.2.50 per share (25%) for the year 2015-16 absorbing a

sum of Rs. 212.34 lakhs including dividend distribution tax. The same was paid to the shareholders on 16th November 2015.

The board at its meeting held on 14th March 2016 declared a second interim dividend of Rs. 3.50 per share (35%) for the year 2015-16 absorbing a sum of Rs. 271.92 lakhs. The same was paid to the shareholders on 23rd March 2016.

Hence, the total amount of both dividends for the year ended 31st March 2016 aggregate to Rs. 6.00 per share (60%) absorbing a sum of Rs.484.26 lakhs on 77,69,040 equity shares of Rs.10/- each.

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 its dividend declared, to the extent available.

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

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company provides 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.

INDUSTRY STRUCTURE AND DEVELOPMENTS

In 2015-16, the economy is expected to grow at 7.4% (revised series) as against 7.3% (revised series) previous year.

The following table highlights the segment wise industry sales figures in vehicle units for the year 2015-16.

Category	2015-16 Nos.	2014-15 Nos.	Growth / (decline) %
Medium and Heavy Commercial Vehicles (M & H CV)	3,37,565	2,63,407	28.2
Light Commercial Vehicles (LCV)	4,49,828	4,38,480	2.6
Buses - M & H CV	56,176	48,817	15.1
Tractors	5,70,791	6,12,876	(6.9)

[Source: SIAM, CRISIL]

The Company registered sales at Rs.30,781.08 lakhs in 2015-16 as against Rs.27,375.54 lakhs in 2014-15. 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 before exceptional income of Rs.2,398.18 lakhs in 2015-16.

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 strengthen its position in export markets and has won significant new orders from overseas customer. The supplies are scheduled in 2016-17. As a leader in the bus passenger seats with a wide range of seats, the Company has further strengthened its position with new product launches in North India. The market has well responded to these new launches and the Company is gaining market share in this region.

A significant competitive threat is the entry of overseas competition and the Indian bus body builders getting into seat manufacturing. The Company continues to invest in strengthening the design and testing capabilities to retain the market leadership status.

The declining Tractor industry is a concern to the Company owing to the large share of domestic sales. The Company is taking steps to retain the sales growth by expanding customer base.

PRODUCT-WISE PERFORMANCE

The Company posted a growth of 12% in the overall sales. The Company's sales in the exports, commercial vehicle segment and bus passenger seats grew by 53%, 17% and 24% respectively.

BUSINESS OUTLOOK AND OVERVIEW

Indian economy is expected to grow at 7.7%-8% in 2016-17. The M&HCV segment is expected to

grow at 15% and LCV segment is expected to remain flat. Bus segment is also expected to grow at 12% in 2016-17. The tractor segment is expected to further decline in the year 2016-17.

RISKS AND CONCERNS

The low recovery in rural economy was due to poor monsoon, nominal growth in crop prices, and declined Rabi output. The Indian commercial vehicle industry has strong correlation with the agricultural growth, infrastructure development and the mining industry and is cyclical. The Company's presence in all the segments of auto industry will largely mitigate the segment specific risks.

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 significantly in the last year as against the US dollar. There may not be a major recovery in 2016-17 nor a further substantial depreciation. The Company is taking suitable forex cover to mitigate the risk in foreign exchange fluctuations.

RISK MANAGEMENT POLICY

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

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

The board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Company's Audit Committee also reviews reports by members of the management team and recommends suitable action. Risk Minimisation Policy has been approved by the board.

OPERATIONS REVIEW

a. Manufacturing:

The Company has continued its focus on having best manufacturing processes and facilities, it has also imparted 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/ Flow Management initiatives will help the Company in containing manufacturing costs.

The transfer of Nalagarh unit of the Company at Himachal Pradesh has been completed on 30th September 2015 as agreed. Profit on sale of this 2 Wheeler business is Rs. 447.44 lakhs which is shown as an exceptional profit.

For the half year ended 30th September 2015 (i.e., till date of business transfer), the Nalagarh unit generated a revenue of Rs. 7.49 Cr which is less than 3% of the total revenue of the Company for the period under review.

A new assembly facility was created in Chennai for manufacture of Commercial Vehicle driver seats and bus passenger seats for catering to the requirements of major customers of the Company located in and around Chennai and commenced its activities on 1st September 2015.

b. Quality:

The Company has taken steps to improve further, the quality of its products. The Final Product Audit (FPA) initiative taken by the Company has brought appreciation from customers. 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's 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 15th year in succession.

c. Focus on Vendor Development:

The Company continued its vendor development initiative through Visionary Small and Medium Enterprise programme.

d. Financial performance:

The financial and operational performance of the Company for the year 2015-16, as compared to the previous year 2014-15, is as follows:

Particulars	Year ended 31 st March 2016		Year ended 31 st March 2015	
	Rs. in lakhs	%	Rs. in lakhs	%
Income:				
Sales	30,781.08	96.93	27,375.54	97.70
Other Income	973.75	3.07	643.71	2.30
Total Income	31,754.83	100.00	28,019.25	100.00

Particulars	Year ended 31 st March 2016		Year ended 31 st March 2015	
	Rs. in lakhs	%	Rs. in lakhs	%
Less: Expenditure				
Raw materials and components consumed	22,040.22	69.41	20,824.24	74.32
Changes in inventories of finished goods and work-in-process	(4.44)	(0.01)	(119.92)	(0.43)
Staff cost	3,577.01	11.26	2,997.85	10.70
Stores and tools consumed	75.03	0.24	32.40	0.12
Power and fuel	233.83	0.74	257.21	0.92
Repairs and maintenance	494.50	1.56	441.13	1.57
Carriage outward & Packing expenses	647.58	2.04	589.02	2.10
Other expenses	1,706.21	5.37	1,304.72	4.66
Finance costs	147.95	0.47	470.99	1.68
Depreciation and amortization expenses	438.76	1.38	407.78	1.46
Total expenditure	29,356.65	92.45	27,205.42	97.10
Profit before exceptional items and tax	2,398.18	7.55	813.83	2.90
Add: Exceptional Item (2W business transfer profit)	447.44	1.41	—	—
Profit before tax	2,845.62	8.96	813.83	2.90
Less: Provision for taxation				
- Current tax	420.00	1.32	100.00	0.36
- Deferred tax	(292.52)	(0.92)	(4.80)	(0.02)
- Tax relating to earlier years	186.43	0.59	9.36	0.03
Profit after tax	2,531.71	7.97	709.27	2.53
EBITDA / Turnover	%	10.81		6.04
Profit before tax / Turnover	%	8.96		2.90
Return on capital employed	%	47.03		15.71
Return on net worth	%	43.18		15.39
Earnings per share in Rs.		32.59		9.13

INTERNAL CONTROLS AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded. Information provided to management is reliable and timely and statutory obligations are adhered to.

INTERNAL FINANCIAL CONTROL

The Company has an established internal financial control framework including internal controls over financial reporting, operating controls and anti-fraud framework. The framework is reviewed regularly by the management and tested by internal audit team and presented to the audit committee. Based on the periodical testing, the framework is strengthened, from time to time, to ensure

adequacy and effectiveness of Internal Financial Controls.

HUMAN RESOURCE DEVELOPMENT

The Company has achieved a good financial performance, 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 31st March 2016, the Company had 336 employees on its rolls.

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. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby stated -

- i. that in the preparation of annual accounts for the financial year ended 31st March 2016, 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 judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for 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 Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the accounts for the financial year ended 31st March 2016 on a "going concern basis.";
- v. that the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi. that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

5. CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR activities have already been textured into the Company's value system through Srinivasan Services Trust (SST), the CSR arm of the Company established by the group companies in 1996 with the vision of building self-reliant rural community.

Over 20 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

The Company is eligible to spend on their ongoing projects / programs, falling within the CSR activities specified under the Act, as mandated by the Ministry of Corporate Affairs for carrying out the CSR activities.

The Committee formulated and recommended a CSR policy in terms of Section 135 of the Act along with a list of projects / programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Based on the recommendation of the CSR Committee, the board has approved the projects / programs carried out as CSR activities by SST, having an established track record for more than the prescribed years in undertaking similar programmes / projects, constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2015-16.

During the year 2015-16, the Company had spent Rs. 15 lakhs, constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR activities through SST.

Presently, SST is working in 3,449 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering about 20,90,000 population and 4,63,500 families. Its major focus areas include Economic development, Health care, Quality education, Environment and Infrastructure.

Of the 3,449 villages, 216 villages (72,186 population and 13,480 families) have been funded by the Company during the year.

Achievements in 216 villages are:

Economic development:

- 8,523 families living in these villages have a monthly income of above Rs.15,000/-. They have financial security.
- 244 farmers groups have been formed with 3,661 members.
- Improved agriculture practices enabled 5,940 farmers owning 19,676 hectares to increase the yields than the state average by 15%.
- 7,608 families earn more than Rs 3,500/- per month through livestock.

Women empowerment:

- Formed 793 Self Help Groups. These groups have 11,412 women as members.
- Of the 11,412 members, 9,944 members are in income generation activities. They earn a minimum income of Rs. 2500/- per month.

Health care:

- 5,543 children in the age group below 5 are not malnourished.
- 18,905 women are freed from anaemia.
- 9,246 households were provided access to toilet facilities.
- The morbidity percentage reduced from 9% to 4%.
- Enrolment in anganwadis increased from 86% to 100% and attendance is 99%.
- 67 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.
- 82% involvement of mother volunteers in the functioning of anganwadis. They volunteer their time to ensure proper functioning.

Quality education:

- 100% enrolment of children in schools. There are no drop outs in the schools.
- Percentage of slow learners reduced in schools from 27% to 14%.
- Out of 104 schools, 68 schools are now model schools.
- 4,235 illiterate women out of 4,331 have been made literates.

Environment and Infrastructure:

- 8,844 households dispose solid waste through individual and common compost pits. 26 tons of vermi compost generated per month from wastes.
- Sewage water from 7,580 households disposed through soak pits, kitchen gardens and drain.
- Safe drinking water is available to 99 villages.

Community takes care of their development needs. 668 social leaders are active in this effort.

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

6. FINANCIAL PERFORMANCE AND POSITION OF THE 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 un-listed Indian subsidiary in terms of Regulation 24 read with Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations 2015), as the total turnover of the subsidiary exceeds 20% of the consolidated turnover of the Company.

During the year, HFRL achieved a turnover of Rs.36,096.66 lakhs and earned a profit after tax of Rs.1,326.44 lakhs. HFRL declared two interim dividends for the year ended 31st March 2016 aggregating to Rs.4.50 per share (45%) on 2,00,98,040 equity shares of Rs. 10/- each absorbing a sum of Rs.1,088.52 lakhs including dividend distribution tax.

The Company is fully compliant with the provisions as specified in the SEBI LODR Regulations, 2015.

7. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of the SEBI (LODR) Regulations 2015 along with a separate statement containing the salient features of the financial performance of the subsidiary.

The audited financial statements in respect of the subsidiary company will be made available to the shareholders, on receipt of a request from any shareholder of the Company and it has also been placed on the website of the Company. This will also be available for inspection by the shareholders at the registered office during the business hours.

The consolidated profit after tax of the Company and its subsidiary amounted to Rs. 3,242.67 lakhs for the financial year 2015-16 as compared to Rs.1,451.99 lakhs in the previous year.

8. DIRECTORS & KEY MANAGERIAL PERSONNEL Independent Directors (IDs)

All IDs hold office for a fixed term and are not liable to retire by rotation.

At the Annual General Meeting (AGM) held on 6th August 2014, M/s H Lakshmanan, C N Prasad and S I Jaffar Ali, were appointed as IDs for the first term of five consecutive years from the conclusion of the eighteenth AGM and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act, 2013 as determined by the board from time to time. During the year, Mr L Bhadri and Ms Sasikala Varadachari were appointed as IDs for a period of three consecutive years effective 13th October 2015 and 22nd March 2016 respectively.

On appointment, each ID has acknowledged the terms of appointment as set out in their letter of appointment. The terms cover inter alia, the duties, rights of access to information, disclosure of their interest / concern, dealing in Company's shares, remuneration and expenses, insurance and indemnity. The IDs are provided with copies of the Company's policies and charters of various committees of the board.

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

The detailed terms of appointment of IDs are disclosed on the Company's website with following link <https://www.haritaseating.com/PDF/HSSL-TermsOfAppointmentOfIDs.pdf>.

Separate meeting of Independent Directors:

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

During the year under review, a separate meeting of IDs was held on 14th March 2016 and the IDs reviewed the performance of:

- (i) non-ID viz., Mr Martin Grammer; and
- (ii) the board as a whole.

They also reviewed the performance of Chairman after taking into account the views of all Non-Executive Directors.

They also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that are necessary for the Board to effectively and reasonably perform their duties.

All the IDs were present at the meeting.

Woman director

Mrs Sujatha Balaji, director resigned from the board for personal reasons effective 31st December 2015. The Board wishes to place its deep appreciation of the services and guidance rendered by Mrs Sujatha Balaji during her tenure as director of the Company.

Ms Sasikala Varadachari was appointed as a non-executive independent director of the Company effective 22nd March 2016 in terms of Section 149 of the Act, 2013 and Regulation 17 of the SEBI LODR Regulations 2015. Hence the Company is fully compliant with the provisions relating to appointment of woman director.

Non-executive and non-independent directors (NE-NIDs)

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act 2013, two-thirds of the total number of directors i.e., excluding IDs, are liable to retire by rotation and

out of which, one-third are liable to retire by rotation at every annual general meeting.

Mr Martin Grammer, director is liable to retire by rotation, at the AGM, and being eligible, offers himself for re-appointment.

Key Managerial Personnel (KMP):

M/s A G Giridharan, President & CEO, A Baskar, Chief Financial Officer and N Iswarya Lakshmi, Company Secretary are KMPs of the Company in terms of Section 2(51) and Section 203 of the Act 2013.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee of Directors (NRC) reviews the composition of the board, to ensure that there is an appropriate mix of abilities, experience and diversity to serve the interests of all shareholders and the Company.

In accordance with the requirements under Section 178 of the Act 2013, the NRC formulated a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of (i) Directors, (ii) Key Managerial Personnel (KMP) and (iii) Senior Management Personnel (SMP) of the Company. The same was approved by the board at its meeting held on 22nd September 2014. There is no change in the Policy during the year under review.

The NRC also reviews succession planning of both SMP and board. The Company's approach in recent years is to have a greater component of performance linked remuneration for SMP.

The process of appointing a director / KMP / SMP is, that when a vacancy arises, or is expected, the NRC will identify, ascertain the integrity, qualification, appropriate expertise and experience, having regard to the skills that the candidate will bring to the board / company, and the balance of skills added to that of which the existing members hold.

The NRC will review the profile of persons and the most suitable person is either recommended for appointment by the board or is recommended to shareholders for their election. The NRC has discretion to decide whether qualification,

expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

NRC will ensure that any person(s) who is / are appointed or continues in the employment of the Company as its executive chairman, managing director, whole-time director shall comply with the conditions as laid out under Part I of Schedule V to the Act 2013.

NRC will ensure that any appointment of a person as an independent Director of the Company will be made in accordance with the provisions of Section 149 read with Schedule IV to the Act 2013 along with any other applicable provisions and SEBI LODR Regulations 2015.

Criteria for performance evaluation, disclosures on the remuneration of directors, criteria of making payments to non-executive directors have been disclosed as part of Corporate Governance Report attached herewith.

Evaluation of the board, committees and directors

In terms of Section 134 of the Act 2013 and the Corporate Governance requirements as prescribed under SEBI LODR Regulations 2015, the board reviewed and evaluated its own performance from the perspectives of Company Performance, Strategy and Implementation, Risk Management, Corporate ethics, based on the evaluation criteria laid down by the NRC.

Board

The board discussed and assessed its own composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information and the performance and reporting by the Committees viz., Audit Committee, NRC, Stakeholders Relationship Committee (SRC) and Corporate Social Responsibility Committee (CSR).

The board upon evaluation concluded that it is well balanced in terms of diversity of experience encompassing all the activities of the Company. The Company endeavour to have a diverse

board representing a range of experience at policy-making levels in business and technology, and in areas that are relevant to the Company's global activities.

The board also noted that corporate responsibility, ethics and compliance are taken seriously, and there is a good balance between the core values of the Company and the interests of stakeholders. The board satisfied with the Company's performance in all fronts viz., new product development, operations, sales and marketing, finance management, international business, employee relations and compliance with statutory / regulatory requirements and finally concluded that the board operates effectively and is closely aligned to the culture of the business.

Directors

The performance of individual directors including all independent directors assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the board cohesion. The performance evaluation of individual directors has been done by the entire board of directors, except the director concerned being evaluated, on a rotation basis.

The board noted that all directors have understood the opportunities and risks to the Company's strategy and are supportive of the direction articulated by the management team towards consistent improvement.

Committees

The performance of each committee was evaluated by the board after seeking inputs from its members on the basis of the criteria such as matters assessed against terms of reference, time spent by the committees in considering matters, quality of information received, work of each committee, overall effectiveness and decision making and compliance with the corporate governance requirements and concluded that all the committees continued to

function effectively, with full participation by all its members and the members of executive management of the Company.

The board reviewed each committee's terms of reference to ensure that the Company's existing practices remain appropriate. Recommendations from each committee are considered and approved by the board prior to implementation.

Number of board meetings held

The number of board meetings held during the financial year 2015-16 is provided as part of Corporate Governance Report prepared in terms of the SEBI LODR Regulations 2015.

9. AUDITORS

Statutory Auditors

The Company at its AGM held on 6th August 2014 appointed M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, having Firm Registration No. 004207S allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, for the transitional period of three consecutive years from the conclusion of the said AGM, subject to ratification at every AGM, at such remuneration in addition to all applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the board and the Auditors.

It is therefore proposed to re-appoint them as statutory auditors for the final year in the transitional period of three consecutive years, from the conclusion of this AGM, subject to ratification by the members at the AGM.

The Company has obtained necessary certificate under Section 141 of the Act 2013 conveying their eligibility for being statutory auditors of the Company for the year 2016-17.

