

# HARITA SEATING SYSTEMS LIMITED

22<sup>nd</sup> Annual Report 2017-2018





## 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

### 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,

3<sup>rd</sup> 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](mailto: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](mailto:bchandra1@gmail.com)

### Shares listed with

National Stock Exchange of India Ltd., Mumbai

### Share Transfer Agent

Sundaram-Clayton Limited

"Jayalakshmi Estates", 1<sup>st</sup> Floor,

29, Haddows Road,

Chennai - 600 006 Tamil Nadu, India.

Tel. : 044 - 2828 4959

E-mail : [raman@scl.co.in](mailto:raman@scl.co.in) /

[investorscomplaintssta@scl.co.in](mailto: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](mailto:harita@haritaseating.com)

Website: [www.haritaseating.com](http://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, 2<sup>nd</sup> 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,  
Vellanthalangal Village,  
No.55,Thandalam Group,  
Irrungattukottai, Sriperumpudur - 602 105  
Tamil Nadu, India.  
Tel : 044-67121380/381

### Subsidiary company

Harita Fehrer Limited, Chennai

### Contents

### Page No.

Financial highlights	2
Notice of Annual General Meeting	3
Directors' Report to the Shareholders	12
Standalone Financial Statements	64
Consolidated Financial Statements	112

# HARITA SEATING SYSTEMS LIMITED

## FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Details	Previous GAAP								Ind AS	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Statement of Profit &amp; Loss</b>										
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
<b>Balance Sheet</b>										
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 22<sup>nd</sup> Annual General Meeting of the Company (AGM) will be held on Monday, the 13<sup>th</sup> 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 31<sup>st</sup> 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 12<sup>th</sup> 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. 13<sup>th</sup> October 2018 till the conclusion of the 25<sup>th</sup> 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 21<sup>st</sup> 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. 22<sup>nd</sup> March 2019 till the conclusion of the 26<sup>th</sup> 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  
10<sup>th</sup> 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](http://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](http://www.haritaseating.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during 10.00 a.m. to 12.00 Noon on all working days, from 16<sup>th</sup> 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](mailto: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 6<sup>th</sup> 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](http://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](http://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](mailto:bchandra1@gmail.com), with a copy marked to [e-voting@nsdl.co.in](mailto:e-voting@nsdl.co.in);

- xii. Members can cast their vote online from 10<sup>th</sup> August 2018 (Friday) (9 a.m.) till 12<sup>th</sup> 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](http://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.

<b>EVEN (Remote e-Voting Event Number)</b>	<b>USER ID</b>	<b>PASSWORD / PIN</b>

- (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 6<sup>th</sup> 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 6<sup>th</sup> 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](mailto:raman@scl.co.in) or Member may send an e-mail request to [evoting@nsdl.co.in](mailto: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](http://www.haritaseating.com) & on the website of NSDL [www.evoting.nsdl.com](http://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 13<sup>th</sup> 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 5<sup>th</sup> June, 1960 in Amberg, Germany, Mr Martin Grammer holds a degree in Business Economics from University Nuremberg, Germany. He was co-opted as a Director on 21<sup>st</sup> January 2004.

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

He held the position as Managing Director and Member of Executive Committee Board of Grammer AG, Germany for ten years, a leading

supplier to the global automotive industry. During 2003 - 2008, he served as a Member of the Board of Directors of GHE S.P.A, Milano, Italy, a leading supplier of European bus and train interiors industry with manufacturing locations in Italy, Germany, Spain, UK, Czech Republic and Mexico.

He does not hold any position as a Director in any other Indian Company or a Member of any Committee of Directors of any other Company and he is not related to any Director or Key Managerial Personnel of the Company.

He has attended three board meetings held during the year 2017-18

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

### II. Mr L Bhadri

Born on 21<sup>st</sup> June 1964, Mr L Bhadri is a qualified Chartered Accountant having over 25 years of experience in the fields of accounts, finance and taxation.

Mr L Bhadri does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company.

He has attended all the four board meetings held during the year 2017-18

Details of his other Directorships and Memberships / Chairmanships of Committees are given below:

S. No.	Names of the Company	Position held	Committee Membership/ Chairmanship
1.	Emerald Haven Development Limited	Director	Member – Audit Committee, Chairman - Nomination & Remuneration Committee
2.	Harita Fehrer Limited	Director	Member – Audit Committee, Nomination & Remuneration Committee
3.	Emerald Haven Realty Limited	Director	Member – Audit Committee, Corporate Social Responsibility Committee Chairman - Nomination & Remuneration Committee
4.	TVS Motor Services Limited	Director	Member - Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee

S. No.	Names of the Company	Position held	Committee Membership/ Chairmanship
5.	Emerald Haven Life Spaces (Radial Road) Limited	Director	Member – Audit Committee, Chairman - Nomination & Remuneration Committee
6.	Emerald Haven Projects Private Limited	Director	Member – Audit Committee, Chairman - Nomination & Remuneration Committee

### III. Ms Sasikala Varadachari

Born on 17<sup>th</sup> September 1954, Ms Sasikala Varadachari is a retired banker with over 37 years of experience in the fields of banking operations both in India and overseas.

Ms Sasikala Varadachari worked as Chief General Manager of State Bank of India (SBI), spearheading the strategic training unit, SBI, Corporate Center, Mumbai, having profound knowledge in Credit and Merchant Banking.

Ms Sasikala Varadachari was the first CEO of SBI in Israel and was responsible for setting up SBI's Commercial Operations there.

Ms Sasikala Varadachari does not hold any share in the Company and is not related to any Director or Key Managerial Personnel of the Company.

She has attended all the four board meetings held during the year 2017-18

Details of her other Directorships and Memberships / Chairmanships of Committees are given below:

S. No.	Names of the Company	Position held	Committee Membership/ Chairmanship
1.	Cholamandalam Distribution Services Limited	Chairman	Member – Corporate Social Responsibility Committee
2.	Cholamandalam Securities Limited	Chairman	-
3.	TVS Credit Services Limited	Director	-
4.	Easypass Financial Services Limited	Director	Member - Audit Committee
5.	TVS Motor Services Limited	Director	Member - Audit Committee, Nomination & Remuneration Committee
6.	Aadhar Housing Finance Limited	Additional Director	Member – Audit Committee, Chairman - Nomination & Remuneration Committee

### Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

The following Explanatory statement sets out all material facts relating to the special business mentioned in the accompanying Notice dated 10<sup>th</sup> May 2018 and shall be taken as forming part of the Notice.

#### Item No.3 & 4

The shareholders of the Company have approved the appointment of Mr L Bhadri and Ms Sasikala Varadachari as Non-Executive Independent Directors of the Company to hold office for a term of three consecutive years through Postal Ballot on 13<sup>th</sup> October 2015 and 22<sup>nd</sup> March 2016 respectively, in compliance with the requirements of Section 149 and other applicable of the Companies Act 2013 read with the Companies (Appointment and Qualification of Directors) Rules 2014 (the Act, 2013).

The tenure of office of Mr L Bhadri will expire by 12<sup>th</sup> October 2018 and of Ms Sasikala Varadachari by 21<sup>st</sup> March 2019.

Accordingly, the board, at its meeting held on 10<sup>th</sup> May 2018, recommended the re-appointment of Mr L Bhadri (holding DIN 06829886) and Ms Sasikala Varadachari (holding DIN 07132398) as Non-Executive Independent Directors of the Company (NE-ID) for the second term of 3 consecutive years, in terms of Sections 149, 150, 152, 160 and other applicable provisions of the Act, 2013 and Rules framed thereunder read with Schedule IV to the Act, 2013.

Hence, it is proposed that Mr L Bhadri and Ms Sasikala Varadachari be appointed for a second term of 3 years effective 13<sup>th</sup> October 2018 and 22<sup>nd</sup> March 2019 respectively and their office shall not be liable to retire by rotation.

The Nomination and Remuneration Committee of Directors (NRC) also considered and recommended their appointment, as NE-IDs. In the opinion of the NRC and the Board, Mr L Bhadri and Ms Sasikala Varadachari fulfill the conditions specified under the Act 2013 and the rules made thereunder and SEBI (LODR) Regulations, 2015, for the proposed appointment as NE-IDs by the shareholders of the Company and they are independent of the management of the Company.

The Board considers that their proposed re-appointment would be of immense benefit to the Company and it would be prudent to re-appoint them as NE-IDs by the shareholders.

The Company has received from them, a consent in writing to act as Directors in Form DIR-2, intimation to the effect that they are not disqualified to be appointed as a Director and a declaration in writing to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act, 2013 and also under SEBI (LODR) Regulations, 2015.

In terms of the applicable provisions of the Act 2013, the appointment of IDs is required to be approved at the meeting of the shareholders of the Company. The Company will formalize their appointment as NE-IDs, if appointed by the shareholders, setting out the terms and conditions, as stipulated in Schedule IV to the Act, 2013.

Copies of the draft letter of appointment setting out the terms and conditions of appointment of NE-ID will be available for inspection without any fee by the Members at the Registered Office of the Company, during normal business hours on any working day, excluding Saturdays and shall also

## HARITA SEATING SYSTEMS LIMITED

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be uploaded on the website of the Company at [www.haritaseating.com](http://www.haritaseating.com).

The Company has also received notices from Member under Section 160 of the Act 2013, proposing the candidature of Mr L Bhadri and Ms Sasikala Varadachari for the office of Directors of the Company.

Except the appointees, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item Nos.3 & 4 of this Notice.

The Board, therefore, recommends the special resolutions for the re-appointment to be approved by the Shareholders.

By Order of the Board of Directors

Chennai  
10<sup>th</sup> May, 2018

N Iswarya Lakshmi  
Company Secretary

Registered Office:  
"Jayalakshmi Estates",  
29, Haddows Road,  
Chennai 600 006.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the twenty-second Annual Report and the audited accounts for the year ended 31<sup>st</sup> March 2018.

### 1. FINANCIAL HIGHLIGHTS

Particulars	(`. In Lakhs)	
	Year ended 31.03.2018	Year ended 31.03.2017
Sales and other income	<b>45,470.08</b>	38,779.13
Profit before financial costs, depreciation and amortization expenses	<b>4,748.42</b>	3,660.39
Less : Finance costs	<b>111.17</b>	44.01
Depreciation	<b>719.13</b>	515.42
Profit before tax	<b>3,918.12</b>	3,100.96
Less : Provision for:		
Income tax	<b>740.34</b>	463.64
Deferred tax	<b>(66.12)</b>	183.14
Tax relating to earlier years	<b>164.03</b>	-
Profit after tax	<b>3,079.87</b>	2,454.19
Other Comprehensive Income	<b>6.42</b>	18.01
Total Comprehensive income for the year	<b>3,086.29</b>	2,472.20
<b>Appropriations:</b>		
First interim Dividend paid @ Rs.2/- per share	<b>155.38</b>	155.38
Second interim Dividend paid @ Rs.4/- per share	<b>310.76</b>	233.07
Balance carried to Balance Sheet	<b>2,620.15</b>	2,083.75

### 2. DIVIDEND

The Board of Directors of the Company (the Board) at their meeting held on 8<sup>th</sup> November 2017, declared a first interim dividend of Rs.2/- per share (20%) for the year 2017-18 absorbing a sum of Rs.1.55 Cr. The same was paid to the shareholders on 21<sup>st</sup> November 2017.

The Board at its meeting held on 6<sup>th</sup> February 2018 declared a second interim dividend of Rs.4/- per share (40%) for the year 2017-18

absorbing a sum of Rs.3.11 Cr. The same was paid to the shareholders on 20<sup>th</sup> February 2018.

Thus, the total amount of both dividends for the year ended 31<sup>st</sup> March 2018 aggregated to Rs.6/- per share (60%) on 77,69,040 equity shares of Rs.10/- each absorbing Rs.4.66 Cr.

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 viz., Harita Fehrer Limited on its dividend declared.

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.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

In 2017-18, the economy grew at 6.6% (revised series) as against 7.1% (revised series) previous year.

The following table highlights the segment wise industry sales in vehicle units for the year 2017-18.

Category	2017-18 (in Nos)	2016-17 (in Nos)	Variance (in %)
Medium and Heavy Commercial Vehicles (M&HCV)	384408	346286	11.0
Light Commercial Vehicles (LCV)	568912	476067	19.5



## HARITA SEATING SYSTEMS LIMITED

Category	2017-18 (in Nos)	2016-17 (in Nos)	Variance (in %)
Buses - M&HCV	47827	59081	(19.0)
Tractors	796873	661195	20.5

[Source: SIAM, CRISIL, internal estimates]

The Company registered a total revenue of Rs.444.28 Crores in 2017-18 as against Rs.377.17 Crores in 2016-17. During the year, efficiency in supply chain was improved through inter-plant coordination and horizontal deployment of lean and other improvement initiatives, was done across all plants.

These initiatives, along with the implementation of various other cost reduction projects across functions have enabled the Company to post a profit before tax of Rs.39.18 Crores in 2017-18.

### OPPORTUNITIES AND THREATS

The Company has initiated new product development activities to maintain the leadership position in the tractor segment in the domestic market and grow the export 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 2018-19. The Company has also developed high end pneumatic and mechanical suspension seats as platform product offerings. It continues to actively seek orders from global OEMs in the current year. 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 Company aims to take advantage of the growing Tractor industry by offering platform products to leading tractor OEMs and thereby looks forward to win a large share of domestic sales. With respect to the CV OEMs, the Company is taking steps to retain the sales growth by expanding customer base and increasing share of business in existing domestic customers.

### PRODUCT-WISE PERFORMANCE

During the year, the Company posted a growth of 26% in overall sales. The Company's sales grew in the commercial vehicle segment and in the bus passenger seats better than the market growth. Export sales grew by 105% in current products and new products customers. In the case of domestic tractor segment, the Company catered to the existing base of customers and experienced 32% growth. The Company positively looks forward to improve new product development lead time and effectively catapult growth in domestic tractor market in 2018-19.

### BUSINESS OUTLOOK AND OVERVIEW

Indian economy is expected to grow at 7% - 7.2% in 2018-19. The M&HCV segment is expected to grow at 10% and LCV > 3.5T segment at 7%. Bus segment is also expected to grow at 8% and tractor segment at 14% in 2018-19 (based on SIAM, CRISIL and internal estimates).

### RISKS AND CONCERNS

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 across 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 has depreciated sharply in the last quarter of 2017-18 against the US dollar. There may not be a major change in 2018-19, nor any further depreciation. The Company is taking suitable forex cover to mitigate the risk in foreign exchange fluctuations.

### RISK MANAGEMENT

The Board has established a Risk Minimization 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 Audit Committee also reviews reports by Members of the management team and recommends suitable action. Risk Minimization 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 Company has invested in new technology catering to customer requirements improving the overall quality of products with a new foam carving machine and rexine heat sealing machine at Hosur Plant. Additionally, the Company continues to collect Road Level Data (RLD) to be used on a newly bought Multi Axle Simulation Table (MAST) to analyse vibration and its impact on products developed in-house.

The Company's initiatives to introduce new refresh ideas in existing products was well received by leading customers both in OEM and aftermarket segment.

#### b. Quality:

The Company continues to take 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 17<sup>th</sup> year in succession.

c. Focus on Vendor development:

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

### INTERNAL CONTROL 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 all the transactions are properly authorized and recorded. Information provided to management is reliable and timely. The Company ensures adherence to all statutes.

### 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 31<sup>st</sup> March 2018, the Company had 348 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 that –

- i. in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures if any;
- ii. 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. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2018 on a "going concern basis";
- v. the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. 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), established in 1996 with the vision of building self-reliant rural community.

Over 22 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, 2013 as mandated by the Ministry of Corporate Affairs for carrying out the CSR activities.

The CSR Committee of the Company formulated and recommended a CSR policy in terms of Section 135 of the Act, 2013 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 / programmes 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 of the Company made during the three immediately preceding financial years, towards CSR spending for the financial year 2017-18 amounting to Rs.40 Lakhs.

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering about 30,92,281 population and 7,19,890 families. Its major focus areas are Economic development, health care, quality education, environment and infrastructure.

Achievements in the above villages are:

#### *Economic development:*

- 3,81,801 families living in these villages have a monthly income of Rs.15,000/- and above. They have financial security.
- 3,846 Farmers group have been formed with 53,323 Members.
- Improved agriculture practices enabled 2,31,059 Farmers owning 2,51,393 hectares increased the yields higher than the state average by 15%.
- 2,24,805 families earn more than Rs 3,500/- per month through livestock.

#### *Women empowerment:*

- Formed 9,692 Self Help Groups. These groups have 1,43,821 women as Members.
- Of the 1,43,821 Members, 1,40,480 Members are in income generation activities. They earn a minimum income of Rs. 3000/- per month.

### *Health care:*

- 76,945 children in the age group below 5 are not malnourished.
- 4,52,930 women are freed from anaemia.
- 4,04,589 households made access to toilet facilities.
- The morbidity percentage reduced from 9% to 5%.
- Enrolment in anganwadis increased from 86% to 100% and attendance is 99%.
- 1,688 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.
- 88% 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.
- Number of percentage of slow learners reduced in schools from 29% to 11%.
- Out of 1,764 schools, 1,299 schools are now model schools.
- 1,14,273 illiterate women out of 1,53,493 have been made literates.

### *Environment and Infrastructure:*

- 3,45,140 households disposed solid waste through individual and common compost pits. 91 tons of vermi compost generated per month from wastes.
- Sewage water from 3,48,604 households disposed through soak pits, kitchen gardens and drain.
- Safe drinking water is available to 3,343 villages.

Community takes care of their development needs. 11,639 social leaders are active in this effort.

As required under Section 135 of the 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 for the financial year 2017-18 are given by way of Annexure-IV attached to this Report.

## **6. PERFORMANCE 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.506.37 Cr and earned a profit after tax of Rs.23.45 Cr. HFRL declared two interim dividends for the year ended 31<sup>st</sup> March 2018 aggregating to Rs.5.00 per share (50%) on 2,00,98,040 equity shares of Rs.10/- each absorbing a sum of Rs.12.09 Cr including dividend distribution tax.

## **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 consolidated financial statements together with Auditor's Report form part of the Annual Report.

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 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 as mentioned in the Notice of AGM.

The consolidated profit after tax of the Company and its subsidiary amounted to Rs.49.13 Cr for the financial year 2017-18 as compared to Rs.36.74 Cr 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 6<sup>th</sup> August 2014, M/s H Lakshmanan, C N Prasad and Mr 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 2015-16, Mr L Bhadri and Ms Sasikala Varadachari were appointed as IDs for a period of three consecutive years effective 13<sup>th</sup> October 2015 and 22<sup>nd</sup> 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 meet 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:

[www.haritaseating.com/PDF/HSSL-TermsOfAppointmentOfIDs.pdf](http://www.haritaseating.com/PDF/HSSL-TermsOfAppointmentOfIDs.pdf)

Approval of the shareholders is being sought in the ensuing Annual General Meeting for re-appointment of Mr L Bhadri and Ms Sasikala Varadachari as Independent Director for the second term of 3 years effective 13<sup>th</sup> October 2018 and 22<sup>nd</sup> March 2019, respectively.

#### Separate meeting of Independent Directors:

During the year under review, a separate meeting of IDs was held on 6<sup>th</sup> February 2018 and all the Independent Directors were present at the Meeting.

Based on the set of questionnaires complete feedback on Non-Independent Directors and details of various activities undertaken by the Company were provided to IDs to facilitate for their review / evaluation.

#### a) Non-Independent Directors (Non-IDs)

The Independent Directors (IDs) used various criteria and methodology practiced in Industry, prescribed by Nomination and Remuneration Committee (NRC) for evaluation of Mr Martin Grammer, Non-ID, Chairman of the Board and Board as a whole.



IDs evaluated the performance of Mr Martin Grammer, through a set of questionnaires. They reviewed his interaction during the Board meetings and strategic inputs given by him to improve risk management, internal controls and contribution to the Company's growth.

IDs were satisfied fully with the performance of Mr Martin Grammer.

### **b) Chairman**

The IDs reviewed the performance of Chairman of the Board after taking into account his performance and benchmarked the achievement of the Company with industry under the stewardship of Chairman.

The IDs also placed on record, their appreciation of Chairman's visionary leadership, setting tone, pace and opportunity for positive change and passion for constant improvement and admired the high standards of integrity and probity, quality and adequacy of leadership of Chairman and his versatile performance.

The IDs also endorsed that the Chairman is a very accomplished leader and is exceptionally well informed about the state of economy.

### **c) Board**

The IDs also evaluated Board's composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, so as to improve governance and enhance personal effectiveness of Directors.

The evaluation process focused on Board Dynamics and upon evaluation, IDs concluded that the Board is well balanced in terms of diversity of experience with expert in each domain viz., Banking, Finance, Operations, Legal, Administration and International economy. The Company

has a Board with wide range of expertise in all aspects of business.

The IDs unanimously evaluated the prerequisites of the Board viz., formulation of strategy, acquisition & allocation of overall resources, setting up policies, directors' selection process and cohesiveness on key issues and satisfied themselves that they were adequate.

They were satisfied with the Company's performance in all fronts and finally concluded that the Board operates with global best practices.

### **d) Quality, Quantity and Timeliness of flow of Information between the Company, Management and the Board**

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the last year and also relationship between the top management and Board is smooth and seamless.

### **Directors appointment/re-appointment**

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 is 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.

The Directors have recommended his re-appointment. A brief resume of the Director proposed to be re-appointed and other relevant information have been furnished in the Notice of AGM. Appropriate resolution for his re-appointment is being placed for approval of the shareholders at the AGM.

### Key Managerial Personnel (KMP)

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

### 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.

Nomination and Remuneration Policy was approved by the Board at its meeting held on 22<sup>nd</sup> September, 2014 and amended at the Board meeting held on 10<sup>th</sup> May 2018 in terms of Section 178 of the Act, 2013. The objective of such policy is to attract, retain and motivate executive management and remuneration structured to link to Company's strategic long term goals, appropriateness, relevance and risk appetite.

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, whenever the need arises for appointment of Directors / KMP / SMP.

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 Independent Directors and Committees of 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 Independent Directors and its Committees

viz., Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee, based on the evaluation criteria laid down by the NRC.

The Board concurred with the recommendations made by the NRC on the evaluation of Non-IDs based on the views expressed at the IDs meeting held on 6<sup>th</sup> February 2018.

Hence, the Board carried out the evaluation of IDs (excluding the ID being evaluated) and the Board appointed Committee through a set of questionnaires.

### Independent Directors

The performance of all Independent Directors (IDs) was assessed against a range of criteria such as contribution to the development of business 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 has been done by the entire Board of Directors except the Director concerned being evaluated.

The Board noted that all IDs 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 Board delegates specific mandates to Board constituted Committees, to optimize Directors' skills and talents besides complying with key regulatory aspects.

- Audit Committee for overseeing financial reporting;
- Nomination and Remuneration Committee for selecting and compensating Directors / Employees;
- Stakeholders' Relationship Committee for redressing investors grievances; and

- Corporate Social Responsibility Committee for overseeing CSR initiatives and inclusive growth.

The performance of each Committee was evaluated by the Board after seeking inputs from its Members on the basis of the specific terms of reference, its charter, time spent by the Committees in considering key issues, quality of information received major recommendations / action plans and work of each Committee.

The Board was satisfied with overall effectiveness and decision making of all Committees. 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 2017-18 is provided as part of Corporate Governance Report attached to this Report.

## **9. AUDITORS**

### **Statutory Auditors**

The Company at its twenty first AGM held on 9<sup>th</sup> August 2017 appointed M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, having Firm Registration No. 007761S allotted by The Institute of Chartered Accountants of India, as Statutory Auditors of the Company to hold office, for the first term of five consecutive years, from the conclusion of the said AGM, subject to ratification at every AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

In terms of the above provisions, M/s Raghavan, Chaudhuri & Narayanan,

Chartered Accountants, have completed their first year in the first term of five consecutive years.

