

HARITA SEATING SYSTEMS LIMITED

22nd Annual Report 2017-2018





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

Chief Executive Officer

A G Giridharan

Chief Financial Officer

S Jagannathan

Company Secretary

N Iswarya Lakshmi

Bankers

State Bank of India

Corporate Accounts Group Branch

18/3, Sigapi Achi Building,

3rd floor, Rukmani Lakshmipathi Road,

Egmore, Chennai-600008, Tamil Nadu, India.

Statutory Auditors

Raghavan, Chaudhuri & Narayanan

Chartered Accountants,

No. 17/12, II Floor, Casa Capitol

Wood Street, Ashok Nagar, Bengaluru 560 025.

Tel. : 080-2556 7578 / 2551 4771

E-mail: sathya@nca-india.com

Secretarial Auditor

B Chandra

Practising Company Secretary

AG 3, Ragamalika,

No. 26, Kumaran Colony Main Road,

Vadapalani, Chennai-600 026, Tamil Nadu, India.

Tel. : 044-2362 0157

E-mail: bchandra1@gmail.com

Shares listed with

National Stock Exchange of India Ltd., Mumbai

Share Transfer Agent

Sundaram-Clayton Limited

"Jayalakshmi Estates", 1st Floor,

29, Haddows Road,

Chennai - 600 006 Tamil Nadu, India.

Tel. : 044 - 2828 4959

E-mail : raman@scl.co.in /

investorscomplaintssta@scl.co.in

Registered Office

"Jayalakshmi Estates", 29, Haddows Road,
Chennai - 600 006, Tamil Nadu, India

Tel. : 044-2827 2233,

Fax : 044-2825 7121

CIN : L27209TN1996PLC035293

E-mail : harita@haritaseating.com

Website: www.haritaseating.com

Plant Locations

1. Belagondapalli, Thally Road,
Hosur - 635 114, Tamil Nadu, India
Tel. : 04347-233445
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. : 0836 2486625
4. Plot No.35, Sector 4,
Integrated Industrial Estate, Pantnagar,
Rudrapur, Udham Singh Nagar District,
Uttarakhand - 263 153, India
Tel. : 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

(₹ in Lakhs)

Details	Previous GAAP								Ind AS	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Statement of Profit & Loss										
Sales	19,625.18	22,356.35	24,078.27	30,664.18	27,616.68	25,012.53	27,375.54	30,781.08	37,717.38	44,428.13
Other income	196.98	893.51	153.53	225.85	226.18	341.86	643.71	973.75	1,061.75	1,041.95
Total income	19,822.16	23,249.86	24,231.80	30,890.03	27,842.86	25,354.39	28,019.25	31,754.83	38,779.13	45,470.08
Profit before interest, depreciation & tax	330.76	1,487.56	594.85	2,516.04	2,295.52	1,558.39	1,692.60	3,432.33	3660.39	4748.42
Depreciation	696.92	883.52	431.66	434.38	422.14	463.24	407.78	438.76	515.42	719.13
Profit/(Loss) before interest & tax	(366.16)	604.04	163.19	2,081.66	1,873.38	1,095.15	1,284.82	2,993.57	3144.97	4029.29
Interest	424.77	704.44	747.29	663.70	559.36	505.92	470.99	147.95	44.01	111.17
Profit/(Loss) before taxation	(790.93)	(100.40)	(584.10)	1,417.96	1,314.02	589.23	813.83	2,845.62	3,100.96	3,918.12
Profit/(Loss) after taxation	(892.09)	8.81	(509.99)	1,122.01	1,067.15	465.72	709.27	2,531.71	2,454.19	3,079.87
Balance Sheet										
Net fixed assets	7,999.88	4,705.11	4,652.63	3,577.92	4,101.30	4,072.18	4,031.81	3,470.03	4562.47	5775.76
Investment	259.85	2,988.76	2,759.00	2,759.00	2,857.03	2,857.03	2,857.03	2,857.03	2819.50	2817.32
Net current assets	5,217.27	900.36	1,064.00	2,374.75	2,041.49	2,983.28	1,709.84	935.43	2788.15	4692.73
Total	13,477.00	8,594.23	8,475.63	8,711.67	8,999.82	9,912.49	8,598.68	7,262.49	10,170.12	13,285.81
Share capital	776.90	776.90	776.90	776.90	776.90	776.90	776.90	776.90	776.90	776.90
Reserves & Surplus	2,055.78	2,072.98	1,561.79	2,407.25	3,250.84	3,600.02	4,061.93	6,109.38	8,172.04	10,792.21
Net worth	2,832.68	2,849.88	2,338.69	3,184.15	4,027.74	4,376.92	4,838.83	6,886.28	8,948.94	11,569.11
Loan funds	10,200.03	5,422.27	5,888.97	5,282.64	4,757.69	5,313.67	3,568.26	477.14	1130.61	1688.75
Deferred tax liability	444.29	322.08	247.97	244.88	214.39	221.90	191.59	(100.93)	90.57	27.85
Total	13,477.00	8,594.23	8,475.63	8,711.67	8,999.82	9,912.49	8,598.68	7,262.49	10,170.12	13,285.71
Earnings per share (Rs.)	(11.48)	0.11	(6.56)	14.44	13.74	5.99	9.13	32.59	31.59	39.64
Dividend per share (Rs.)	-	-	-	3.50	2.50	1.50	2.50	6.00	5.00	6.00
Book value per share (Rs.)	36.46	36.68	30.10	40.99	51.84	56.34	62.28	88.64	115.19	148.91
Return on capital employed %(ROCE)*	(2.69)	7.31	1.92	25.88	22.40	11.51	15.71	47.22	34.76	33.72
Return on networth % (RONW)**	(27.28)	0.31	(19.66)	40.63	29.59	11.08	15.39	43.18	31.00	30.02
Fixed asset turnover (No. of times) #	2.90	3.52	5.15	7.45	7.19	6.12	6.76	8.21	9.39	8.59
Working capital turnover (No. of times) @	6.60	7.31	24.52	17.83	12.51	9.96	11.67	23.27	20.26	11.88
Gross profit as % of total income	1.70	6.40	2.45	8.15	8.24	6.15	6.04	10.81	9.44	10.44
Profit/(Loss) before tax as % of total income	(4.00)	(0.43)	(2.41)	4.59	4.72	2.32	2.90	8.96	8.00	8.62