The Auditors' Report for the financial year 2015-16 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditor

As per 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 secretarial and related records of the Company.

As required by Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2015-16 given by Ms B Chandra, Practising Company Secretary, Chennai for auditing the secretarial and related records is attached to this report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks.

Ms B Chandra, Practising Company Secretary, Chennai was re-appointed as Secretarial Auditors for carrying out the secretarial audit for the financial year 2016-17.

10. CORPORATE GOVERNANCE

The Company has been practicing the principles of good 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 SEBI LODR Regulations, 2015 forms part of this Annual Report.

The CEO & CFO of the Company have certified to the board on financial statements and other matters in accordance with Regulation 17 (8) of the SEBI LODR Regulations 2015 pertaining to CEO / CFO certification for the financial year ended 31st March 2016.

11. POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act, 2013 and Regulation 22 of SEBI LODR Regulations 2015, which provides a formal mechanism for all directors, employees and other stakeholders of the Company to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of conduct or ethics policy.

The policy also provides a direct access to the Chairperson of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code of Conduct.

The Policy is disclosed on the Company's website with the following link <https://www.haritaseating.com/PDF/WhistleBlowerPolicy.pdf>.

12. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Chapter V of the Act 2013, for the year ended 31st March 2016.

13. STATUTORY STATEMENTS

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I to this report, in terms of the requirements of Section 134(3)(m) of the Act 2013 read with the Companies (Accounts) Rules 2014.

Material changes and commitments

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

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

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

Annual Return

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

Employee's remuneration

Details of employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure III. In terms of first proviso to Section 136(1) of the Act 2013, the Annual Report excluding the aforesaid annexure is being sent to the shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours and any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

Comparative analysis of remuneration paid

A comparative analysis of remuneration paid to Directors and employees with the Company's performance is given as Annexure V to this report.

Details of related party transactions

Details of material related party transactions under Section 188 of the Act 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, are given in Annexure VI to this report in the prescribed form.

Details of loans / guarantees / investments made

Furnishing the details of loans, guarantees or investments under Section 186 of the Act 2013 for the financial year 2015-2016 does not arise, since the Company has not extended any guarantee or loans to other companies during the year under review.

Please refer note No. IX to Notes on accounts for the financial year 2015-16, for details of investments made by the Company.

Other laws

During the year under review, the Company has not received any complaints of sexual harassment from any of the women employees

of the Company in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.

14. 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
20th May 2016

H Lakshmanan
Chairman

Annexure - I to Directors' Report to the shareholders Information pursuant to Section 134(3)(m) of the Companies Act, 2013

A. CONSERVATION OF ENERGY

1. Measures taken in the year 2015-16

- i) Energy conservation in treatment plants by introduction of energy efficient motors.
- ii) Energy conservation by replacement of T5 light fittings to Light Emitting Diode (LED) fittings.
- iii) Introduction of timer based auto shut off system for lights in Canteen.

During the year, the Company has invested Rs.9 lakhs on variable frequency drive and other equipments as 'energy efficient measures'.

The above measures had resulted in an annual saving of Rs. 10.85 lakhs.

2. Proposed measures during the year 2016 - 17 Reduce energy consumption

- by implementing LED fittings,
- through heat recovery systems,
- through energy efficient motors in pre-treatment process,
- through Air audit and leak detection

The above measures will result in an annual saving of Rs. 20 lakhs.

3. Steps taken for utilizing alternate sources of energy

Planning to use solar thermal heating system for CED (Cathodic electro deposition coating) painting process.

4. Capital investment in Energy Conservation Equipment

The Company is planning to invest Rs.15 lakhs for electrical equipments as energy efficient measures and Rs. 20 lakhs for conserving energy by investing in Solar thermal heating.

B. TECHNOLOGY ABSORPTION FOR 2015-16

1. Specific areas in which Research & Development is carried out in the Company:

- Instructor seat proto development completed for exports market.
- Deluxe Seats developed for Western Indian market.
- Auto folding co-driver seat developed for deluxe buses.
- School Bus Seats developed under platform concept.
- Single Pan Seat productionised and commenced supplies.
- Rear suspension tractor seat developed under platform concept.

2. Benefits derived as a result of above measures:

- Entry into new segment, expanded market.
- Improved share of business in LCV bus segment.

- Entry into Europe market / new customer addition.

3. Future plan of action:

- Development of identified new technologies for Tractor, Commercial Vehicle and Bus passenger seats;
- Introduction of Product upgrade / refresh for the identified seats.
- Development of new models of seats for Lawn mowers & Garden Tractors.

Expenditure on R&D: Rs. 602.87 lakhs.

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:

- a. Price competitiveness.
 - b. Better fuel economy of vehicles
- both contributing to increase in market share.

(iii) Details relating to imported technology:

Technology imported during the last three years reckoned from the beginning of the financial year - NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Export activities during the year ended 31st March 2016 amounted to Rs. 3596.09 lakhs as against Rs.2133.74 lakhs for the year ended 31st March 2015.

1. Activities relating to export:

- During the year 2015-2016, 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 used (actual):

(Rs. in lakhs)

Foreign exchange earned : 3,596.09

Foreign exchange used : 928.70

For and on behalf of the Board

Chennai
20th May 2016

H LAKSHMANAN
Chairman

Annexure - II to Directors' Report

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31st March 2016

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L27209TN1996PLC035293
- ii) Registration Date : 24.04.1996
- iii) Name of the Company : Harita Seating Systems Limited
- iv) Category / Sub-Category of the Company : Public Company / Limited by Shares
- v) Address of the Registered office and contact details : "Jayalakshmi Estates",
No.29, Haddows Road, Chennai - 600 006
Tel. : 044 - 2827 2233
Fax : 044 - 2825 7121
- vi) Whether listed company Yes / No : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Sundaram - Clayton Limited
Share Transfer Agent
"Jayalakshmi Estates", 1st Floor,
No.29 (Old No.8), Haddows Road, Chennai - 600 006
Tel. : 044 - 2828 4959; 2827 2233
Fax : 044 - 2825 7121

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name and Description of main products / services	NIC code of the product / service HSS code	% to total turnover of the Company
1	Seats used for Motor vehicle	94012000	94.49%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section of the Companies Act, 2013
1	Harita Fehrer Limited, No.29, Haddows Road, Chennai - 600 006	U25200TN2008PLC068513	Subsidiary	51%	2(87)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 31 st March 2015)				No. of Shares held at the end of the year (as on 31 st March 2016)				Change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.	40,67,300	–	40,67,300	52.35	40,67,300	–	40,67,300	52.35	–
Foreign									
- Director	10,87,600	–	10,87,600	14.00	10,87,600	–	10,87,600	14.00	–
Total Shareholding of Promoter (A)	51,54,900	–	51,54,900	66.35	51,54,900	–	51,54,900	66.35	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	200	200	0.00	–	200	200	0.00	–
c) Insurance Companies	–	–	–	–	–	–	–	–	–
d) FIs	6,74,969	–	6,74,969	8.69	6,74,969	–	6,74,969	8.69	–
Sub-total (B)(1)	6,74,969	200	6,75,169	8.69	6,74,969	200	6,75,169	8.69	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	4,35,197	5,210	4,40,407	5.66	4,89,933	3,880	4,93,813	6.36	0.70
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	10,20,614	4,09,533	14,30,147	18.41	10,01,241	3,50,497	13,51,738	17.40	(1.01)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	47,457	–	47,457	0.61	80,635	–	80,635	1.03	0.42
c) Others (specify)									
(c-i) Directors & relatives	2,020	–	2,020	0.03	2,020	–	2,020	0.03	–
(c-ii) NRI Repatriable	13,382	–	13,382	0.17	8,373	–	8,373	0.11	(0.06)
(c-iii) NRI-Non Repatriable	5,558	–	5,558	0.08	2,392	–	2,392	0.03	(0.05)
Sub-total (B)(2)	15,24,228	4,14,743	19,38,971	24.96	15,84,594	3,54,377	19,38,971	24.96	–
Total Public Shareholding (B)= (B)(1)+ (B)(2)	21,99,197	4,14,943	26,14,140	33.65	22,59,563	3,54,577	26,14,140	33.65	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	73,54,097	4,14,943	77,69,040	100.00	74,14,463	3,54,577	77,69,040	100.00	–

HARITA SEATING SYSTEMS LIMITED

(ii) Shareholding of Promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year 01.04.2015			Shareholding at the end of the year 31.03.2016			% change in shareholding during the year
		No. of shares	% to total shares of the Company	% of shares Pledged / Encumbered to total shares	No. of shares	% to total shares of the Company	% of shares Pledged / Encumbered to total shares	
1	Harita Limited	18,00,500	23.18	–	18,00,500	23.18	–	–
2	Harita Financial Services Limited	2,92,700	3.77	–	2,92,700	3.77	–	–
3	Harita Gopal Private Limited	4,79,900	6.18	–	4,79,900	6.18	–	–
4	Harita Sheela Private Limited	4,85,000	6.24	–	4,85,000	6.24	–	–
5	Harita Malini Private Limited	4,67,800	6.02	–	4,67,800	6.02	–	–
6	Harita Venu Private Limited	4,67,800	6.02	–	4,67,800	6.02	–	–
7	Harita Cheema Private Limited	27,000	0.35	–	27,000	0.35	–	–
8	Harita Prema Private Limited	27,000	0.35	–	27,000	0.35	–	–
9	Harita Balaji Private Limited	9,800	0.13	–	9,800	0.13	–	–
10	Harita Srinivasan Private Limited	9,800	0.13	–	9,800	0.13	–	–
11	Mr Martin Grammer (Director)	10,87,600	14.00	–	10,87,600	14.00	–	–
	Total	51,54,900	66.35	–	51,54,900	66.35	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change) - N.A

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Opening Balance (% of share capital)	Date of increase or decrease (Benpos date)	Reason for increase or decrease	No. of shares	% to total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% to total shares of the Company	No. of shares	% to total shares of the Company

Leather Crafts (India) Private Limited

3,65,000 (4.70)	01-04-2015							
	10-04-2015	Transfer / Purchase	250	1.00	3,65,250	4.70		
	17-04-2015	Transfer / Purchase	500	0.01	3,65,750	4.71		
	24-04-2015	Transfer / Purchase	111	0.00	3,65,861	4.71		
	01-05-2015	Transfer / Purchase	889	0.01	3,66,750	4.72		
	12-06-2015	Transfer / Purchase	150	0.00	3,66,900	4.72		
	19-06-2015	Transfer / Purchase	50	0.00	3,66,950	4.72		
	24-07-2015	Transfer / Sale	111	0.00	3,66,839	4.72		
	30-07-2015	Transfer / Sale	1,839	0.02	3,65,000	4.70		
	31-03-2016						3,65,000	4.70

HARITA SEATING SYSTEMS LIMITED

Opening Balance (% of share capital)	Date of increase or decrease (Benpos date)	Reason for increase or decrease	No. of shares	% to total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% to total shares of the Company	No. of shares	% to total shares of the Company

The Indiaman Fund (Mauritius) Limited

3,49,962 (4.50)	01-04-2015						3,49,962	4.50
	31-03-2016							

Aquarius India Opportunities Fund

3,25,007 (4.18)	01-04-2015						3,25,007	4.18
	31-03-2016							

Ashwani Kumar

NIL	01-04-2015						27,900	0.36
	14-08-2015	Transfer / Purchase	14,850	0.19	14,850	0.19		
	23-10-2015	Transfer / Purchase	13,050	0.17	27,900	0.36		
	31-03-2016							

India Infoline Limited

NIL	01-04-2015						18,714	0.24
	31-03-2016	Transfer / Purchase	18,714	0.24	18,714	0.24		
	31-03-2016							

Motilal Oswal Securities Ltd - Derivatives Margin

951 (0.01)	01-04-2015						16,500	0.21
	24-04-2015	Transfer / Sale	675	0.01	276	0.00		
	10-07-2015	Transfer / Sale	51	0.00	225	0.00		
	24-07-2015	Transfer / Sale	225	0.00	0	0.00		
	28-08-2015	Transfer / Purchase	605	0.01	605	0.01		
	30-10-2015	Transfer / Purchase	80	0.00	685	0.01		
	06-11-2015	Transfer / Sale	500	0.01	185	0.00		
	13-11-2015	Transfer / Sale	105	0.00	80	0.00		
	05-02-2016	Transfer / Sale	80	0.00	0	0.00		
	31.03.2016	Transfer / Purchase	16,500	0.21	16,500	0.21		
	31-03-2016							

Ambit Capital Private Limited

NIL	01-04-2015						16,201	0.21
	31-03-2016	Transfer / Purchase	16,201	0.21	16,201	0.21		
	31-03-2016							

Nikunj Dhanvantrai Mehta / Hetal Nikunj Mehta

14,435 (0.19)	01-04-2015						14,435	0.19
	31-03-2016							

Madhukanta Dhanvantrai Mehta

11,000 (0.14)	01-04-2015						11,000	0.14
	31-03-2016							

HARITA SEATING SYSTEMS LIMITED

Opening Balance (% of share capital)	Date of increase or decrease (Benpos date)	Reason for increase or decrease	No. of shares	% to total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% to total shares of the Company	No. of shares	% to total shares of the Company

Mallika Srinivasan

10,800 (0.14)	01-04-2015						10,800	0.14
	31-03-2016							

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

Name of the Director / KMP (M/s.)	Opening Balance (% to share capital)	Date of Dealing	Purchase / Sale	No. of shares	% to total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% to total shares of the Company	No. of shares	% to total shares of the Company
H Lakshmanan	2,020	—	—	—	0.03	—	—	2,020	0.03
C N Prasad	—	—	—	—	—	—	—	—	—
S I Jaffar Ali	—	—	—	—	—	—	—	—	—
Martin Grammer	10,87,600	—	—	—	14.00	—	—	10,87,600	14.00
L Bhadri	—	—	—	—	—	—	—	—	—
Sasikala Varadachari	—	—	—	—	—	—	—	—	—
A G Giridharan	—	—	—	—	—	—	—	—	—
A Baskar	—	—	—	—	—	—	—	—	—
N Iswarya Lakshmi	—	—	—	—	—	—	—	—	—

V. INDEBTEDNESS

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

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	2,479	1,088	3,567
ii) Interest due but not paid	1	—	1
iii) Interest accrued but not due	—	—	—
Total (i)	2,480	1,088	3,568
Change in Indebtedness during the financial year			
• Addition	—	2,280	2,280
• Reduction	(2,308)	(3,038)	(5,346)
Net Change (ii)	(2,308)	(758)	(3,066)
Indebtedness at the end of the financial year			
i) Principal Amount	172	330	502
ii) Interest due but not paid	—	—	—
iii) Interest accrued but not due	—	—	—
Total (i + ii)	172	330	502

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager: Not Applicable

B. Remuneration to other Directors:

(Rs. in lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
	HL	CNP	SIJ	LB	SKV	
Independent Directors						
Fee for attending board / committee meetings	1.05	1.05	0.95	0.15	0.05	3.25
Commission	–	–	9.00	–	–	9.00
Total (1)	1.05	1.05	9.95	0.15	0.05	12.25
	MG	SJB(*)				
Other Non-Executive Directors						
Fee for attending board / committee meetings	0.20	0.15				0.35
Commission	–	–				–
Total (2)	0.20	0.15				0.35
Total Managerial Remuneration = (1) + (2)	1.25	1.20	9.95	0.15	0.05	12.60
Overall Ceiling as per the Act						29.59

HL - Mr H Lakshmanan, CNP - Mr C N Prasad, SIJ - Mr S I Jaffar Ali, LB - Mr L Bhadri, SKV - Ms Sasikala Varadachari, MG - Mr Martin Grammer, SJB - Mrs Sujatha Balaji

(*) Resigned w.e.f. 31.12.2015

C. Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	CFO	CS	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	95.14	37.02	6.23	138.39
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.07	–	–	0.07
	(c) Profits in lieu of salary under Section 17(3) Income tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission - as % of profit - others, specify	–	–	–	–
5.	Others, please specify	–	–	–	–
	Total	95.21	37.02	6.23	138.46

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

Annexure - IV to Directors' Report

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

1. A brief outline of the Company's CSR Policy:

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

2. Overview of projects or programs proposed to be undertaken:

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

3. Web-link to the CSR Policy and projects or programs - <http://www.haritaseating.com/PDF/CSRPolicyHSSL.pdf>.

4. Composition of the CSR Committee consists of the following independent directors.

#	Name of the Director (M/s.)	Status
1.	H Lakshmanan	Chairman
2.	C N Prasad	Member
3.	S I Jaffar Ali	Member

5. Average net profit of the Company for last three financial years Rs. 7.35 crores

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 15 lakhs

7. Details of CSR spent during the financial year

(a) Total amount spent for the financial year Rs. 15 lakhs

(b) Amount unspent, if any Not Applicable

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

1	Name of the Implementing Agency	Srinivasan Services Trust (SST) Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006, Tamil Nadu Phone No: 044-2827 2233 mail id: sst@scl.co.in
2	CSR Project or activity identified	<ul style="list-style-type: none"> Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; Promoting Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and Rural development projects
3	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure
4	Areas in which Projects / Programmes undertaken:	Shirur Block, Pune

HARITA SEATING SYSTEMS LIMITED

5	Local Area / Others: State & District :	Pune, Maharashtra
	Amount of outlay (budget) project or program-wise:	Rs.55 lakhs
6	Amount spent on the projects or programs Sub heads: Direct expenses on projects / programs	Rs.53.58 lakhs Rs.51.36 lakhs (including contribution of the Company of Rs.15 lakhs)
	Overheads	Nil
7	Cumulative expenditure upto the reporting period	Rs.51.36 lakhs (including contribution of the Company of Rs.15 lakhs)

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

- Not applicable -

To discharge the duties cast under provisions of the Act 2013, members of the CSR Committee visit places where SST is doing services.