The Companies Amendment Act, 2017 has dispensed with the ratification of Statutory Auditor's appointment at every AGM.

The Statutory Auditors of the Company were appointed for a period of five years in the last AGM held on 9<sup>th</sup> August 2017 to hold office till the conclusion of the 26<sup>th</sup> AGM. Hence they will continue as Statutory Auditors for the year 2018-19 also.

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 2018-19.

The Auditor's Report for the financial year 2017-18 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 2017-18 given by Ms B Chandra, Practising Company Secretary, is attached to this Report. The said Secretarial Audit Report does not contain any qualification, reservation or other remarks.

The Board at its meeting held on 10<sup>th</sup> May, 2018 has re-appointed Ms B Chandra, Practising Company Secretary having registration no. 7859 allotted by the Institute of Company Secretaries of India, as Secretarial Auditor for the financial year 2018-19.

### 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 form 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 SEBI LODR Regulations 2015 pertaining to CEO / CFO certification for the financial year ended 31<sup>st</sup> March 2018.

### 11. POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of Companies 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 Business Conduct and Ethics.

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

The Policy is disclosed on the Company's website in the following link:

[www.haritaseating.com/PDF/WhistleBlowerPolicy.pdf](http://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 31<sup>st</sup> March 2018.

### 13. STATUTORY STATEMENTS

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

Relevant information is 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.

#### Employees' 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 as mentioned in Notice of AGM 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 material 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**

During the year under review, the Company had not granted any loans or guarantees covered under Section 186 of the Act, 2013.

Please refer note no.3 to Notes on accounts for the financial year 2017-18, for details of investments made by the Company.

### **Reporting of fraud**

The Auditor's of the Company have not reported any fraud as specified under Section 143(12) of the Act, 2013.

### **Other laws**

During the year under review, the Company has not received any complaint 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 gratefully acknowledge the continued 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 good work done by 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 of Directors

Chennai  
10<sup>th</sup> May, 2018

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 2017-18

Reduction of energy consumption

- by replacement of LED fittings for street light;
- through solar heating systems in CED pre-treatment;
- through energy efficient motors in pre-treatment process; and
- through Air audit and leak detection.

The above measures had resulted in an annual saving of Rs.19.83 lakhs.

###### 2. Proposed measures during the year 2018-19

Reducing energy consumption

- by implementation of LED fittings;
- through assembly line Light / Fan automation;
- through compressor Auto ON / OFF with loading pattern; and
- through air audit & automation.

The above measures will result in an annualized savings of Rs.20 lakhs.

###### 3. Steps taken for utilizing alternate sources of energy for the year 2017-18.

Solar thermal heating system for CED (Cathodic Electro Deposition Coating) painting process has been fully operational during the year under review at Belagondapalli plant and a similar facility will be operational in the second half of 2018-19 at Ranjangaon plant.

###### 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 THE YEAR 2017-18

Research & Development (R&D)

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

- Instructor seat proto development completed for exports market;
- New product tooling for mechanical and pneumatic suspension seat (currently developed as platform for global OEM customers);
- Deluxe Seats with three point seat belt developed for Indian bus passenger seat market;
- Auto folding co driver seat developed for deluxe buses;
- School Bus Seats developed under platform concept;
- Single Pan Seat productionised and commenced supplies; and
- 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 driver seats both for Commercial Vehicles (CV) and Buses; and
- Entry into Europe market / new customer addition.

###### 3. Future plan of action:

- Development of identified new technologies for Tractor, CVs and Bus Passenger Seats ;



- Introduction of Product upgrade / refresh for the identified seats; and
- Development of new models of seats for Lawn mowers & Garden Tractors.

Expenditure on R&D: Rs.1078.07 Lakhs (including Capex)

### **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; and
- 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 31<sup>st</sup> March 2018 amounted to Rs.6,264.90 lakhs as against Rs.3,096.20 lakhs for the year ended 31<sup>st</sup> March 2017.

1. Activities relating to export:

- During the year 2017-18, 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 and Germany.

2. Total foreign exchange earned and used (actual):

Foreign exchange earned : Rs.6,264.90 lakhs

Foreign exchange used : Rs.1,463.97 lakhs

For and on behalf of the Board of Directors

Chennai  
10<sup>th</sup> May, 2018

H Lakshmanan  
Chairman

## HARITA SEATING SYSTEMS LIMITED

### Annexure - II to Directors' Report to the shareholders

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

for the financial year ended 31<sup>st</sup> March 2018

[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 28272233 Fax : 044 28257121
vi)	Whether listed Company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	Sundaram – Clayton Limited Share Transfer Agent "Jayalakshmi Estates", 1 <sup>st</sup> Floor, No.29 (Old No.8), Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959 e-mail : raman@scl.co.in

#### 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	% to total turnover of the Company
1	Seats used for Motor Vehicle	94012000	97.87%

#### 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)

## HARITA SEATING SYSTEMS LIMITED

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 <sup>st</sup> April 2017)				No. of Shares held at the end of the year (as on 31 <sup>st</sup> March 2018)				Change in % of shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
Indian									
- Bodies Corporate	4067300	-	4067300	52.35	4057362	-	4057362	52.22	(0.13)
Foreign									
- Director	1087600	-	1087600	14.00	1087600	-	1087600	14.00	-
<b>Total Shareholding of Promoter (A)</b>	<b>5154900</b>	<b>-</b>	<b>5154900</b>	<b>66.35</b>	<b>5144962</b>	<b>-</b>	<b>5144962</b>	<b>66.22</b>	<b>(0.13)</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds									
b) Banks / FI	2311	200	2511	0.03	1315	200	1515	0.02	(0.01)
c) Insurance Companies									
d) FIs	674969	-	674969	8.69	677205	-	677205	8.71	0.02
<b>Sub-total (B)(1)</b>	<b>677280</b>	<b>200</b>	<b>677480</b>	<b>8.72</b>	<b>678520</b>	<b>200</b>	<b>678720</b>	<b>8.73</b>	<b>0.01</b>
<b>2. Non- Institutions</b>									
a) Bodies Corporate									
i) Indian	474454	3880	478334	6.15	100875	3880	104755	1.35	(4.80)
ii) Overseas		-	-	-		-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1088835	276205	1365040	17.57	1051716	297580	1349296	17.37	(0.20)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	64135	-	64135	0.83	92998	-	92998	1.20	0.37
c) Others									
(c-i) Directors & relatives	2020	-	2020	0.03	2020	-	2020	0.03	-
(c-ii) NRI Repatriable	14662	-	14662	0.19	12935	-	12935	0.17	(0.02)
(c-iii) NRI-Non Repatriable	3131	-	3131	0.04	13472	-	13472	0.17	0.13
(c-iv) Clearing member	9338	-	9338	0.12	4760	-	4760	0.06	(0.06)
(c-v) Limited Liability Partnership	-	-	-	-	365122	-	365122	4.70	4.70
<b>Sub-total (B)(2):-</b>	<b>1656575</b>	<b>280085</b>	<b>1936660</b>	<b>24.93</b>	<b>1643898</b>	<b>301460</b>	<b>1945358</b>	<b>25.05</b>	<b>0.12</b>
<b>Total Public Shareholding (B)= (B) (1)+ (B)(2)</b>	<b>2333855</b>	<b>280285</b>	<b>2614140</b>	<b>33.65</b>	<b>2322418</b>	<b>301660</b>	<b>2624078</b>	<b>33.78</b>	<b>0.13</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>7488755</b>	<b>280285</b>	<b>7769040</b>	<b>100</b>	<b>7467380</b>	<b>301660</b>	<b>7769040</b>	<b>100</b>	<b>-</b>

## HARITA SEATING SYSTEMS LIMITED

### (ii) Shareholding of Promoters

S.No	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares Pledged / Encumbered to total shares	No. of shares	% of 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	-	4,79,762	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	-	-	-	(0.13)	
11	Mr Martin Grammer (Director)	10,87,600	14.00	-	10,87,600	14.00	-	
	<b>Total</b>	<b>51,54,900</b>	<b>66.35</b>	<b>-</b>	<b>51,44,962</b>	<b>66.22</b>	<b>(0.13)</b>	

### (iii) Change in Promoters' Shareholding

Opening Balance (% of share capital)	Date of Increase or Decrease (Benpos Date)	Reasons for Increase or Decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>HARITA SRINIVASAN PRIVATE LIMITED</b>								
9,800 (0.13%)	01-04-2017							
	13-09-2017	Transfer/Sold	101	-	9,699	0.12		
	14-09-2017	Transfer/Sold	2,967	0.04	6,732	0.09		
	15-09-2017	Transfer/Sold	1,887	0.02	4,845	0.06		
	18-09-2017	Transfer/Sold	3,435	0.04	1,410	0.02		
	19-09-2017	Transfer/Sold	820	0.01	590	0.01		
	20-09-2017	Transfer/Sold	285	-	305	-		
	21-09-2017	Transfer/Sold	305	-	-	-		
	31-03-2018						-	-
<b>HARITA GOPAL PRIVATE LIMITED</b>								
4,79,900 (6.18%)	01-04-2017							
	09-10-2017	Transfer/Sold	138	-	4,79,762	6.18		
	31-03-2018						4,79,762	6.18

## HARITA SEATING SYSTEMS LIMITED

(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)	Reasons for Increase or Decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>LCI ESTATES LLP</b>								
3,65,000	01-04-2017							
(4.70%)	31-03-2018	-	-	-	-	-	3,65,000	4.70
<b>THE INDIAMAN FUND (MAURITIUS) LIMITED</b>								
3,49,962	01-04-2017							
(4.50%)	31-03-2018	-	-	-	-	-	3,49,962	4.50
<b>AQUARIUS INDIA OPPORTUNITIES FUND</b>								
3,25,007	01-04-2017							
(4.18%)	31-03-2018	-	-	-	-	-	3,25,007	4.18
<b>INDIA INFOLINE LIMITED</b>								
27,786	01-04-2017							
(0.36%)	07-04-2017	Transfer/Sold	38	0.00	27,748	0.36		
	14-04-2017	Transfer/Sold	27,748	0.36	0	0.00		
	28-04-2017	Transfer/Purchase	27,747	0.36	27,747	0.36		
	12-05-2017	Transfer/Sold	1	0.00	27,746	0.36		
	19-05-2017	Transfer/Sold	27,746	0.36	0	0.00		
	02-06-2017	Transfer/Purchase	27,694	0.36	27,694	0.36		
	09-06-2017	Transfer/Sold	27,694	0.36	0	0.00		
	10-11-2017	Transfer/Purchase	12,887	0.17	12,887	0.17		
	08-12-2017	Transfer/Sold	351	0.00	12,536	0.16		
	29-12-2017	Transfer/Purchase	35,301	0.45	47,837	0.62		
	19-01-2018	Transfer/Sold	5,726	0.07	42,111	0.54		
	31-03-2018						42,111	0.54
<b>KALPESH DAYALBHAI VAGHANI</b>								
-	01-04-2017							
	08-09-2017	Transfer/Purchase	12	0.00	12	0.00		
	15-09-2017	Transfer/Purchase	2,090	0.03	2,102	0.03		
	22-09-2017	Transfer/Purchase	4,331	0.06	6,433	0.08		
	29-09-2017	Transfer/Purchase	1,616	0.02	8,049	0.10		
	20-10-2017	Transfer/Purchase	3,836	0.05	11,885	0.15		
	27-10-2017	Transfer/Purchase	587	0.01	12,472	0.16		
	31-10-2017	Transfer/Purchase	348	0.00	12,820	0.17		
	17-11-2017	Transfer/Purchase	2,820	0.04	15,640	0.20		

## HARITA SEATING SYSTEMS LIMITED

Opening Balance (% of share capital)	Date of Increase or Decrease (Benpos Date)	Reasons for Increase or Decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	29-12-2017	Transfer/Purchase	632	0.01	16,272	0.21		
	30-12-2017	Transfer/Purchase	52	0.00	16,324	0.21		
	19-01-2018	Transfer/Purchase	12,022	0.15	28,346	0.36		
	02-02-2018	Transfer/Purchase	500	0.01	28,846	0.37		
	16-02-2018	Transfer/Purchase	17	0.00	28,863	0.37		
	31-03-2018	-	-	-	-	-	28,863	0.37
<b>ASHWANI KUMAR / SONU KUMAR</b>								
27,900 (0.36%)	01-04-2017	-	-	-	-	-		
	31-03-2018	-	-	-	-	-	27,900	0.36
<b>NIKUNJ DHANVANTRAI MEHTA</b>								
14,435 (0.19%)	01-04-2017	-	-	-	-	-		
	31-03-2018	-	-	-	-	-	14,435	0.19
<b>MADHUKANTA DHANVANTRAI MEHTA</b>								
11,000 (0.14%)	01-04-2017	-	-	-	-	-		
	31-03-2018	-	-	-	-	-	11,000	0.14
<b>MALLIKA SRINIVASAN</b>								
10,800 (0.14%)	01-04-2017	-	-	-	-	-		
	31-03-2018	-	-	-	-	-	10,800	0.14
<b>SHANTARAM MADHAV BHANDARKAR</b>								
10,000 (0.13%)	01-04-2017	-	-	-	-	-		
	31-03-2018	-	-	-	-	-	10,000	0.13

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

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



## HARITA SEATING SYSTEMS LIMITED

### V. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			
i) Principal Amount	776.98	353.62	1130.60
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
<b>Total (i)</b>	<b>776.98</b>	<b>353.62</b>	<b>1130.60</b>
<b>Change in Indebtedness during the financial year</b>			
· Addition	911.77	-	911.77
· Reduction	-	(353.62)	(353.62)
<b>Net Change (ii)</b>	<b>911.77</b>	<b>(353.62)</b>	<b>558.15</b>
<b>Indebtedness at the end of the financial year</b>			
i) Principal Amount	1688.75	-	1688.75
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
<b>Total (i+ii)</b>	<b>1688.75</b>	<b>-</b>	<b>1688.75</b>

### 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:**

(₹ in Lakhs)

Particulars of Remuneration	Name of Directors					Total
	HL	CNP	SIJ	LB	SKV	
<b>Independent Directors</b>						
Fee for attending Board / Committee meetings	0.75	0.75	0.75	0.20	0.20	2.65
Commission	-	-	10.00	-	7.00	17.00
Others	-	-	-	-	-	-
<b>Total (1)</b>	<b>0.75</b>	<b>0.75</b>	<b>10.75</b>	<b>0.20</b>	<b>7.20</b>	<b>19.65</b>
<b>MG</b>						
<b>Other Non-Executive Directors</b>						
Fee for attending Board / Committee meetings	0.15	-	-	-	-	0.15
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Total (2)</b>	<b>0.15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.15</b>
<b>Total Managerial Remuneration (1+2)</b>	<b>0.90</b>	<b>0.75</b>	<b>10.75</b>	<b>0.20</b>	<b>7.20</b>	<b>19.80</b>
<b>Overall Ceiling as per the Act</b>						<b>114.61</b>

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

## HARITA SEATING SYSTEMS LIMITED

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

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	CEO	CFO(*)	CS	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961	125.47	-	9.85	135.32
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.07	-	-	0.07
	(c) Profits in lieu of salary u/s 17(3) of the Income tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit				
	- others				
5.	Others	-	-	-	-
	<b>Total</b>	<b>125.54</b>	<b>-</b>	<b>9.85</b>	<b>135.39</b>

(\*) Remuneration paid by the subsidiary company

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board of Directors

Chennai  
10<sup>th</sup> May, 2018

H Lakshmanan  
Chairman

## Annexure - IV to Directors' Report to the shareholders

### 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 programmes 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 programmes - [www.haritaseating.com/PDF/CSRPolicyHSSL.pdf](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.1623 Lakhs

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 33 Lakhs

7. Details of CSR spent during the financial year  
 (a) Total amount spent for the financial year Rs. 40 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 Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu Phone No: 044-28332115 Mail ID: aj@scl.co.in
2.	CSR Project or activity identified	<ul style="list-style-type: none"> <li>• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water;</li> <li>• Promoting Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects;</li> <li>• Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;</li> <li>• Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and</li> <li>• Rural development projects</li> </ul>
3.	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure

## HARITA SEATING SYSTEMS LIMITED

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4.	Local Area / Others:	Shirur block, Pune Hosur
	State & District :	Maharashtra : Pune Tamilnadu : Hosur
	Amount of outlay (budget) project or programme-wise	Rs.93.37 lakhs
5.	Amount spent on the projects or programmes	Rs.93.37 lakhs (including contribution of Harita Seating Systems Limited of Rs.40 Lakhs)
6.	Sub heads: Direct expenses on projects / programmes	Rs.93.37 lakhs
	Overheads	Nil
7.	Cumulative expenditure upto the reporting period	Rs.93.37 lakhs (including contribution of Harita Seating Systems Limited of Rs.40 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 –

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.

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

For and on behalf of the Board of Directors

Chennai  
10<sup>th</sup> May, 2018

H Lakshmanan  
Chairman of the Board and  
Chairman of CSR Committee

## HARITA SEATING SYSTEMS LIMITED

### Annexure - V to Directors' Report to the Shareholders

#### Comparative analysis of remuneration paid to directors and employees with the Company's performance

Sl. No.	Name of the Director / Officials (M/s.)	Designation	Ratio to median remuneration	% increase in remuneration
1	H Lakshmanan	NEID	-	-
	Martin Grammer	NED	-	-
	C N Prasad	NEID	-	-
	L Bhadri	NEID	-	-
	S I Jaffar Ali	NEID	1:2	11%
	Sasikala Varadachari	NEID	1:1	17%
	A G Giridharan	CEO	NA	20%
	S Jagannathan	CFO*	NA	-
	N Iswarya Lakshmi	CS	NA	14%
2	The percentage increase in the median remuneration of employees in the financial year			16%
3	The number of permanent employees on the rolls of Company			348
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2017-18			10%
	b. Average percentile increase in the managerial remuneration in the financial year 2017-18 There are no exceptional circumstances for increase in the managerial remuneration.			NA
5	Affirmation that the remuneration is as per the remuneration policy of the Company.			Remuneration paid during the year 2017-18 is as per the Remuneration Policy of the Company.

(\* Remuneration paid by the subsidiary company)

For and on behalf of the Board of Directors

Chennai  
10<sup>th</sup> May, 2018

H LAKSHMANAN  
Chairman

## HARITA SEATING SYSTEMS LIMITED

### Annexure - VI to Directors' Report to the shareholders

#### 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.

- Details of contracts or arrangements or transactions not at arm's length basis: NIL
- Details of material contract, arrangement or transaction at arm's length basis:

(a)	Name of the related party	Harita Fehrer Limited
(b)	Nature of relationship	Subsidiary
(c)	Duration of the contracts / arrangements / transactions	2017-18
(d)	Date (s) of approval by the Board, if any:	18 <sup>th</sup> May, 2017

<b>Nature of contracts/ arrangements/ transactions</b>	<b>Goods / Services</b>	<b>Salient terms of the contracts or arrangements or transactions</b>	<b>Amount of contract or arrangement (Rs. In Lakhs)</b>
Sale	Rexine	Purchase price	6.11
Purchase	Foams Capital Goods - Molds	Cost plus Mark-up	4,444.64 160.57
Services availed	Lease rent Other services	As per guideline value	62.26 106.62
Rendering of Services	Electricity, Man power, Rent, Telephone, Management service charges salary, canteen and Lease rent	At Cost	738.92

For and on behalf of the Board of Directors

Chennai  
10<sup>th</sup> May, 2018

H Lakshmanan  
Chairman

### REPORT ON CORPORATE GOVERNANCE

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

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

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct for prevention of Insider Trading for Board and Senior Management Personnel.

#### 2. Board of Directors

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

##### 2.1 Composition and category of Directors:

As on 31<sup>st</sup> March 2018 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 and the Board also has a Woman Director.

Chairman is a Non-Executive and Independent Director (NE-ID). The number of Independent Directors is more than one third of its total strength.

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) have been appointed by the shareholders at the Annual General Meeting held on 6<sup>th</sup> August 2014 for a term of five consecutive years.

Mr L Bhadri and Ms Sasikala Varadachari were appointed as (NE-ID) of the Company for a period of three consecutive years effective 13<sup>th</sup> October 2015 and 22<sup>nd</sup> March 2016 respectively, with the approval of shareholders through the process of Postal Ballot.

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

At the ensuing AGM, Mr L Bhadri, ID is proposed to be re-appointed as a Non-Executive and Independent Director of the Company, for the second term commencing from 13<sup>th</sup> October 2018 till the conclusion of the 25<sup>th</sup> AGM to be held in 2021 and the approval of the Members sought by way of a Special Resolution.

Ms Sasikala Varadachari, ID is also proposed to be re-appointed as a Non-Executive and Independent Director of the Company, for the second term commencing from 22<sup>nd</sup> March 2019 till the conclusion of the 26<sup>th</sup> AGM to be held in 2022 and the approval of the Members sought by way of a Special Resolution.

##### 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, except in respect of restricted items which are not permitted to be transacted through the said means. As per the Companies (Amendment) Act, 2017, Directors attending through VC participated in the discussions, for the restricted items, wherever necessary quorum of Directors was physically present at the meeting.

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 background materials, wherever necessary, are circulated well in advance to the Committee / Board, to enable them for making value addition as well as exercising their business judgment in the Committee / Board Meetings.

Presentations are also being made by the business heads on the Company's operations, marketing strategy, Risk Management, Internal Financial Control, etc in Board / Audit Committee meetings.

During the year, the Company has implemented digital Board meeting through iPads as an eco-friendly measure. All agenda papers for convening meetings of the Board / Committees have been uploaded in digital mode.

During the year 2017-18, the Board met four times on 18<sup>th</sup> May 2017, 9<sup>th</sup> August 2017, 8<sup>th</sup> November 2017 and 6<sup>th</sup> February 2018 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 (AGM) held on 9<sup>th</sup> August 2017 and also the number of other Directorships and committee Memberships / Chairmanships as on 31<sup>st</sup> March 2018 are as follows:

Name of the Director (M/s)	Category	Attendance Particulars		Number of other Directorships, Committee Memberships / Chairmanships		
		Board Meetings	Last AGM	Other Directorships**	Committee Memberships@	Committee Chairmanships
H Lakshmanan (DIN 00057973)	NE-ID	4	Yes	16	5	3
S I Jaffar Ali (DIN 00058955)	NE-ID	4	Yes	1	3	-
C N Prasad (DIN 01950656)	NE-ID	4	Yes	4	2	-
Martin Grammer (DIN 00061786)	NE-NID	3	Yes	-	-	-
L Bhadri (DIN 06829886)	NE-ID	4	Yes	6	5	-
Sasikala Varadachari (DIN 07132398)	NE-ID	4	Yes	6	2	-

\*\* 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. None of the Directors on the Board is related to any other Director on the board.

### 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, Board's risks and responsibilities 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 details of familiarization program are available on the Company's website in 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 31<sup>st</sup> March 2018. 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 convening the ensuing AGM 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 of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and *inter-alia* performs the following functions:

- a. Overseeing the Company's financial reporting process and the disclosure of 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 included in the Director's Responsibility Statement to be included 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 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 Committee, for its approval. All the recommendations made by the Committee during the year under review, were accepted by the Board.

**3.2 Composition, name of the Chairman and Members:**

As at 31<sup>st</sup> March 2018, the Audit Committee consists of the following Non-Executive Independent Directors viz., M/s. H Lakshmanan, C N Prasad and S I Jaffar Ali.

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.

Mr H Lakshmanan is the Chairman of the Audit Committee and 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 9<sup>th</sup> August 2017.

**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.)
18.05.2017	H Lakshmanan, C N Prasad and S I Jaffar Ali
09.08.2017	
08.11.2017	
06.02.2018	

**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 16(1)(c) read with Regulation 24 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 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 Subsidiary Policy**

The Board has duly formulated a policy for determining 'material' subsidiary. A subsidiary is considered as "a material subsidiary", if its income or net worth exceeds 20% of its consolidated income or net worth 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 31<sup>st</sup> March 2018.

