

HARITA SEATING SYSTEMS LIMITED

Eighteenth Annual Report 2013-2014





HARITA SEATING SYSTEMS LIMITED

Board of Directors

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

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

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

Nomination and Remuneration Committee

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

President and Manager

A G Giridharan

Company Secretary

N Iswarya Lakshmi

Bankers

State Bank of India
State Bank of Mysore

Auditors

Sundaram & Srinivasan
Chartered Accountants, Chennai.

Cost Auditors

Raman & Associates
Cost Accountants, Chennai.

Shares listed with

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

Share Transfer Agent

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

Registered Office

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

Web site: www.haritaseating.com

Plant Locations

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

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

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

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

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

Subsidiary company

Harita Fehrler Limited, Chennai

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HARITA SEATING SYSTEMS LIMITED

Financial Highlights

Rs. in lakhs

Details	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Statement of Profit & Loss										
Sales	11,798.82	13,736.82	15,547.33	19,104.87	19,625.18	22,356.35	24,078.27	30,664.18	27,616.68	25,012.53
Other income	117.93	143.80	149.41	271.76	196.98	893.51	153.53	225.85	226.18	341.86
Total income	11,916.75	13,880.62	15,696.74	19,376.63	19,822.16	23,249.86	24,231.80	30,890.03	27,842.86	25,354.39
Gross profit before interest, depreciation & tax	987.92	1,292.85	1,363.01	1,772.58	330.76	1,487.56	594.85	2,516.04	2,295.52	1,558.39
Depreciation	269.39	315.28	386.34	532.93	696.92	883.52	431.66	434.38	422.14	463.24
Profit/(Loss) before interest & tax	718.53	977.57	976.67	1,239.65	(366.16)	604.04	163.19	2,081.66	1,873.38	1,095.15
Interest	0.28	31.78	75.75	286.90	424.77	704.44	747.29	663.70	559.36	505.92
Profit/(Loss) before taxation	718.25	945.79	900.92	952.75	(790.93)	(100.40)	(584.10)	1,417.96	1,314.02	589.23
Profit/(Loss) after taxation	451.78	638.79	583.92	641.25	(892.09)	8.81	(509.99)	1,122.01	1,067.15	465.72
Balance Sheet										
Net fixed assets	1,878.80	2,337.96	4,380.64	5,546.86	7,999.88	4,705.11	4,652.63	3,577.92	4,101.30	4,072.18
Investment	367.96	407.87	350.00	437.38	259.85	2,988.76	2,759.00	2,759.00	2,857.03	2,857.03
Net current assets	598.89	1,420.19	1,866.44	725.77	5,217.27	900.36	1,064.00	2,374.75	2,041.49	2,983.28
Total	2,845.65	4,166.02	6,597.08	6,710.01	13,477.00	8,594.23	8,475.63	8,711.67	8,999.82	9,912.49
Share capital	388.45	388.45	388.45	776.90	776.90	776.90	776.90	776.90	776.90	776.90
Reserves & Surplus	2,082.72	2,522.17	2,902.57	2,930.94	2,055.78	2,072.98	1,561.79	2,407.25	3,250.84	3,600.02
Net worth	2,471.17	2,910.62	3,291.02	3,707.84	2,832.68	2,849.88	2,338.69	3,184.15	4,027.74	4,376.92
Loan funds	220.04	1,091.96	3,125.62	2,639.73	10,200.03	5,422.27	5,888.97	5,282.64	4,757.69	5313.67
Deferred tax liability	154.44	163.44	180.44	362.44	444.29	322.08	247.97	244.88	214.39	221.90
Total	2,845.65	4,166.02	6,597.08	6,710.01	13,477.00	8,594.23	8,475.63	8,711.67	8,999.82	9912.49
Earnings per share (Rs.)	11.75	16.44	15.03	^ 8.25	(11.48)	0.11	(6.56)	14.44	13.74	5.99
Dividend per share (Rs.)	3.20	4.50	4.50	2.50	-	-	-	3.50	2.50	1.50
Book value per share (Rs.)	63.62	74.93	84.72	47.73	36.46	36.68	30.10	40.99	51.84	56.34
Return on capital employed %(ROCE)*	28.40	25.80	18.70	19.40	(2.69)	7.31	1.92	25.88	22.40	11.51
Return on networth % (RONW)**	19.50	23.70	18.80	18.30	(27.28)	0.31	(19.66)	40.63	29.59	11.08
Fixed asset turnover (No. of times) #	6.85	6.52	4.63	3.85	2.90	3.52	5.15	7.45	7.19	6.12
Working capital turnover (No. of times) @	26.10	13.61	9.46	14.74	6.60	7.31	24.52	17.83	12.51	9.96
Gross profit as % of total income	8.30	9.30	8.70	9.10	1.70	6.40	2.45	8.15	8.24	6.15
Profit/(Loss) before tax as % of total income	6.00	6.80	5.70	4.90	(4.00)	(0.43)	(2.41)	4.59	4.72	2.32

Notes:

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

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

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

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

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

^ Adjusted for bonus issue.

Notice to the Shareholders

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

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

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

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

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

By order of the Board

Chennai
22nd May 2014

N Iswarya Lakshmi
Company Secretary

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

I. Mr Martin Grammer

Born on 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.

II. Mr H Lakshmanan

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

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

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

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

HARITA SEATING SYSTEMS LIMITED

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

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

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

III. Mr S I Jaffar Ali

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

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

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

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