For and on behalf of the Board

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

Chennai
20th May 2016

H LAKSHMANAN
Chairman of CSR Committee

Annexure - V to Directors' Report
Comparative analysis of remuneration paid to directors and employees with the Company's performance

1	None of the directors is receiving remuneration from the Company. Hence the disclosures about ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2014-15 does not arise				
	Name of the KMP (M/s.)	Designation	% increase in remuneration	Company Performance (EBITDA)	
2	A G Giridharan	CEO	15	76%	
	A Baskar	CFO	8		
3	The percentage increase in the median remuneration of employees in the financial year;				24%
4	The number of permanent employees on the rolls of company;				336
5	The explanation on the relationship between average increase in remuneration and company performance;		Company Performance (EBITDA)		76%
			Average increase in remuneration		19%
6	Variations in the market capitalisation of the Company, price earnings ratio and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer	Details as on 31 st March	2014-15	2015-16	Increase
		No. of Shares	7769040	7769040	0
		Share Price NSE	170.4	436.7	156%
		EPS	9.13	32.59	257%
		PE Ratio (based on audited results)	19	13	-32%
		Company's Market Cap (Rs. in Cr.)	132.38	339.27	156%
		The Company has not made any public offer till date, since its incorporation. Its shares were listed on Stock Exchanges due to a scheme of amalgamation of the erstwhile listed company, namely Harita Grammer Limited and an erstwhile unlisted company namely Roloforms Polymer Limited, sanctioned by the Hon'ble High Court of Madras vide its order dated 25 th November 1996.			
7	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2015-16				19 %
	b. Average percentile increase in the managerial remuneration in the financial year 2014-15				Not Applicable
8	The key parameters for any variable component of remuneration availed by the directors;				Not Applicable
9	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and				Not Applicable
10	Affirmation that the remuneration is as per the remuneration policy of the company.				Remuneration paid during the year 2015-16 is as per the Remuneration Policy of the Company

Annexure - VI to Directors' Report

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

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

NIL

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

(a)	Name of the related party	Harita Fehrer Limited
(b)	Nature of relationship	Subsidiary
(c)	Duration of the contracts / arrangements / transactions	2015-16
(d)	Date (s) of approval by the Board, if any:	19 th May 2015 and 11 th February 2016

Nature of contracts / arrangements / transactions	Goods / Services	Salient terms of the contracts or arrangements or transactions	Amount of contract or arrangement (Rs. in lakhs)
Sale	Rexine	Purchase price	4.46
Purchase	Foams	Cost plus Mark-up	3,105.09
Services availed	Lease rent	–	121.46
Rendering of services	Electricity, Man power, Rent, Telephone, Management service charges, salary, canteen and Lease rent	At Cost	612.00

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 31st March 2016 the total strength of the board consists of six directors. All the directors are non-executive directors. Out of the six non-executive directors, five directors are independent directors.

Chairman is a non-executive and independent director(NE-ID). The number of independent directors is more than one third of its total strength. During the year, Mr L Bhadri and Ms Sasikala Varadachari were appointed as Non-executive Independent Directors of the Company for a period of three consecutive years effective 13th October 2015 and 22nd March 2016 respectively, with the approval of shareholders through the process of postal ballot.

Ms Sujatha Balaji, director, resigned from the board for personal reasons effective 31st December 2015.

The composition of the Company's board is in conformity with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations).

Mr H Lakshmanan, Mr C N Prasad and Mr S I Jaffar Ali, Non - Executive Independent Directors (NE-ID) was appointed by the shareholders at the annual general meeting held on 6th August 2014 for a term of five consecutive years.

None of the NE-IDs of the Company serve as NE-ID in more than seven listed companies.

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 Companies Act, 2013 (the Act 2013) read with the relevant rules made thereunder, now facilitates the participation of a director in the board / committee meetings through video conferencing or other audio visual means. Accordingly, the option to participate in the meetings through video conferencing was made available for the directors.

The Company regularly places, before the board for its review, all the information as required under Part A of Schedule II to SEBI LODR Regulations 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, information on recruitment and remuneration of senior officers just below the level of board, any significant development in human resources / industrial relations, show cause, demand and prosecution notices and penalty notices which are materially important, 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 alongwith back ground 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, marketing strategy, Risk Management, Internal Financial Control, etc in board / audit committee meetings.

During the year 2015-2016, the board met five times on 19th May 2015, 6th August 2015, 2nd November 2015, 11th February 2016 and 14th March 2016 and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting, as per the applicable provisions of the Act 2013 and Regulation 25(3) of SEBI LODR Regulations.

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 6th August 2015 and also the number of other directorships and committee memberships / chairmanships as on 31st March 2016 are as follows:

Name of the Director / DIN (M/s)	Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
		Board Meetings	Last Annual General Meeting	Other directorships**	Committee memberships@	Committee chairmanships
H Lakshmanan (DIN 00057973)	NE-ID	5	Yes	13	3	1
S I Jaffar Ali (DIN 00058955)	NE-ID	4	Yes	1	1	–
C N Prasad (DIN 01950656)	NE-ID	5	No	5	–	–
Martin Grammer (DIN 00061786)	NE-NID	4	Yes	–	–	–
Sujatha Balaji (*) (DIN 03486129)	NE-NID	3	Yes	–	–	–
L Bhadri (\$) (DIN 06829886)	NE-ID	3	N.A	6	5	–
Sasikala Varadachari (#) (DIN 07132398)	NE-ID	1	N.A	5	4	–

* Ceased to be a director of the Company effective 31st December 2015.

\$ Appointed as a non-executive independent director of the Company effective 13th October 2015.

Appointed as a non-executive independent director of the Company effective 22nd March 2016.

** Includes private companies and bodies corporate.

@ Includes committees where the director is also Chairman.

NE-ID Non Executive - Independent director

NE-NID 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 five committees across all the companies in which they are directors. Chairmanships / memberships of committees include only audit and stakeholders relationship committees as covered under Regulation 26 of SEBI LODR Regulations, as per the disclosures made by the directors.

2.4 Access to information and updation to directors:

The board reviews all the information provided periodically for discussion and consideration at its meetings in terms of SEBI LODR Regulations. 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 functional heads, by the audit committee / board. The board also reviews the declarations made by the chief executive officer and the company secretary regarding compliance of all applicable laws on quarterly basis. Decisions taken at the meetings of the board / committees are communicated to the functional heads. Action taken reports on decisions of previous meetings is placed at every succeeding meeting of the board / committees for reporting the compliance.

2.5 Familiarization program

A familiarization program is made available to directors covering such topics as the board's role, board composition and conduct, and the risks and responsibilities of the Company directors, to ensure that they are fully informed on current governance issues. The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position. The induction process for NE-IDs include plant visit for detailed understanding of manufacturing process / activities of the Company. The same is available on the Company's website with the following link: <http://www.haritaseating.com/PDF/HSSL-ID-Familiarisation-Prog.pdf>.

2.6 Code of Business Conduct and Ethics for members of the 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 in the following link: <http://www.haritaseating.com/PDF/CodeofBusinessConductandEthics.pdf>.

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31st March 2016. The annual report contains a declaration to this effect signed by the chief executive officer.

2.7 Appointment / Re-appointment of directors:

In terms of Regulation 36(3) of SEBI LODR Regulations, a brief resume of director proposed to be re-appointed, nature of his expertise in specific functional areas, other directorships and committee memberships, shareholding and relationship, if any, with other directors are provided in the notice of convening the ensuing annual general meeting of the Company.

2.8 Committees of the board:

The board has, in order to make a focused attention on business and for better governance and accountability, constituted the following mandatory committees, viz., Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee and non-mandatory Committee, viz., Administrative Committee. The terms of reference of these Committees are determined by the board and their performance reviewed. Meetings of each of these Committees are convened by the respective Chairman of the

Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent board meetings.

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 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 its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending the appointment, remuneration and terms of appointment of auditors of the Company;
- c. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be mentioned in the Director's Responsibility Statement for inclusion in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Act 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;

- Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Modified opinions, if any, in the draft audit report,
- d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - e. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - f. Approving or subsequently modifying any transactions of the company with related parties;
 - g. Scrutinizing the inter-corporate loans and investments;
 - h. Reviewing valuation of undertakings or assets of the Company, wherever it is necessary;
 - i. Evaluating internal financial controls and risk management systems;
 - j. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
 - k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - l. Discussing with internal auditors of any significant findings and follow up there on;
 - m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - n. Discussing with statutory auditors before the audit commences, about the nature

and scope of audit as well as post-audit discussion to ascertain any area of concern;

- o. Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- p. Reviewing the functioning of the Whistle Blower mechanism;
- q. Approving the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background of the candidate; and
- r. In addition, reviewing of such other functions as envisaged under Section 177 of the Act 2013 read with the Companies (Meetings of Board and its Powers) Rules 2014 as amended and Regulation 18 of SEBI LODR Regulations.

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. All the recommendations made by the Committee during the year under review, were accepted by the board.

3.2 Composition, names of members and the chairman:

As at 31st March 2016, the Audit Committee consists of the following non-executive independent directors:

M/s. H Lakshmanan, C N Prasad and S I Jaffar Ali.

Mr H Lakshmanan is the Chairman of the Audit Committee. Ms N Iswarya Lakshmi, company secretary acts as the secretary of the committee.

Mr H Lakshmanan, Chairman of the Audit Committee was present at the last Annual General Meeting held on 6th August 2015.

The composition of the Committee is in accordance with the requirements of Regulation 18 of SEBI LODR Regulations 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.)
19.05.2015	H Lakshmanan, C N Prasad and S I Jaffar Ali
06.08.2015	
02.11.2015	
11.02.2016	

4. Subsidiary company

The Company's Subsidiary, Harita Fehrer Limited is covered within the definition of "unlisted material subsidiary" incorporated in India in terms of Regulation 24 read with Regulation 16(1)(c) and Regulation 24(1) of SEBI LODR Regulations.

The board of directors of the said subsidiary Company consists of three independent directors representing the Company viz., Mr H Lakshmanan, Mr C N Prasad and Mr S I Jaffar Ali in terms of Regulation 24(1) of SEBI LODR Regulations.

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

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.

Material Subsidiaries Policy

The board has duly formulated a policy for determining 'material' subsidiaries. A subsidiary is to be considered as "a material subsidiary", if the investment in the subsidiary by the

Company exceeds 20% of its "consolidated networth" or if it has generated 20% or more of its "consolidated income" of the Company during the previous financial year.

Based on the above criteria, Harita Fehrer Limited (HFRL) is the 'material subsidiary' covered under the said Policy as at 31st March 2016.

Copy of the said policy is available in the Company's website in the following link <http://www.haritaseating.com/PDF/MaterialSubsidiaryPolicy.pdf>.

5. Disclosures

5.1 Materially significant related party transactions:

All transactions entered into with Related Parties, as defined under the Act 2013 and SEBI LODR Regulations during the financial year 2015-16 were in the ordinary course of business and on an arms' length pricing and do not attract the provisions of Section 188 of the Act 2013 and the rules made thereunder.

There were no materially significant transactions with the related parties, during the year, which were in conflict with the interests of the Company and requires approval of the Company in terms of SEBI LODR Regulations.

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

Details of material related party transactions are enclosed as Annexure VI to the directors' report for the year ended 31st March 2016.

Related Party Transactions Policy:

The board has formulated a policy on related party transactions. The Audit Committee reviews and approves transactions (RPTs) between the Company and related parties, as defined under the SEBI LODR Regulations, to ensure that the terms of such RPTs would

reasonably be expected of transactions negotiated on an arm's length. It meets prior to each scheduled Board meeting to review all RPTs of the Company on a quarterly basis.

The board at its meeting held on 20th May 2016, approved the terms of reference to the Audit Committee for considering the criteria for granting omnibus approval for related party transactions on an annual basis as provided in Companies (Meetings of Board and its Powers) Rules, 2014, as amended.

Copy of the said policy is available on the Company's website with the following link: <http://www.haritaseating.com/PDF/RelatedPartyTransactionPolicy.pdf>.

5.2 Disclosure of accounting treatment:

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

5.3 Risk Management:

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

Risks and effectiveness of management are internally reviewed and reported regularly to the Board. As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the senior management on quarterly basis. Process owners are identified for each risk and metrics are developed for monitoring and reviewing the risk mitigation.

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

5.4 Instances of non-compliances, if any:

There was no instance of non-compliance by the Company, penalty and stricture imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the 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 CEO and CFO of the Company have certified to the board on financial and other matters in accordance with Regulation 33 of the SEBI LODR Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2016.

5.7 Compliance with mandatory / non-mandatory requirements:

The Company has complied with all applicable mandatory requirements in terms of SEBI LODR Regulations. 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 (Prohibition of Insider Trading) Regulations 2015, 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 advising the 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.

The Company has also formulated a Code of Practices and Procedures for fair disclosure of 'Unpublished Price Sensitive Information' (UPSI) and a Code of Conduct to regulate, monitor and report trading by insiders in accordance with the requirements of the new SEBI (Prohibition of Insider Trading) Regulations 2015, to be effective from 15th May, 2015.

5.9 Management discussion and analysis report, familiarization programme and whistle blower policy:

All the above report / policies forms part of the directors' report.

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31st March 2016, the NRC consists of the following non-executive and Independent Directors:

M/s. C N Prasad, H Lakshmanan and S I Jaffar Ali.

Mr C N Prasad is the Chairman of the Nomination and Remuneration Committee. Ms N Iswarya Lakshmi, company secretary acts as the secretary of the Committee.

Mr C N Prasad, Chairman of the nomination and remuneration committee was not present at the AGM held on 6th August 2015. However, he authorized Mr S I Jaffar Ali, director, to represent him in the said meeting.

6.2 The broad terms of reference of the NRC are as under:

- Guiding the board for laying down the terms and conditions in relation to appointment and removal of director(s), Key Managerial Personnel (KMP) and

Senior Management Personnel (SMP) of the Company.

- Evaluating the performance of the director(s) and providing necessary report to the board for its further evaluation and consideration.
- Recommending to the board on remuneration payable to the director(s), KMP and SMP of the Company based on (i) the Company's structure and financial performance and (ii) remuneration trends and practices that prevail in peer companies across automobile industry.
- Retaining, motivating and promoting talent among the employees and ensuring long term sustainability of talented SMP by creation of competitive advantage through a structured talent review.

6.3 The role / scope of the NRC is as follows:

- To make recommendations to the board with respect to incentive compensation plans for executive director(s) and remuneration of non-executive director(s).
- To identify persons who are qualified to become director(s), KMP and SMP of the Company.
- To recommend to the board for appointment /removal of director(s), KMP and SMP of the Company.
- To formulate criteria for determining qualification, positive attributes and independence of a director.
- To recommend to the board a policy for remuneration of director(s), KMP and SMP of the Company.

6.4 Evaluation Criteria

The NRC laid down the evaluation criteria for evaluating the performance of every director, committees of the board and the

board as a whole and also the performance of KMP and SMP.

The performance evaluation of the board as a whole was assessed based on the criteria, like its composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information, governance issues and the performance and reporting by various committees set up by the board.

The performance evaluation of individual director was carried out based on his / her commitment to the role and fiduciary responsibilities as a board member, attendance and active participation, strategic and lateral thinking, contribution and recommendations given professionally, heading / acting as member of various sub-committees etc.

The performance of SMPs was measured against their achievement of the business plans approved by the board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all the SMP for 2015-16 and this has been in accordance with the above process.

The NRC has the overall responsibility for evaluating and approving the compensation plans, policies and programmes applicable to the SMP. The NRC also delegated its authority to the chairman, wherever appropriate, for this purpose.

6.5 Remuneration Policy:

NRC formulate policies to ensure that-

- the level and composition of remuneration are reasonable and sufficient to attract, retain and motivate

director(s) of the quality required to run the Company successfully;

- the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- the remuneration to director(s), KMP and SMP of the Company involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Non-Executive / Independent Director(s)

The non-executive /independent director(s) will receive remuneration by way of fees for attending meetings of board or any committee in which Director(s) is member, provided that, the amount of such sitting fees shall not exceed (i) INR 1,00,000 (Indian Rupees One lakh) per meeting of the board or any committee in which the Director(s) is member or (ii) such other amount as may be prescribed by the Central Government from time to time.

Remuneration to KMP and SMP of the Company.

NRC will recommend to the board and the board will approve the remuneration payable to (i) KMP, who is / are not an executive director(s), and (ii) SMP of the Company. The break-up of the remuneration payable to KMP and SMP of the Company including the perquisites such as employer's contribution to provident fund, pension scheme, medical expenses, club fees and like will also be approved by the board on the recommendations received from the NRC.

Profit Related Commission

Non-Executive / Independent Director(s)

In addition to the sitting fees, the non - executive / independent director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the limit of 1% (one percent) of the profits of the Company computed in accordance with applicable provisions of the Act 2013.

Other KMPs and SMPs

In addition to fixed remuneration, to motivate other KMP viz., who is / are not an executive director(s) and SMP of the Company to pursue a long term growth and success for and of the Company, the NRC shall recommend the board the amounts that may be distributed amongst other KMP and SMP of the Company as performance based remuneration, on such interval as the NRC may think fit.

Equity based remuneration along with profit related commission

Subject to the provisions of the Act 2013, all director(s), KMP and SMP of the Company shall be entitled to avail any stock options including stock appreciation rights or such other benefits if issued by the Company, except for:

- (i) an employee, who is promoter(s) or relative(s) of the promoter(s);
- (ii) any director(s) holding more than 10% (ten percent) equity shares of the Company, either directly or indirectly.

An independent director shall not be entitled to take part in any stock option plan, if any issued by the board for the employees of the Company.

6.6 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.)
19.05.2015	C N Prasad, H Lakshmanan and S I Jaffar Ali
06.08.2015	
11.02.2016	

6.7 Remuneration to Non-executive directors:

Rs. 5,000/- each is 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 2013.

Commission

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the board / committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time. Mr S I Jaffar Ali was paid a commission of Rs. 9 lakhs for the financial year 2015 - 16 within the limit of 1% of net profits of the Company, as calculated pursuant to Section 198 of the Act 2013.

At the AGM held on 6th August 2014, all the IDs were appointed to hold office for a first term of five consecutive years from the conclusion of that AGM and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and also profit related commission, if any, in terms of Section 197 of the Act 2013.

Presently, the Company does not have a scheme for grant of stock options either to the directors or employees of the Company.