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 (RPTs), as defined under the Act, 2013 and SEBI LODR Regulations during the financial year 2017-18 were in the ordinary course of business and on an arms' length 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 of interests and hence no approval of the Company was required in terms of SEBI LODR Regulations.

The transactions with the related parties, namely its promoters, subsidiary company which are of routine nature have been reported elsewhere in the Annual Report, as per Indian Accounting Standard 24 (Ind AS 24) notified vide the Companies (Indian Accounting Standard) Rules, 2015.

Details of material related party transactions are enclosed as Annexure-VI to the Directors' Report for the year ended 31<sup>st</sup> March 2018.

#### Related Party Transactions Policy

The Board has formulated a policy on RPTs. The Audit Committee reviews and approves transactions 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 or at arm's length. The Audit Committee meets prior to each scheduled Board meeting to review all RPTs of the Company on a quarterly basis.

The Companies (Amendment) Act 2017 was notified on 3<sup>rd</sup> January 2018, which *inter-alia* provides for ratification of a RPT involving amount not exceeding Rs.1 Cr per transaction is entered into by a Director or Officer of the Company without obtaining approval of the Audit Committee and such RPTs be ratified by the Audit Committee within three months from the date of the transaction.

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:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated February 16, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, the Company has adopted "IND AS" with effect from 1<sup>st</sup> April 2017 for the first time. Accordingly, the financial statements from the year 2017-18 have been prepared in compliance with the said Rules.

#### 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. The Company's Audit Committee reviews reports given by Members of the management team and recommends suitable action.

The Company's policy on risk management has been discussed in detail in the Director's Report.

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

There was no instance of non-compliance by the Company or 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 of interest with 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 for the financial year ended 31<sup>st</sup> March 2018.

#### 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 in this Report.

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

In compliance with the SEBI (Prohibition of Insider Trading) Regulations 2015, as amended, 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 under 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 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 SEBI (Prohibition of Insider Trading) Regulations 2015, effective from 15<sup>th</sup> 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 31<sup>st</sup> March 2018, the NRC consists of M/s. C N Prasad, H Lakshmanan and S I Jaffar Ali, Non-Executive and Independent Directors.

Mr C N Prasad is the Chairman of the NRC and Ms N Iswarya Lakshmi, Company Secretary is the Secretary of the Committee.

Mr C N Prasad, Chairman of the NRC was present at the AGM held on 9<sup>th</sup> August 2017.

All the Members were present at the meeting held on 18<sup>th</sup> May, 2017.

#### 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 - 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 - 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 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.

As per the Companies Amendment Act, 2017, evaluation of all Directors by both

the Board and NRC was avoided. Pursuant to this amendment, the following changes were incorporated in NRC Policy to avoid duplication of evaluation process.

“NRC should ‘prescribe a methodology to carry out evaluation of performance of individual Directors, Committee(s) of the Board, Chairman and the Board as a whole’, and the Board should carry out the performance evaluation as per the methodology either by itself, by NRC or by an external agency.

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 committees etc.

The performance of SMP 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 2017-18 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 SMP. The NRC also delegated its authority to the Chairman, wherever appropriate, for this purpose.

### 6.5 Remuneration Policy:

As per the Companies Amendment Act, 2017, the Nomination and Remuneration

Policy has been placed on the website of the company in the following link: [http://www.haritaseating.com/PDF/Nomination\\_and\\_Remuneration\\_Policy.pdf](http://www.haritaseating.com/PDF/Nomination_and_Remuneration_Policy.pdf)  
The salient features of the policy are as follows:

NRC formulate policies to ensure that:

- the level and composition of remuneration is 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.

### 6.6 Remuneration to Non-Executive Directors:

Sitting fees

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, advice and inputs provided by the IDs. The IDs devote their valuable time in deliberating 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 and hence IDs are being paid by way of sitting fees and commission.

As approved by the shareholders at the AGM held on 8<sup>th</sup> August 2016, Non-Executive and Independent Directors are being paid commission, not exceeding the limits prescribed under the Act, 2013, as determined by the Board for each financial year.

A commission of Rs.10 lakhs per annum is payable to each such IDs, who serve as Members of the Audit Committee as well and Rs.7 lakhs per annum to other IDs for the year 2017-18. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at the AGM, subject to the limit of 1% in the aggregate of net profits of the Company, as calculated pursuant to Section 198 of the Act 2013. The above compensation structure is commensurate with the best practices in terms of remunerating NE-IDs and adequately compensates for the time and contribution made by NE-IDs.

At the AGM held on 6<sup>th</sup> August 2014, all the IDs were appointed to hold office for the first term of five consecutive years from the conclusion of that AGM, except Mr L Bhadri and Ms Sasikala Varadachari, who were appointed as Non-Executive Independent Directors of the Company for a period of three consecutive years effective 13<sup>th</sup> October 2015 and 22<sup>nd</sup> March 2016 respectively 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, in terms of Section 197 of the Act, 2013 in addition to sitting fees.

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

6.7 Particulars of sitting fees / Commission paid to the Non-Executive and Independent / Non-Independent Directors during the financial year 2017-18 are as follows:

(Amount in Rs.)

Name of the Directors (M/s.)	Sitting fee (*)	Commission	Total
H Lakshmanan	70,000	-	70,000
C N Prasad	75,000	-	75,000
S I Jaffar Ali	75,000	10,00,000	10,75,000
Martin Grammer	15,000	-	15,000
L Bhadri	25,000	-	25,000
Sasikala Varadachari	20,000	700,000	7,20,000
Total	3,05,000	17,00,000	20,05,000

(\*) – Includes fees for attending meetings of the Board and committees.

6.8 Details of shareholdings of Non-Executive Directors in the Company as on 31<sup>st</sup> March 2018:

Name of the Director (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	--

## 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 and he was present at the AGM held on 9<sup>th</sup> August 2017.

7.2 As required by SEBI LODR Regulations, Ms N Iswarya Lakshmi, Company Secretary is the compliance officer of the Company who oversees the redressal of investor grievances. For any clarification / complaint, the shareholders may contact the 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)
18.05.2017	H Lakshmanan, S I Jaffar Ali and C N Prasad
09.08.2017	
08.11.2017	
06.02.2018	

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 Annual Report, 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 Complaints received and redressed during the year 2017-18:

Nature of complaints	No. of complaints received and redressed
Non receipt of dividend warrants	5
Non-receipt of share certificates	1
<b>Total</b>	<b>6</b>

7.6 All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2018, were duly redressed and no queries pending at the year end.

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

7.7 Reconciliation of Share Capital Audit:

A Practising Company Secretary carried 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). The reports were placed before the Board for perusal.

The RSC audit reports confirmed that the total issued and listed capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### 8. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee consists of three directors viz., M/s H Lakshmanan, S I Jaffar Ali and C N Prasad. Mr H Lakshmanan is the Chairman of the Committee.

The details of CSR Policy, initiatives and spending are spelt out in the Directors Report. During the year, the Committee met on 26<sup>th</sup> April 2017 and all the members were present at the meeting.

### 9. Administrative Committee

The Administrative Committee consists 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.

During the year the Committee met on 21<sup>st</sup> July 2017 and all the Members were present at the meeting.

### 10. General body meeting

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

Year	Location	Date	Time
2014-15	Kasturi Srinivasan Hall (Mini Hall)	06.08.2015	10.00 a.m.
2015-16		08.08.2016	2.30 p.m.
2016-17	The Music Academy, New No.168, Old No.306, T T K Road, Chennai 600 014.	09.08.2017	10.00 a.m.

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2014-15 to 2016-17 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2014-15	Nil	06.08.2015
2015-16	Approving the payment of commission to Non-Executive Directors of the Company effective 1 <sup>st</sup> April 2015.	08.08.2016
2016-17	Nil	09.08.2017

10.3 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 Ballot Paper at the meeting for all the items at the AGM held on 9<sup>th</sup> August 2017.

### 11. 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.

11.1 Quarterly results:

The unaudited quarterly financial results of the Company were published in English and regional newspapers.

11.2 Newspapers wherein results are normally published:

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

11.3 Website:

The Company has in place a website addressed as [www.haritaseating.com](http://www.haritaseating.com). This website contains the basic information about the Company viz., 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.

### 12. General shareholder information:

#### 12.1 Annual General Meeting:

Date and time : Monday, the 13<sup>th</sup> August 2018  
at 10.00 a.m.

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

#### 12.2 Financial year : 1<sup>st</sup> April to 31<sup>st</sup> March

Financial calendar : 2018-19

Financial reporting for the quarter ending 30<sup>th</sup> June 2018 : between 15<sup>th</sup> July and 14<sup>th</sup> August 2018  
30<sup>th</sup> September 2018 : between 15<sup>th</sup> October and 14<sup>th</sup> November 2018  
31<sup>st</sup> December 2018 : between 15<sup>th</sup> January and 14<sup>th</sup> February 2019  
31<sup>st</sup> March 2019 : between 15<sup>th</sup> April and 30<sup>th</sup> May 2019

#### 12.3 Particulars of dividend payment

The Board of Directors of the Company (the Board) at its meeting held on

8<sup>th</sup> November 2017, declared a first interim dividend of Rs.2/- per share (20%) for the year 2017-18 absorbing a sum of Rs.1.55 Cr. The same was paid to the shareholders on 21<sup>st</sup> November 2017.

The Board at its meeting held on 6<sup>th</sup> February 2018 declared a second interim dividend of Rs.4/- per share (40%) for the year 2017-18 absorbing a sum of Rs.3.11 Cr. The same was paid to the shareholders on 20<sup>th</sup> February 2018.

Hence, the total amount of both dividends for the year ended 31<sup>st</sup> March 2018 aggregated to Rs.6/- per share (60%) thereby absorbing a sum of Rs.4.66 Cr on 77,69,040 equity shares of Rs.10/- each.

#### 12.4 Listing on Stock Exchange:

Name and Address of the Stock Exchange	Stock Code / Symbol
National Stock Exchange of India Limited (NSE) 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 2018-19 were duly paid to the above Stock Exchange and Depositories)

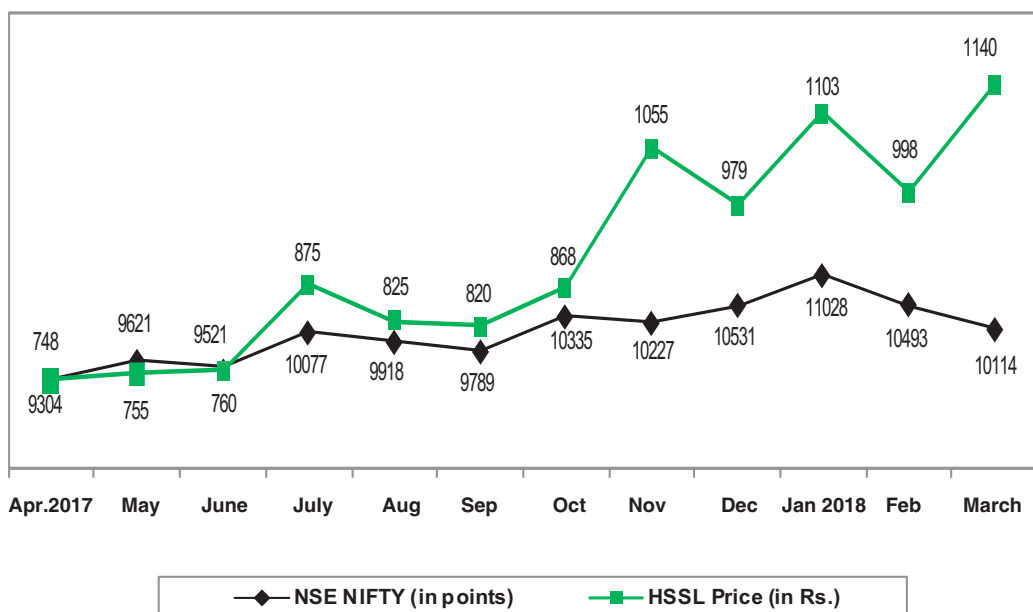
## HARITA SEATING SYSTEMS LIMITED

### 12.5 Market Price Data:

Month	National Stock Exchange of India Limited (in Rs.)	
	High Price	Low Price
April 2017	748	690
May 2017	755	667
June 2017	760	682
July 2017	875	727
August 2017	825	695
September 2017	820	740
October 2017	868	752
November 2017	1,055	830
December 2017	979	881
January 2018	1,103	933
February 2018	998	834
March 2018	1,140	933

### 12.6 Share price performance in comparison to broad based indices - NSE Nifty:

#### SHARE PRICE MOVEMENT





### 12.7 Share Transfer Agents and share transfer system:

- a. Sundaram-Clayton Limited (SCL), which has been registered with SEBI as share transfer agents in Category II, has been appointed as the Share Transfer Agent of the Company (STA) with a view to rendering prompt and efficient service to the investors and in compliance with Regulation 7 of 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 1<sup>st</sup> October 2004.
- b. 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.
- c. Shares lodged for transfers are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects.
- d. All requests for dematerialization of securities are processed and the 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 Exchange, 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 Exchange, 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](mailto:investorscomplaintssta@scl.co.in)/[ni.iswarya@scl.co.in](mailto:ni.iswarya@scl.co.in) for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- h. A Certificate signed by the Compliance Officer of STA and the Company Secretary towards maintenance of share transfer facility by STA in compliance with Regulation 7(3) of the SEBI LODR Regulations have been obtained and the same have been submitted to the Stock Exchange.
- 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.

## HARITA SEATING SYSTEMS LIMITED

### 12.8 Shareholding pattern of the Company as on 31<sup>st</sup> March 2018:

Category of Shareholder	No. of shares held	%
<b>Promoter and Promoter Group</b> Bodies Corporate and Individual	51,44,962	66.22
<b>Total (A)</b>	<b>51,44,962</b>	<b>66.22</b>
<b>Public Shareholding</b>	-	-
Banks / Financial Institutions	1,515	0.02
Foreign Portfolio Investor	6,77,205	8.71
<b>Total Institutions (B)</b>	<b>6,78,720</b>	<b>8.73</b>
Bodies Corporate	4,74,637	6.13
Individuals holding nominal capital in excess of Rs.2 lakhs	56,763	0.73
Individuals holding nominal capital upto Rs.2 lakhs	13,85,531	17.82
NRI Repatriable	13,472	0.17
NRI Non - Repatriable	12,935	0.17
Directors & their Relatives	2,020	0.03
<b>Total Non-Institutions (C )</b>	<b>19,45,358</b>	<b>25.05</b>
<b>Total Public Shareholding (D) = (B+C)</b>	<b>26,24,078</b>	<b>33.78</b>
<b>Grand Total (A+D)</b>	<b>77,69,040</b>	<b>100.00</b>

### 12.9 Distribution of Shareholding as on 31<sup>st</sup> March 2018:

Shareholding (Range)	No. of shares	%	No. of Shareholders	%
up to 500	6,85,734	8.83	7,917	93.38
501 to 1000	2,59,433	3.34	327	3.86
1001 to 2000	2,07,699	2.67	141	1.66
2001 to 5000	1,82,593	2.35	58	0.69
5001 to 10000	1,23,341	1.59	17	0.20
10001 and above	63,10,240	81.22	18	0.21
<b>TOTAL</b>	<b>77,69,040</b>	<b>100.00</b>	<b>8,478</b>	<b>100.00</b>

### 12.10 Dematerialization of shares and liquidity:

All the promoters holding consisting of 51,44,962 equity shares of Rs.10/- each have been fully dematerialised.

Out of 26,24,078 equity shares of Rs.10/- each held by persons other than Promoters, 23,22,418 shares have been dematerialised as on 31<sup>st</sup> March 2018 accounting for 88.50% in total.

### 12.11 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.

### 12.12 Other Disclosures

a. There were no pecuniary relationships or transactions with NE-IDs vis a-vis the Company during the year under

### 12.13 Plant Locations:

- A) Hosur : Belagondapalli, Thally Road, Hosur 635 114.  
Tel : 04347 - 233445,  
Email : [harita@haritaseating.com](mailto:harita@haritaseating.com)
- B) Ranjangaon : Plot No.A2, MIDC Industrial area,  
Ranjangaon, Koregaon Village, Shirur taluk,  
Pune District - 412 210, Maharashtra  
Tel : 02138 - 610700,  
Email : [harita@haritaseating.com](mailto:harita@haritaseating.com)
- C) Dharwad : Plot No-553-D, 2<sup>nd</sup> Stage, Belur Industrial Area,  
Dharwad-580011, Karnataka  
Tel : +91-0836-2486625  
Email : [harita@haritaseating.com](mailto:harita@haritaseating.com)
- D) Pantnagar : Plot No.35, Sector - 4, Integrated Estate, Pantnagar  
Rudrapur, Udham Singh Nagar District,  
Uttarakhand - 263153  
Tel : +91-5944-250889  
Email : [harita@haritaseating.com](mailto:harita@haritaseating.com)
- E) Chennai : Survey No.29,30,31, Vellanthalangal Village  
No.55,Thandalam Group, Irrungattukottai,  
Sriperumpudur - 602105  
Tel :044-67121380/381  
Email : [harita@haritaseating.com](mailto:harita@haritaseating.com)

review, except payment of sitting fees and profit related commission.

- b. 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.
- c. 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.
- d. 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.

### 12.14 Address for investor correspondence:

- (i) For transfer / Dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company. : Sundaram-Clayton Limited  
Share Transfer Agent (STA)  
Unit: Harita Seating Systems Limited  
“Jayalakshmi Estates”, I Floor,  
No.29, Haddows Road, Chennai - 600 006
- (ii) For any query on non-receipt of annual report. : Email : [raman@scl.co.in](mailto:raman@scl.co.in)  
[sclschares@gmail.com](mailto:sclschares@gmail.com)
- (iii) For Investors’ grievance & general correspondence : Email : [harita@haritaseating.com](mailto:harita@haritaseating.com)  
[investorscomplaintsstata@scl.co.in](mailto:investorscomplaintsstata@scl.co.in)

### 13. Non-mandatory disclosures

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

#### 13.1 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 of the Act 2013.

#### 13.2 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](http://www.haritaseating.com). The results are not sent to the shareholders individually.

#### 13.3 Audit qualifications:

The financial statements of the Company are unmodified.

### 14. 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 manager to the STA.

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:

Nomination in respect of shares, as per Section 72 of the Act, 2013 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee

without having to go through the process of obtaining succession certificate / probate of the Will, etc.

It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13. 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](http://www.nsdl.co.in) and [www.cdslindia.com](http://www.cdslindia.com) respectively.

Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation.

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 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 124(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared after 31<sup>st</sup> March, 2011 may contact the Company and surrender their warrants for payment.

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

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 (interim)	02.11.2015	02.12.2015	02.12.2022
2015-16 (2 <sup>nd</sup> interim)	14.03.2016	13.04.2016	13.04.2023
2016-17 (1 <sup>st</sup> interim)	02.11.2016	02.12.2016	02.12.2023
2016-17 (2 <sup>nd</sup> interim)	03.03.2017	02.04.2017	02.04.2024
2017-18 (1 <sup>st</sup> interim)	08.11.2017	08.12.2017	08.12.2024
2017-18 (2 <sup>nd</sup> interim)	06.02.2018	08.03.2018	08.03.2025

### 15. 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.

## HARITA SEATING SYSTEMS LIMITED

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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 shareholders	No of shares
No of shares in the Unclaimed suspense account as on 31 <sup>st</sup> March 2017.	207	38,893
No. of shares transferred to the shareholders on request from 1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018.	7	1,400
No of shares in the Unclaimed suspense account as on 31 <sup>st</sup> March 2018.	200	37,493

Green Initiative In Corporate Governance:

Rule 11 of the Companies (Accounts) Rules, 2014, permits circulation of Annual Report to shareholders through electronic means to such of the Members whose e-mail addresses are registered with NSDL or CDSL or 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 either registered with the Company or with the depositories.

To support this green initiative of the Government, Members are requested to register their e-mail addresses, 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.

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## 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 31<sup>st</sup> March 2018.

Place : Chennai  
Date : 10<sup>th</sup> May, 2018

A G Giridharan  
Chief Executive Officer



### 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 31<sup>st</sup> March 2018 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 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 RAGHAVAN, CHAUDHURI & NARAYANAN

Chartered Accountants  
Firm Regn No. 007761S

V SATHYANARAYANAN  
Partner

Place: Chennai

Date: 10<sup>th</sup> May, 2018

Membership No.027716

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

To  
The Board of Directors of  
Harita Seating Systems Limited, Chennai

We certify that we have reviewed the financial statements prepared based on the first time adopted Indian Accounting Standards for the year ended 31<sup>st</sup> March 2018 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 and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.
- c. no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of

internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

We have indicated to the Auditors and the Audit Committee:

- a. significant changes in internal control over financial reporting during the year;
- b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- c. that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Chennai  
Date : 10<sup>th</sup> May, 2018

A G Giridharan  
Chief Executive Officer

S Jagannathan  
Chief Financial Officer

### Form No. MR-3

### SECRETARIAL AUDIT REPORT

for the financial year ended 31.03.2018

[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,  
HARITA SEATING SYSTEMS LIMITED,  
Jayalakshmi Estates,  
No 29 (8) Haddows Road,  
Chennai 600 006

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 31.03.2018, 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 31.03.2018, according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;

- The Companies Act 1956 (to the extent applicable)
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;
  - 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;
  - The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 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:

- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009
- The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- In addition to the compliance with Factory and Labour Laws as is applicable to a factory, 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 Sriperumbudur 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(4) test check on compliances under other laws, I report that the Company has complied with the provisions of the Industry Specific statutes and the rules made thereunder to the extent it is applicable to them.

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 Agreement 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 was 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

Date: 10<sup>th</sup> May, 2018      Membership No. 20879

Place: Chennai      Certificate of Practice No. 7859

### Annexure - A to Secretarial Audit Report of even date

To

The Members,

HARITA SEATING SYSTEMS LIMITED,

Jayalakshmi Estates,

No 29 (8) Haddows Road,

Chennai 600 006

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

B Chandra

Practising Company Secretary

Date: 10<sup>th</sup> May, 2018      Membership No. 20879

Place: Chennai      Certificate of Practice No. 7859

### Independent Auditor's Report for the year ended 31<sup>st</sup> March 2018

To the Members of

#### **Harita Seating Systems Limited**

#### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **Harita Seating Systems Limited** ("the Company"), Jayalakshmi Estates, #29, Haddows Road, Chennai – 600 006, which comprise the Balance Sheet as at **March 31, 2018**, the Statement of Profit and Loss, the Cash Flow Statement and Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Standalone Ind AS 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 Ind AS 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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision 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 standalone Ind AS financial statements that give

a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS 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 there under.

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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs of the Company as at **31<sup>st</sup> March, 2018**, and its profit including its other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on other Legal and Regulatory Requirements

1. As required under the Companies (Auditor's Report) Order, 2016 ("The Order"), issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, we give in the "Annexure A" a statement of the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;

- e. On the basis of written representations received from the directors as on 31<sup>st</sup> March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018, from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- 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 standalone Ind AS financial statements – Refer note 38 (4) to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There are no amounts required to be transferred to investor education and Protection fund.