Notes:

* 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd Annual General Meeting of the Company (AGM) will be held on Monday, the 13th August 2018 at 10.00 a.m. at Kasturi Srinivasan Hall (Mini Hall), The Music Academy, No.168, (Old No. 306) T.T.K Road, Chennai - 600 014 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, 2018, 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.

SPECIAL BUSINESS

3. To consider passing 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 (the Act, 2013) and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act, 2013, Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendation of the

Nomination and Remuneration Committee and approval of the Board of Directors, Mr L Bhadri (holding DIN 06829886), who was appointed as Non-Executive Independent Director not liable to retire by rotation and whose term will expire on 12th October 2018 and in respect of whom the Company has received a notice in writing from a shareholder under Section 160 of the Act, 2013, consent of Members be and is hereby accorded for Mr L Bhadri, for continuing to hold office as a Non-Executive and Independent Director of the Company, for the second term of three consecutive years w.e.f. 13th October 2018 till the conclusion of the 25th Annual General Meeting and whose office shall not be liable to retire by rotation during the period, and to receive remuneration by way of commission within the permissible limit in terms of Section 197 of the Act, 2013, fees, as determined by the Board, from time to time including reimbursement of expenses for participation in the meetings of the board and / or committees in terms of applicable provisions of the Act, 2013.

4. To consider passing 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 (the Act, 2013) and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Act, 2013, Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Ms Sasikala Varadachari (holding DIN 07132398), who was appointed as Non-Executive Independent Director not liable to retire by rotation and whose term will expire on 21st March 2019 and in respect of whom the Company has received a notice in writing from a shareholder

under Section 160 of the Act, 2013, consent of Members be and is hereby accorded for Ms Sasikala Varadachari, for continuing to hold office as a Non-Executive and Independent Director of the Company, for the second term of three consecutive years w.e.f. 22nd March 2019 till the conclusion of the 26th Annual General Meeting and whose office shall not be liable to retire by rotation during the period, and to receive remuneration by way of commission within the permissible limit in terms of Section 197 of the Act, 2013, fees, as determined by the Board, from time to time including reimbursement of expenses for participation in the meetings of the board and / or committees in terms of applicable provisions of the Act, 2013.

By Order of the Board of Directors

Chennai
10th May 2018

N Iswarya Lakshmi
Company Secretary

Registered Office:
“Jayalakshmi Estates”,
29, 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 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 124 of the Act, 2013, 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 the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is providing / hosting the required details of unclaimed amount referred to under Section 124 of the Act, 2013 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 16th July 2018 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.
- 9) Members are requested to affix their signatures at the space provided in the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the attendance slip duly filled in for attending the Meeting. Members are requested to write their Client ID and DP ID / Folio numbers in the attendance slip for attending the Meeting and handover the slip at the entrance of the meeting hall.

Members holding shares in electronic form

- 10) 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 account.
- 11) 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 / Name / E-mail Address, Contact Numbers, etc., to their Depository Participant (DP).
- 12) 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.
- 13) 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.
- 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 / 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 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.

Voting

18) The business 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').

19) 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.

20) 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.

21) 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, 2015) the Company has provided facility to exercise votes through electronic voting system, to Members holding shares as on 6th August 2018 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 viz., www.evoting.nsdl.com.

The voting rights of the Members / beneficial owners will be reckoned on the Equity Shares held by them as on the Cut-off Date. Members as on the cut-off date 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 www.evoting.nsdl.com;
- ii. Enter the login credentials, i.e., User ID and Password mentioned in your email. 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" and 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

bchandra1@gmail.com, with a copy marked to e-voting@nsdl.co.in;

- xii. Members can cast their vote online from 10th August 2018 (Friday) (9 a.m.) till 12th August 2018 (Sunday) (5 p.m.) through remote e-Voting. Thereafter, the remote e-Voting module will be disabled by NSDL for voting and hence e-Voting will not be allowed after the aforesaid date and time;

Only Members as on the Cut-Off date, who have not cast their vote through remote e-Voting will be able to exercise their voting right at 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” will be entitled to vote through remote e-Voting or at the venue of the AGM through ballot paper;
- (ii) The Notice of 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 6th July 2018;

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 alongwith the Notice;

Shareholders who become Members of the Company, after despatch of notice and hold shares as on 6th August 2018 may obtain the User ID and Password for e-Voting by sending 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 venue of AGM;

- (iii) Ms B Chandra, Practising Company Secretary (C.P No. 7859), has been appointed by the Board of Directors 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 AGM, first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of atleast two witnesses, not in employment of the Company and make, within 48 hours from the conclusion of 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 her 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 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 13th August 2018.

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