6.8 Particulars of remuneration paid to the directors during the financial year 2015-16 are as follows:

(Amount in Rs.)

Name of the Directors (M/s.)	Sitting fees (*)	Commission	Total
H Lakshmanan	1,05,000	-	1,05,000
C N Prasad	1,05,000	-	1,05,000
S I Jaffar Ali	95,000	9,00,000	9,95,000
Martin Grammer	20,000	-	20,000
Sujatha Balaji (\$)	15,000	-	15,000
L Bhadri	15,000	-	15,000
Sasikala Varadachari	5,000	-	5,000
Total	3,60,000	9,00,000	12,60,000

(*) - Includes fees for attending meetings of the board and committees.

(\$)- Ceased to be a director effective 31st December 2015.

6.9 Details of shareholdings of non-executive directors in the Company as on 31st March 2016:

Name of the Directors (M/s.)	No. of shares held (face value of Rs.10/- each)
H Lakshmanan	2,020
Martin Grammer	10,87,600
S I Jaffar Ali	—
C N Prasad	—
L Bhadri	—
Sasikala Varadachari	—

None of the directors of the Company is related to each other.

7. Stakeholders' Relationship Committee

7.1 The Stakeholders' Relationship Committee of directors (SRC) consists of three members viz., M/s. H Lakshmanan, C N Prasad and S I Jaffar Ali, non-executive and independent directors. Mr H Lakshmanan, non executive director, is the chairman of the committee. Mr H Lakshmanan is the chairman of the committee and he was present at the AGM held on 6th August 2015.

7.2 As required by SEBI LODR Regulations, Ms N Iswarya Lakshmi, company secretary is the compliance officer of the SRC. For any clarification / complaint, the shareholders may contact Ms N Iswarya Lakshmi, company secretary.

7.3 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.)
19.05.2015	H Lakshmanan, S I Jaffar Ali and C N Prasad
06.08.2015	
02.11.2015	
11.02.2016	

7.4 The SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The SRC 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 power of share transfers to an officer of the Share Transfer Agent (STA). The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.5 The Company has not received any investor complaint during the year 2015-2016.

7.6 All requests for dematerialization of shares were carried out within the stipulated time

period and no share certificate was pending for dematerialization.

7.7 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. Administrative Committee

The Administrative Committee of directors consist of three directors viz., M/s H Lakshmanan, C N Prasad and S I Jaffar Ali. Mr H Lakshmanan, non-executive director, is the chairman of the committee.

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.)
07.09.2015	H Lakshmanan, C N Prasad and S I Jaffar Ali
02.11.2015	
22.02.2016	
11.03.2016	H Lakshmanan and C N Prasad

9. General Body Meeting

9.1 Location and time where the AGMs were held during the last three years:

Year	Location	Date	Time
2012-13	Kasturi Srinivasan Hall (Mini Hall)	04.09.2013	10.00 A.M.
2013-14	The Music Academy, No.168 (Old No.306),	06.08.2014	
2014-15	T.T.K. Road, Chennai 600 014.	06.08.2015	

9.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2012-13 to 2014-15 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2012-13	Nil	27.08.2013
2013-14	Appointment of M/s H Lakshmanan, C N Prasad and S I Jaffar Ali as Independent Directors of the Company for the first term of five years each.	06.08.2014
2014-15	Nil	06.08.2015

9.3 None of the subjects placed before the shareholders in the last / ensuing AGM required / requires approval by a Postal Ballot. However, in terms of Regulation 44 of SEBI LODR Regulations and Section 108 of the Act 2013 read with the Companies (Management and Administration) Rules, 2014, the Company provided to the members facility to exercise their right to vote through Remote e-Voting and through poll at the meeting for all the items at the AGM held on 6th August 2015.

9.4 Postal Ballot:

The board sought the consent of shareholders of the Company by way of ordinary resolutions through Postal Ballot as detailed below:

- Approving the appointment of Mr L Bhadri as a non-executive independent director of the Company in terms of Sections 149, 150, 152, 160 and other applicable provisions of the Act, 2013, as per Notice of postal ballot dated 6th August 2015; and
- Approving the appointment of Ms Sasikala Varadachari as a non-executive independent director of the Company in terms of Sections 149, 150,

152, 160 and other applicable provisions of the Act, 2013 and SEBI LODR Regulations as per Notice of postal ballot dated 11th February 2016.

These ordinary resolutions were passed by the shareholders with more than the requisite majority.

The results of the Postal Ballots are given below.

Particulars	Resolution for appointment of Mr L Bhadri as Non-Executive Independent Director		Resolution for appointment of Ms Sasikala Varadachari as Non-Executive Independent Director	
	No. of shares	% of votes	No. of shares	% of votes
Votes cast FOR the resolution	62,82,017	99.99%	62,89,830	99.99%
Votes cast AGAINST the resolution	480	0.01%	102	0.01%

9.5 Declaration of results of Postal Ballot:

The procedures prescribed under Section 110 of the Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and Listing Agreement / SEBI LODR Regulations were duly followed for conducting the postal ballot process both physical and e-Voting, during the year to approve the resolutions mentioned above.

Ms B Chandra, Practising Company Secretary (C.P No. 7859), Chennai was appointed by the board as scrutinizer for conducting the postal ballot process for both physical and e-Voting, in a fair and transparent manner.

An advertisement about dispatch of postal ballot papers were published in the newspapers, namely Business Line (in English) and Makkal Kural (in vernacular daily) on 13th September 2015 and 20th February 2016. The results of postal ballot voting were displayed on the Notice Board of the registered office of the Company

on 14th October 2015 and 23rd March 2016 and the same were also placed in the official website of the Company and disseminated to the Stock Exchanges for publication.

10. 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 results announcement, annual report, media releases, Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

10.1 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.

10.2 Newspapers wherein results are normally published:

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

10.3 Website:

The Company has in place a website addressed as 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, such other details as may be required under Regulation 46 of SEBI LODR Regulations. The Company ensures that the contents of this website are periodically updated. In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

11. General shareholder information

11.1 Annual General Meeting:

Date and time : Monday, 8th August 2016 at 2.30 P.M.

Venue : Kasturi Srinivasan Hall (Mini Hall)
The Music Academy,
No. 168, (Old No. 306),
T.T.K. Road, Royapettah,
Chennai - 600 014.

11.2 Financial year : 1st April to 31st March

Financial calendars 2016-17 (Tentative) :

Financial reporting
for the quarter : Financial calendar
ending

30th June 2016 : between 15th July
and 14th August 2016

30th September 2016 : between 15th October
and 14th November 2016

31st December 2016 : between 15th January
and 14th February 2017

31st March 2017 : between 15th April and
30th May 2017

11.3 Particulars of dividend payment:

The board of directors of the Company (the board) at its meeting held on 2nd November 2015, declared a first interim dividend of Rs.2.50 per share (25%) for the year 2015-16 absorbing a sum of Rs. 212.34 lakhs including dividend distribution tax. The same was paid to the shareholders on 16th November 2015.

The board at its meeting held on 14th March 2016 declared a second interim dividend of Rs. 3.50 per share (35%) for the year 2015-16 absorbing a sum of Rs.271.92 lakhs. The same was paid to the shareholders on 23rd March 2016.

Hence, the total amount of both dividends for the year ended 31st March 2016 aggregate to Rs. 6.00 per share (60%) absorbing a sum of Rs.484.26 lakhs on 77,69,040 equity shares of Rs.10/- each.

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 its dividend declared, to the extent available.

11.4 Listing on Stock Exchanges:

Name and Address of the Stock Exchange	Stock Code / Symbol
National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. India Tel.: 91 22 2659 8100 Fax : 91 22 2659 8120	HARITASEAT (Stock Symbol)
ISIN allotted by Depositories (Company ID Number)	INE 939D01015

(Note: Annual listing fees and custodial charges for the year 2016-2017 were duly paid to the above Stock Exchange and Depositories)

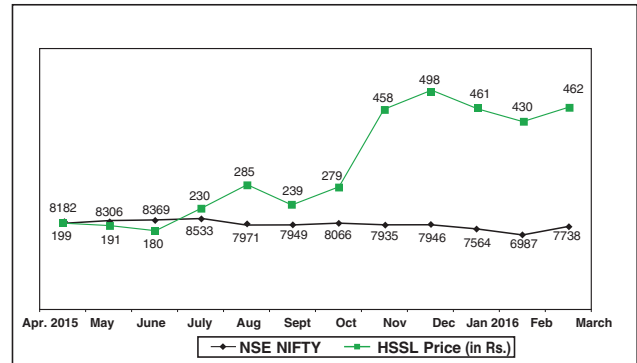
11.5 Market price data:

(in Rs.)

Month	NSE		BSE (*)	
	High	Low	High	Low
April 2015	199.00	160.20	199.40	162.10
May 2015	191.00	157.15	197.00	160.00
June 2015	180.00	150.05	185.10	153.10
July 2015	230.00	157.90	238.00	160.00
August 2015	285.00	193.00	284.00	193.00
September 2015	239.00	188.00	242.00	189.60
October 2015	279.00	203.05	281.00	200.00
November 2015	458.30	265.10	457.80	265.00
December 2015	498.00	371.00	498.00	376.00
January 2016	460.55	322.50	461.40	287.60
February 2016	430.00	362.00	425.00	357.10
March 2016	462.00	381.50	462.00	385.30

NSE - National Stock Exchange of India Limited ;
BSE - BSE Limited

* Effective 7th January 2005 the Equity Shares of the Company are regularly traded in BSE - INDONext under the scrip code 590043

11.6 Share price performance in comparison to broad based indices - NSE Nifty:
**SHARE PRICE MOVEMENT
NSE NIFTY VS HSSL**

11.7 Share Transfer Agents and share transfer system:

- Sundaram-Clayton Limited (SCL), which is 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 and in compliance with the Regulation 7 of the SEBI LODR Regulations 2015. The shareholders were also advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1st October 2004.
- All matters connected with the share transfer, dividends and other matters are handled by the STA located at the address mentioned elsewhere in this report.
- Shares lodged for transfers are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects.
- All requests for dematerialization of securities are processed and the

HARITA SEATING SYSTEMS LIMITED

confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates, etc., are processed by the STA within 7 days.

- e. 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 Regulation 40(9) of SEBI LODR Regulations.
- f. 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.

g. The Company, as required under Regulation 6(2)(d) of SEBI LODR Regulations, has designated the following e-mail IDs, namely investorscomplaintssta@scl.co.in / ni.iswarya@scl.co.in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

- h. A certificate signed by the compliance officer of the Registrar and share transfer agent of the Company viz., Sundaram-Clayton Limited and the company secretary towards maintenance of share transfer facility by STA in compliance with Regulation 7(3) of the SEBI LODR Regulations and the same has been submitted to the Stock Exchanges.
- i. 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., at their address given in this report.

11.8 Shareholding pattern of the Company as on 31st March 2016:

Category of Shareholder	31 st March 2016	
	No. of shares held	%
Promoter and Promoter Group		
Bodies Corporate & Individual	51,54,900	66.35
Total (A)	51,54,900	66.35
Public Shareholding		
Banks / Financial Institutions	200	0.00
Foreign Institutional Investors	6,74,969	8.69
Total Institutions (B)	6,75,169	8.69
Bodies Corporate	4,93,813	6.36
Individuals holding nominal capital in excess of Rs.2 lakhs	27,900	0.36
Individuals holding nominal capital upto Rs.2 lakhs	14,04,473	18.07
NRI Repatriable	8,373	0.11
NRI Non - Repatriable	2,392	0.03
Directors & relatives	2,020	0.03
Total Non-Institutions (C)	19,38,971	24.96
Total Public Shareholding (D)= (B+C)	26,14,140	33.65
Grand Total (A+D)	77,69,040	100.00

11.9 Distribution of Shareholding as on 31st March 2016:

Shareholding (Range)	No. of shares	%	No. of members	%
upto 500	6,29,865	8.11	5252	89.72
501 to 1000	2,71,494	3.50	340	5.81
1001 to 2000	2,43,273	3.13	165	2.82
2001 to 5000	1,67,350	2.15	55	0.94
5001 to 10000	1,66,239	2.14	23	0.39
10001 and above	62,90,819	80.97	19	0.32
Total	77,69,040	100.00	5854	100.00

11.10 Dematerialization of shares and liquidity:

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, 22,59,563 shares have been dematerialised as on 31st March 2016 accounting for 86.44%.

11.11 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.
11.12 Other Disclosures

- There were no pecuniary relationships or transactions with NE-IDs vis a-vis the Company during the year under review, except payment of sitting fees and profit related commission.
- During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- SEBI on September 2, 2015, issued SEBI (LODR) Regulations with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability.

The said Regulations were effective 1st December, 2015. Accordingly, the Company entered into Listing Agreement with National Stock Exchange of India Limited during December 2015.

- Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the audit committee on regular basis.

Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Company has not entered into any commodity derivatives with any of the bankers.

11.13 Plant Locations:

- Hosur** : Belagondapalli, Thally Road
Hosur 635 114, Tamil Nadu.
Tel : 04347 - 233445
Fax : 04347 - 233460
Email : agiri@haritaseating.com
- 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
- Dharwad** : Plot No-553-D, 2nd Stage,
Belur Industrial Area,
Dharwad - 580 011,
Karnataka
Tel : +91-0836-2486625
Email:agiri@haritaseating.com
- Pant Nagar** : Plot No.35, Sector - 4,
Integrated Estate,
Pantnagar, Rudrapur,
Udham Singh Nagar District,
Uttarakhand - 263 153.
Tel : +91-5944-250889
Email : agiri@haritaseating.com
- Chennai** : Survey No.29, 30, 31,
Vellanthangal Village,
No.55,Thandalam Group,
Irrungattukottai,
Sriperumpudur - 602 105
Tamil Nadu
Tel : 044-67121380/381
Email : agiri@haritaseating.com

11.14 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 non-receipt of annual report : Email
raman@scl.co.in
sclshares@gmail.com
- (iii) For investors' grievance : Email
and general ni.iswarya@scl.co.in
correspondence investorscomplaintssta@scl.co.in

12. 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:

12.1 The Board:

The Non-Independent directors of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment.

Specific tenure has been fixed for the independent directors in terms of Section 149 of the Act, 2013 and 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 Act 2013.

12.2 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. The results are not sent to the shareholders individually.

12.3 Audit Qualifications:

The statutory financial statements of the Company are unqualified.

12.4 Separate posts of Chairman and CEO

The posts of Chairman and CEO are held by separate individuals.

12.5 Reporting of Internal Auditor

All the internal audit reports are directly presented to the audit committee of the Company by the internal auditor.

13. 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.

Demat of Shares:

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

Registration of Electronic Clearing Service (ECS) mandate:

The 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.

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 their new specimen signature duly attested by a bank.

In terms of SEBI LODR Regulations, 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.

Consolidation of Multiple Folios:

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

Registration of Nominations:

Section 72 of the Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 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. This form will be made available on request. Investors holding shares in demat form are advised to contact their DPs for making nominations.

Updation of address:

Shareholders are requested to update their addresses 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.

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 and www.cdslindia.com, respectively.

Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation/ losing your 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 after 31st March, 2009 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. 1.88 lakhs, being unclaimed dividend, was transferred to IEPF during the year.

Information in respect of unclaimed dividends due for remittance into 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 the IEPF
2011-12 (interim)	30.05.2012	29.06.2012	29.06.2019
2012-13 (interim)	22.05.2013	21.06.2013	21.06.2020
2013-14 (interim)	22.05.2014	21.06.2014	21.06.2021
2014-15 (interim)	19.05.2015	18.06.2015	18.06.2022
2015-16 (1 st interim)	02.11.2015	02.12.2015	02.12.2022
2015-16 (2 nd interim)	14.03.2016	13.04.2016	13.04.2023

14. Unclaimed share certificates

In terms of the provisions of Regulation 39(4) read with Schedule VI of the SEBI LODR Regulations, the unclaimed share certificates are required to be dematerialized and transferred to "Unclaimed Suspense Account". As required under the Regulations, the Company sent reminder letters to the shareholders, whose share certificates were

returned undelivered or unclaimed. The voting rights in respect of unclaimed shares held in Unclaimed Suspense Account stands frozen in terms of Regulation 39 read with Schedule VI of SEBI LODR Regulations, till the rightful owners of such shares claim them.

After complying with the requirements under the SEBI LODR Regulations, the Company has opened an "Unclaimed Suspense Account" and details are as follows:

Details	No. of share-holders	No. of shares
No. of Shares in the Unclaimed suspense account as on 31 st March 2015.	213	39,573
No. of shares transferred to the shareholders on request till 31.03.2016.	3	180
No. of Shares in the Unclaimed suspense account as on 31 st March 2016.	210	39,393

Green initiative in corporate governance:

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

To support this green initiative of the Government, shareholders are requested to register their e-mail addresses, with the DPs, in case shares are held in dematerialized form and with the STA, in case the shares are held in physical form and also intimate changes, if any, in their registered e-mail addresses to the Company / DPs, from time to time.

COMPLIANCE WITH 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 SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby certified 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 31st March 2016.

Place : Chennai
Date : 20th May 2016

A G GIRIDHARAN
Chief Executive Officer

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)
CERTIFICATION**

To

The Shareholders of
Harita Seating Systems Limited, Chennai

- 1) We certify that we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2016 and to the best of our knowledge and belief,
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs for the year ended 31st March 2016, and are in compliance with the existing accounting standards, applicable laws and regulations; and
 - c) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- 2) Further, we accept that it is our responsibility to establish and maintain internal controls for financial reporting.

- 3) Accordingly, we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we further certify that:

- a) there are no deficiencies in the design or operation of internal controls;
- b) there are no significant changes in internal control over the financial reporting during the year;
- c) there are no significant changes in accounting policies during the year; and
- d) there have been no instances of any significant fraud of which we became aware and the involvement therein, if any, of the management or an employee, having a significant role in the Company's internal control system over the financial reporting.

A G Giridharan
Chief Executive Officer

A Baskar
Chief Financial Officer

Place : Chennai
Date : 20th May 2016

AUDITORS' CERTIFICATE ON COMPLIANCE OF THE PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE

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 (the Company) for the year ended 31st March 2016 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI LODR Regulations].