For **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

**V. Sathyanarayanan**  
Partner  
Membership No. 027716

Place : Chennai  
Date : 10<sup>th</sup> May 2018



### Annexure 'A' to Independent Auditors' Report - 31<sup>st</sup> March 2018 (Referred to in our report of even date)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- b) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verifications;
- c) The title deeds of the immovable properties of the company are held in the name of the Company;
- ii) The inventory, other than in-transit, has been physically verified at reasonable intervals during the year under review by the management. The discrepancies noticed between the book stock and physical stock were not material and have been properly dealt with in the books of account.
- In respect of inventories with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.
- iii) During the year, the Company has not granted any loan to a Company, firm or other parties covered in the register maintained under section 189 to the Companies Act, 2013.
- iv) During the year, the Company has not granted any loans nor has furnished any guarantee nor provided any security or made any investments which attracts provisions of section 185 and 186 of the Companies Act, 2013. Hence, reporting under sub-clause (iv) of paragraph 3 of the Order does not arise;
- v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order are not applicable to the Company;
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under section 148(1) of the Companies Act, 2013 for the maintenance of cost records and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) a) According to the information and explanation given to us, and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax and any other material statutory dues with the appropriate authorities except for few marginal delays.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax were in arrears as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, following are the details of the disputed dues that were not been deposited on account of any dispute as on 31<sup>st</sup> March 2018:

## HARITA SEATING SYSTEMS LIMITED

Period of dues	Nature of Dues	Amount of dispute (Rs. In lakhs)	Forum where dispute is pending
2015-16	Service Tax	2.10	Commissioner of Appeals- Central Excise Salem
2013-14	Commercial Tax	295.16	Hon'ble Supreme Court
2013-14	Commercial Tax	97.75	Hon'ble High Court of Madras
2014-15	Commercial Tax	29.60	Commercial Tax Department

viii) 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 or Government nor has issued any debentures.

ix) a) The Company has not raised any money by way of initial public offer or further public offer including (including debt instruments) during the year. Hence, reporting on utilization of such money does not arise.

b) The Company has not availed any term loan, during the year and hence reporting sub-clause (ix) of paragraph 3 of the Order does not arise;

x) Based on the audit procedures adopted and the information and explanation given to us, no fraud by the Company or on the Company has been noticed or reported during the course of our audit;

xi) In our opinion and according to the information and explanations given to us, Managerial remuneration paid/provided are in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act. Hence, reporting sub-clause (xi) of paragraph 3 of the Order does not arise;

xii) The Company is not a Nidhi Company and as such this clause of the order is not applicable;

xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the act and details of such transactions have been disclosed in standalone Ind AS financial statements as required by the applicable accounting standards.

xiv) According to the information and explanation given to us and in our opinion, the company has not made any preferential or private placement of shares or fully or partly convertible debentures during the year under review;

xv) According to the information and explanation given to us and in our opinion, the company has not entered into any non-cash transactions with directors or persons connected with them.

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

**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

**V. Sathyanarayanan**  
Partner  
Membership No. 027716

Place : Chennai  
Date : 10<sup>th</sup> May 2018

### Annexure 'B' to the Independent Auditors' Report for the year ended 31<sup>st</sup> March 2018

#### **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** ("the Company"), Jayalakshmi Estates, #29, Haddows Road, Chennai – 600006, as of 31st March 2018 in conjunction with our audit of the standalone Ind AS 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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Ind AS 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 judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's

internal financial control over financial reporting includes those policies and procedures that;

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS 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

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS 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 **31<sup>st</sup> March 2018**, 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 Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

**V. Sathyanarayanan**  
Partner  
Membership No. 027716

Place : Chennai  
Date : 10<sup>th</sup> May 2018

## HARITA SEATING SYSTEMS LIMITED

### Balance Sheet as at 31<sup>st</sup> March 2018

(₹ in Lakhs)

	Note No.	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>I Non-Current Assets</b>				
a) Property, Plant and Equipment	2	5,549.44	4,508.03	3,407.28
b) Capital Work in progress	2	138.76	0.87	41.91
c) Other Intangible Assets	2	87.56	53.57	41.84
d) Financial Assets				
i) Investments	3	2,817.32	2,819.50	2,812.82
ii) Loans	4	59.43	51.88	45.28
iii) Other financial assets	5	2.49	3.93	4.09
e) Other non current assets	6	268.45	224.75	79.07
f) Deferred Tax Assets (Net)	16	-	-	102.10
<b>II Current Assets</b>				
a) Inventories	7	1,690.49	1,421.38	990.57
b) Financial Assets				
i) Trade Receivables	8	12,419.60	7,140.23	5,661.76
ii) Cash and Cash equivalents	9	26.28	85.26	107.03
iii) Bank balances other than above	10	31.03	31.52	46.10
iv) Other financial assets	5	358.81	356.45	324.25
c) Other Current Assets	11	1,279.09	1,140.42	443.23
<b>Total Assets</b>		<b>24,728.75</b>	<b>17,837.79</b>	<b>14,107.33</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
a) Equity Share Capital	12	776.90	776.90	776.90
b) Other Equity	13	10,792.21	8,172.04	6,088.61
<b>Liabilities</b>				
<b>I Non-Current Liabilities</b>				
a) Provisions	15	488.57	473.24	537.35
b) Deferred Tax Liabilities (Net)	16	27.85	90.57	-
c) Deferred income	17	2.57	2.85	3.14
<b>II Current Liabilities</b>				
a) Financial Liabilities				
i) Borrowings	18	1,688.75	1,130.61	502.35
ii) Trade Payables	19	9,467.41	5,755.55	4,363.42
iii) Other Financial Liabilities	14	720.22	255.73	136.93
b) Other Current Liabilities	20	591.09	1,039.51	1,586.21
c) Provisions	15	172.89	140.50	112.13
d) Deferred income	17	0.29	0.29	0.29
<b>Total Equity and Liabilities</b>		<b>24,728.75</b>	<b>17,837.79</b>	<b>14,107.33</b>
Significant Accounting Policies	1			

In terms of our Reports Attached  
for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
F. R. No. 007761S

**V Sathyanarayanan**  
Partner  
Membership No. 027716

Place: Chennai  
Date: 10<sup>th</sup> May, 2018

**H Lakshmanan**  
Chairman

**S Jagannathan**  
Chief Financial Officer

**A G Giridharan**  
Chief Executive Officer

**N Iswarya Lakshmi**  
Company Secretary

## HARITA SEATING SYSTEMS LIMITED

### Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2018

(₹ in Lakhs)

	Note No.	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
<b>Income</b>			
I Revenue from Operations	21	44,428.13	37,717.38
II Other Income	22	1,041.95	1,061.75
III <b>Total Income (I+II)</b>		<b>45,470.08</b>	<b>38,779.13</b>
<b>IV Expenses</b>			
a) Cost of Material Consumed	23	31,535.19	24,662.67
b) Changes in Inventory of Finished Goods and Work-in-Process	24	(147.36)	(40.64)
c) Excise duty & Service tax	25	742.28	3,060.76
d) Employee Benefit Expenses	26	4,354.23	3,731.46
e) Finance Costs	27	111.17	44.01
f) Depreciation and Amortisation cost	28	719.13	515.42
g) Other Expenses	29	4,237.32	3,704.49
<b>Total Expenses (IV)</b>		<b>41,551.96</b>	<b>35,678.17</b>
V Profit/(Loss) before Exceptional Items and Tax (III-IV)		3,918.12	3,100.96
VI Exceptional Items		-	-
VII Profit/(Loss) Before Tax (V-VI)		3,918.12	3,100.96
<b>VIII Tax Expense</b>			
a) Total of Current tax			
i. Current Tax		740.34	463.63
ii. Prior period income tax		164.03	463.63
		<b>904.37</b>	-
b) Deferred Tax		(66.12)	183.14
		<b>838.25</b>	<b>646.77</b>
IX <b>Profit/(Loss) for the period (VII-VIII)</b>		<b>3,079.87</b>	<b>2,454.19</b>
X Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Remeasurement of post employment benefit obligations		9.82	27.54
- Income tax relating to these items		(3.40)	(9.53)
<b>Other comprehensive income for the year, net of tax</b>		<b>6.42</b>	<b>18.01</b>
XI <b>Total Comprehensive Income for the Year (X + XI)</b>		<b>3,086.29</b>	<b>2,472.20</b>
<b>Earnings Per Share</b>			
a) Basic	36	39.64	31.59
b) Diluted		39.64	31.59
Significant Accounting Policies	1		

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Company Secretary

**Statement of Changes in Equity**

(₹ in Lakhs)

**I) Equity Share Capital**

Particulars	Notes	Amount
Balance as at 1 <sup>st</sup> April,2016		776.90
Changes in equity share capital during the year	12	-
<b>Balance as at 31<sup>st</sup> March,2017</b>		<b>776.90</b>
Changes in equity share capital during the year	12	-
<b>Balance as at 31<sup>st</sup> March,2018</b>		<b>776.90</b>

**II) Other equity**
**Reserves and surplus**

Particulars	Notes	General reserve	Capital redemption reserve	Retained earnings	Total
<b>Balance as at 1<sup>st</sup> April,2016</b>		<b>2,260.96</b>	<b>10.00</b>	<b>3,817.65</b>	<b>6,088.61</b>
Profit for the period	13	-	-	2,454.19	2,454.19
Other comprehensive income	13	-	-	18.01	18.01
		-	-	<b>2,472.20</b>	<b>2,472.20</b>
Transaction with owners in the capacity as owners		-	-	-	-
Dividend paid	13	-	-	(388.78)	(388.78)
<b>Balance as at 31<sup>st</sup> March,2017</b>		<b>2,260.96</b>	<b>10.00</b>	<b>5,901.07</b>	<b>8,172.04</b>
Profit for the period	13	-	-	3,079.87	3,079.87
Other comprehensive income	13	-	-	6.42	6.42
		-	-	<b>3,086.29</b>	<b>3,086.29</b>
Transaction with owners in the capacity as owners		-	-	-	-
Dividend paid	13	-	-	(466.14)	(466.14)
<b>Balance as at 31<sup>st</sup> March,2018</b>		<b>2,260.96</b>	<b>10.00</b>	<b>8,521.22</b>	<b>10,792.21</b>

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## HARITA SEATING SYSTEMS LIMITED

### Cash flow statement for the year ended 31<sup>st</sup> March, 2018

(₹ in Lakhs)

	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extra ordinary items	3,918.12	3,100.96
Add:		
Depreciation (net)	719.13	515.42
Dividend income	(512.50)	(512.50)
Interest Income	(16.45)	(9.16)
Interest Expenditure	111.17	44.01
Net gain/(loss) on sale of Fixed Assets	8.27	(75.59)
Net gain/(loss) on sale of investments	2.18	(6.68)
Profit on sale of Fixed Assets		
Miscellaneous Expenditure written off		-
Increase/(Decrease) in fair valuation of employee benefit obligation	9.82	27.54
Operating profit before working capital changes	4,239.74	3,084.00
Adjusted for: Working Capital changes		
Trade Payables	3,711.87	1,392.13
Other Current Liabilities	(448.42)	(546.70)
Short Term Provisions	32.39	28.38
Current Liability - Deferred income	-	-
Other Current Financial Liabilities	464.49	118.80
Long Term Provisions	15.34	(64.12)
Non Current Liability - Deferred income	(0.29)	(0.29)
Investment	2.18	(6.68)
Long Term Loans and Advances	(7.55)	(6.60)
Inventories	(269.11)	(430.81)
Trade Receivables	(5,279.37)	(1,478.47)
Other Current Assets	(347.39)	(391.35)
Other Current Financial Assets	(2.36)	(32.20)
Other Non Current Financial Assets	1.44	0.16
Other non current assets	(43.70)	(145.68)
Cash generated from operations	2,069.26	1,520.57
Adjusted for: Tax Liability		
Direct tax paid (net of refund)	(695.64)	(769.47)
<b>Net cash from operating activities</b>	<b>(A) 1,373.62</b>	<b>751.10</b>

## HARITA SEATING SYSTEMS LIMITED

### Cash flow statement for the year ended 31<sup>st</sup> March, 2018 (Continued)

(₹ in Lakhs)

	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,941.53)	(1,619.68)
Sale of fixed assets	0.84	108.41
Purchase of investments	-	-
Sale of investments	-	-
Profit/(Loss) Sale of Investments	(2.18)	6.68
Interest received	16.45	9.16
Dividend received	512.50	512.50
<b>Net cash used in investing activities</b>	<b>(B) (1,413.92)</b>	<b>(982.93)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital	-	-
Share Premium	-	-
Long Term Borrowings	-	-
Short Term Borrowings	558.14	628.25
Interest paid	(111.17)	(44.01)
Dividend and dividend tax paid	(466.14)	(388.78)
<b>Net cash from financing activities</b>	<b>(C) (19.17)</b>	<b>195.46</b>
<b>D. NET INCREASE / ( DECREASE ) IN CASH AND CASH EQUIVALENTS</b>		
	<b>(A)+(B)+(C)</b>	<b>(36.37)</b>
Cash and Cash Equivalents at the beginning of the year		
Cash and Cash equivalents	85.26	107.03
Bank balances other than above	31.52	46.10
	<b>116.78</b>	<b>153.13</b>
Cash and Cash Equivalents at the end of the year		
Cash and Cash equivalents	26.28	85.26
Bank balances other than above	31.03	31.52
	<b>57.31</b>	<b>116.78</b>

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**N Iswarya Lakshmi**  
Company Secretary

## 1 SIGNIFICANT ACCOUNTING POLICIES

### Company overview

HARITA SEATING SYSTEMS LIMITED ('the Company') is a Public Limited Company incorporated in India. The company's equity shares are listed on NSE. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India.

### 1.1 Statement of compliance

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Upto the year ended 31<sup>st</sup> March, 2017, the Company prepared financial statements in accordance with the requirements of previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006 and other relevant provisions of the Act.

These are Company's first Ind AS based financial statements. The date of transition to Ind AS is 1<sup>st</sup> April, 2016. Company has opted certain exemptions while first-time adoption of Ind As based Financial statement (refer note 39 of Financial Statement)

### 1.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services.

#### *The principal accounting policies are set out below:*

All assets and liabilities have been classified as current or noncurrent according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

### 1.3 Going concern

The board of directors have considered the financial position of the Company at 31<sup>st</sup> March 2018 and projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The board of directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

### 1.4 Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

### 1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

#### 1.5 Revenue recognition

The Company recognizes revenue when the amount of revenue and its related cost can be reliably measured and it is probable that future economic benefits will flow to the entity and specific criteria in relation to significant risk.

##### 1.5.1. Sale of goods

Revenue from sale of products is recognised when the products are delivered to the dealer / customer or when delivered to the carrier, when risks and rewards of ownership pass to the dealer / customer, as per terms of contract.

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates. It includes excise duty but excludes Value Added Tax and Sales Tax.

##### 1.5.2. Income from service

Income from services is accounted over the period of rendering of services.

#### 1.6 Foreign currencies

##### 1.6.1. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupee, which is the company's functional and presentation currency.

##### 1.6.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

#### 1.7 Employee Benefits

##### 1.7.1. Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### 1.7.2. Other long term employee benefit

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore

### 1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

measured as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

#### 1.7.3. Post-employment obligation

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, and
- b) Defined contribution plans such as provident fund.

##### **Defined contribution plan:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme and pension scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

##### **Defined benefit plan:**

The Company has a gratuity defined benefit plans for its employees. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate

### 1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

actuarial valuation is carried out for each plan using the projected unit credit method. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and the balance sheet. The Company has funded this with Life Insurance Corporation of India ('LIC'). The contributions made to the LIC are treated as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

#### 1.7.4. Bonus plans

The Company recognizes a liability and an expense for bonus. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation

### 1.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### 1.8.1. Current tax

The income tax expenses or credit is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted.

#### 1.8.2. Deferred tax

Deferred tax is provided in full, using the balance sheet approach, on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 1.8.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

#### 1.8.4. MAT Credit

Outstanding MAT Credit as at 31<sup>st</sup> March 2018 has been considered in this financial year as the certainty for utilisation has been ascertained and partially utilised in the current financial year

### 1.9 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.

#### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1<sup>st</sup> April 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

#### ***Depreciation methods, estimated useful lives and residual value***

Depreciation is calculated using the straight-line method on a prorata basis from the month in which each asset is put to use to allocate their cost, net of their residual values, over their estimated useful lives.

Estimated useful life of assets are as follows which is based on technical evaluation of the useful lives of the assets:

Particulars	Useful life in years (Nos.)
Buildings	30
Plant & Machinery	14
Vehicles	8
Computer hardware	3

The assets' residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are credited / debited to profit or loss.



### 1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.0 Intangible assets

Intangible assets are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

##### 2.0.1. Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of 1<sup>st</sup> April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### 2.1. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### 2.2. Inventories

Inventories are valued at the lower of cost and net realizable value.

The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and appropriate proportion of variable and fixed overhead expenditure. Overhead expenditures are being allocated on the basis of normal operating capacity. Raw materials are valued at weighted average cost. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Non- production inventory (other than those supplied along with main plant and machinery, which are capitalised and depreciated accordingly) are charged to profit or loss on consumption.

#### 2.3 Provisions and contingencies

Provisions: Provisions are recognised when there is a present obligation or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessment of the time value of money and the risks specific to the liability

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

#### 2.5 Financial assets

All purchases or sales of financial assets are recognized and de-recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### 2.5.1. Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset that meets the following two conditions is measured at amortised cost unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test : the objective of the Company's business model is to hold the financial asset to collect the contractual cash flows.
- Cash flow characteristic test : the contractual term of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option:

- business model test : the financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets.

### 1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- cash flow characteristic test : the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

#### 2.5.2. Financial assets at fair value through profit or loss (FVTPL)

Investment in equity instrument are classified at fair value through profit or loss, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets that do not meet the amortised cost criteria or fair value through other comprehensive income criteria are measured at fair value through profit or loss. A financial asset that meets the amortised cost criteria or fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets and liabilities or recognising the gains or losses on them on different bases.

Investments in debt based mutual funds are measured at fair value through profit and loss.

Financial assets which are fair valued through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on re measurement recognized in profit or loss.

#### 2.5.3. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

#### 2.5.4. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, cheques and drafts in hand, balances with bank and deposits held at call with financial institutions, short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the cash flow statement. Book overdraft are shown within other financial liabilities in the balance sheet and forms part of operating activities in the cash flow statement.

#### 2.5.5. Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- financial assets measured at amortised cost
- financial assets measured at fair value through other comprehensive income

Expected credit loss are measured through a loss allowance at an amount equal to :

- the twelve month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within twelve months after the reporting date); or

### 1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

- full life time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

#### 2.5.6. Income recognition

Interest Income: Interest income from debt instruments is recognised using the effective interest rate method.

### 2.6 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

#### 2.6.1. Trade and other payables

Trade and other payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid.

#### 2.6.2. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 2.6.3. Foreign exchange gains or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of the reporting period. For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

### 2.7. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

### 1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### 2.8. Leases

Leases of property, plant and equipment where the Company, as a lessee has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### 2.9. Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

#### 3.0. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

#### 3.1. Earnings Per Share

Basic earnings per share have been computed by dividing the net income by the weighted average number of shares outstanding during the year. Diluted earnings per share has been computed using the weighted average number of shares and diluted potential shares, except where the result would be anti-dilutive

#### 3.2. Dividends

Final dividends on shares are recorded on the date of approval by the shareholders of the Company.

Notes to Financial Statements - (Continued)  
**2 PROPERTY, PLANT AND EQUIPMENT**

The changes in the carrying value of fixed assets for the year ended March 31, 2018 are as follows:

(₹ in Lakhs)

Asset Description	Gross Block (at cost)			Accumulated Depreciation and Amortisation			Net Block	Net Block
	As at 01 <sup>st</sup> April 2017	Additions	Deletions / Adjustments	As at 31 <sup>st</sup> March 2018	As at 01 <sup>st</sup> April 2017	Depreciation for the year	Deletions	As at 31 <sup>st</sup> March 2018
Land - Freehold	83.61	-	-	83.61	-	-	-	83.61
Land held on finance lease	80.11	-	-	80.11	0.98	0.98	-	79.13
Building - Own	1,740.26	496.30	-	2,236.56	73.90	73.35	-	1,666.34
Plant and Machinery	2,824.85	1,106.44	0.08	3,931.21	349.94	528.08	-	2,474.91
Furniture and Fixtures	96.61	13.46	-	110.07	18.07	20.05	-	78.54
Office Equipment	143.91	106.53	8.74	241.70	35.31	48.09	-	108.60
Vehicles	20.25	1.22	0.28	21.19	3.35	2.89	-	16.90
<b>Total</b>	<b>4,989.60</b>	<b>1,723.95</b>	<b>9.10</b>	<b>6,704.45</b>	<b>481.55</b>	<b>673.44</b>	<b>-</b>	<b>4,508.03</b>

Asset Description	Gross Carrying Cost			Accumulated Depreciation and Amortisation			Net Block	Net Block
	Deemed Cost As at 01 <sup>st</sup> April 2016	Additions	Deletions / Adjustments	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2017	Depreciation for the year	Deletions	As at 01 <sup>st</sup> April 2016
Land - Freehold	12.48	73.99	2.86	83.61	-	-	-	12.48
Land held on finance lease	80.11	-	-	80.11	-	0.98	-	80.11
Building - Own	1,733.81	27.60	21.15	1,740.26	-	73.90	-	1,733.81
Plant and Machinery	1,387.67	1,442.47	5.29	2,824.85	-	349.94	-	1,387.67
Furniture and Fixtures	75.50	21.11	-	96.61	-	18.07	-	75.50
Office Equipment	100.81	43.10	0.01	143.91	-	35.31	-	100.81
Vehicles	16.90	6.87	3.51	20.25	-	3.35	-	16.90
<b>Total</b>	<b>3,407.28</b>	<b>1,615.14</b>	<b>32.82</b>	<b>4,989.60</b>	<b>-</b>	<b>481.55</b>	<b>-</b>	<b>3,407.28</b>

**CAPITAL WORK IN PROGRESS**

(₹ in Lakhs)

Asset Description	As at 01 <sup>st</sup> April 2017	Additions	Capitilised	As at 31 <sup>st</sup> March 2018
Plant and Machinery	0.87	1,861.84	1,723.95	138.76

Asset Description	As at 01 <sup>st</sup> April 2016	Additions	Capitilised	As at 31 <sup>st</sup> March 2017
Plant and Machinery	41.91	1,574.10	1,615.14	0.87

**OTHER INTANGIBLE ASSETS**

Asset Description	Gross Block (at cost)			Accumulated Depreciation and Amortisation			Net Block		
	As at 01 <sup>st</sup> April 2017	Additions	Deletions / Adjustments	As at 31 <sup>st</sup> March 2018	As at 01 <sup>st</sup> April 2017	Depreciation for the year	Deletions	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2018
Computer Software	81.41	79.68	-	161.08	31.64	43.47	-	49.76	85.98
Technical know how	1.58	-	-	1.58	-	-	-	1.58	1.58
Product licence fee	4.46	-	-	4.46	2.23	2.23	-	2.23	-
<b>Total</b>	<b>87.45</b>	<b>79.68</b>	<b>-</b>	<b>167.12</b>	<b>33.87</b>	<b>45.70</b>	<b>-</b>	<b>53.57</b>	<b>87.56</b>

Asset Description	Gross Carrying Cost			Accumulated Depreciation and Amortisation			Net Block		
	Deemed Cost As at 01 <sup>st</sup> April 2016	Additions	Deletions / Adjustments	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2017	Depreciation for the year	Deletions	As at 01 <sup>st</sup> April 2016	As at 31 <sup>st</sup> March 2017
Computer Software	35.80	45.60	-	81.41	-	31.64	-	35.80	49.76
Technical know how	1.58	-	-	1.58	-	-	-	1.58	1.58
Product licence fee	4.46	-	-	4.46	-	2.23	-	4.46	2.23
<b>Total</b>	<b>41.84</b>	<b>45.60</b>	<b>-</b>	<b>87.45</b>	<b>-</b>	<b>33.87</b>	<b>-</b>	<b>41.84</b>	<b>53.57</b>

Property, plant and equipment and intangible assets have been carried at deemed cost as at April 1, 2016 i.e., measured at carrying value as per previous GAAP Refer Note 39. A.1.1 Deemed cost.

Refer to Note No.1 for information on Significant Accounting Policies.



## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

(₹ in Lakhs)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>3 INVESTMENTS</b>			
<b>Investments in Equity Instrument</b>			
a) Investment in Subsidiary (1,02,50,000 fully paid-up equity shares in Harita Fehrer Limited March 31, 2017 : 1,02,50,000 Equity Shares April 1, 2016 : 1,02,50,000 Equity Shares)	2,759.00	2,759.00	2,759.00
b) Other Investments carried at amortised cost Life Insurance Corporation of India, Chennai Group annuity policy for pension to employees	58.32	60.50	53.82
<b>Total</b>	<b>2,817.32</b>	<b>2,819.50</b>	<b>2,812.82</b>
<b>4 LOANS</b>			
<b>Non Current</b>			
<b>Unsecured and Considered Good</b>			
Security Deposits	59.43	51.88	45.28
<b>Total</b>	<b>59.43</b>	<b>51.88</b>	<b>45.28</b>
<b>5 OTHER FINANCIAL ASSETS</b>			
<b>Non Current</b>			
Interest receivable	2.49	3.93	4.09
<b>Total</b>	<b>2.49</b>	<b>3.93</b>	<b>4.09</b>
<b>Current</b>			
a) Claims Receivable	277.48	289.00	275.62
b) Employee advance	38.38	30.57	31.09
c) MTM gain on forward contracts	0.33	17.31	17.54
d) MEIS received - scrip	42.62	19.57	-
<b>Total</b>	<b>358.81</b>	<b>356.45</b>	<b>324.25</b>
<b>6 OTHER NON CURRENT ASSETS</b>			
Advances for Capital Goods	268.45	224.75	79.07
<b>Total</b>	<b>268.45</b>	<b>224.75</b>	<b>79.07</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

(₹ in Lakhs)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>7 INVENTORIES*</b>			
* Valued at Lower of Cost or Net Realisable Value			
a) Raw materials and components	915.34	881.56	536.13
b) Work-in-Process	274.64	232.91	217.49
c) Finished Goods	339.84	234.21	176.30
d) Stores & Consumables	160.67	72.70	60.65
<b>Total</b>	<b>1,690.49</b>	<b>1,421.38</b>	<b>990.57</b>
<b>8 TRADE RECEIVABLES</b>			
<b>Unsecured</b>			
a) Considered good	12,419.60	7,140.23	5,661.76
b) Considered doubtful	58.78	90.53	90.63
c) Provision for expected credit loss	(58.78)	(90.53)	(90.63)
<b>Total</b>	<b>12,419.60</b>	<b>7,140.23</b>	<b>5,661.76</b>
<b>9 CASH AND CASH EQUIVALENTS</b>			
a) Balance with Banks			
- in Current account	20.13	81.30	99.22
- in Fixed deposit	0.35	0.35	3.68
b) Cash on hand	5.80	3.61	4.13
<b>Total</b>	<b>26.28</b>	<b>85.26</b>	<b>107.03</b>
<b>10 OTHER BANK BALANCES</b>			
Unpaid dividend	31.03	31.52	46.10
<b>Total</b>	<b>31.03</b>	<b>31.52</b>	<b>46.10</b>
<b>11 OTHER CURRENT ASSETS</b>			
a) Advance to suppliers	563.35	308.60	141.17
b) Balance with government authorities	447.65	154.02	99.17
c) Advances for tool development	8.12	220.07	63.80
d) Advance tax (net of provision)	133.63	342.31	36.52
e) Prepaid expenses	126.34	115.42	72.10
f) Employee benefit asset	-	-	30.47
<b>Total</b>	<b>1,279.09</b>	<b>1,140.42</b>	<b>443.23</b>

**Notes to Financial Statements - (Continued)**
**12 EQUITY SHARE CAPITAL**
**Authorised equity share capital**

(₹ in Lakhs)

Particulars	Number of shares	Amount
As at 01 <sup>st</sup> April 2016	7769040	776.90
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2017</b>	<b>7769040</b>	<b>776.90</b>
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2018</b>	<b>7769040</b>	<b>776.90</b>

**(i) Movements in equity share capital**

Particulars	Number of shares	Equity share capital (par value)
As at 01 <sup>st</sup> April 2016	7769040	776.90
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2017</b>	<b>7769040</b>	<b>776.90</b>
Increase during the year	-	-
<b>As at 31<sup>st</sup> March 2018</b>	<b>7769040</b>	<b>776.90</b>

*Terms and rights attached to equity shares*

The company has one class of equity shares having a par value of Rs.10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(ii) Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 <sup>st</sup> March 2018		As at 31 <sup>st</sup> March 2017		As at 01 <sup>st</sup> April 2016	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Harita Limited	18,00,500	23.18	18,00,500	23.18	18,00,500	23.18
Harita Gopal Private Limited	4,79,762	6.18	4,79,900	6.18	4,79,900	6.18
Harita Sheela Private Limited	4,85,000	6.24	4,85,000	6.24	4,85,000	6.24
Harita Malini Private Limited	4,67,800	6.02	4,67,800	6.02	4,67,800	6.02
Harita Venu Private Limited	4,67,800	6.02	4,67,800	6.02	4,67,800	6.02
Mr. Martin Grammer	10,87,600	14.00	10,87,600	14.00	10,87,600	14.00
	<b>47,88,462</b>	<b>61.64</b>	<b>47,88,600</b>	<b>61.64</b>	<b>47,88,600</b>	<b>61.64</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### 13 OTHER EQUITY

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	(₹ in Lakhs) As at 01 <sup>st</sup> April 2016
General reserve	2,260.96	2,260.96	2,260.96
Capital redemption reserve	10.00	10.00	10.00
Retained earnings	8,521.21	5,901.07	3,817.65
<b>Total reserves and surplus</b>	<b>10,792.21</b>	<b>8,172.04</b>	<b>6,088.61</b>

#### a) General reserve

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Opening balance	2,260.96	2,260.96
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>2,260.96</b>	<b>2,260.96</b>

#### b) Capital redemption reserve

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Opening balance	10.00	10.00
Additions during the year	-	-
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>10.00</b>	<b>10.00</b>

#### c) Retained earnings

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Opening balance	5,901.07	3,817.65
Net profit for the period	3,079.87	2,454.19
Dividend paid	(466.14)	(388.78)
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurements of post-employment benefit obligation, net of tax	6.42	18.01
<b>Closing balance</b>	<b>8,521.22</b>	<b>5,901.07</b>

#### Nature and purpose of reserves

- i) General reserve: Part of retained earnings was earlier utilised for declaration of dividends as per the erstwhile Companies Act, 1956. This is available for distribution to share holders.
- ii) Retained earnings: Company's cumulative earnings since its formation minus the dividends/capitalisation and earnings transferred to general reserve
- iii) Securities Premium: Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

(₹ in Lakhs)

As at  
As at  
As at

31<sup>st</sup> March 2018    31<sup>st</sup> March 2017    01<sup>st</sup> April 2016

#### 14 OTHER FINANCIAL LIABILITIES

##### Current

a) Payable to Employees	<b>26.69</b>	41.26	33.26
b) Security deposit from dealers	<b>97.61</b>	80.25	48.00
c) Payable for Fixed Asset	<b>564.89</b>	102.70	9.57
d) Unpaid dividends	<b>31.03</b>	31.52	46.10
<b>Total</b>	<b>720.22</b>	255.73	136.93

#### 15 PROVISIONS

##### Non Current

##### Provision for Employee Benefits (Refer Note 30)

a) Pension	<b>349.06</b>	324.40	347.16
b) Leave encashment	<b>74.36</b>	68.16	59.61
c) Gratuity	<b>3.09</b>	32.53	-

##### Other Provisions

d) Warranty	<b>62.06</b>	48.15	130.58
<b>Total</b>	<b>488.57</b>	473.24	537.35

##### Current

##### Provision for Employee Benefits (Refer Note 30)

a) Pension	<b>2.27</b>	-	-
b) Leave encashment	<b>3.32</b>	3.49	-
c) Bonus	<b>118.09</b>	94.68	112.13

##### Other Provisions

d) Warranty	<b>49.21</b>	42.33	-
<b>Total</b>	<b>172.89</b>	140.50	112.13

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### 16 DEFERRED TAX LIABILITIES/(ASSETS) (NET)

(₹ in Lakhs)

The balance comprises temporary differences attributable to:

	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017	01 <sup>st</sup> April 2016
MAT credit entitlement	(248.01)	-	-
Expenses allowed on payment basis	(328.40)	(260.64)	(430.70)
Total deferred tax (assets)	(576.41)	(260.64)	(430.70)
Depreciation	604.26	351.21	328.60
<b>Net deferred tax Liabilities/(Assets)</b>	<b>27.85</b>	<b>90.57</b>	<b>(102.10)</b>

Movement in deferred tax assets:

Particulars	Depreciation	MAT Credit Entitlement	Expenses allowed on payment basis	Total
<b>At 1<sup>st</sup> April 2016</b>	<b>328.60</b>	<b>-</b>	<b>(430.70)</b>	<b>(102.10)</b>
Charged/(credited):				
- to profit or loss	22.62	-	170.05	192.67
- to other comprehensive income		-	9.53	9.53
<b>At 31<sup>st</sup> March 2017</b>	<b>351.22</b>	<b>-</b>	<b>(251.12)</b>	<b>100.10</b>
Charged/(credited):				
- to profit or loss	253.04	(248.01)	(71.16)	(66.13)
- to other comprehensive income		-	3.40	3.40
<b>At 31<sup>st</sup> March 2018</b>	<b>604.26</b>	<b>(248.01)</b>	<b>(318.88)</b>	<b>37.37</b>

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
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#### 17 DEFERRED INCOME

Opening Balance	3.14	3.43	-
Released to P&L	(0.28)	(0.29)	-
Closing Balance	2.86	3.14	3.43
Non Current	2.57	2.85	3.14
Current	0.29	0.29	0.29
	<b>2.86</b>	<b>3.14</b>	<b>3.43</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

(₹ in Lakhs)

As at  
As at  
As at

31<sup>st</sup> March 2018    31<sup>st</sup> March 2017    01<sup>st</sup> April 2016

#### 18 BORROWINGS

##### Repayable on demand

##### From Banks

a) Working Capital Demand Loan	<b>1,688.75</b>	776.99	171.96
<i>Secured by a First Charge on entire current assets of the company, both present and future</i>			
b) Purchase bills discounted	-	353.62	330.39
<b>Total</b>	<b>1,688.75</b>	1,130.61	502.35

#### 19 TRADE PAYABLES

a) Dues to Micro and Small Enterprises **	<b>629.32</b>	242.78	198.41
b) Dues to enterprises other than Micro and Small Enterprises	<b>8,838.09</b>	5,512.77	4,165.01
c) Trade payables to related parties (note no. 34)	-	-	-
<b>Total</b>	<b>9,467.41</b>	5,755.55	4,363.42

\*\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interest due or outstanding on the same

#### 20 OTHER CURRENT LIABILITIES

a) Statutory Dues	<b>77.65</b>	119.10	106.76
b) Advances from customers	<b>157.51</b>	225.96	509.34
c) Other Payables	<b>355.93</b>	694.45	970.11
<b>Total</b>	<b>591.09</b>	1,039.51	1,586.21



## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

(₹ in Lakhs)

	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
<b>21 REVENUE FROM OPERATIONS</b>		
a) Sale of Products - Gross	44,364.17	37,717.38
Less: Rate Discount	-	-
Sale of Products	44,364.17	37,717.38
b) Revenue from trading activities	63.96	-
<b>Total</b>	<b>44,428.13</b>	<b>37,717.38</b>
<b>22 OTHER INCOME</b>		
a) Interest Income	16.45	9.16
b) Dividend Income ( From Subsidiary Company)	512.50	512.50
c) Net gain/(loss) on sale of investments / fixed asset	(2.17)	82.27
d) Lease rent	159.12	159.12
e) Other non-operating income	0.87	44.20
f) Revenue from services rendered	78.75	78.75
g) Other operating revenues	274.40	163.80
h) Net Gain/Loss on foreign currency fluctuation	2.03	11.95
<b>Total</b>	<b>1,041.95</b>	<b>1,061.75</b>
<b>23 COST OF MATERIAL CONSUMED</b>		
Opening Stock of Raw materials	881.55	523.45
Purchase of Raw Materials and Components	31,568.97	25,020.77
Less : Closing Stock of Raw Materials	915.33	881.55
<b>Total</b>	<b>31,535.19</b>	<b>24,662.67</b>
<b>24 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROCESS</b>		
Opening Stock of Finished Goods and Work-in-process	467.12	426.48
Less: Closing Stock of Finished Goods and Work-in-process	614.48	467.12
<b>Changes In Inventory</b>	<b>(147.36)</b>	<b>(40.64)</b>

## HARITA SEATING SYSTEMS LIMITED

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### Notes to Financial Statements - (Continued)

(₹ in Lakhs)

	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
<b>25 EXCISE DUTY &amp; SERVICE TAX</b>	<b>742.28</b>	3,060.76
<b>Total</b>	<b>742.28</b>	3,060.76
<b>26 EMPLOYEE BENEFIT EXPENSES</b>		
a) Salary, Wages and Bonus *	<b>3,514.37</b>	2,975.94
b) Contribution to provident and other funds*	<b>224.33</b>	298.64
c) Staff welfare expenses*	<b>615.53</b>	456.88
<b>Total</b>	<b>4,354.23</b>	3,731.46
<b>27 FINANCE COSTS</b>		
Interest Expense	<b>111.17</b>	44.01
<b>Total</b>	<b>111.17</b>	44.01
<b>28 DEPRECIATION AND AMORTIZATION</b>		
Depreciation	<b>719.13</b>	515.42
<b>Total</b>	<b>719.13</b>	515.42
<b>29 OTHER EXPENSES</b>		
Consumption of stores and spare parts	<b>253.34</b>	159.24
Power and fuel *	<b>327.75</b>	247.27
Rent including lease rentals *	<b>249.66</b>	224.50
Payments to auditors		
- As auditors - statutory audit	<b>17.00</b>	12.00
- For taxation matters	<b>2.00</b>	2.00
- For other services	<b>1.00</b>	1.00
- Reimbursement of expenses	<b>11.14</b>	13.14

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

(₹ in Lakhs)

For the Year Ended 31<sup>st</sup> March 2018      For the Year Ended 31<sup>st</sup> March 2017

#### 29 OTHER EXPENSES (continued)

Repairs and maintenance *		
- Buildings	56.36	91.82
- Machinery	439.82	465.54
- Computers	92.92	89.87
- Others	7.79	6.97
Transportation Expenses	608.14	533.79
Research and Development Expenses	474.13	402.50
Travelling and Conveyance	458.27	342.28
Packing charges	342.39	259.74
Legal and professional Charges	256.50	202.48
Other Administrative Expenses*	238.80	244.63
Security detective Charges	89.04	82.23
Insurance	69.26	53.92
Donation and Contributions	20.00	23.00
Sales promotion	46.27	105.57
Printing and Stationery	40.01	33.16
Bank Charges	31.49	47.43
Telephone Charges	30.07	32.45
Rates and taxes *	25.90	8.96
Corporate Social Responsibility Expenses	40.00	19.00
Loss on fixed assets sold / scrapped / written off *	8.27	-
<b>Total</b>	<b>4,237.32</b>	<b>3,704.49</b>

\* Net of recoveries

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### 30 EMPLOYEE BENEFIT OBLIGATIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2018			As at 31 <sup>st</sup> March, 2017			As at 01 <sup>st</sup> April, 2016		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Pension	2.27	349.06	351.34	-	324.40	324.40	-	347.16	347.16
Gratuity	-	3.09	3.09	-	32.53	32.53	-	(30.47)	(30.47)
Compensated absences	3.32	74.36	77.68	3.49	68.16	71.65	-	59.61	59.61
Less: Net asset position	-	-	-	-	-	-	-	30.47	30.47
<b>Total employee benefit obligations</b>	<b>5.59</b>	<b>426.51</b>	<b>432.11</b>	<b>3.49</b>	<b>425.09</b>	<b>428.58</b>	<b>-</b>	<b>406.77</b>	<b>406.77</b>

#### (i) Compensated absences

	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017	01 <sup>st</sup> April, 2016
Current leave obligations expected to be settled within the next 12 months	3.08	3.26	-

#### (ii) Gratuity

The Company extends defined benefit plans in the form of gratuity to employees. The Company has formed "Harita Seating Systems Limited Employees Group Gratuity Scheme" with Life Insurance Corporation of India (LIC). Contribution to gratuity is made to LIC in accordance with the scheme framed by the corporation. The Company has made contribution towards Gratuity based on the actuarial valuation.

#### (iii) Defined contribution plans

Contribution to provident fund is in the nature of defined contribution plan and are made to provident fund account maintained by the Government on its account.

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### 30 EMPLOYEE BENEFIT OBLIGATIONS (Continued)

(₹ in Lakhs)

Particulars	Gratuity			Pension		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>Position as at '01<sup>st</sup> April 2016 (A)</b>	<b>312.68</b>	<b>343.15</b>	<b>(30.47)</b>	<b>347.16</b>	-	<b>347.16</b>
Current service cost	26.73	-	26.73	15.72	-	15.72
Interest expense/(income)	25.01	27.45	(2.44)	27.78	-	27.78
<b>Total amount recognised in profit or loss (B)</b>	<b>51.74</b>	<b>27.45</b>	<b>24.29</b>	<b>43.50</b>	-	<b>43.50</b>
Remeasurements (Gain)/loss from change in financial assumptions	60.55	-	60.55	46.64	-	46.64
Experience (gains)/losses	(21.84)	-	(21.84)	(112.90)	-	(112.90)
<b>Total amount recognised in other comprehensive income (C)</b>	<b>38.71</b>	-	<b>38.71</b>	<b>(66.26)</b>	-	<b>(66.26)</b>
Employer contributions	-	-	-	-	-	-
Benefit payments	-	-	-	-	-	-
<b>Total cash flow (D)</b>	-	-	-	-	-	-
<b>Position as at 31<sup>st</sup> March 2017 (A)+(B)+(C)+(D)</b>	<b>403.13</b>	<b>370.60</b>	<b>32.53</b>	<b>324.40</b>	-	<b>324.40</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>Position as at 31<sup>st</sup> March 2017 (A)</b>	<b>403.13</b>	<b>370.60</b>	<b>32.53</b>	<b>324.40</b>	-	<b>324.40</b>
Current service cost	35.53	-	35.53	23.90	-	23.90
Interest expense/(income)	29.48	29.79	(0.31)	19.64	-	19.64
<b>Total amount recognised in profit or loss (B)</b>	<b>65.01</b>	<b>29.79</b>	<b>35.22</b>	<b>43.54</b>	-	<b>43.54</b>
Remeasurements (Gain)/loss from change in financial assumptions	-	-	-	-	-	-
Experience (gains)/losses	(30.00)	(36.78)	6.78	(16.60)	-	(16.60)
<b>Total amount recognised in other comprehensive income (C)</b>	<b>(30.00)</b>	<b>(36.78)</b>	<b>6.78</b>	<b>(16.60)</b>	-	<b>(16.60)</b>
Employer contributions	-	71.43	(71.43)	-	-	-
Benefit payments	(28.16)	(28.16)	-	-	-	-
<b>Total cash flow (D)</b>	<b>(28.16)</b>	<b>43.27</b>	<b>(71.43)</b>	-	-	-
<b>Position as at 31<sup>st</sup> March 2018 (A)+(B)+(C)+(D)</b>	<b>409.98</b>	<b>406.88</b>	<b>3.10</b>	<b>351.34</b>	-	<b>351.34</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### 30 EMPLOYEE BENEFIT OBLIGATIONS (Continued)

The net liability disclosed relates to funded plans which are detailed as follows: (₹ in Lakhs)

Particulars	Gratuity		
	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Present value of funded obligations	409.97	403.12	312.68
Fair value of plan assets	406.88	370.60	343.15
<b>Deficit of funded plan</b>	<b>3.09</b>	<b>32.52</b>	<b>(30.47)</b>

The net liability disclosed relates to unfunded plans which are detailed as follows:

Particulars	Pension		
	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Present value of unfunded obligations	351.34	324.40	347.16

#### (iv) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Discount rate	7.7%	7.0%	8.0%
Salary growth rate	6.0%	6.0%	5.0%
Attrition rate	3.0%	3.0%	3.0%

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age :58 Years

#### (v) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

#### Impact on defined benefit obligation

Particulars	Change in assumption	Increase in assumption	Decrease in assumption
	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Discount rate	0.50%	-4.33%	4.67%
Salary growth rate	0.50%	4.73%	-4.41%

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### 30 EMPLOYEE BENEFIT OBLIGATIONS (Continued)

##### (vi) Risk exposure

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

##### Asset volatility

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

##### Changes in bond yields

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

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

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018
Within the next 12 months (next annual reporting period)	16.89
Between 2 and 5 years	149.89
Beyond 5 years	223.80

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### 31 FAIR VALUE MEASUREMENTS

Financial instruments by category:

(₹ in Lakhs)

Particulars	Amortised cost		
	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>Financial assets</b>			
Investments	58.32	60.50	53.82
Security deposits	59.43	51.88	45.28
Interest receivable	2.49	3.93	4.09
Claims Receivable	277.48	289.00	275.62
Trade receivables	12,419.60	7,140.23	5,661.76
Cash and cash equivalents	26.28	85.26	107.03
Premium on forward contracts	0.33	17.31	17.54
MEIS received - script	42.62	19.57	-
Employee advance	38.38	30.57	31.09
<b>Total financial assets</b>	<b>12,924.93</b>	<b>7,698.25</b>	<b>6,196.23</b>
<b>Financial liabilities</b>			
Security deposits	97.61	80.25	48.00
Employee payables	26.69	41.25	33.27
Short Borrowings	1,688.75	1,130.61	502.35
Trade payables	9,467.41	5,755.55	4,363.42
Payable for Fixed Asset	564.89	102.70	9.57
Unpaid dividends	31.03	31.52	46.10
<b>Total financial liabilities</b>	<b>11,876.38</b>	<b>7,141.88</b>	<b>5,002.71</b>

### Notes to Financial Statements - (Continued)

#### 31 FAIR VALUE MEASUREMENTS (Continued)

##### Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The carrying amounts of trade receivables, trade payables, loans, deposits, advances, borrowings, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

#### 32 FINANCIAL RISK MANAGEMENT

The company's activities expose it to market risk, liquidity risk and credit risk.

##### (A) Credit risk

Company faces credit risk from cash and cash equivalents, deposits with banks and financial institutions and unsecured trade receivables. The company doesn't face any credit risk with other financial assets

##### (i) Credit risk management

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

For trade receivables, the primary source of credit risk is that these are unsecured. The Company sells the products to customers only when the collection of trade receivables is certain and whether there has been a significant increase in the credit risk on an on-going basis is monitored throughout each reporting period. As at the balance sheet date, based on the credit assessment the historical trend of low default is expected to continue. An impairment analysis is performed at each reporting date on an individual basis for major clients. Any recoverability of receivables is provided for based on the impairment assessment. Historical trends showed as at the transition date and 31<sup>st</sup> March 2016 company had no significant credit risk.