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 above-mentioned Listing Agreement / SEBI LODR Regulations, as applicable.

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

M BALASUBRAMANIAM

Place : Chennai

Partner

Date : 20th May 2016

Membership No.F7945

Form No. MR-3

**SECRETARIAL AUDIT REPORT
for the financial year ended 31.03.2016**

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

To the Members of

Harita Seating Systems Limited,
Jayalakshmi Estates,
No. 29 (8) Haddows Road,
Chennai - 600006.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s HARITA SEATING SYSTEMS LIMITED bearing CIN L27209TN1996PLC035293 (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Companies Act 1956 (to the extent applicable)
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15th May 2015);
- c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
- d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015 (with effect from 1st December 2015).

We are informed that the company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms / returns under:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009.
 - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
 - c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008.
 - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - e. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
- (vii) Based on the study of the systems and processes in place and a review of the reports of (1) the heads of

the Departments (2) Occupier / Manager of the factories located in Hosur, Pune, Dharwad, Uttarkhand and Chennai which manufacture seating system for automotive and non-automotive applications (3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company. I report that the Company has complied with the provisions of the following statutes and the rules made thereunder to the extent it is applicable to them:

- The Environment (Protection) Act, 1986
- The Water (Prevention and Control of Pollution) Act, 1974
- The Air (Prevention and Control of Pollution) Act, 1981
- Factories Act, 1948
- Industrial Disputes Act, 1947
- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- Employees' State Insurance Act, 1948
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Payment of Bonus Act, 1965
- The Payment of Gratuity Act, 1972
- The Contract Labour (Regulation & Abolition) Act, 1970
- The Maternity Benefit Act, 1961
- The Child Labour (Prohibition & Regulation) Act, 1986
- The Industrial Employment (Standing Order) Act, 1946
- The Employees' Compensation Act, 1923
- The Apprentices Act, 1961
- Equal Remuneration Act, 1976
- The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- Conferment of Permanent Status Act, 1981
- The Municipality/Local Act
- The Public Liability Insurance Act, 1991
- Indian Electricity Act, 2003
- The Energy Conservation Act, 2001
- The Environmental Impact Assessment Notification, 2006

- The Inflammable Substances Act, 1952
- The Legal Metrology Act, 2009
- Workmen's Compensation Act 1923
- Personal Injuries compensation Insurance Act

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements (Old agreements upto 30th November 2015 and new agreement with effect from 1st December 2015) entered into by the Company with National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, we report that Majority decision is carried through and that there were no dissenting votes from any Board member that were required to be captured and recorded as part of the minutes.

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

B Chandra
Practising Company Secretary

Place : Chennai
Date : 20th May, 2016

ACS No.: 20879
C P No.: 7859

Independent Auditors' Report for the year ended 31st March 2016

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Harita Seating Systems Limited, Chennai - 600006 ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and

plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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) of the state of affairs of the Company as at 31st March, 2016;
- b) its **Profit** for the year ended on that date; and
- c) its 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure-1, a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion

and to the best of our information and according to the explanations given to us :

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note no. XXIV (2) to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts and hence question of making provision for material foreseeable losses does not arise.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

M BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Chennai
Date : 20th May 2016

Annexure-1 referred to in our report under "Report on Other Legal and Regulatory Requirements Para 1" of even date on the accounts for the year ended 31st March 2016.

- 1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties of the Company are held in the name of the Company.
- 2. The inventory (including inventories with third parties) has been physically verified at reasonable intervals during the year by the management. The discrepancies between the physical stocks and the books were not material and have been properly dealt with in the books of account.
- 3. During the year, the Company has not granted any loan to a Company, firm, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- 4. During the year, the Company has not granted any loan nor has furnished any guarantees nor provided any

security. Hence reporting on compliance with provisions of section 185 and 186 of the Companies Act, 2013 does not arise.

- 5. The Company has not accepted any deposit within the meaning of Sections 73 to 76 of the Companies Act, 2013, during the year.
- 6. In our opinion and according to the information and explanations given to us, the requirement for maintenance of cost records pursuant to sub-section (1) of section 148 of the Companies Act, 2013 read with rules made by the Central Government is not applicable to the Company for the year under audit.
- 7. (a) According to the records provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues to the appropriate authorities. However we have observed a few instances of delay in remittance of Service Tax and an instance of delay

each in remitting Duty of Excise, Dividend Distribution Tax and Income Tax deduction into the Government.

The provisions of Employees' State Insurance Act, 1948 are not applicable to the unit at 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, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess were in arrears, as at 31st March 2016 for a period of more than six months from the date they became payable.
- (c) According to information and explanations given to us, the following are the details of the disputed dues that were not deposited with the concerned authorities:

Name of the Statute	Nature of dues	Amount (Rs. in Lakhs)	Forum where dispute is pending
Central Excise Act, 1944.	Excise Duty	11.97	Commissioner (Appeals), Chennai III Commissionerate
		50.84	Customs Excise and Service Tax Appellate Tribunal, Mumbai
Finance Act, 1994	Service Tax	310.64	The Assistant and Additional Commissioner, Chennai III Commissionerate
Income Tax Act, 1961	Income Tax	126.40	Commissioner of Income Tax (Appeals), Chennai
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	288.92	The Honourable Supreme Court of India
		104.41	The Assistant Commissioner, Commercial Tax Office, Hosur

8. Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks. The Company has not borrowed from any financial institution and Government nor has issued any debenture.
9. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.

- (b) The Company has not availed any fresh term loan during the year. The loans availed in earlier year were applied for the purpose for which they were availed.

10. Based on the audit procedures adopted and information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanations given to us, managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi company and as such this clause of the Order is not applicable.
13. (a) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013.
- (b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer Note no. XXIV (AS-18) to the financial statements.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under Section 42 of the Companies Act, 2013.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

M BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Chennai
Date : 20th May 2016

Annexure - 2 to Independent Auditors' Report to the Members of Harita Seating Systems Limited, Chennai for the year ended 31st March 2016

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

We have audited the internal financial controls over financial reporting of HARITA SEATING SYSTEMS LIMITED, CHENNAI ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes

in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that;

- I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- III. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on;

- i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business;
- ii. continuous adherence to Company's policies;
- iii. existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made and cash and bank balances;
- iv. existing system to prevent and detect fraud and errors;
- v. accuracy and completeness of Company's accounting records; and
- vi. existing capacity to prepare timely and reliable financial information.

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

M BALASUBRAMANIAM
Partner
Membership No.: F7945

Place : Chennai
Date : 20th May 2016

HARITA SEATING SYSTEMS LIMITED

Balance Sheet as at 31st March, 2016

		(Rs. in Lakhs)	
	Note No	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	I	776.90	776.90
(b) Reserves and Surplus	II	6,109.38	4,061.93
(2) Non-Current Liabilities			
(a) Deferred tax liabilities (Net)			191.59
(b) Other Long term liabilities	III	47.00	42.79
(c) Long-term provisions	IV	432.03	339.41
(3) Current Liabilities			
(a) Short-term borrowings	V	171.66	2,905.98
(b) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		198.41	162.87
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		4,313.95	4,254.23
(c) Other current liabilities	VI	1,374.26	2,070.41
(d) Short-term provisions	VII	905.34	520.28
Total		14,328.93	15,326.39
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	VIII		
(i) Tangible assets		3,386.27	3,863.08
(ii) Intangible assets		41.85	35.82
(iii) Capital work-in-progress		41.91	132.91
(b) Non-current investments	IX	2,857.03	2,857.03
(c) Deferred tax assets (net)		100.93	
(d) Long term loans and advances	X	179.62	133.96
(e) Other non-current assets	XI	2.49	2.30
(2) Current assets			
(a) Inventories	XII	1,010.58	938.10
(b) Trade receivables	XIII	5,572.96	5,370.50
(c) Cash and cash equivalents	XIV	152.82	172.35
(d) Short-term loans and advances	XV	683.70	1,549.74
(e) Other current assets	XVI	298.77	270.60
Total		14,328.93	15,326.39

Accounting standards, additional disclosures & Notes on accounts XXIV

H LAKSHMANAN Chairman	C N PRASAD Director	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 20 th May 2016	A BASKAR Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M BALASUBRAMANIAM Partner Membership No.F7945

HARITA SEATING SYSTEMS LIMITED

Statement of Profit and Loss for the year ended 31st March, 2016

		(Rs. in Lakhs)	
	Note No	Year ended 31.03.2016	Year ended 31.03.2015
I. Revenue from Operations (Gross)	XVII	33,563.87	29,968.18
Less: Excise duty		2,782.79	2,592.64
Revenue from Operations (Net)		30,781.08	27,375.54
II. Other Income	XVIII	973.75	643.71
III. Total Revenue (I + II)		31,754.83	28,019.25
IV. Expenses:			
Cost of materials consumed	XIX	22,040.22	20,824.24
Changes in inventories of finished goods and work-in-process	XX	(4.44)	(119.92)
Employee benefits expense	XXI	3,577.01	2,997.85
Finance costs	XXII	147.95	470.99
Depreciation and amortization expense	VIII		
On Tangible assets		408.44	378.21
On Intangible assets		30.32	29.57
Other expenses	XXIII	3,157.15	2,624.48
Total Expenses		29,356.65	27,205.42
V. Profit before exceptional and extraordinary items and tax (III - IV)		2,398.18	813.83
VI. Exceptional Item of Income		447.44	—
VII. Profit before extraordinary items and tax (V + VI)		2,845.62	813.83
VIII. Extraordinary Items		—	—
IX. Profit before tax (VII - VIII)		2,845.62	813.83
X. Tax expense:			
(1) Current tax		420.00	100.00
(2) Deferred tax		(292.52)	(4.80)
(3) Tax relating to earlier years		186.43	9.36
XI. Profit for the year (IX - X)		2,531.71	709.27*
XII. Earnings per equity share:			
(1) Basic (In Rs.)		32.59	9.13
(2) Diluted (In Rs.)		32.59	9.13

Accounting standards, additional disclosures & Notes on accounts

XXIV

* includes profit after tax of Rs.17.43 lakhs from discontinuing operations

H LAKSHMANAN Chairman	C N PRASAD Director	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 20 th May 2016	A BASKAR Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M BALASUBRAMANIAM Partner Membership No.F7945

Notes on accounts

	As at 31.03.2016		As at 31.03.2015	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
I. SHARE CAPITAL				
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 31.03.2016 and 31.03.2015

Particulars	As at 31.03.2016 Equity Shares		As at 31.03.2015 Equity Shares	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Shares outstanding at the beginning of the year on 01.04.2015	77,69,040	776.90	77,69,040	776.90
Shares Issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year on 31.03.2016	<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 31.03.2016	As at 31.03.2015
	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, Amberg	1087600	1087600

c) **Rights Attached to Equity Shares :** Share holders 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. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

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)

	As at 31.03.2016	Rs. in Lakhs As at 31.03.2015
II. RESERVES AND SURPLUS		
a. Capital Redemption Reserve		
Opening Balance	10.00	10.00
Additions during the year	—	—
Written back during the year	—	—
Closing Balance	<u>10.00</u>	<u>10.00</u>
b. Other Reserves		
(i) State subsidy		
Opening Balance	41.10	41.10
Additions during the year	—	—
Written back during the year	—	—
Closing Balance	<u>41.10</u>	<u>41.10</u>
(ii) General Reserve		
Opening Balance	2,219.87	2,273.00
Less: Depreciation charge consequent to application of Schedule II of Companies Act 2013 (refer note no. VIII)	—	78.64
Deferred tax impact on the above	—	(25.51)
	<u>—</u>	<u>53.13</u>
Closing Balance	<u>2,219.87</u>	<u>2,219.87</u>
c. Surplus i.e balance as per statement of profit and loss:		
Opening balance	1,790.96	1,275.92
Add: Net Profit for the current year	<u>2,531.71</u>	<u>709.27</u>
Sub total	4,322.67	1,985.19
Less: Interim Dividend payable	484.26	194.23
Closing Balance	<u>3,838.41</u>	<u>1,790.96</u>
Total (a + b + c)	<u>6,109.38</u>	<u>4,061.93</u>

HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (Continued)

	As at 31.03. 2016	Rs. in Lakhs As at 31.03.2015
III. OTHER LONG-TERM LIABILITIES		
Security deposits		
(a) Subsidiary company	—	20.04
(b) Dealers	47.00	22.75
Total	<u>47.00</u>	<u>42.79</u>
IV. LONG-TERM PROVISIONS		
Employee benefits : Pension	347.16	299.55
Leave encashment	57.00	39.86
Income tax (net of advance tax of Rs. 492.13 lakhs)	27.87	—
Total	<u>432.03</u>	<u>339.41</u>
V. SHORT-TERM BORROWINGS		
Loans repayable on demand		
Secured		
From bank	171.66	2,405.98
(Secured by first charge on the entire current assets of the Company acquired out of the credit facilities availed from the bank)		
Unsecured		
From bank	—	500
Total	<u>171.66</u>	<u>2,905.98</u>

Notes on accounts - (Continued)

	As at 31.03. 2016	Rs. in Lakhs As at 31.03.2015
VI. OTHER CURRENT LIABILITIES		
a) Secured		
(i) Current maturities of long-term debt - From Bank	–	73.00
(ii) Interest accrued but not due on borrowing	–	1.37
b) Unsecured		
(i) Interest free sales tax loan	–	11.50
(ii) Loan repayable on demand - bill discounting	330.39	576.41
c) Unpaid dividends	46.10	11.40
d) Other Payables		
(i) Employees	219.05	227.26
(ii) Advances from customers		
- for sales	420.53	153.40
- for tool development	123.60	185.06
(iii) Advance from subsidiary company	–	21.38
(iv) Advance received for sale of fixed assets	–	550.00
(v) Statutory payables		
- Tax deducted at source	44.69	30.56
- Value added taxes, Central sales tax and Service tax	41.72	46.09
- Others	44.91	70.86
(vi) For expenses	102.27	112.12
(vii) Security deposit from a shareholder	1.00	–
Total	<u>1,374.26</u>	<u>2,070.41</u>

VII. SHORT-TERM PROVISIONS

(a) Employee benefits:		
Leave Encashment	2.61	1.91
(b) Others:		
Warranty	130.58	75.46
Price increase payable to suppliers of inputs	413.64	137.93
Price reduction due to customers	317.31	42.00
Other expenses	41.20	68.75
Interim dividend payable	–	194.23
Total	<u>905.34</u>	<u>520.28</u>

Notes on accounts - (Continued)

VIII 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 31.03.2016	As at 31.03.2015
Cost of assets														
As at 01-04-2015	135.85	90.66	2,785.17	3,794.24	146.82	38.00	537.59	7,528.33	242.86	31.50	22.32	296.68	7,825.01	8,081.51
Additions	-	-	51.15	513.16	26.47	8.83	32.58	632.19	36.35	-	-	36.35	668.54	382.06
Sales / deletion	135.85	90.66	2,836.32	4,307.40	173.29	46.83	570.17	8,160.52	279.21	31.50	22.32	333.03	8,493.55	8,463.57
Total	123.37	-	417.26	1,090.56	15.42	11.27	33.45	1,691.33	9.08	-	-	9.08	1,700.41	638.56
	12.48	90.66	2,419.06	3,216.84	157.87	35.56	536.72	6,469.19	270.13	31.50	22.32	323.95	6,793.14	7,825.01
Depreciation/ Amortisation														
Upto 31-03-2015	-	9.56	714.07	2,405.23	79.64	26.47	430.28	3,665.25	215.32	29.92	15.62	260.86	3,926.11	4,037.76
For the year	-	0.98	78.72	278.44	14.33	2.90	33.07	408.44	28.09	-	2.23	30.32	438.76	407.78
Sub total	-	10.54	792.79	2,683.67	93.97	29.37	463.35	4,073.69	243.41	29.92	17.85	291.18	4,364.87	4,445.54
Withdrawn on assets sold / deleted														
Add:- Charged to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	999.85	598.07
Total	-	10.54	685.28	1,850.15	82.39	18.66	435.90	3,082.92	234.33	29.92	17.85	282.10	3,365.02	3,926.11
Written down value														
As at 31-03-2016	12.48	80.12	1,733.78	1,366.69	75.48	16.90	100.82	3,386.27	35.80	1.58	4.47	41.85	3,428.12	
As at 31-03-2015	135.85	81.10	2,071.09	1,389.00	67.18	11.53	107.31	3,863.08	27.55	1.57	6.71	35.82		3,898.90
Capital Work in Progress (At Cost)													As at 31.03.2016	As at 31.03.2015
Building													25.07	-
Plant & Equipment													14.93	132.91
Office equipment under installation													1.91	-
Total													41.91	132.91

HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (Continued)

	As at 31.03. 2016	Rs. in Lakhs As at 31.03.2015
IX. NON-CURRENT INVESTMENTS		
Trade Investments (At cost) - Unquoted		
a) 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%	2,759.00	2,759.00
b) Others		
Life Insurance Corporation of India, Chennai Group annuity policy for pension to employees	98.03	98.03
Total	<u>2,857.03</u>	<u>2,857.03</u>
X. LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances	74.14	11.95
Deposits		
Electricity Deposit	23.23	21.58
Telephone Deposit	0.19	0.18
Earnest Money Deposit	7.39	4.60
Security deposit for asset lease	52.20	51.41
Security deposit for others	<u>14.48</u>	<u>15.10</u>
	97.49	92.87
Advances		
- Rent	5.00	7.50
- Tool development	<u>2.99</u>	<u>7.50</u>
	7.99	—
Advance income tax paid and tax deducted at source (net of provisions - last year Rs.216 lakhs)	—	21.64
Total	<u>179.62</u>	<u>133.96</u>
XI. OTHER NON - CURRENT ASSETS		
(Unsecured, considered good)		
Interest accrued on loans and advances	2.49	2.30
Total	<u>2.49</u>	<u>2.30</u>

HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (Continued)