**Notes to Financial Statements - (Continued)**
**32 FINANCIAL RISK MANAGEMENT (Continued)**
**(ii) Provision for expected credit losses for trade receivables**

The company provides for expected credit loss based on the following:

**Position as at 01<sup>st</sup> April 2016:**

Expected credit loss for trade receivables under simplified approach (₹ in Lakhs)

Ageing	Less than 180 days past due	More than 180 days past due	Total
Gross carrying amount	5,661.76	90.63	5,752.39
Expected loss rate	-	100%	-
Expected credit losses	-	90.63	90.63
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>5,661.76</b>	<b>181.26</b>	<b>5,843.02</b>

**Year ended 31<sup>st</sup> March 2017:**

Ageing	Less than 180 days past due	More than 180 days past due	Total
Gross carrying amount	7,140.23	90.53	7,230.75
Expected loss rate	-	100%	-
Expected credit losses	-	90.53	90.53
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>7,140.23</b>	<b>181.06</b>	<b>7,321.28</b>

**Year ended 31<sup>st</sup> March 2018:**

Ageing	Less than 180 days past due	More than 180 days past due	Total
Gross carrying amount	12,419.60	58.78	12,478.38
Expected loss rate	-	100%	-
Expected credit losses	-	58.78	58.78
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>12,419.60</b>	<b>117.56</b>	<b>12,537.16</b>

**(iii) Reconciliation of loss allowance provision – Trade receivables**

Particulars	Amount
Loss allowance on 01 <sup>st</sup> April 2016	90.63
Changes in loss allowance	(0.10)
<b>Loss allowance on 31<sup>st</sup> March 2017</b>	<b>90.53</b>
Changes in loss allowance	(31.73)
<b>Loss allowance on 31<sup>st</sup> March 2018</b>	<b>58.80</b>

**Notes to Financial Statements - (Continued)**
**32 FINANCIAL RISK MANAGEMENT (Continued)**
**(B) Liquidity risk**

(₹ in Lakhs)

Objective of liquidity risk management is to maintain sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management monitors rolling forecasts of The company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal requirements.

**(i) Financing arrangements**

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>Floating rate</b>			
- Expiring within one year (bank overdraft and other facilities)	2,633.00	2,015.00	1,091.00

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity of 1 year

**(ii) Maturities of financial liabilities**

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant."

**Contractual maturities of financial liabilities**

Non-derivatives	As at 31 <sup>st</sup> March 2018		As at 31 <sup>st</sup> March 2017		As at 01 <sup>st</sup> April 2016	
	Maturing within 3 months	Total	Maturing within 3 months	Total	Maturing within 3 months	Total
Borrowings	1,688.75	1,688.75	1,130.61	1,130.61	502.35	502.35
Trade payables	9,467.41	9,467.41	5,755.55	5,755.55	4,363.42	4,363.42
Payable for Fixed Asset	564.89	564.89	102.70	102.70	9.57	9.57
Security deposits	97.61	97.61	80.25	80.25	48.00	48.00
<b>Total non-derivative liabilities</b>	<b>11,818.66</b>	<b>11,818.66</b>	<b>7,069.11</b>	<b>7,069.11</b>	<b>4,923.34</b>	<b>4,923.34</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### 32 FINANCIAL RISK MANAGEMENT (Continued)

##### (C) Market risk

(₹ in Lakhs)

##### (i) Foreign currency risk

The company activities exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EURO Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	As at 31 <sup>st</sup> March 2018		As at 31 <sup>st</sup> March 2017		As at 01 <sup>st</sup> April 2016	
	USD	EUR	USD	EUR	USD	EUR
<i>Financial assets</i>						
Trade receivables	2,236.76	-	887.54	-	767.64	-
<b>Exposure to foreign currency risk (assets)</b>	<b>2,236.76</b>	<b>-</b>	<b>887.54</b>	<b>-</b>	<b>767.64</b>	<b>-</b>
<i>Financial liabilities</i>						
Trade payables	(86.39)	-	(91.82)	(86.50)	(118.88)	(40.68)
<b>Exposure to foreign currency risk (liabilities)</b>	<b>(86.39)</b>	<b>-</b>	<b>(91.82)</b>	<b>(86.50)</b>	<b>(118.88)</b>	<b>(40.68)</b>
<b>Net exposure to foreign currency risk</b>	<b>2,150.37</b>	<b>-</b>	<b>795.72</b>	<b>(86.50)</b>	<b>648.76</b>	<b>(40.68)</b>

##### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from major foreign currency denominated financial instruments.

USD sensitivity	Impact on profit after tax		EURO sensitivity	Impact on profit after tax	
	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
INR/USD Increases by 5% (31 March 2016 - 5%)	70.31	26.02	INR/USD Increases by 5% (31 March 2016 - 5%)	-	(2.83)
INR/USD Decreases by 5% (31 March 2016 - 5%)	(70.31)	(26.02)	INR/USD Decreases by 5% (31 March 2016 - 5%)	-	2.83

\* Holding all other variables constant

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### 33 CAPITAL MANAGEMENT

##### (a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Company is debt free currently and it intends to maintain a optimal gearing ratio for optimising shareholder value.

##### (b) Dividends

(₹ in Lakhs)

Particulars	As at	As at
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
(i) Equity shares		
Interim dividend for the year ended 31 <sup>st</sup> March 2017 of INR 5.00 (31 <sup>st</sup> March 2016 – INR 6.00) per fully paid share		388.78
Interim dividend for the year ended 31 <sup>st</sup> March 2018 of INR 6.00 (31 <sup>st</sup> March 2017 – INR 5.00) per fully paid share	466.14	

#### 34 RELATED PARTY DISCLOSURE

Disclosure is made as per the requirements of the standard and the same is furnished below:

##### A) List of Related Parties where control exists

Reporting entity	:	Harita Seating Systems Ltd
Holding Company	:	Nil
Subsidiary Company	:	Harita Fehrer Limited

##### B) Particulars of transactions with related parties

(₹ in Lakhs)

	As at	As at
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
(i) Purchases made		
Subsidiary company		
from Harita Fehrer Limited, Chennai		
- Components	4,444.64	3,225.50
- Captial goods	160.57	105.51
(ii) Services availed		
Subsidiary company		
from Harita Fehrer Limited, Chennai		
- Interest paid	-	-
- Lease rent paid	62.26	57.41
- Others	106.55	87.54

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### 34 RELATED PARTY DISCLOSURE (Continued)

(₹ in Lakhs)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	
(iii) Sale of Materials			
Subsidiary company			
from Harita Fehrer Limited, Chennai	6.11	4.68	
(iv) Services rendered			
Subsidiary company			
from Harita Fehrer Limited, Chennai			
- Lease rent	159.12	159.12	
- Management Service	78.75	78.75	
- Canteen	196.08	163.47	
- Others	304.97	290.31	
(v) Dividend received from subsidiary company	512.50	512.50	
	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
(vi) Amount outstanding as at Balance sheet date			
Subsidiary company			
from Harita Fehrer Limited, Chennai			
Trade payables	1,541.55	836.55	697.11
Other payables	16.49	32.59	-
Trade receivables	5.95	3.43	24.78
Other receivables	334.16	46.18	70.50

#### 35 LEASES

a) There total of future minimum lease payments under non cancellable operating lease for each of the following periods		
- Not later than one year	140.88	153.09
- Later than one year and not later than five years	86.63	227.51
- Later than five years	-	-
b) Total of minimum sub-lease payments expected to be received under non-cancellable subleases at the Balance sheet date	NA	NA
c) Lease payments recognised in the statement of profit and loss for the period under the head Rent Paid	121.92	122.46

#### 36 EARNING PER SHARE

Profit after tax	3,080	2,454
No. of equity shares	7769040	7769040
Face value per share (Rs.)	10.00	10.00
Weighted average number of equity shares	7769040	7769040
Earnings per share (EPS) (Rs.)	39.64	31.59
Diluted Earnings per share (Rs.)	39.64	31.59

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### 37 SEGMENT INFORMATION

##### (a) Description of segments

The Board of Directors of the Company has been identified as the Chief Operating Decision Maker (CODM). They evaluate the Company performance allocate resources based on the analysis of various performance indicators of the Company as a single unit. Therefore there is no reportable segment for the company. The Company is domiciled in India.

##### (b) Entity wise disclosures

###### (i) Revenue from geographical areas

The entire revenue from operation are derived from India

All non current assets are with in India.

###### (ii) Information about major customers

Revenues of approximately Rs.6980 Lakhs (31<sup>st</sup> March 2017 - Rs.5580 Lakhs.) are derived from a single external customer.

#### 38 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(₹ in Lakhs)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
1. Provisions		
In respect of warranty obligations provision is made in accordance with terms of sale of seat assemblies.		
Provision for warranty at beginning of the year	90.48	130.59
Provided during the year	48.84	50.84
<b>Total</b>	<b>139.32</b>	<b>181.43</b>
Provision utilised during the year	28.86	90.95
<b>Net Provision as on balance date</b>	<b>110.46</b>	<b>90.48</b>
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)		

**Notes to Financial Statements - (Continued)**
**38 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)** (₹ in Lakhs)

	<b>As at 31<sup>st</sup> March 2018</b>	<b>As at 31<sup>st</sup> March 2017</b>
Contingent liabilities not provided for		
a. On counter guarantee furnished to bank	-	228.98
b. On account of bill discounted	NIL	NIL
c. Customs duty as per EPCGS		
d. Contracts remaining to be executed on capital account	-	10.14
Liability contested and not provided for		
a. Income tax	424.50	204.24
b. Service tax	2.10	-
c. Central excise	-	63.80
d. Value added Tax	422.51	422.51
e. Customer claim	-	439.00

**39 FIRST-TIME ADOPTION OF IND AS**
**Transition to Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (The company's date of transition). In preparing its opening Ind AS balance sheet, The company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected The company's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**A.1 Ind AS optional exemptions**
**A.1.1 Deemed cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition

### Notes to Financial Statements - (Continued)

#### 39 FIRST-TIME ADOPTION OF IND AS (Continued)

to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, The company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

#### A.2 Ind AS mandatory exceptions

##### A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model.

#### B. Notes to first-time adoption:

##### B.1 Security deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, The company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by INR 12.30 as at 31 March 2017 (1 April 2016 – INR 14.40). The prepaid rent increased by INR 11.13 as at 31 March 2017 (1 April 2016 - INR 13.47). Total equity decreased by INR 1.00 as on 1 April 2016. The profit for the year and total equity as at 31 March 2017 decreased by INR 0.25 due to amortisation of the prepaid rent of INR 4.57 which is partially off-set by the notional interest income of INR 4.33 recognised on security deposits.

##### B.2 Fair valuation of investments

Under Previous GAAP, investment in annuity fund were carried at nominal value, under the Ind-AS same investments are carried at day one fair valuation was done and subsequently carried at amortised cost, Consequent to this change, the amount of investments decreased by INR 37.53 as at 31 March 2017 (1 April 2016 – INR 44.21). The profit for the year 31 March 2017 increased by INR 6.57



**Notes to Financial Statements - (Continued)**
**39 FIRST-TIME ADOPTION OF IND AS (Continued)**
**B.3 Capitalisation of Spares**

Under Previous GAAP, certain non critical spares were treated as inventory, Under Ind-AS the same has been recognised as PPE, correspondingly the amount of inventory decreased by INR 20.00 as at 31 March 2017 (1 April 2016 – INR 20.00) and PPE increased by INR 13.16 as at 31 March 2017 (1 April 2016 – INR 17.54) The profit for the year 31 March 2017 decreased by INR 4.38 and equity reduced by INR 6.83 as at 31 March 2017 (1 April 2016 by 2.45)

**B.4 Mark to Market of Forward contracts**

Under previous GAAP premium on forward contracts were amortised over the tenor, under Ind AS the forward contracts are marked to market, Profit for the year 31 March 2017 decreased by INR 6.70 and equity reduced by INR 8.17 as at 31 March 2017 (1 April 2016 by 1.47)

**B.5 Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. There is no impact on the total equity as at 31 March 2016.

**B.6 Deferred tax**

Deferred tax have been recognised on the adjustments made on transition to Ind AS.

**Reconciliations between previous GAAP and Ind AS**
**I) Reconciliation of total equity as at 31<sup>st</sup> March,2017 and 01<sup>st</sup> April,2016**

(₹ in Lakhs)

Particulars	Notes	31 <sup>st</sup> March,2017	01 <sup>st</sup> April,2016
Total equity (shareholder's funds) as per previous GAAP		9,014.39	6,882.94
<b>Adjustments</b>			
Impact of day one fair valuation of security deposit	1	(1.11)	(0.93)
Impact of fair valuation of investments	2	(37.53)	(44.21)
Capitalisation of spares with useful life of one year	3	(6.84)	(2.45)
Mark to market of forward contracts	4	(8.18)	(1.47)
Employee benefit obligation impact	5	(32.52)	30.47
Tax effect of above adjustments	6	20.73	1.17
<b>Total adjustments</b>		<b>(65.45)</b>	<b>(17.42)</b>
<b>Total equity as per Ind AS</b>		<b>8,948.94</b>	<b>6,865.52</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Financial Statements - (Continued)

#### Note No. 39 FIRST-TIME ADOPTION OF IND AS (Continued)

(₹ in Lakhs)

#### II) Reconciliation of total comprehensive income for the year ended 31<sup>st</sup> March, 2017

Profit after tax as per previous GAAP		2,520.24
<b>Adjustments</b>		
Impact of day one fair valuation of security deposit	1	(0.18)
Impact of fair valuation of investments	2	6.68
Capitalisation of spares with useful life of one year	3	(4.39)
Mark to market of forward contracts	4	(6.71)
Employee benefit obligation impact and remeasurment of employee benefit obligation	5	(90.53)
Tax effect of above adjustments	6	29.09
<b>Total adjustments</b>		<b>(66.05)</b>
<b>Profit after tax as per Ind AS</b>		<b>2,454.19</b>
<b>Other comprehensive income(net of tax)</b>		<b>18.01</b>
<b>Total comprehensive income as per Ind AS</b>		<b>2,472.20</b>

#### III) Impact of Ind AS adoption on cash flow statement

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	751.10	-	751.10
Net cash flow from investing activities	(982.93)	-	(982.93)
Net cash flow from financing activities	195.47	-	195.47
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(36.36)</b>	-	<b>(36.36)</b>
<b>Cash and cash equivalents as at April 1, 2016</b>	<b>153.13</b>	-	<b>153.13</b>
<b>Cash and cash equivalents as at March 31, 2017</b>	<b>116.77</b>	-	<b>116.77</b>

In terms of our Reports Attached  
for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
F. R. No. 007761S

**V Sathyanarayanan**  
Partner  
Membership No. 027716

**H Lakshmanan**  
Chairman

**A G Giridharan**  
Chief Executive Officer

Place: Chennai  
Date: 10<sup>th</sup> May, 2018

**S Jagannathan**  
Chief Financial Officer

**N Iswarya Lakshmi**  
Company Secretary

**Consolidated Financial Statements**  
**of**  
***Harita Seating Systems Limited***

### Independent Auditor's Report on Consolidated Ind AS Financial Statements for the year ended 31<sup>st</sup> March 2018

To the Members of

Harita Seating Systems Limited

#### **Report on the Consolidate Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of Harita Seating Systems Limited ("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 March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidates Statement of Change in Equity for the year then ended, and a summary of 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 Ind AS Financial Statements, in terms of the requirements of the Companies Act, 2013 ("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 Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

The respective Board of Directors of companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Group 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 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 consolidated Ind AS 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 Ind AS financial statement by the Directors of the Holding Company as aforesaid.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS 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 there under.

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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

and presentation of the consolidated Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 Ind AS 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 consolidated Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 31<sup>st</sup> March, 2018, and their consolidated profit, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### **Report on other Legal and Regulatory Requirements**

As required by section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated Ind AS Financial Statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as appears from our examination of those books;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
- (e) On the basis of written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2018, taken on record by the Board of Directors of the Holding Company, and the subsidiary company none of the directors of the Group companies is disqualified as on 31<sup>st</sup> March 2018, 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 Holding Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (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 consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position in its Ind AS financials statements – Refer note 37(4) to the Ind AS financial statements;
- ii. The Group did not have any long - term contracts including derivatives contracts for which there were any material foreseeable losses.

- iii. There are no amounts required to be transferred by Holding Company to investor education and Protection fund.

For **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

**V. Sathyanarayanan**

Place : Chennai Partner  
Date : 10<sup>th</sup> May 2018 Membership No. 027716

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### Annexure 'A' to the Independent Auditors' Report on the Consolidated Ind AS Financial Statements for the year ended 31<sup>st</sup> March 2018

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31<sup>st</sup> March 2018, we have audited the internal financial controls over financial reporting of Harita Seating Systems Limited ("the Holding Company"), Jayalakshmi Estates, #29, Haddows Road, Chennai – 600006, and its subsidiary company incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company, incorporated in India are responsible for establishing and maintaining internal financial controls based on 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 Ind AS financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, incorporated in India 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 judgment, 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;

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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, 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 31<sup>st</sup> March 2018, based on;

- i. existing policies and procedures adopted by the Holding Company and its subsidiary company for ensuring orderly and efficient conduct of business;
- ii. continuous adherence to the respective Company's policies;
- iii. existing procedures in relation to safeguarding of the respective 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 the Company's accounting records; and
- vi. existing capacity to prepare timely and reliable financial information

For **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

FRN: 007761S

**V. Sathyanarayanan**

Place : Chennai

Partner

Date : 10<sup>th</sup> May 2018      Membership No. 027716



# HARITA SEATING SYSTEMS LIMITED

## Consolidated Balance Sheet as at 31<sup>st</sup> March 2018

₹ in Lakhs

	Note No	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
<b>I Non-current assets</b>				
a Property, Plant and Equipment	1	15,022.25	13,532.66	11,325.20
b Capital work-in-progress		870.79	259.80	184.16
c Other Intangible Assets	1	128.49	100.16	24.90
d Financial assets				
i Investments	2	113.69	138.30	131.42
ii Loans	3	59.43	51.88	45.28
iii Other financial assets	4	104.71	121.17	145.95
e Other non-current assets	5	392.64	263.44	79.07
f Deferred Tax Assets (Net)		-	-	102.10
<b>II Current assets</b>				
a Inventories	6	5,027.00	3,309.98	2,909.56
b Financial Assets				
i Current investments	2	672.97	1,392.88	1,213.29
ii Trade receivables	7	21,799.24	13,200.82	11,606.44
iii Cash and cash equivalents	8	186.22	740.03	975.23
iv Bank balances other than above	9	31.03	31.52	46.10
v Other financial assets	4	417.80	394.62	363.86
c Other current assets	10	3,021.31	2,668.61	1,372.99
<b>Total Assets</b>		<b>47,847.57</b>	<b>36,205.87</b>	<b>30,525.55</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
a Equity Share Capital	11	776.90	776.90	776.90
b Other Equity	12	14,655.82	11,102.32	8,866.16
<b>Non-controlling interests</b>	13	7,050.90	6,846.55	6,495.71
<b>I Non-Current Liabilities</b>				
a Provisions	15	538.44	523.77	577.85
b Deferred Tax Liabilities (Net)	14	723.74	765.80	697.34
c Deferred income	16	2.57	2.85	3.14
<b>II Current Liabilities</b>				
a Financial Liabilities				
i Borrowings	17	2,237.42	1,130.61	502.35
ii Trade Payables	18	18,268.71	11,905.42	9,673.52
iii Other Financial Liabilities	19	1,235.24	695.38	447.71
b Other Current Liabilities	20	743.17	1,211.70	1,761.55
c Provisions	15	1,614.37	1,244.28	723.03
d Deferred income	16	0.29	0.29	0.29
<b>Total Equity and Liabilities</b>		<b>47,847.57</b>	<b>36,205.87</b>	<b>30,525.55</b>
Accompanying Notes to the Consolidated Financial Statements	1-40			

In terms of our Reports Attached  
for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
F. R. No. 007761S

**V Sathyanarayanan**  
Partner  
Membership No. 027716

**H Lakshmanan**  
Chairman

**A G Giridharan**  
Chief Executive Officer

Place: Chennai  
Date: 10<sup>th</sup> May, 2018

**S Jagannathan**  
Chief Financial Officer

**N Iswarya Lakshmi**  
Company Secretary

# HARITA SEATING SYSTEMS LIMITED

## Statement of Consolidated Profit and Loss for the year ended 31<sup>st</sup> March 2018

₹ in Lakhs

	Note No	For the Year Ended 31 <sup>st</sup> March 2018	For the Year Ended 31 <sup>st</sup> March 2017
<b>I Income</b>			
a Revenue from Operations (Gross)	21	90,542.52	79,025.87
b Other Income	22	219.40	382.11
<b>Total Income (I)</b>		<b>90,761.92</b>	<b>79,407.98</b>
<b>II Expenses</b>			
a Cost of materials consumed	23	62,467.56	49,592.23
b Changes in inventories of finished goods and work in process	24	(247.98)	(92.03)
c Excise duty		2,059.68	7,967.56
d Employee benefits expense	25	9,301.54	7,886.60
e Finance costs	26	121.56	44.50
f Depreciation and amortization expense			
- On Tangible assets	1	1,780.06	1,439.05
- On Intangible assets	1	66.51	40.20
g Other expenses	27	8,231.10	7,317.24
<b>Total Expenses (II)</b>		<b>83,780.03</b>	<b>74,195.35</b>
III Profit before exceptional items and tax (I - II)		6,981.89	5,212.63
IV Exceptional Item of Income		-	-
<b>V Profit before tax (III + IV)</b>		<b>6,981.89</b>	<b>5,212.63</b>
<b>VI Tax expense:</b>			
a Current tax		1,951.55	1,366.44
b Prior period income tax		164.03	-
c Deferred tax		(46.42)	171.82
		2,069.16	1,538.26
<b>VII Profit/(Loss) for the period from continuing operations (V - VI)</b>		<b>4,912.73</b>	<b>3,674.37</b>
<b>VIII Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
-Remeasurement of employee benefit obligation		12.59	(4.19)
-Income tax relating to these items		(4.36)	1.27
<b>Other comprehensive income for the year, net of tax</b>		<b>8.23</b>	<b>(2.92)</b>
<b>Total Comprehensive Income for the Year (VII + VIII)</b>		<b>4,920.96</b>	<b>3,671.45</b>
<b>Profit attributable to:</b>			
Owners of Harita Seating Systems Limited		3,763.51	2,824.72
Non-controlling interests		1,149.22	849.65
<b>Total</b>		<b>4,912.73</b>	<b>3,674.37</b>
<b>Other comprehensive income attributable to:</b>			
Owners of Harita Seating Systems Limited		7.35	7.34
Non-controlling interests		0.88	(10.26)
<b>Total</b>		<b>8.23</b>	<b>(2.92)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of Harita Seating Systems Limited		3,770.86	2,832.06
Non-controlling interests		1,150.10	839.39
<b>Total</b>		<b>4,920.96</b>	<b>3,671.45</b>
<b>Earnings Per Share</b>			
Basic		48.44	36.36
Diluted		48.44	36.36
Accompanying Notes to the Consolidated Financial Statements	1-40		

In terms of our Reports Attached  
for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
F. R. No. 007761S

**V Sathyanarayanan**  
Partner  
Membership No. 027716

**H Lakshmanan**  
Chairman

**A G Giridharan**  
Chief Executive Officer

Place: Chennai  
Date: 10<sup>th</sup> May, 2018

**S Jagannathan**  
Chief Financial Officer

**N Iswarya Lakshmi**  
Company Secretary

## HARITA SEATING SYSTEMS LIMITED

### Statement of Changes in Equity

#### I) Equity Share Capital

₹ in Lakhs

Particulars	Notes	Amounts
Balance as at April 1, 2016	11	776.90
Changes in equity share capital during the year		-
Balance as at March 31, 2017		776.90
Balance as at March 31, 2017	11	776.90
Changes in equity share capital during the year		-
Balance as at March 31, 2018		776.90