	As at 31.03. 2016	Rs. in Lakhs As at 31.03.2015
XII. INVENTORIES		
a. Raw Materials and components *	523.45	512.14
b. Work-in-process * (Seat Assembly)	217.49	179.08
c. Finished goods * (Seats)	176.30	183.67
d. Finished goods - In transit * (Seats)	32.69	59.29
e. Stores and spares *	60.65	3.92
Total	<u>1,010.58</u>	<u>938.10</u>

(* As certified by Chairman of the Board of Directors)

XIII. TRADE RECEIVABLES

Debts outstanding for a period exceeding six months from the date due for payment

Unsecured

Considered good

—

—

Considered doubtful

90.63

413.65

90.63

413.65

Less : Provision for doubtful debts

90.63

413.65

—

—

Other debts

Considered good

5,572.96

5,370.50

Considered doubtful

—

55.25

Total

5,572.96

5,425.75

Less : Provision for doubtful debts

—

55.25

5,572.96

5,370.50

Total

5,572.96

5,370.50

XIV. CASH AND CASH EQUIVALENTS

a. Balances with banks

98.91

98.73

b. Cheques on hand

—

52.40

c. Cash on hand

4.13

6.14

d. Unpaid dividend (earmarked balance)

46.10

11.40

e. Bank deposits*

3.68

3.68

Total

152.82

172.35

* Held for more than 12 months

HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (Continued)

	As at 31.03. 2016	Rs. in Lakhs As at 31.03.2015
XV. SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good :		
Employee advances	31.09	27.77
Advances to suppliers	285.47	343.65
Prepaid expenses	58.63	53.76
Advance income tax paid and tax deducted at source (net of provision of Rs. 116 lakhs and last year - Rs.277.36 lakhs)	14.56	849.04
Balances with statutory authorities		
Income tax refund receivable	49.82	
CENVAT receivable	89.92	52.29
Value Added Tax set off receivable	9.23	53.23
Advances - Tool development	132.15	165.88
- Others	12.83	4.12
Total	683.70	1,549.74
XVI. OTHER CURRENT ASSETS		
Claims Receivable	275.60	270.60
Premium on forward contracts	21.57	—
Interest accrued on deposits	1.60	—
Total	298.77	270.60
XVII. REVENUE FROM OPERATIONS		
	For the year ended 31.03.2016	For the year ended 31.03.2015
a. Sale of products	31,863.46	28,744.62
b. Revenue from services rendered	78.75	78.75
c. Other operating revenues	1,621.66	1,144.81
Sub-total	33,563.87	29,968.18
Less : Excise duty	2,782.79	2,592.64
Total	30,781.08	27,375.54
XVIII. OTHER INCOME		
(a) Interest Income	80.63	14.97
(b) Dividend Income (from subsidiary company)	615.00	410.00
(c) Profit on sale of fixed assets	1.49	0.77
(d) Lease rent	138.25	138.33
(e) Foreign Exchange gain (Net of loss - Rs. 20.65 lakhs)	26.85	—
(f) Other non-operating income	111.53	79.64
Total	973.75	643.71

HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (Continued)

		For the year ended 31.03.2016	Rs. in Lakhs For the year ended 31.03.2015
XIX. COST OF MATERIALS CONSUMED			
OPENING STOCK			
Raw materials	(A)	512.14	397.65
Purchase of raw materials and components	(B)	22,051.53	20,938.73
Total (C)	(A) + (B)	22,563.67	21,336.38
CLOSING STOCK			
Raw materials	(D)	523.45	512.14
Consumption	(C) - (D)	22,040.22	20,824.24
XX. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS			
Opening Stock			
Work-in-process (Seat assembly)		179.08	152.78
Finished goods		242.96	149.34
Sub-total		422.04	302.12
Less: Excise duty on Finished goods		16.57	9.15
Total (A)		405.47	292.97
Less: Closing Stock			
Work-in-process (Seat assembly)		217.49	179.08
Finished goods		208.99	242.96
Sub-total		426.48	422.04
Less: Excise duty on Finished goods		17.61	16.57
Total (B)		408.87	405.47
Changes in Inventory (A-B)		(3.40)	(112.50)
Add: (Less) : Excise duty on opening and closing of finished goods (net)		(1.04)	(7.42)
Total		(4.44)	(119.92)
XXI. EMPLOYEE BENEFIT EXPENSES			
Salaries and wages		2,707.67	2,434.29
Leave Salary		49.08	7.68
Bonus		74.59	50.07
Contribution to Provident and other funds		280.96	159.81
Welfare		464.71	346.00
Total		3,577.01	2,997.85

HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (Continued)

	For the year ended 31.03.2016	Rs. in Lakhs For the year ended 31.03.2015
XXII. FINANCE COST		
Interest expense	149.49	467.77
Exchange loss on translation of foreign currency loan outstanding as at year end	(1.54)	3.22
Total	<u>147.95</u>	<u>470.99</u>
XXIII. OTHER EXPENSES		
Consumption of stores and spare parts	75.03	32.40
Power and fuel	233.83	257.21
Rent	195.36	103.70
Rates and Taxes, (excluding taxes on income)	81.94	35.85
Repairs & Maintenance		
- Buildings	147.45	123.96
- Plant and equipment	262.72	234.20
- Other assets	84.33	82.97
Insurance	47.54	39.03
Carriage outward	398.88	393.97
Packing charges	248.70	195.05
Assets scrapped	12.15	13.37
Foreign Exchange loss (Net of gain - Rs. 28.29 Lakhs)	—	1.51
Loss on sale of Fixed assets	20.40	39.80
Commission to an Independent Director	15.00	—
Audit fees		
- as auditors	11.00	10.00
- tax audit	2.00	1.50
- certification	1.00	1.00
- others services	5.80	3.48
- reimbursement of expenses	8.16	3.91
Corporate Social Responsibility expenditure	15.00	21.00
Others (vide Note no:XXIV (5))	1,290.86	1,030.57
Total	<u>3,157.15</u>	<u>2,624.48</u>

XXIV Accounting Standards, additional disclosures and notes on accounts

	As at/year ended 31.03.2016	Rs. in Lakhs As at/year ended 31.03.2015
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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

- Raw material, components and stores and spares are valued at cost determined on weighted average basis.
- Work-in-process includes cost and direct overheads.
- Finished goods are valued at the aggregate of material cost and applicable duties and overheads or net realisable value whichever is lower.
- Excise duty in respect of finished goods lying within the factory are included in the valuation of inventories.
- As per practice consistently followed, Customs Duty and Countervailing Duty payable on raw materials and components lying in customs bonded warehouse is accounted for on debonding.

Non-provision of this duty will not affect the profit for the year.

ACCOUNTING STANDARD (3) - Cash flow statement

The cash flow statement is prepared under "indirect method" and the same is annexed.

ACCOUNTING STANDARD (4) - Contingencies and events occurring after the Balance Sheet date

Details regarding contested liabilities are furnished in note no.2 and also disclosed under Accounting Standard -29.

ACCOUNTING STANDARD (5) Net profit or loss for the period, prior period items and changes in accounting policies

Prior period Items

- Travelling and conveyance	0.44	1.00
- Postage and telegram	—	0.19
- Consultancy charges	0.36	0.07
- Advertisement	0.09	1.20
- Transfer pricing fee	—	7.79
- Staff Welfare	2.40	0.54
- R&D Product development	0.60	—
- Welfare expenses	0.10	—
- Commission to an Independent Director	6.00	—
- Other expenses	1.70	0.07

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

	As at/year ended 31.03.2016	Rs. in Lakhs As at/year ended 31.03.2015
ACCOUNTING STANDARD (6) - Depreciation accounting	Not applicable	Not applicable
This Standard is withdrawn from 31-03-2016 and clubbed with Accounting Standard-10		
ACCOUNTING STANDARD (7) - Construction contracts	Not applicable	Not applicable
This standard is not applicable		
ACCOUNTING STANDARD (8) - R & D		
This standard is withdrawn from 1 st April, 2003		
ACCOUNTING STANDARD (9) - Revenue recognition		
a) The income of the Company is derived from manufacture and sale of seating systems for automotive and non automotive application and other parts and accessories for automotive and non automotive application.		
b) Income from services is recognised on rendering of services and as per terms of agreement.		
c) Indigenous sales are recognised based on raising of invoices and delivery of goods thereof to the carrier.		
d) Export sales are recognised on the basis of date of LET Export certificate.		
e) The revenue and expenditure are accounted on a going concern basis.		
f) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.		
g) Dividend Income is recognised when right to receive dividend is established.		
h) Duty drawback is recognised on raising of export invoice.		
i) Merchandise Exports from India Scheme is recognised on realisation of export proceeds.		

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

Rs. in Lakhs

As at/year ended	As at/year ended
31.03.2016	31.03.2015

ACCOUNTING STANDARD (10) - Property plant and equipment

- Fixed assets are stated at cost including expenditure incurred in bringing them to usable condition less depreciation.
- As required by Schedule II to Companies Act 2013, depreciation has been provided under straight line method in respect of all assets existing as at the beginning of April 01, 2014, based on the useful life determined by a Valuer.
- In respect of the plant and equipments acquired during the year, useful life of the asset has been evaluated internally by the Company and depreciation has been provided accordingly. For the remaining assets, depreciation has been provided on the basis of useful life determined by the valuer.
- The Company retains 5% of original cost for all assets as residual value.
- In respect of assets added / sold during the year, pro-rata depreciation has been provided.
- Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs.5,000/- has been provided at 100%.

Component Accounting:

Useful life of the whole asset and part of the asset:-

In respect of all depreciable assets, it was ascertained that useful life of part of the asset is not significantly different from the "whole of the assets".

Accordingly, measurement of depreciation is same for component asset and whole of asset.

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.

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

	Rs. in Lakhs	
	As at/year ended 31.03.2016	As at/year ended 31.03.2015
Year end foreign currency denominated liabilities and receivables are translated at exchange rates prevailing as at the Balance Sheet date, the difference being charged / credited to respective revenue or capital account.		
The Company has entered into forward contracts for hedging the risk of exchange fluctuation. There are no derivative contracts other than the forward contracts.		
Forward exchange contracts outstanding as at March 31, 2016		
USD - 11,59,196 (Last Year USD 11,70,000)	790.50	735.72
Foreign Currency exposures not covered by the forward exchange contracts as at March 31, 2016	NIL	NIL
Net foreign exchange gain / (loss) shown in statement of Profit and loss.	28.39	(4.73)
External commercial borrowings for acquisition of an asset		
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.		
ACCOUNTING STANDARD (12) - Accounting for Government grants		
During the year, the Company has not received any grant from Government.	—	—
ACCOUNTING STANDARD (13) - Accounting for Investments		
Investments held are long-term and 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 note no. IX of the Balance Sheet). During this year there is no diminution in carrying cost of the investment made.		
ACCOUNTING STANDARD (14) - Accounting for amalgamation	Not applicable	Not applicable

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

Rs. in Lakhs

As at/year ended	As at/year ended
31.03.2016	31.03.2015

ACCOUNTING STANDARD (15) - Employee benefits
A Defined contribution plan

- a) Contributions to provident fund is in the nature of defined contribution plan and are made to provident fund maintained by Government.

B Defined benefit plan

- 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.

As at / year ended
31.03.2016

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	1.78	17.90	23.17
(ii) Interest cost	3.34	23.96	19.43
(iii) Expected return on plan assets	—	—	(21.75)
(iv) Net actuarial loss/(gain) recognised in the year	12.72	5.76	34.10
Total	17.84	47.62	54.95
b) Change in defined benefit obligation during the year ended 31 st March 2016			
(i) Present total value of obligation as at beginning of the year (01-04-2015)	41.77	299.54	242.82
(ii) Interest cost	3.34	23.96	19.43
(iii) Current service cost	1.78	17.90	23.17
(iv) Benefits paid	—	—	(6.84)
(v) Actuarial loss on obligation	12.72	5.76	34.10
(vi) Present value of obligation as at the end of the year (31-03-2016)	59.61	347.16	312.68

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

Rs. in Lakhs

	As at / year ended 31.03.2016		
	Leave Salary	Pension	Gratuity
c) Change in fair value of plan assets during the year ended 31 st March 2016			
(i) Fair value of plan assets at the beginning of the year (01-04-2015)	—	—	271.87
(ii) Expected return on plan assets	—	—	21.75
(iii) Contribution made during the year	—	—	1.73
(iv) Benefits paid	—	—	(6.84)
(v) Actuarial gain on plan assets	—	—	34.10
(vi) Fair value of plan assets as at the end of the year (31-03-2016)	—	—	322.61
d) Balance Sheet movements			
(i) Value of benefit obligations/(net assets) at the beginning of the year (01-04-2015)	41.77	299.54	8.45
(ii) Contribution made during the year	—	—	1.73
(iii) Expenses	17.84	47.62	54.95
(iv) Benefits paid	—	—	(6.84)
(v) Value of benefit obligations/(net assets) at the end of the year 31.03.2016	59.61	347.16	58.29
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%

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.

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

	As at/year ended 31.03.2016	As at/year ended 31.03.2015
Rs. in Lakhs		
ACCOUNTING STANDARD (18) - Related party disclosures		
Disclosures are made (vide Note no: XXIV(13)) as prescribed by the standard.		
ACCOUNTING STANDARD (19) - Accounting for leases		
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	153.08	119.68
- Later than one year and not later than five years	380.60	396.89
- 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.	Not applicable	Not applicable
c. Lease payments recognised in the statement of profit and loss for the period under the head Rent.	120.77	78.98
ACCOUNTING STANDARD (20) - Earnings per share		
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	2,531.71	709.27
No. of equity shares	7,769,040	7,769,040
Face value per share (Rs.)	10	10
Weighted average number of equity shares	7,769,040	7,769,040
Earnings per share (EPS) (Rs.)	32.59	9.13
Diluted Earnings per share (Rs.)	32.59	9.13

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

		Rs. in Lakhs
	As at/year ended 31.03.2016	As at/year ended 31.03.2015
ACCOUNTING STANDARD (21) - Consolidated financial statements		
Consolidated financial statements of the Company and its subsidiary is enclosed.		
ACCOUNTING STANDARD (22) - Accounting for taxes on income		
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	1,247.051,234.23
-	tax on expenses claimed on payment basis under Income-tax Act, 1961	441.72441.72
	(A)	1,688.771,675.95
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	1,764.191,458.85
-	tax on depreciation transferred to retained earnings in terms of schedule II to Companies Act, 2013	25.5125.51
	(B)	1,789.701,484.36
	Deferred tax liability (net of deferred tax asset) (refer Balance Sheet)	(A)-(B)–191.59
	Deferred tax asset (net of deferred liability) (refer Balance Sheet)	(B)-(A)100.93–

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

	Rs. in Lakhs	
	As at/year ended 31.03.2016	As at/year ended 31.03.2015
ACCOUNTING STANDARD (23) - Accounting for investments in associates in consolidated financial statements	Not applicable	Not applicable
ACCOUNTING STANDARD (24) - Discontinuing operations		
No operation is being discontinued during this year.	Please see Note XXIV (7)	
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 date of Balance sheet the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of such assets. Hence there is no impairment loss on the assets of the Company.		

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

	Rs. in Lakhs	
	As at/year ended 31.03.2016	As at/year ended 31.03.2015
ACCOUNTING STANDARD (29) - Provisions, contingent liabilities and contingent assets		
1. Provisions		
In respect of warranty obligations provision is made in accordance with the terms of sale of seat assemblies.		
Provision for warranty at beginning of the year	75.46	97.32
Provided during the year	95.93	39.36
Total	171.39	136.68
Provision utilised during the year	40.80	61.22
Net Provision as on balance sheet date	130.59	75.46
2. Contingent liabilities		
The amount for which the Company is contingently liable are disclosed in Note No.XXIV (1)		
3. Contingent assets		
Contingent assets which are likely to give rise to the possibility of inflow of economic benefits	Nil	Nil
4. Contested liabilities		
Contested liabilities are detailed in Note No.XXIV (2)		
ACCOUNTING STANDARD (30) - Financial instruments		
'The Company has entered into forward contracts to hedge its risks associated with foreign currency fluctuation. 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.		
1. Contingent liabilities not provided for		
a. On counter guarantee furnished to bank	57.01	267.38
b. On account of Bill discounted	NIL	146.44
c. Customs duty under Export Promotion Capital Goods scheme	221.75	221.75
d. Contracts remaining to be executed on Capital account and not provided for	53.75	49.99

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

	As at/year ended 31.03.2016	Rs. in Lakhs As at/year ended 31.03.2015
2. Liability contested and not provided for		
a) Income-tax	126.40	85.09
b) Service tax	310.64	298.66
c) Central Excise	62.81	360.87
d) Value Added Tax	363.73	594.29
e) Customer claim	439.00	439.00
3. Trade Payable include		
a) Dues to Micro,small and Medium Enterprises	198.41	162.87
b) Dues of creditors other than Micro, Small and Medium Enterprises	4,313.95	4,254.23
c) Information required under the Micro, Small and Medium Enterprises Development Act, 2006		
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	198.41	162.87
(ii) the amount of the interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;		
(iii) the amount of the interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;		
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;		
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006		

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

		Rs. in Lakhs
	As at/year ended 31.03.2016	As at/year ended 31.03.2015
d) 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.		
4. Research & Development Expenditure		
Revenue Expenditure	545.69	518.36
Capital Expenditure	57.18	65.68
5. Other expenses		
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 of service tax set off permissible.		
7. Exceptional Item		
During the year in September 2015, the Company has transferred its two wheeler seats and plastic components business at Nalagarh, Himachal Pradesh under a Business Transfer Agreement to Sundaram Auto Components Limited, Chennai for a consideration of Rs 900 lakhs. The Company has received an advance of Rs 550 lakhs during the last financial year and the balance of Rs 350 lakhs during the current financial year. The profit on sale of such transfer is Rs 447.44 lakhs. The Company had incurred a loss of Rs 35.75 lakhs from the discontinued business during the year.		
8. Prior Period items:- Refer AS-5		
9. Expenditure incurred on Corporate Social Responsibility (CSR) activities.		
(a) Gross amount required to be spent during the year is Rs. 14.37 lakhs (Previous Year Rs. 20.78 lakhs).		
(b) Amount spent during the year	15.00	21.00
Particulars		
(a) Construction / acquisition of any asset	—	—
(b) On purposes other than (a) above in cash	15.00	21.00

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

Rs. in Lakhs

10. Disclosures made in terms of Regulations 34(3) and 53(f) of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015

Sl. No.	Particulars	Name of the Company	Amount outstanding as on 31.03.2016	Maximum outstanding due at any one time during the year	Amount outstanding as on 31.03.2015
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 186 of the Companies Act, 2013		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	2,759.00

11. Last year's figures have been regrouped and re-arranged wherever necessary to conform to this year's classification.

12. The retrospective amendment to the payment of Bonus Act, 1965 (effective from 01-04-2014) enhancing the limit to Rs.7000 /- per month per employee or aggregate minimum wages per month which ever is higher, is contested by the Company through a writ before the honourable High Court of Judicature at Madras. Hence bonus provision with retrospective effect approximately Rs. 33 lakhs is not provided in the accounts. This prospective amendment effective from 01-04-2015 is provided for.