#### II) Other equity

Particulars	Notes	Reserves and surplus				Total Other Equity	Non-controlling interests	Total
		General Reserve	Retained earnings	Securities premium account	Capital redemption reserve			
<b>Balance as at April 1, 2016</b>		<b>2,302.62</b>	<b>3,570.66</b>	<b>2,982.88</b>	<b>10.00</b>	<b>8,866.16</b>	<b>6,495.71</b>	<b>15,361.87</b>
Profit for the Year	12	-	2,824.72	-	-	2,824.72	853.50	<b>3,674.37</b>
Other comprehensive income	12	-	7.34	-	-	7.34	(10.26)	<b>(2.92)</b>
<u>Transaction in the capacity as owners</u>								
Dividend paid	12	-	(593.36)	-	-	(593.36)	(492.40)	<b>(1,085.76)</b>
Transactions with non-controlling interests		-	-	-	-	-	-	-
<b>Balance as at March 31, 2017</b>		<b>2,302.62</b>	<b>5,809.36</b>	<b>2,982.88</b>	<b>10.00</b>	<b>11,104.86</b>	<b>6,846.55</b>	<b>17,947.57</b>
Profit for the Year	12	-	3,763.51	-	-	3,763.51	1,149.22	<b>4,912.73</b>
Other comprehensive income	12	-	7.35	-	-	7.35	0.88	<b>8.23</b>
Minority Interest Adjustment for Earlier Year		-	353.11	-	-	353.11	(353.11)	-
<u>Transaction in the capacity as owners</u>								
Dividend paid	12	-	(570.48)	-	-	(570.48)	(592.64)	<b>(1,163.12)</b>
<b>Balance as at March 31, 2018</b>		<b>2,302.62</b>	<b>9,362.85</b>	<b>2,982.88</b>	<b>10.00</b>	<b>14,658.35</b>	<b>7,050.90</b>	<b>21,706.73</b>

In terms of our Reports Attached  
for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants

F. R. No. 007761S

**V Sathyanarayanan**

Partner

Membership No. 027716

Place: Chennai

Date: 10<sup>th</sup> May, 2018

**H Lakshmanan**

Chairman

**S Jagannathan**

Chief Financial Officer

**A G Giridharan**

Chief Executive Officer

**N Iswarya Lakshmi**

Company Secretary

## HARITA SEATING SYSTEMS LIMITED

### Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2018

₹ in Lakhs

	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit after tax and extra ordinary items	6,981.89	5,212.63
Add:		
Depreciation (net)	1,846.57	1,479.25
Dividend income	-	-
Interest Income	(23.67)	(19.08)
Interest Expenditure	121.56	44.50
Net gain/(loss) on sale of Fixed Assets	67.68	52.03
Net gain/(loss) on sale of investments	(144.92)	(301.54)
Profit on sale of Fixed Assets		
Miscellaneous Expenditure written off		
Increase/(Decrease) in fair valuation of employee benefit obligation	12.59	(4.19)
Operating profit before working capital changes	8,861.70	6,463.60
Adjusted for: Working Capital changes		
Trade Payables	6,363.29	2,231.90
Other Current Liabilities	(468.53)	(549.82)
Short Term Provisions	61.41	144.12
Current Liability - Deferred income	-	-
Other Current Financial Liabilities	539.86	247.67
Long Term Provisions	14.69	(54.10)
Non Current Liability - Deferred income	(0.29)	(0.29)
Investment	719.91	(179.60)
Long Term Loans and Advances	(7.55)	(6.60)
Inventories	(1,717.02)	(400.42)
Trade Receivables	(8,598.42)	(1,594.37)
Other Financial Assets	(23.18)	(30.76)
Other Current Assets	(261.86)	(529.74)
Other Non Current Financial Assets	16.47	24.78
Other non current assets	(129.19)	(184.37)
Cash generated from operations	5,371.29	5,581.98
Adjusted for: Tax Liability		
Direct tax paid (net of refund)	(1,897.74)	(1,755.18)
<b>Net cash from operating activities</b>	<b>(A) 3,473.55</b>	<b>3,826.80</b>

## HARITA SEATING SYSTEMS LIMITED

### Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2018 (Continued)

₹ in Lakhs

	Year ended 31 <sup>st</sup> March 2018	Year ended 31 <sup>st</sup> March 2017
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(4,045.11)	(4,380.93)
Sale of fixed assets	1.94	491.29
Purchase of investments	-	(6.87)
Sale of investments	24.61	-
Net gain/(loss) on sale of Fixed Assets	144.92	-
Profit/(Loss) Sale of Investments	-	301.54
Interest received	23.67	19.08
Dividend received	-	-
<b>Net cash used in investing activities (B)</b>	<b>(3,849.97)</b>	<b>(3,575.89)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital	-	-
Share Premium	-	-
Minority Interest	(592.65)	(491.08)
Long Term Borrowings	-	-
Short Term Borrowings	1,106.81	628.26
Interest paid	(121.56)	(44.50)
Dividend and dividend tax paid	(570.47)	(593.36)
<b>Net cash from financing activities (C)</b>	<b>(177.87)</b>	<b>(500.68)</b>
<b>D. NET INCREASE / ( DECREASE ) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)</b>	<b>(554.29)</b>	<b>(249.77)</b>
Cash and Cash Equivalents at the beginning of the year		
Cash and Cash equivalents	740.03	975.23
Bank balances other than above	31.52	46.10
	<b>771.55</b>	<b>1,021.33</b>
Cash and Cash Equivalents at the end of the year		
Cash and Cash equivalents	186.22	740.03
Bank balances other than above	31.03	31.52
	<b>217.25</b>	<b>771.55</b>

In terms of our Reports Attached  
for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants  
F. R. No. 007761S

**V Sathyanarayanan**  
Partner  
Membership No. 027716

Place: Chennai  
Date: 10<sup>th</sup> May, 2018

**H Lakshmanan**  
Chairman

**S Jagannathan**  
Chief Financial Officer

**A G Giridharan**  
Chief Executive Officer

**N Iswarya Lakshmi**  
Company Secretary

**Notes to Consolidated Financial Statements**  
**1 PROPERTY, PLANT AND EQUIPMENT**

₹ in Lakhs

The changes in the carrying value of fixed assets for the year ended March 31, 2018 are as follows:

Asset Description	Gross Block (at cost)			Accumulated Depreciation and Amortisation			Net Block	Net Block	
	As at April 1, 2017	Additions	Deletions / Adjustments	As at March 31, 2018	As at April 1, 2017	Depreciation for the year	Deletions	As at March 31, 2018	As at March 31, 2017
Land - Freehold	1,319.22	-	-	1,319.22	-	-	-	1,319.22	1,319.22
Land - Leasehold	508.75	-	-	508.75	0.98	8.63	-	499.12	507.77
Building - Own	4,387.60	620.64	-	5,008.25	157.13	180.11	-	4,671.02	4,230.49
Plant and Machinery	7,501.96	2,295.99	5.81	9,792.13	1,118.88	1,367.99	4.95	7,310.21	6,383.07
Electrical Equipments	607.40	46.35	-	653.75	47.78	63.71	-	542.26	559.62
Furniture and Fixtures	185.64	122.15	8.74	299.04	45.85	59.95	-	193.24	139.78
Office Equipment	149.85	16.44	1.82	164.47	19.30	23.62	1.46	123.00	130.55
Vehicles	39.04	6.04	7.45	37.63	4.80	7.40	7.07	32.51	34.24
Moulds	237.02	182.28	58.82	360.50	35.05	50.86	-	274.59	201.97
Computers	35.23	49.40	7.75	76.87	9.28	17.79	7.29	57.08	25.95
<b>Total</b>	<b>14,971.71</b>	<b>3,339.29</b>	<b>90.39</b>	<b>18,220.61</b>	<b>1,439.05</b>	<b>1,780.06</b>	<b>20.77</b>	<b>13,532.66</b>	<b>15,022.25</b>

**OTHER INTANGIBLE ASSETS**

Asset Description	Gross Block (at cost)			Accumulated Depreciation and Amortisation			Net Block	Net Block	
	As at April 1, 2017	Additions	Deletions / Adjustments	As at March 31, 2018	As at April 1, 2017	Depreciation for the year	Deletions	As at March 31, 2018	As at March 31, 2017
Computer Software	134.33	94.82	-	229.16	37.97	64.28	-	126.91	96.35
Technical know how	1.58	-	-	1.58	-	-	-	1.58	1.58
Product licence fee	4.46	-	-	4.46	2.23	2.23	-	-	2.23
<b>Total</b>	<b>140.37</b>	<b>94.82</b>	<b>-</b>	<b>235.20</b>	<b>40.20</b>	<b>66.51</b>	<b>-</b>	<b>106.70</b>	<b>100.16</b>

Property, plant and equipment and intangible assets have been carried at deemed cost as at April 1, 2017 i.e., measured at carrying value as per previous GAAP Refer Note No.38. A.1.1 Deemed cost

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	(₹ in Lakhs) As at 01 <sup>st</sup> April 2016
<b>2 NON-CURRENT INVESTMENTS</b>			
Non Trade Investments at FVTPL			
<b>Investment in Equity Instruments :</b>			
3,15,523 equity shares of Rs.10/- each in Green Infra Wind Energy Theni Limited			
March 31, 2017 : 7,50,000 equity shares			
April 1, 2016 : 7,50,000 equity shares	<b>52.60</b>	75.00	75.00
Shree Mother Capfin and Securities Private Limited	<b>0.17</b>	0.20	-
Equity of M/s.Paras Green Power LLP, Chennai	<b>2.60</b>	2.60	2.60
<b>Other Investments</b>			
<b>Unquoted :</b>			
<b>Life Insurance Corporation of India, Chennai</b>			
(Group annuity policy for pension to employees)	<b>58.32</b>	60.50	53.82
<b>Total</b>	<b>113.69</b>	138.30	131.42
<b>Current</b>			
Investment in Mutual Funds			
Quoted carried at FVTPL			
a) UTI Liquid Fund (March 31, 2018: No. of Units - Nil ; March 31, 2017: No. of Units - Nil ; April 1, 2016: No. of Units - 6219.843)	-	-	154.04
b) SBI Magnum Insta Cash Fund (March 31, 2018: No. of Units - Nil ; March 31, 2017: No. of Units - 4228.434 ; April 1, 2016: No. of Units - 5990.13)	-	151.63	200.35
c) IDFC funds-Ultra Short Term funds (March 31, 2018: No. of Units - Nil ; March 31, 2017: No. of Units - 1566508.504 ; April 1, 2016: No. of Units - 1374856.939)	-	360.75	291.97
d) ICICI Prudential Ultra Short Term Fund No. of Units Nil [ March 31, 2017 : No. of units 2525976.672, April 1, 2016 : 1283114.218 No. of units]	-	422.41	196.40
e) Franklin India TMA Growth Fund(March 31, 2018: No. of Units - Nil ; March 31, 2017: No. of Units - Nil ; April 1, 2016: No. of Units - 4427.942)	-	-	100.17

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
(₹ in Lakhs)			
f) ICICI Prudential Money Market Fund (March 31, 2018: No. of Units - Nil ; March 31, 2017: No. of Units - 106785.02 ; April 1, 2016: No. of Units - 95763.244)	-	256.45	200.26
g) L&T Liquid Fund (March 31, 2018: No. of Units - Nil ; March 31, 2017: No. of Units - Nil ; April 1, 2016: No. of Units - 3379.607)	-	-	70.10
h) L&T Liquid Fund (March 31, 2018: No. of Units - Nil ; March 31, 2017: No. of Units - 9063.207 ; April 1, 2016: No. of Units - Nil)	-	201.64	-
i) Aditya Birla Sunlife Mutual Fund- (March 31, 2018: No. of Units - 26896.214 ; March 31, 2017: No. of Units - Nil ; April 1, 2016: No. of Units - Nil)	<b>62.15</b>	-	-
j) IDFC Mutual Fund (March 31, 2018: No. of Units - 14520.93 ; March 31, 2017: No. of Units - Nil ; April 1, 2016: No. of Units - Nil)	<b>305.43</b>	-	-
k) Sundaram Money Fund (March 31, 2018: No. of Units - 836925.137 ; March 31, 2017: No. of Units - Nil ; April 1, 2016: No. of Units - Nil)	<b>305.39</b>	-	-
<b>Total</b>	<b>672.97</b>	<b>1,392.88</b>	<b>1,213.29</b>
<b>3 LOANS</b>			
<b>Unsecured considered good</b>			
Security deposit	<b>59.43</b>	51.88	45.28
<b>Total</b>	<b>59.43</b>	51.88	45.28
<b>4 OTHER FINANCIAL ASSETS</b>			
<b>Non Current</b>			
Interest receivable	<b>104.71</b>	121.17	145.95
<b>Total</b>	<b>104.71</b>	121.17	145.95
<b>Current</b>			
<b>Unsecured, considered good :</b>			
a) Claims Receivable	<b>305.64</b>	299.32	283.63
b) Employee advance	<b>38.38</b>	30.57	31.09
c) MTM gain on forward contracts	<b>0.33</b>	17.31	17.54
d) MEIS received - scrip	<b>73.45</b>	47.42	31.60
<b>Total</b>	<b>417.80</b>	394.62	363.86
<b>5 OTHER NON CURRENT ASSETS</b>			
Advances for capital goods	<b>392.64</b>	263.44	79.07
<b>Total</b>	<b>392.64</b>	263.44	79.07



## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	(₹ in Lakhs) As at 01 <sup>st</sup> April 2016
<b>6 INVENTORIES*</b>			
* Valued and Certified by Management			
a) Raw Materials and components	2,987.02	1,791.07	1,618.60
b) Work-in-process	476.61	419.51	372.28
c) Finished goods	793.00	602.12	523.32
d) Stores and spares	770.37	497.28	395.36
<b>Total</b>	<b>5,027.00</b>	<b>3,309.98</b>	<b>2,909.56</b>
<b>7 TRADE RECEIVABLES</b>			
<b>Debts outstanding for a period exceeding six months from the date due for payment</b>			
<b>Unsecured</b>			
a) Considered good	62.86	36.24	-
b) Considered doubtful	66.89	90.53	90.63
	129.75	126.77	90.63
Less : Provision for doubtful debts	66.89	90.53	90.63
Total A	62.86	36.24	-
<b>Other debts</b>			
a) Considered good	21,736.38	13,164.58	11,606.44
b) Considered doubtful	-	-	-
	21,736.38	13,164.58	11,606.44
Less :Provision for doubtful debts	-	-	-
Total B	21,736.38	13,164.58	11,606.44
<b>Total A+B</b>	<b>21,799.24</b>	<b>13,200.82</b>	<b>11,606.44</b>
<b>8 CASH AND CASH EQUIVALENTS</b>			
a) Balance with Banks			
- in Current account	178.62	734.46	965.68
- in Fixed deposit	0.35	0.35	3.68
b) Cheques on hand	-	-	-
c) Cash on hand	7.25	5.22	5.87
<b>Total</b>	<b>186.22</b>	<b>740.03</b>	<b>975.23</b>
<b>9 OTHER BANK BALANCES</b>			
Unpaid dividend	31.03	31.52	46.10
<b>Total</b>	<b>31.03</b>	<b>31.52</b>	<b>46.10</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	(₹ in Lakhs) As at 01 <sup>st</sup> April 2016
<b>10 OTHER CURRENT ASSETS</b>			
<b>(Unsecured, considered good)</b>			
a) Advances to suppliers	786.05	633.53	372.79
b) Prepaid expenses	154.00	140.91	107.21
c) Advance tax - Net of provision	1,278.63	1,229.31	476.52
d) Income-Tax Deducted at Source	56.10	47.75	34.79
e) Income tax refund receivable	51.58	18.40	18.28
f) Balance with Statutory authorities	569.31	266.92	169.32
g) Advances			
i) Tool development	8.12	220.07	63.80
ii) Others	117.52	111.72	130.28
<b>Total</b>	<b>3,021.31</b>	<b>2,668.61</b>	<b>1,372.99</b>
<b>11 SHARE CAPITAL</b>			
<b>Authorised</b>			
1,00,00,000 Equity Shares of Rs. 10 each	1,000.00	1,000.00	1,000.00
<b>Issued, Subscribed &amp; fully Paid up</b>			
77,69,040 Equity Shares of Rs 10/- each	776.90	776.90	776.90
<b>Total</b>	<b>776.90</b>	<b>776.90</b>	<b>776.90</b>
<b>12 OTHER EQUITY</b>			
<b>a) Capital Redemption Reserve</b>			
Opening Balance	10.00	10.00	10.00
Additions during the year	-	-	-
Deductions during the year	-	-	-
<b>Total A</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>b) Securities premium</b>			
Opening Balance	2,982.88	2,982.88	2,982.88
Additions during the year	-	-	-
Deductions during the year	-	-	-
<b>Total B</b>	<b>2,982.88</b>	<b>2,982.88</b>	<b>2,982.88</b>
<b>c) General Reserve (State subsidy)</b>			
Opening Balance	41.10	41.10	41.10
Additions during the year	-	-	-
Deductions during the year	-	-	-
<b>Total C</b>	<b>41.10</b>	<b>41.10</b>	<b>41.10</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
			(₹ in Lakhs)
<b>d) General Reserve</b>			
Opening Balance	2,261.52	2,261.52	2,261.52
Less: Transfer to minority interest	-	-	-
Less: Depreciation charge consequent to application of Schedule II of Companies Act, 2013	-	-	-
Deferred tax impact on the above	-	-	-
<b>Total D</b>	<b>2,261.52</b>	<b>2,261.52</b>	<b>2,261.52</b>
<b>e) Surplus i.e balance as per Statement of profit and loss:</b>			
Opening balance	5,806.82	3,570.66	1,651.45
Minority Interest Adjustment for Earlier Year	353.12	-	-
Add: Net Profit for the year	3,763.51	2,822.18	2,902.71
Add: Other comprehensive income	7.34	7.33	-
	<b>9,930.79</b>	<b>6,400.17</b>	<b>4,554.16</b>
Less:			
Interim Dividend Paid	(466.14)	(388.45)	(945.51)
Dividend Distribution Tax	(104.33)	(204.90)	(37.99)
	<b>(570.47)</b>	<b>(593.35)</b>	<b>(983.50)</b>
<b>Total E</b>	<b>9,360.32</b>	<b>5,806.82</b>	<b>3,570.66</b>
<b>Total (A+B+C+D+E)</b>	<b>14,655.82</b>	<b>11,102.32</b>	<b>8,866.16</b>
<b>13 NON-CONTROLLING INTERESTS</b>			
a) Share capital	984.80	984.80	984.80
b) Securities Premium	4,531.91	4,531.91	4,531.91
c) General reserve	40.02	40.02	40.02
Total A	<b>5,556.73</b>	<b>5,556.73</b>	<b>5,556.73</b>
Add: Profit up to year 2016-17	936.71	-	-
Profit for the year 2017-18	1,150.10	-	-
Total B	<b>2,086.81</b>	<b>1,782.22</b>	<b>1,529.36</b>
<b>Total A+B</b>	<b>7,643.54</b>	<b>7,338.95</b>	<b>7,086.09</b>
Less:			
Dividend paid	(492.40)	(492.40)	(443.16)
Dividend distribution tax	(100.24)	-	(147.22)
<b>Total</b>	<b>7,050.90</b>	<b>6,846.55</b>	<b>6,495.71</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	(₹ in Lakhs) As at 01 <sup>st</sup> April 2016
<b>14 DEFERRED TAX LIABILITIES</b>			
Deffered Tax Liability	723.74	765.80	697.34
<b>Total</b>	<b>723.74</b>	<b>765.80</b>	<b>697.34</b>
<b>15 PROVISIONS</b>			
<b>Non Current</b>			
a) Employee benefits			
i) Pension	349.07	324.40	347.16
ii) Leave encashment	124.23	118.69	100.11
iii) Gratuity	3.09	32.53	-
b) Warranty	62.05	48.15	130.58
c) Other Long term provisions	-	-	-
<b>Total</b>	<b>538.44</b>	<b>523.77</b>	<b>577.85</b>
<b>Current</b>			
a) Provision for Employee Benefits			
i) Pension	2.27	-	-
ii) Bonus	345.34	262.12	195.61
iii) Gratuity	0.45	31.20	-
iv) Leave Encashment	5.62	5.83	1.75
b) Income Tax	1,211.48	902.80	525.67
c) Warranty	49.21	42.33	-
<b>Total</b>	<b>1,614.37</b>	<b>1,244.28</b>	<b>723.03</b>
<b>16 DEFERRED INCOME</b>			
a) Opening Balance	3.14	3.43	-
b) Released to P&L	(0.28)	(0.29)	-
c) Closing Balance	2.86	3.14	3.43
<b>Non Current</b>	<b>2.57</b>	<b>2.85</b>	<b>3.14</b>
<b>Current</b>	<b>0.29</b>	<b>0.29</b>	<b>0.29</b>
<b>Total</b>	<b>2.86</b>	<b>3.14</b>	<b>3.43</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	(₹ in Lakhs) As at 01 <sup>st</sup> April 2016
<b>17 BORROWINGS</b>			
<b>Secured</b>			
<b>Repayable on demand</b>			
a) From bank (Secured by first charge on the entire current assets of the company acquired out of the credit facilities availed from the bank)	2,237.42	776.98	171.96
b) Purchase bills discounted	-	353.63	330.39
<b>Total</b>	<b>2,237.42</b>	<b>1,130.61</b>	<b>502.35</b>
<b>18 TRADE PAYABLES</b>			
<b>Secured</b>			
a) Dues to Micro and Small Enterprises**	2,787.72	2,379.96	1,842.97
b) Dues to enterprises other than Micro and Small Enterprises	15,480.99	9,525.46	7,830.55
<b>Total</b>	<b>18,268.71</b>	<b>11,905.42</b>	<b>9,673.52</b>
**Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interest due or outstanding on the same			
<b>19 OTHER FINANCIAL LIABILITIES</b>			
a) Payable to Employees	81.19	135.18	102.72
b) Security deposit	99.71	82.35	49.50
c) Payable for Fixed Asset	658.40	270.93	9.57
d) Unpaid dividends	31.03	31.52	46.10
e) Others	364.91	175.40	239.82
<b>Total</b>	<b>1,235.24</b>	<b>695.38</b>	<b>447.71</b>
<b>20 OTHER CURRENT LIABILITIES</b>			
a) Statutory Dues	160.06	183.96	195.79
b) Advances from customers	227.18	333.29	595.62
c) Other Payables	355.93	694.45	970.14
<b>Total</b>	<b>743.17</b>	<b>1,211.70</b>	<b>1,761.55</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

	For the Year Ended 31 <sup>st</sup> March 2018	(₹ in Lakhs) For the Year Ended 31 <sup>st</sup> March 2017
<b>21 REVENUE FROM OPERATIONS</b>		
a) Sale of products	89,845.66	78,736.72
b) Other operating revenues	696.86	289.15
<b>Total</b>	<b>90,542.52</b>	<b>79,025.87</b>
<b>22 OTHER INCOME</b>		
a) Interest Income	23.67	19.08
b) Net Foreign Exchange gain	2.03	11.95
c) Profit on sale of fixed assets	144.92	301.54
d) MEIS Income	44.98	
e) Rental Income	(0.07)	
f) Duty Drawback	3.00	5.33
g) Other non-operating income	0.87	44.21
<b>Total</b>	<b>219.40</b>	<b>382.11</b>
<b>23 COST OF MATERIALS CONSUMED</b>		
Opening Stock of Raw materials	1,791.04	1,604.56
Purchase of raw materials and components	63,663.53	49,775.94
Less : Closing Stock of Raw Materials	2,987.01	1,788.27
<b>Total</b>	<b>62,467.56</b>	<b>49,592.23</b>
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS</b>		
Opening Stock of Finished Goods and Work-in-process	1,021.63	929.61
Less: Closing Stock of Finished Goods and Work-in-process	1,269.61	1,021.64
<b>Total</b>	<b>(247.98)</b>	<b>(92.03)</b>
<b>25 EMPLOYEE BENEFITS EXPENSE</b>		
a) Salary, Wages and Bonus	7,351.97	6,249.95
b) Contribution to provident and other funds	426.78	470.83
c) Staff welfare expenses	1,522.79	1,165.82
<b>Total</b>	<b>9,301.54</b>	<b>7,886.60</b>
<b>26 FINANCE COSTS</b>		
a) Interest expense	121.56	44.50
b) Foreign exchange loss on transactions	-	-
<b>Total</b>	<b>121.56</b>	<b>44.50</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