13. Related Party Disclosures as per Accounting Standard - 18
A) List of Related Parties as per Clause 3(a) of the Standard where control exists.

Reporting Entity : Harita Seating Systems Limited, Chennai

Holding Companies : Nil

Subsidiary Company : Harita Fehrer Limited, Chennai
(01.04.2015 to 31.03.2016)

B) Entities in which directors are interested - As per Companies Act,2013

a.	Chennai Business Consulting Services Limited, Chennai (formerly known as TVS Finance and Services Limited).	01.04.2015 to 31.03.2016
b.	InKo Services Private Limited, Chennai	01.04.2015 to 31.03.2016
c.	Lakson Technology Private Limited, Chennai	01.04.2015 to 31.03.2016
d.	TVS Agro Products Private Limited, Chennai (formerly known as TVS Organics Private Limited)	01.04.2015 to 31.03.2016
e.	TVS Staffing Solutions Private Limited, Chennai	01.04.2015 to 31.03.2016
f.	S.Ibrahim & Co, Madurai	01.04.2015 to 31.03.2016
g.	Gallant E-Access Private Limited, Delhi (under liquidation)	01.04.2015 to 31.03.2016

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

	As at/year ended 31.03.2016	Rs. in Lakhs As at/year ended 31.03.2015
C) Particulars of transactions with related parties		
(i) Purchases made		
Subsidiary Company		
Harita Fehrer Limited, Chennai		
- Components	3,105.09	2,542.90
- Capital goods	69.91	68.27
Entities in which directors are interested		
TVS Agro Products Private Limited, Chennai		
(formerly known as TVS Organics Private Limited)		
- Canteen supplies	14.54	13.35
(ii) Services availed		
Subsidiary Company		
Harita Fehrer Limited, Chennai		
- Interest paid	0.17	9.56
- Lease rent paid	43.16	—
- Others	78.13	—
(iii) Sale of Materials		
Subsidiary Company		
Harita Fehrer Limited, Chennai	4.46	0.26
(iv) Services rendered		
Subsidiary Company		
Harita Fehrer Limited, Chennai		
- Lease Rent	138.25	138.25
- Management Service	78.75	78.75
- Canteen	31.89	31.89
- Others	363.11	389.43
(v) Dividend received from subsidiary company	615.00	410.00
(vi) Amount outstanding as at Balance Sheet date		
Subsidiary Company		
Harita Fehrer Limited, Chennai		
Trade payables	679.61	242.19
Other payables	—	41.42
Trade receivables	24.78	—
Other receivables	56.59	—
Entities in which directors are interested		
TVS Agro Products Private Limited, Chennai		
(formerly known as TVS Organics Private Limited)		
Trade payables	0.61	1.07

XXIV Accounting Standards, additional disclosures and notes on accounts - (continued)
14.

Rs. in Lakhs

**As at/year ended
31.03.2016**
**As at/year ended
31.03.2015**
I RAW MATERIALS CONSUMED
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.

22,040.22	20,824.24
22,040.22	20,824.24

B. Consumption of raw materials and components

	% of total consumption	Value	% of total consumption	Value
a) Imported	3.30	726.27	2.59	538.96
b) Indigenous	96.70	21,313.95	97.41	20,285.28
	100.00	22,040.22	100.00	20,824.24

C. Consumption of machinery spares

	% of total consumption	Value	% of total consumption	Value
a) Imported	—	—	—	—
b) Indigenous	100.00	106.76	100.00	75.22
	100.00	106.76	100.00	75.22

Rs. in Lakhs

**As at/year ended
31.03.2016**
**As at/year ended
31.03.2015**
II IMPORTS - CIF VALUE

a) Raw materials & components	718.40	534.23
b) Capital goods	7.50	4.39
c) Spares	0.37	0.34

III OTHER EXPENDITURE IN FOREIGN CURRENCY

a) Travel	25.85	8.39
b) Consultancy fee	223.22	233.11
c) Others	33.27	44.53

IV EARNINGS IN FOREIGN EXCHANGE

Exports - F.O.B	3,228.08	2,150.11
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HARITA SEATING SYSTEMS LIMITED

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

			Rs. in Lakhs
	As at/year ended 31.03.2016	As at/year ended 31.03.2015	
V PAYMENT TO NON-RESIDENT SHAREHOLDERS			
a) No. of non-resident shareholders	1	1	
b) No. of shares held by non-residents	1087600	1087600	
c) Dividend	92.45	16.31	
d) Years to which it relates	31.03.2016 & 31.03.2015	31.03.2015	
VI SALE BY CLASS OF GOODS			
Seats:			
a) For automotive application	28,671.52	25,966.40	
b) Others (Net of excise duty collected)	409.15	185.58	
	29,080.67	26,151.98	
H LAKSHMANAN Chairman	C N PRASAD Director	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 20 th May 2016	A BASKAR Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M BALASUBRAMANIAM Partner Membership No.F7945

Cash flow statement for the year ended 31st March, 2016

			Rs. in Lakhs	
		Year ended 31.03.2016	Year ended 31.03.2015	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax and extra ordinary items		2,845.62		813.83
Add:				
Depreciation	438.76		407.78	
Dividend income	(615.00)		(410.00)	
Interest Income	(80.63)		(14.97)	
(Profit) / loss on sale of assets(net)	31.06		39.03	
Exchange Rate fluctuations	(51.52)		(73.29)	
Finance Cost	149.32	(128.01)	470.99	419.54
Operating profit before working capital changes		2,717.61		1,233.37
Adjustments for:				
Working Capital changes				
Trade Payables	94.36		441.72	
Other Current Liabilities	(729.48)		(1,705.63)	
Short Term Provisions	385.06		(110.10)	
Other Non current assets	1.60		(7.71)	
Inventories	(72.48)		(237.29)	
Trade Receivables	(191.84)		(231.64)	
Short Term Loans and Advances	31.56		601.29	
Other Current Assets	(31.55)	(512.77)	6.51	(1,242.85)
Cash generated from operations		2,204.84		(9.48)
Less : Taxes paid		325		(107.08)
Net cash from / (used in) operating activities	- (A)	2,529.84		(116.56)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(577.53)		(486.53)	
Proceeds from sale of assets	649.69		1.46	
Advance received for sale of fixed assets	—		550.00	
Interest received	78.84		14.75	
Dividend received	615.00	766.00	410.00	489.68
Net cash from / (used in) investing activities	- (B)	766.00		489.68

HARITA SEATING SYSTEMS LIMITED

Cash flow statement for the year ended 31st March, 2016 (Contd.)

		Rs. in Lakhs
	Year ended 31.03.2016	Year ended 31.03.2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long term borrowings (Net)	–	(84.50)
Long term provisions	92.62	109.31
Long term loans & advances	149.91	50.60
Other long term liabilities	4.21	(3.88)
Short term borrowings (Net)	(2,734.32)	224.64
Finance cost paid	(149.32)	(479.60)
Dividend & dividend distribution tax paid	(678.47)	(116.90)
	(3,315.37)	(300.33)
Net cash from / (used in)		
financing activities - (C)	(3,315.37)	(300.33)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		
	(19.53)	72.79
Cash and cash equivalents at the beginning of the year	172.35	99.56
Cash and cash equivalents at the end of the year	152.82	172.35

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	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 20 th May 2016	A BASKAR Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M BALASUBRAMANIAM Partner Membership No.F7945

Consolidated Financial Statements
of
Harita Seating Systems Limited

Independent Auditors' Report for the year ended 31st March 2016

To

The Members of Harita Seating Systems Limited,
Chennai - 600006.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Harita Seating Systems Limited, Chennai - 600006 (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether

due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of the subsidiary company whose financial statements reflect total assets of Rs. 20,472.93 lakhs as at 31st March, 2016, total revenues of Rs. 36,260.86 lakhs and net cash inflow amounting to Rs. 96.64 lakhs for the year ended on that date, as considered in the consolidated financial statements. The subsidiary's financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and

belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of the subsidiary company incorporated in India, none of the directors of the Group is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Holding Company and its subsidiary company (incorporated in India) and the operating effectiveness of such controls, refer to our separate report in "Annexure-1".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on separate

CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

financial statements of the subsidiary as noted in "Other Matters" paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note no. XXVI(3) to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

The subsidiary company incorporated in India is not required to transfer any amount into the Investor Education and Protection Fund.

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

Place : Chennai
Date : 20th May 2016

M BALASUBRAMANIAM
Partner
Membership No.: F7945

Annexure - I to Independent Auditors' report to the Members on the consolidated financial statements of Harita Seating Systems Limited, Chennai for the year ended 31st March 2016

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

We have audited the internal financial controls over financial reporting of HARITA SEATING SYSTEMS LIMITED, CHENNAI ("the Holding Company") and its subsidiary company, which is incorporated in India, as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

- I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and

- III. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal

financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its subsidiary company, which is incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India.

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

Place : Chennai
Date : 20th May 2016

M BALASUBRAMANIAM
Partner
Membership No.: F7945

CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

Consolidated Balance Sheet as at 31st March, 2016

			Rs. in Lakhs
	Note No.	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	I	776.90	776.90
(b) Reserves and Surplus	II	8,870.81	6,987.58
(2) Minority Interest	XXV	6,495.71	6,396.62
(3) Non-Current Liabilities			
(a) Deferred tax liabilities (Net)		588.57	901.44
(b) Other Long term liabilities	III	47.00	22.75
(c) Long-term provisions	IV	432.03	339.41
(4) Current Liabilities			
(a) Short-term borrowings	V	171.66	2,905.98
(b) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		1,842.97	841.08
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		7,820.83	9,113.84
(c) Other current liabilities	VI	1,790.88	2,560.36
(d) Short-term provisions	VII	1,626.19	1,027.25
Total		30,463.55	31,873.21
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	VIII	11,266.20	12,355.14
(ii) Intangible assets		62.93	40.72
(iii) Capital work-in-progress		184.16	197.88
(b) Non-current investments	IX	175.63	175.63
(c) Long term loans and advances	X	339.76	481.83
(d) Other non-current assets	XI	2.49	2.30
(2) Current assets			
(a) Current investments	XII	1,208.77	—
(b) Inventories	XIII	2,928.22	2,766.06
(c) Trade receivables	XIV	11,358.49	12,199.86
(d) Cash and cash equivalents	XV	1,021.02	943.90
(e) Short-term loans and advances	XVI	1,617.11	2,439.29
(f) Other current assets	XVII	298.77	270.60
Total		30,463.55	31,873.21

Accounting standards, additional disclosures & Notes on accounts

XXVI

H LAKSHMANAN
Chairman

C N PRASAD
Director

A G GIRIDHARAN
Chief Executive Officer

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

Chennai
20th May 2016

A BASKAR
Chief Financial Officer

N ISWARYA LAKSHMI
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No.F7945

CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

			Rs. in Lakhs
	Note No.	For the Year ended 31.03.2016	For the Year ended 31.03.2015
I. Revenue from Operations (Gross)	XVIII	70,951.22	64,530.58
Less: Excise duty		7,256.79	6,654.75
Revenue from Operations (Net)		63,694.43	57,875.83
II. Other Income	XIX	341.36	479.36
III. Total Revenue (I + II)		64,035.79	58,355.19
IV. Expenses:			
Cost of materials consumed	XX	44,848.60	42,749.76
Changes in inventories of finished goods and work in process	XXI	18.35	(196.24)
Employee benefits expense	XXII	7,120.34	6,054.18
Finance costs	XXIII	174.71	565.74
Depreciation and amortization expense	VIII		
On Tangible assets		1,345.91	1,298.61
On Intangible assets		35.85	35.86
Other expenses	XXIV	6,636.61	5,678.10
Total Expenses		60,180.37	56,186.01
V. Profit before exceptional and extraordinary items and tax (III - IV)		3,855.42	2,169.18
VI. Exceptional Item of Income		447.44	—
VII. Profit before extraordinary items and tax (V + VI)		4,302.86	2,169.18
VIII. Extraordinary Items		—	—
IX. Profit before tax (VII - VIII)		4,302.86	2,169.18
X. Tax expense:			
(1) Current tax		945.67	470.42
(2) Deferred tax		(312.86)	28.67
(3) Tax relating to earlier year		186.43	9.36
(4) Mat Credit Entitlement		231.86	203.72
		1,051.10	712.17
XI. Profit / (Loss) for the year before making prior period adjustments (IX - X)		3,251.76	1,457.01
XII. Prior Period Adjustments : Income Tax		9.09	5.02
XIII. Profit / (Loss) for the year (XI - XII)		3,242.67	1,451.99 *
Relating to Minority Interest		649.95	564.32
Relating to Parent Company		2,592.72	887.67
XIV. Earnings per equity share:			
(1) Basic (in Rs.)		33.37	11.43
(2) Diluted (in Rs.)		33.37	11.43

Accounting standards, additional disclosures & Notes on accounts XXVI

* includes profit after tax of Rs. 17.43 lakhs from discontinuing operations of Harita Seating Systems Limited

H LAKSHMANAN Chairman	C N PRASAD Director	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 20 th May 2016	A BASKAR Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M BALASUBRAMANIAM Partner Membership No.F7945

Consolidated Notes on accounts

	As at 31.03.2016	Rs. in Lakhs As at 31.03.2015
I. SHARE CAPITAL		
Authorised		
1,00,00,000 Equity Shares of Rs.10/- each	1,000.00	1,000.00
Issued, Subscribed & fully paid up		
77,69,040 Equity Shares of Rs.10/- each	776.90	776.90
Total	776.90	776.90
II. RESERVES AND SURPLUS		
a. Capital Redemption Reserve		
Opening Balance	10.00	10.00
Additions during the year	—	—
Deductions during the year	—	—
Closing Balance	10.00	10.00
b. Share premium		
Opening Balance	2,982.88	2,982.88
Additions during the year	—	—
Deductions during the year	—	—
Closing Balance	2,982.88	2,982.88
c. Other Reserve (State subsidy)		
Opening Balance	41.10	41.10
Additions during the year	—	—
Deductions during the year	—	—
Closing Balance	41.10	41.10
d. General Reserve		
Opening Balance	2,301.54	2,354.67
Less: Transfer to minority interest	40.02	—
Less: Depreciation charge consequent to application of Schedule II of Companies Act, 2013	—	78.64
Deferred tax impact on the above	—	(25.51)
	—	53.13
Closing Balance	2,261.52	2,301.54
e. Surplus i.e balance as per Statement of Profit and Loss:		
Opening balance	1,652.06	1,079.18
Add: Net Profit for the year	2,592.72	887.67
	4,244.78	1,966.85
Less: Interim dividend payable	—	(194.23)
Interim dividend paid	(484.26)	—
Dividend distribution Tax	(185.21)	(120.56)
	(669.47)	(314.79)
	3,575.31	1,652.06
Total (a + b + c + d + e)	8,870.81	6,987.58

Notes on accounts - (continued)

	As at 31.03.2016	Rs. in Lakhs As at 31.03.2015
III. OTHER LONG-TERM LIABILITIES		
Security deposits from dealers	47.00	22.75
Total	<u>47.00</u>	<u>22.75</u>
IV. LONG-TERM PROVISIONS		
Employee benefits : Pension	347.16	299.55
Leave encashment	57.00	39.86
Income tax (Net of advance tax)	27.87	—
Total	<u>432.03</u>	<u>339.41</u>
V. SHORT-TERM BORROWINGS		
Loans repayable on demand		
Secured		
From bank	171.66	2,405.98
(Secured by first charge on the entire current assets of the Company acquired out of the credit facilities availed from the bank)		
Unsecured		
From bank	—	500.00
Total	<u>171.66</u>	<u>2,905.98</u>

Notes on accounts - (continued)

	As at 31.03.2016	Rs. in Lakhs As at 31.03.2015
VI. OTHER CURRENT LIABILITIES		
Secured		
(a) Current maturities of long-term debt - From Bank	—	73.00
(b) Interest accrued but not due on borrowing	—	1.37
Unsecured		
(a) Interest Free Sales Tax Loan	—	11.50
(b) Loans repayable on demand - bill discounting	330.39	576.41
(c) Unpaid dividends	46.10	11.40
(d) Other Payables		
Employees	219.05	227.26
Advances from customers		
- for sales	506.81	249.50
- for tool development	123.60	185.06
Statutory payables		
- Tax deducted at source	44.69	30.56
- Value added taxes and central sales tax	41.72	46.09
- Others	133.92	128.15
Advance received for sale of fixed assets	—	550.00
Trade / Security deposit received	1.50	2.60
Security deposit from a shareholder	1.00	—
For expenses	342.10	467.46
Total	<u>1,790.88</u>	<u>2,560.36</u>
VII. SHORT-TERM PROVISIONS		
Employee Benefits:		
a) Salary and bonus	152.93	42.57
b) Leave encashment	44.86	35.61
Provision for Income tax (net of advance tax)	525.67	370.42
Warranty	130.58	75.46
Price increase due to supplier of inputs	413.64	137.93
Price reduction due to customers	317.31	42.00
Others	41.20	68.75
Interim dividend payable	—	194.23
Dividend distribution tax payable	—	60.28
Total	<u>1,626.19</u>	<u>1,027.25</u>

Notes on accounts - (continued)

VIII NON CURRENT ASSETS
FIXED ASSETS

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 31.03.2016	As at 31.03.2015
Cost of assets															
As at 01.04.2015	1,362.01	90.66	5,058.76	13,179.86	229.23	97.00	741.04	20,758.56	323.50	31.50	22.32	550.00	927.32	21,685.88	21,638.25
Add: Additions/Transfer/adjustments	—	—	67.68	853.63	26.47	15.38	38.66	1,001.82	58.06	—	—	—	58.06	1,059.88	688.87
Sub-total	1,362.01	90.66	5,126.44	14,033.49	255.70	112.38	779.70	21,760.38	381.56	31.50	22.32	550.00	985.38	22,745.76	22,327.12
Less: Sale/Deletions/adjustments	123.37	—	417.26	1,173.92	15.42	11.27	33.45	1,774.69	9.08	—	—	—	9.08	1,783.77	641.24
As at 31.03.2016	1,238.64	90.66	4,709.18	12,859.57	240.28	101.11	746.25	19,985.69	372.48	31.50	22.32	550.00	976.30	20,961.99	21,685.88
Depreciation/ amortisation															
upto 31.03.2015	—	9.56	1,155.01	6,526.18	115.53	73.73	523.41	8,403.42	291.06	29.92	15.62	550.00	886.60	9,290.02	8,477.40
Add: Depreciation for the year	—	0.98	158.98	1,104.80	24.69	8.51	47.95	1,345.91	33.62	—	2.23	—	35.85	1,381.76	1,334.47
Sub-total	—	10.54	1,313.99	7,630.98	140.22	82.24	571.36	9,749.33	324.68	29.92	17.85	550.00	922.45	10,671.78	9,811.87
Add: Charged to Retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	78.64
Sub-total		10.54	1,313.99	7,630.98	140.22	82.24	571.36	9,749.33	324.68	29.92	17.85	550.00	922.45	10,671.78	9,890.51
Less: Withdrawn on sold assets	—	—	107.51	872.59	11.58	10.71	27.45	1,029.84	9.08	—	—	—	9.08	1,038.92	600.49
As on 31.03.2016	—	10.54	1,206.48	6,758.39	128.64	71.53	543.91	8,719.49	315.60	29.92	17.85	550.00	913.37	9,632.86	9,290.02
Written down value															
31.03.2016	1,238.64	80.12	3,502.70	6,101.18	111.64	29.58	202.34	11,266.20	56.88	1.58	4.47	—	62.93	11,329.13	12,395.86
31.03.2015	1,362.01	81.10	3,903.75	6,653.68	113.70	23.27	217.63	12,355.14	32.44	1.58	6.70	—	40.72	12,395.86	13,160.85
Capital Work-in-Progress (At cost)															
a. Plant & Equipments														116.38	197.88
b. Building														49.60	—
b. Office Equipment under installation														18.18	—
Total														184.16	197.88

Notes on accounts - (continued)

	As at 31.03.2016	Rs. in Lakhs As at 31.03.2015
IX. NON-CURRENT INVESTMENTS		
Non Trade Investments (At cost)		
Investment in Equity Instruments		
Non-trade unquoted shares (long-term fully paid)		
Green Infra Wind Energy Theni Ltd, New Delhi (Formerly known as TVS Wind energy Ltd)	75.00	75.00
Equity of M/s.Paras Green Power LLP, Chennai	2.60	2.60
Other Investments (At cost)		
Unquoted:		
Life Insurance Corporation of India, Chennai (Group annuity policy for pension to employees)	98.03	98.03
Total	<u>175.63</u>	<u>175.63</u>
X. LONG-TERM LOANS AND ADVANCES		
(Unsecured considered good)		
Capital Advances	74.14	11.95
Deposits		
Electricity Deposit	23.23	21.58
Telephone Deposit	0.19	0.18
Earnest Money deposit	7.39	4.60
Security deposit	208.54	158.50
Advances		
- Rent	5.00	7.50
- Tool development	2.99	—
Advance payment of taxes (Net off Provisions)	18.28	36.24
Minimum Alternate Tax credit entitlement	—	241.28
Total	<u>339.76</u>	<u>481.83</u>
XI. OTHER NON-CURRENT ASSETS		
(Unsecured, considered good)		
Interest accrued on loans and advances	2.49	2.30
Total	<u>2.49</u>	<u>2.30</u>

Notes on accounts - (continued)

XII. CURRENT INVESTMENTS

Rs. in Lakhs

Sr. No.	Name of the Body Corporate	Subsidiary /Associate / JV/ Controlled Entity / Others	No. of Shares / Units	No. of Shares / Units	Amount	Amount	Basis of Valuation (Cost Value / Market Value)	
			2016	2015	2016	2015	2016	2015
1	Investment in Mutual Fund Instruments							
	UTI Liquid Fund	others	6,220	–	153.80	–	Cost	–
	SBI Magnum Insta cash fund	others	5,990	–	200.00	–	Cost	–
	IDFC funds-Ultra short term funds	others	1,374,857	–	289.97	–	Cost	–
	ICICI Prudential ultra short term	others	1,283,114	–	195.00	–	Cost	–
	Franklin India TMA Growth	others	4,428	–	100.00	–	Cost	–
	ICIC Prudential Money Market	others	95,763	–	200.00	–	Cost	–
	L&T Liquid Fund	others	3,380	–	70.00	–	Cost	–
			2,773,752	–	1,208.77	–		–

Rs. in Lakhs

**As at
31.03.2016**

**As at
31.03.2015**

XIII. INVENTORIES

a. Raw Materials and components	1,604.56	1,509.81
b. Work-in-process	372.28	299.02
c. Finished goods	523.33	588.34
d. Finished goods-in-transit	32.69	59.29
e. Stores and spares	395.36	309.60
Total	2,928.22	2,766.06

XIV. TRADE RECEIVABLES

Debts outstanding for a period exceeding six months from the date due for payment

Unsecured

Considered good – 19.09

Considered doubtful **90.63** 413.65

90.63 432.74

Less : Provision for doubtful debts **90.63** 413.65

A – 19.09

Other debts

Considered good **11,358.49** 12,180.77

Considered doubtful – 55.25

11,358.49 12,236.02

Less : Provision for doubtful debts – 55.25

B **11,358.49** 12,180.77

Total **A + B** **11,358.49** 12,199.86

Notes on accounts - (continued)

	As at / for the year ended 31.03.2016	Rs. in Lakhs As at / for the year ended 31.03.2015
XV. CASH AND CASH EQUIVALENTS		
a. Balances with banks	965.38	867.47
b. Cheques on hand	—	52.40
c. Cash on hand	5.86	8.95
d. Unpaid dividend (earmarked balance)	46.10	11.40
e. Bank deposits *	3.68	3.68
Total	<u>1,021.02</u>	<u>943.90</u>
* Held for more than 12 months		
XVI. SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good :		
Employee advances	62.69	41.90
Advances to suppliers	517.57	480.70
Prepaid expenses	93.74	109.18
Income tax - Advance tax paid and tax deducted at source receivable (Net of Provisions)	489.35	1,188.28
Balances with statutory authorities :		
Income tax refund receivable	49.82	—
CENVAT receivable	143.48	104.32
Value added tax set off receivable	9.23	53.23
Advances - Tool development	132.15	165.88
- Others	119.08	295.80
Total	<u>1,617.11</u>	<u>2,439.29</u>
XVII. OTHER CURRENT ASSETS		
Claims Receivable	275.60	270.60
Premium on forward contracts	21.57	—
Interest accrued on deposits	1.60	—
Total	<u>298.77</u>	<u>270.60</u>
XVIII. REVENUE FROM OPERATIONS		
Sale of products	69,183.50	63,226.69
Other operating revenues	1,767.72	1,303.89
Total	<u>70,951.22</u>	<u>64,530.58</u>
Less: Excise duty	7,256.79	6,654.75
Total	<u>63,694.43</u>	<u>57,875.83</u>
XIX. OTHER INCOME		
(a) Interest Income	101.80	20.67
(b) Net Foreign Exchange gain	117.76	—
(c) Profit on sale of fixed assets	1.49	0.77
(d) Other non-operating income	120.31	457.92
Total	<u>341.36</u>	<u>479.36</u>

CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (continued)

		For the year ended 31.03.2016	Rs. in Lakhs For the year ended 31.03.2015
XX. COST OF MATERIALS CONSUMED			
OPENING STOCK			
Raw materials (A)		1,509.81	1,502.38
Purchase of raw materials and components (B)		44,943.35	42,757.19
Total (C) (A) + (B)		46,453.16	44,259.57
CLOSING STOCK			
Raw materials (D)		1,604.56	1,509.81
Consumption (C) - (D)		44,848.60	42,749.76
XXI. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROCESS			
Opening Stock			
Work-in-process		299.02	244.83
Finished goods		647.63	505.58
Sub Total		946.65	750.41
Less: Excise duty on Finished goods		16.57	9.15
Total (A)		930.08	741.26
Less: Closing Stock			
Work-in-Process		372.28	299.02
Finished Goods		556.02	647.63
Sub Total		928.30	946.65
Less: Excise duty on Finished goods		17.61	16.57
Total (B)		910.69	930.08
Changes in Inventory (A - B)		19.39	(188.82)
Add / (Less) : Excise duty on Opening and closing of finished goods (net)		(1.04)	(7.42)
Changes in Inventory		18.35	(196.24)
XXII. EMPLOYEE BENEFIT EXPENSES			
Salaries and bonus		5,581.58	4,859.70
Leave Salary		49.08	17.35
Contribution to Provident and other funds		432.66	293.52
Welfare expenses		1,057.02	883.61
Total		7,120.34	6,054.18

CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (continued)

	For the year ended 31.03.2016	Rs. in Lakhs For the year ended 31.03.2015
XXIII. FINANCE COST		
Interest expense	150.04	485.29
Foreign exchange loss on transactions and translation	24.67	80.45
Total	174.71	565.74
XXIV. OTHER EXPENSES		
Consumption of stores and spare parts	810.65	707.93
Power and fuel	882.80	820.09
Rent	152.48	103.70
Rates and Taxes, excluding taxes on income	114.48	63.67
Repairs & Maintenance - Buildings	185.09	151.46
- Plant and Equipment	1,142.19	891.46
- Computers	56.92	—
- Other assets	147.22	169.40
Insurance	63.80	59.34
Carriage outward	717.91	594.14
Packing charges	248.70	195.05
Assets scrapped	12.15	13.37
Net Foreign Exchange loss	—	1.51
Loss on sale of Fixed Assets	58.69	39.96
Commission to an Independent Director	15.00	—
Others	1,935.68	1,834.60
Audit fees - as auditors	20.00	18.00
- tax audit	3.00	2.00
- certification	1.00	1.00
- Others Services	6.80	3.98
- reimbursement of expenses	12.05	7.44
Corporate social responsibility expenditure	50.00	—
Total	6,636.61	5,678.10
XXV. MINORITY INTEREST		
Share capital	984.80	984.80
Share premium	4,531.91	4,531.91
General reserve	40.02	—
Total	5,556.73	5,516.71
Add: Profit up to year 2014-15	879.91	
Profit for the year 2015-16	649.95	
	1,529.86	1,273.83
	7,086.59	6,790.54
Less: Dividend declared last year paid during the year	(147.72)	—
Dividend paid during the year 2015-16	(443.16)	(393.92)
Total	6,495.71	6,396.62

XXVI. 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, 2013.

B. Principles of consolidation

- (i) Consolidated financial statements relate to 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	Harita Fehrer Limited, Chennai
b	Country of incorporation	India
c	Proportion of ownership(interest / voting power - in %)	51%
d	Reporting date	31.03.2016
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.

2. Contingent liabilities not provided for

	As at/Year ended 31.03.2016	Rs. in Lakhs As at/Year ended 31.03.2015
a. On counter guarantees furnished	1,357.01	1,567.38
b. On account of Bill discounting	NIL	146.44
c. Customs duty under Export Promotion Capital Goods scheme	221.75	221.75
d. Contracts remaining to be executed on Capital account and not provided for	53.75	49.99
e. UP State Micro and Small enterprises facilitation council order towards supplier liability	3.39	2.86
f. Income Tax - Financial Year 2012-13 - Appeal before Commissioner (Appeals), Chennai	122.66	NIL

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

	As at/Year ended 31.03.2016	Rs. in Lakhs As at/ Year ended 31.03.2015
3. Liability contested and not provided for		
a) Income-tax	126.40	85.09
b) Service tax	310.64	298.66
c) Central Excise	62.81	360.87
d) Value Added Tax	363.73	594.29
e) Customer Claim	439.00	439.00
4. Sundry creditors include		
a) Dues to Micro, Small and Medium Enterprises	1,842.97	841.08
b) Dues of creditors other than Micro, small and Medium Enterprises	7,820.83	9,113.84
c) Information required under the Micro, small and Medium Enterprises Development Act, 2006:		
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
(ii) the amount of the interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;		
(iii) the amount of the interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.		
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;		
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		
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.		

CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

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

8. Additional Information on net assets and share of profits as at 31st March 2016

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)	
	As % of consolidated net assets	Amount Rs. Lakhs	As % of consolidated profit or loss	Amount Rs. Lakhs
1	2	3	4	5
Parent				
Harita Seating Systems Limited, Chennai	71.38	6,886.28	97.65	2,531.71
Subsidiary - Indian				
Harita Fehrer Limited, Chennai	131.99	12,733.54	51.16	1,326.44
Sub-total	203.36	19,619.82	148.81	3,858.15
Less: Minority interest in subsidiary	67.33	6,495.71	25.07	649.95
Sub-total	136.03	13,124.11	123.74	3,208.20
Less: Inter-company eliminations	36.03	3,476.40	23.74	615.48
Total	100.00	9,647.71	100.00	2,592.72

Note:

Net Assets and Share in Profit or Loss of Parent Company and its subsidiary are as per the Standalone Financial Statements of the respective entities.

Related party disclosure:

LIST OF RELATED PARTIES

a) Fellow associate : F.S Fehrer Automotive GmbH, Germany

Related party transactions

Rs. in Lakhs

Nature of transaction	For the Year ended 31.03.2016	For the Year ended 31.03.2015
F.S. Fehrer Automotive GmbH, Germany		
Purchases	34.05	3.62
Rendering of Services	4.13	3.68
Receipt of Services	71.36	68.65
Receivable	—	—
Payable	15.53	14.92

H LAKSHMANAN
Chairman

C N PRASAD
Director

A G GIRIDHARAN
Chief Executive Officer

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

Chennai
20th May 2016

A BASKAR
Chief Financial Officer

N ISWARYA LAKSHMI
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No.F7945

Consolidated Cash Flow Statement for the year ended 31st March, 2016

	Year ended 31.03.2016	Rs. in lakhs Year ended 31.03.2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and extra ordinary items	4,302.86	2,169.18
Add:		
Depreciation	1,381.76	1,334.47
Interest Income	(101.80)	(20.67)
Exchange Rate fluctuations	(9.71)	(73.29)
Profit / (loss) on sale of assets(net)	57.20	39.19
Finance Cost	174.71	565.74
	1,502.16	1,845.44
Operating profit before working capital changes	5,805.02	4,014.62
Adjusted for:		
Working Capital changes		
Trade Payables	(292.02)	1,656.49
Other Current Liabilities	(802.81)	(1,663.57)
Short Term Provisions	698.20	(82.59)
Inventories	(162.16)	(302.15)
Trade Receivables	851.99	(2,084.16)
Short Term Loans and Advances	173.07	989.67
Other Non current assets	—	(7.71)
Other Current Assets	(28.17)	6.51
	438.10	(1,487.51)
Cash generated from operations	6,243.11	2,527.11
Direct tax paid	(765.00)	(1,063.53)
Net cash from / (used in) operating activities - (A)	5,478.11	1,463.58
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,046.15)	(807.27)
Proceeds from sale of assets	687.65	1.56
Purchase of investments	(1,208.77)	(2.60)
Advance received for sale of fixed assets	—	550.00
Interest received	101.61	—
Dividend received	—	20.45
Net cash from / (used in) investing activities - (B)	(1465.66)	(237.86)

**Consolidated Cash Flow Statement for the year ended 31st March, 2016
(continued)**

	Year ended 31.03.2016	Rs. in lakhs Year ended 31.03.2015
C CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings (Net)	–	(84.50)
Long Term Loans and Advances	(117.17)	5.99
Long Term Provisions	63.88	109.31
Other Long term liabilities	24.25	17.50
Short Term Borrowings	(2,734.32)	224.64
Finance cost paid	(176.08)	(574.35)
Dividend & Dividend tax paid	(995.90)	(596.21)
Net cash from / (used in) financing activities - (C)	(3,935.34)	(897.62)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	77.12	328.10
Cash and cash equivalents at the beginning of the year	943.90	615.80
Cash and cash equivalents at the end of the year	1,021.02	943.90

- 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	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 20 th May 2016	A BASKAR Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M BALASUBRAMANIAM Partner Membership No.F7945

**Annexure
Form AOC - 1**

Statement containing salient features of the financial statement of subsidiary
(Pursuant to first proviso to sub-section (3) of
Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiary

(Rs. in lakhs)

S. No	Particulars	Indian Subsidiary
		Harita-Fehrer Limited
1	Share capital	2,009.80
2	Reserves & Surplus	10,723.74
3	Total assets	20,472.93
4	Total Liabilities	20,472.93
5	Investments	1,286.37
6	Turnover including other income	36,260.86
7	Profit before taxation	2,072.72
8	Provision for taxation	746.28
9	Profit after taxation	1,326.44
10	Proposed Dividend	—
11	% of shareholding	51

Notes:

1. Subsidiaries which are yet to commence operations - Nil.
2. Subsidiaries which have been liquidated or sold during the year - Nil.

Part "B": Associates and Joint Ventures - NIL

H LAKSHMANAN
Chairman

C N PRASAD
Director

A G GIRIDHARAN
Chief Executive Officer

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

Chennai
20th May 2016

A BASKAR
Chief Financial Officer

N ISWARYA LAKSHMI
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No.F7945





HARITA SEATING SYSTEMS LIMITED

Registered Office

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

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CIN : L27209TN1996PLC035293

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