	For the Year Ended 31 <sup>st</sup> March 2018	(₹ in Lakhs) For the Year Ended 31 <sup>st</sup> March 2017
<b>27 OTHER EXPENSES</b>		
Consumption of stores and spare parts	1,056.66	889.37
Power and fuel	1,106.73	872.55
Rent including lease rentals	196.16	166.46
Audit fees - As auditors - statutory audit	31.00	23.00
- For taxation matters	3.00	3.00
- For other services	2.00	2.00
- Reimbursement of expenses	16.10	17.55
Repairs & Maintenance		
- Buildings	112.49	174.21
- Plant and Equipment	1,354.04	1,337.46
- Computers	147.29	124.26
- Other assets	66.11	65.38
Insurance	114.98	80.11
Transportation charges	951.94	860.46
Packing charges	342.39	259.74
Legal and professional charges	504.37	408.49
Research & Development	474.13	402.50
Travelling and Conveyance	667.41	589.79
Security detective Charges	211.17	174.36
Other Administrative Expenses*	322.34	340.01
Printing & stationery	83.14	66.36
Net (Gain)/Loss on foreign currency fluctuation	40.33	7.87
Bank Charges	67.18	81.41
Rates and Taxes, excluding taxes on income	65.55	49.77
Sales Promotion	77.74	142.73
Telephone charges	30.07	32.45
Donations and contributions	27.00	38.00
Loss on PPE sold / scrapped / written off *	67.68	52.03
Trade and other receivables written off	8.10	1.92
Corporate social responsibility expenditure	84.00	54.00
<b>Total</b>	<b>8,231.10</b>	<b>7,317.24</b>

\* Net of recoveries

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

(₹ in Lakhs)

#### 28 DEFERRED TAX LIABILITIES/(ASSETS) (NET)

The balance comprises temporary differences attributable to:

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 01 <sup>st</sup> April 2016
Expenses allowed on payment basis	(347.65)	(289.74)	(439.04)
MAT credit entitlement	(248.00)	-	-
Total deferred tax (assets)	(595.65)	(289.74)	(439.04)
Fair Valuation of Investments	4.35	14.48	1.56
Depreciation	1,315.04	1,041.06	1,032.72
Deferred tax Liabilities/(Assets)	723.74	765.80	595.24
Less: Net deferred tax asset not eligible to be set off disclosed separately	-	-	(102.10)
Net Deferred tax Liabilities/(Assets)	723.74	765.80	697.34

#### Movement in deferred tax assets

Particulars	Depreciation	Expenses allowed on payment basis	Fair Valuation of Investments	MAT Credit Entitlement	Total
<b>As at 01<sup>st</sup> April, 2016</b>	<b>1,032.72</b>	<b>(439.04)</b>	<b>1.56</b>	<b>-</b>	<b>595.24</b>
(Charged)/credited:					
- to profit or loss	8.34	150.56	12.92	-	171.82
- to other comprehensive income	-	(1.26)	-	-	(1.26)
<b>As at 31<sup>st</sup> March, 2017</b>	<b>1,041.06</b>	<b>(289.74)</b>	<b>14.48</b>	<b>-</b>	<b>765.80</b>
(Charged)/credited:					
- to profit or loss	273.98	(62.27)	(10.13)	(248.00)	(46.42)
- to other comprehensive income	-	4.36	-	-	4.36
<b>As at 31<sup>st</sup> March , 2018</b>	<b>1,315.04</b>	<b>(347.65)</b>	<b>4.35</b>	<b>(248.00)</b>	<b>723.74</b>



## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

#### 29 EMPLOYEE BENEFIT OBLIGATIONS

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March , 2018			As at 31 <sup>st</sup> March , 2017			As at 01 <sup>st</sup> April, 2016		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Pension	2.27	349.07	351.34	-	324.40	324.40	-	347.16	347.16
Gratuity	0.45	3.09	3.54	31.20	32.53	63.73	(18.14)	(30.47)	(48.61)
Compensated absences	5.62	124.23	129.85	5.84	118.68	124.51	1.75	100.11	101.87
Less: Net asset position disclosed under						-	-	30.47	30.47
<b>Total employee benefit obligations</b>	<b>8.34</b>	<b>476.39</b>	<b>484.73</b>	<b>37.04</b>	<b>475.61</b>	<b>512.64</b>	<b>(16.39)</b>	<b>447.27</b>	<b>430.89</b>

#### (i) Compensated absences

	March 31, 2018	March 31, 2017	April 1, 2016
Current leave obligations expected to be settled within the next 12 months	5.22	5.46	1.75

#### (ii) Gratuity

The company extends defined benefit plans in the form of gratuity to employees. The Company has formed "Harita Seating Systems Limited Employees Group Gratuity Scheme" with Life Insurance Corporation of India (LIC). Contribution to gratuity is made to LIC in accordance with the scheme framed by the corporation. The Company has made contribution towards Gratuity based on the actuarial valuation.

#### (iii) Defined contribution plans

Contribution to provident fund is in the nature of defined contribution plan and are made to provident fund account maintained by the Government on its account.

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

#### 29 EMPLOYEE BENEFIT OBLIGATIONS (Continued)

(₹ in Lakhs)

Particulars	Gratuity			Pension		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>Position as at '01<sup>st</sup> April 2016 (A)</b>	<b>450.09</b>	<b>498.69</b>	<b>(48.60)</b>	<b>347.16</b>	-	<b>347.16</b>
Current service cost	45.77	-	45.77	15.73	-	15.73
Interest expense/(income)	36.01	39.89	(3.88)	27.77	-	27.77
<b>Total amount recognised in profit or loss (B)</b>	<b>81.78</b>	<b>39.89</b>	<b>41.89</b>	<b>43.50</b>	-	<b>43.50</b>
Remeasurements (Gain)/loss from change in financial assumptions	99.45	-	99.45	46.64	-	46.64
Experience (gains)/losses	(29.01)	-	(29.01)	(112.89)	-	(112.89)
<b>Total amount recognised in other comprehensive income (C)</b>	<b>70.44</b>	-	<b>70.44</b>	<b>(66.25)</b>	-	<b>(66.25)</b>
Employer contributions	-	-	-	-	-	-
Benefit payments	-	-	-	-	-	-
<b>Total cash flow (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Position as at 31<sup>st</sup> March 2017 (A)+(B)+(C)+(D)</b>	<b>602.31</b>	<b>538.58</b>	<b>63.73</b>	<b>324.41</b>	-	<b>324.41</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
<b>Position as at 31<sup>st</sup> March 2017 (A)</b>	<b>602.31</b>	<b>538.58</b>	<b>63.73</b>	<b>324.41</b>	-	<b>324.41</b>
Current service cost	54.47	-	54.47	23.90	-	23.90
Interest expense/(income)	50.03	42.67	7.36	19.64	-	19.64
<b>Total amount recognised in profit or loss (B)</b>	<b>104.50</b>	<b>42.67</b>	<b>61.83</b>	<b>43.54</b>	-	<b>43.54</b>
Remeasurements (Gain)/loss from change in financial assumptions	-	(3.94)	3.94	-	-	-
Experience (gains)/losses	(35.05)	(36.78)	1.73	(16.60)	-	(16.60)
<b>Total amount recognised in other comprehensive income (C)</b>	<b>(35.05)</b>	<b>(40.72)</b>	<b>5.67</b>	<b>(16.60)</b>	-	<b>(16.60)</b>
Employer contributions	-	127.67	(127.67)	-	-	-
Benefit payments	(36.01)	(36.01)	-	-	-	-
<b>Total cash flow (D)</b>	<b>(36.01)</b>	<b>91.66</b>	<b>(127.67)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Position as at 31<sup>st</sup> March 2018 (A)+(B)+(C)+(D)</b>	<b>635.75</b>	<b>632.19</b>	<b>3.56</b>	<b>351.35</b>	-	<b>351.35</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

#### 29 EMPLOYEE BENEFIT OBLIGATIONS (Continued)

The net liability disclosed relates to funded plans which are detailed as follows: (₹ in Lakhs)

	Gratuity		
	As at 31 <sup>st</sup> March,2018	As at 31 <sup>st</sup> March,2017	As at 1 <sup>st</sup> April,2016
Present value of funded obligations	635.74	602.30	450.09
Fair value of plan assets	632.21	538.58	498.69
<b>Deficit of funded plan</b>	<b>3.53</b>	<b>63.72</b>	<b>(48.60)</b>

The net liability disclosed relates to unfunded plans which are detailed as follows:

	Pension		
	As at 31 <sup>st</sup> March,2018	As at 31 <sup>st</sup> March,2017	As at 1 <sup>st</sup> April,2016
Present value of unfunded obligations	351.34	324.40	347.16

#### (iv) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	As at 31 <sup>st</sup> March,2018	As at 31 <sup>st</sup> March,2017	As at 1 <sup>st</sup> April,2016
Discount rate	0.08	0.07	0.08
Salary growth rate	0.06	0.06	0.05
Attrition rate	0.03	0.03	0.03

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age : 58 Years

#### (v) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Impact on defined benefit obligation

	Change in assumption		Increase in assumption	Decrease in assumption
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	0.5%	0.5%	(0.38)	(0.32)
Salary growth rate	0.5%	0.5%	(0.32)	(0.38)

### (vi) Risk exposure

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

#### Asset volatility

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

#### Changes in bond yields

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

The following payments are expected contributions to the defined benefit plan in future years: (₹ in Lakhs)

	<b>As at 31<sup>st</sup> March,2018</b>
Within the next 12 months (next annual reporting period)	25.62
Between 2 and 5 years	205.16
Beyond 5 years	317.46

Notes to Consolidated Financial Statements - (Continued)

Financial instruments and risk management

30 FAIR VALUE MEASUREMENTS

Financial instruments by category

(₹ in Lakhs)

	FVTPL				Amortised cost	
	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>Financial assets</b>						
Investments	786.67	1,531.19	1,344.71			
Security deposits				161.65	169.12	187.14
Interest receivable				2.49	3.93	4.09
Claims Receivable				277.48	289.00	275.62
Trade receivables				21,799.24	13,200.82	11,606.44
Cash and cash equivalents				186.22	740.03	975.23
Balances with bank				31.03	31.52	46.10
Premium on forward contracts				0.33	17.31	17.54
MEIS received - script				42.62	19.57	-
Employee advance				69.21	58.41	62.69
Income receivable				28.16	10.34	8.02
<b>Total financial assets</b>	<b>786.67</b>	<b>1,531.19</b>	<b>1,344.71</b>	<b>22,598.43</b>	<b>14,540.05</b>	<b>13,182.87</b>
<b>Financial liabilities</b>						
Security deposits				99.71	82.35	49.50
Employee payables				26.69	41.25	33.27
Short Borrowings				2,237.42	1,130.61	502.35
Trade payables				18,268.71	11,905.42	9,673.52
Payable for Fixed Asset				658.40	270.93	9.57
Unpaid dividends				31.03	31.52	46.10
Salary Payable				54.49	93.92	69.45
Other Payables				364.92	175.40	239.83
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,741.37</b>	<b>13,731.40</b>	<b>10,623.59</b>

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

#### 30 FAIR VALUE MEASUREMENTS (Continued)

(₹ in Lakhs)

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31 <sup>st</sup> March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	672.97		113.69	786.67
Total financial assets		<b>672.97</b>	-	<b>113.69</b>	<b>786.67</b>
At 31 <sup>st</sup> March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:	3	1,392.88		136.13	1,529.01
Total financial assets		<b>1,392.88</b>	-	<b>136.13</b>	<b>1,529.01</b>
At April 1, 2016	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:	3	1,213.28		135.92	1,349.20
Total financial assets		<b>1,213.28</b>	-	<b>135.92</b>	<b>1,349.20</b>

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The carrying amounts of trade receivables, trade payables, loans, deposits, advances, borrowings, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

**Notes to Consolidated Financial Statements - (Continued)**
**31 FINANCIAL RISK MANAGEMENT**

The company's activities expose it to market risk, liquidity risk and credit risk.

**(A) Credit risk**

Company faces credit risk from cash and cash equivalents, deposits with banks and financial institutions and unsecured trade receivables. The company doesn't face any credit risk with other financial assets.

**(i) Credit risk management**

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

For trade receivables, the primary source of credit risk is that these are unsecured. The Company sells the products to customers only when the collection of trade receivables is certain and whether there has been a significant increase in the credit risk on an on-going basis is monitored throughout each reporting period. As at the balance sheet date, based on the credit assessment the historical trend of low default is expected to continue. An impairment analysis is performed at each reporting date on an individual basis for major clients. Any recoverability of receivables is provided for based on the impairment assessment. Historical trends showed as at the transition date and 31<sup>st</sup> March 2016 company had no significant credit risk.

**(ii) Provision for expected credit losses for trade receivables**

The company provides for expected credit loss based on the following:

Year ended 1<sup>st</sup> April 2016:

Expected credit loss for trade receivables under simplified approach				(₹ in Lakhs)
Ageing	Less than 180 days past due	More than 180 days past due	Total	
Gross carrying amount	11,606.44	90.63	11,697.07	
Expected loss rate	-	100%	-	
Expected credit losses	-	90.63	90.63	
Carrying amount of trade receivables (net of impairment)	11,606.44	-	11,606.44	

Year ended 31<sup>st</sup> March 2017:

Ageing	Less than 180 days past due	More than 180 days past due	Total	
Gross carrying amount	13,164.58	126.77	13,291.35	
Expected loss rate	-	71%	-	
Expected credit losses	-	90.53	90.53	
Carrying amount of trade receivables (net of impairment)	13,164.58	36.24	13,200.82	

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

#### 31 FINANCIAL RISK MANAGEMENT (Continued)

Year ended 31<sup>st</sup> March 2018:

(₹ in Lakhs)

Ageing	Less than 180 days past due	More than 180 days past due	Total
Gross carrying amount	21,736.38	129.75	21,866.13
Expected loss rate	-	52%	-
Expected credit losses	-	66.89	66.89
Carrying amount of trade receivables (net of impairment)	21,736.38	62.86	21,799.24

#### (iii) Reconciliation of loss allowance provision – Trade receivables

	Amount
Loss allowance on 1 <sup>st</sup> April 2016	90.6
Changes in loss allowance	(0.1)
Loss allowance on 31 <sup>st</sup> March 2017	90.5
Changes in loss allowance	(23.6)
Loss allowance on 31 <sup>st</sup> March 2018	66.9

#### (B) Liquidity risk

Objective of liquidity risk management is to maintain sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management monitors rolling forecasts of The company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal requirements .

##### (i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31-Mar-18	31-Mar-17	01-Apr-16
<b>Floating rate</b>			
- Expiring within one year (bank overdraft and other facilities)	3,583.02	3,515.00	2,591.00

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity of 1 year



**Notes to Consolidated Financial Statements - (Continued)**
**31 FINANCIAL RISK MANAGEMENT (Continued)**
**(ii) Maturities of financial liabilities**

(₹ in Lakhs)

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities

Non-derivatives	As at 31 <sup>st</sup> March 2018		As at 31 <sup>st</sup> March 2017		As at 1 <sup>st</sup> April 2016	
	Maturing within 3 months	Total	Maturing within 3 months	Total	Maturing within 3 months	Total
Borrowings	2,237.42	2,237.42	1,130.61	1,130.61	502.35	502.35
Trade payables	18,268.71	18,268.71	11,905.42	11,905.42	9,673.52	9,673.52
Payable for Fixed Asset	658.40	658.40	270.93	270.93	9.57	9.57
Security deposits	99.71	99.71	82.35	82.35	49.50	49.50
<b>Total non-derivative liabilities</b>	<b>21,264.24</b>	<b>21,264.24</b>	<b>13,389.31</b>	<b>13,389.31</b>	<b>10,234.94</b>	<b>10,234.94</b>

**(C) Market risk**
**Foreign currency risk**

The company activities exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EURO Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	As at 31 <sup>st</sup> March 2018		As at 31 <sup>st</sup> March 2017		As at 1 <sup>st</sup> April 2016	
	USD	EUR	USD	EUR	USD	EUR
<i>Financial assets</i>						
Trade receivables	2,236.76	-	887.54	-	767.64	-
Exposure to foreign currency risk (assets)	2,236.76	-	887.54	-	767.64	-
<i>Financial liabilities</i>						
Trade payables	(1,222.74)	(136.88)	(182.46)	(415.00)	(587.70)	(83.01)
Exposure to foreign currency risk (liabilities)	(1,222.74)	(136.88)	(182.46)	(415.00)	(587.70)	(83.01)
<b>Net exposure to foreign currency risk</b>	<b>1,014.02</b>	<b>(136.88)</b>	<b>705.08</b>	<b>(415.00)</b>	<b>179.94</b>	<b>(83.01)</b>

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

#### 31 FINANCIAL RISK MANAGEMENT (Continued)

##### Sensitivity

(₹ in Lakhs)

The sensitivity of profit or loss to changes in the exchange rates arises mainly from major foreign currency denominated financial instruments

USD sensitivity	Impact on profit after tax		EURO sensitivity	Impact on profit after tax	
	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
INR/USD Increases by 5% (31 March 2016 - 5%)	33.15	23.05	INR/USD Increases by 5% (31 March 2016 - 5%)	(4.48)	(13.57)
INR/USD Decreases by 5% (31 March 2016 - 5%)	(33.15)	(23.05)	INR/USD Decreases by 5% (31 March 2016 - 5%)	4.48	13.57

#### 32 CAPITAL MANAGEMENT

##### (a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Company is debt free currently and it intends to maintain a optimal gearing ratio for optimising shareholder value

##### (b) Dividends

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
(i) Equity shares		
Interim dividend for the year ended 31 <sup>st</sup> March 2017 of INR 5.00 (31 <sup>st</sup> March 2016 – INR 6.00) per fully paid share		388.78
Interim dividend for the year ended 31 <sup>st</sup> March 2018 of INR 6.00 (31 <sup>st</sup> March 2017 – INR 5.00) per fully paid share	466.14	

#### 33 RELATED PARTY DISCLOSURE

Disclosure is made as per the requirements of the standard and the same is furnished below:

##### A) List of Related Parties where control exists

Reporting entity	:	Harita Seating Systems Ltd
Holding Company	:	Nil
Subsidiary Company	:	Harita Fehrer Limited

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

(₹ in Lakhs)

#### B) Particulars of transactions with related parties

	<b>As at 31<sup>st</sup> March 2018</b>	<b>As at 31<sup>st</sup> March 2017</b>	
(i) Purchases made			
Subsidiary company			
from Harita Fehrer Limited, Chennai			
- Components	4,444.64	3,225.50	
- Capital goods	160.57	105.51	
(ii) Services availed			
Subsidiary company			
from Harita Fehrer Limited, Chennai			
- Interest paid	-	-	
- Lease rent paid	62.26	57.41	
- Others	106.55	87.54	
(iii) Sale of Materials			
Subsidiary company			
from Harita Fehrer Limited, Chennai	6.11	4.68	
(iv) Services rendered			
Subsidiary company			
from Harita Fehrer Limited, Chennai			
- Lease rent	159.12	159.12	
- Management Service	78.75	78.75	
- Canteen	196.08	163.47	
- Others	304.97	290.31	
(v) Dividend received from subsidiary company	512.50	512.50	
	<b>As at 31<sup>st</sup> March 2018</b>	<b>As at 31<sup>st</sup> March 2017</b>	<b>As at 01<sup>st</sup> April 2016</b>
(vi) Amount outstanding as at Balance sheet date			
Subsidiary company			
from Harita Fehrer Limited, Chennai			
Trade payables	1,541.55	836.55	697.11
Other payables	16.49	32.59	-
Trade receivables	5.95	3.43	24.78
Other receivables	334.16	46.18	70.50

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

(₹ in Lakhs)

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
<b>34 LEASE COMMITMENT</b>		
a) The total of future minimum lease payments under non cancellable operating lease for each of the following periods		
- Not later than one year	308.75	313.01
- Later than one year and not later than five years	148.82	284.92
- Later than five years	-	-
Total of minimum sub-lease payments expected to be received under non-cancellable subleases at the Balance sheet date	NA	NA
b) Lease payments recognised in the statement of profit and loss for the period under the head Rent paid	141.60	141.60
c) Lease payments recognised in the statement of profit and loss for the period under the head Rent paid	141.60	141.60
<b>35 EARNING PER SHARE</b>		
Profit attributable to the equity holders of the company used in calculating basic earnings per share:	3,763.51	2,824.72
No. of equity shares	7769040	7769040
Face value per share (Rs.)	10.0	10.0
Weighted average number of equity shares	7769040	7769040
Earnings per share (EPS) (Rs.)	48.44	36.36
Diluted Earnings per share (Rs.)	48.44	36.36

### 36 SEGMENT INFORMATION

#### (a) Description of segments

The Board of Directors of the Company has been identified as the chief operating decision maker (CODM). They evaluate the company performance, allocate resources based on the analysis of various performance indicators of the company as a single unit. Therefore there is no reportable segment for the company. The company is domiciled in India.

#### (b) Entity wise disclosures

##### (i) Revenue from geographical areas

The entire revenue from operation are derived from India

All non current assets are with in India.

##### (ii) Information about major customers

Revenues of approximately Rs.6980 Lakhs (31<sup>st</sup> March 2017 - Rs.5580 Lakhs.) are derived from a single external customer.

**Notes to Consolidated Financial Statements - (Continued)**

(₹ in Lakhs)

	<b>As at 31<sup>st</sup> March 2018</b>	<b>As at 31<sup>st</sup> March 2017</b>
<b>37 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS</b>		
<b>1. Provisions</b>		
In respect of warranty obligations provision is made in accordance with terms of sale of seat assemblies.		
Provision for warranty at beginning of the year	<b>90.48</b>	130.59
Provided during the year	<b>48.84</b>	50.84
<b>Total</b>	<b>139.32</b>	181.43
Provision utilised during the year	<b>28.86</b>	90.95
Net Provision as on balance date	<b>110.46</b>	90.48
<b>2. Contingent liabilities</b>		
The amount for which the company is contingently liable are disclosed in Note No. XXIV (1)		
<b>3. Contingent assets</b>		
Contingent assets which are likely to give rise to the possibility of inflow of economic benefits	<b>NIL</b>	NIL
<b>4. Contested liabilities</b>		
Contested liabilities are detailed in Note No. XXIV (2)		
Contingent liabilities not provided for		
a. On counter guarantee furnished to bank	-	228.98
b. On account of bill discounted	<b>NIL</b>	NIL
c. Customs duty as per EPCGS	-	-
d. Contracts remaining to be executed on capital account	-	10.14
e. on account of counter guarantees furnished to Customs	<b>1300.00</b>	1300.00
f. on account of UP State Micro & small enterprises facilitation council order towards supplier liability	<b>3.39</b>	3.39
Liability contested and not provided for		
a. Income tax	<b>571.41</b>	423.33
b. Service tax	<b>2.10</b>	-
c. Central excise	<b>5.84</b>	77.47
d. Value added Tax	<b>446.52</b>	504.17
e. Customer claim	-	439.00
f. on account of The Payment of Bonus (Amendment) Act 2015 amended bonus eligibility limit and extended the minimum wage limit for Bonus with retrospective effect from April 2014. The Company has obtained a Stay Order from High court of Chennai with respect to the retrospective applicability and hence no provision for the same has been made for the period prior to this financial year.	<b>28.18</b>	28.18

### Notes to Consolidated Financial Statements - (Continued)

#### 38 FIRST-TIME ADOPTION OF IND AS

##### Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (The company's date of transition). In preparing its opening Ind AS balance sheet, The company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected The company's financial position, financial performance and cash flows is set out in the following tables and notes.

##### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

##### A.1 Ind AS optional exemptions

###### A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets

Accordingly, The company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

##### A.2 Ind AS mandatory exceptions

###### A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in equity instruments carried at FVTPL;
- Investment in mutual funds carried at FVTPL;
- Impairment of financial assets based on expected credit loss model.

### Notes to Consolidated Financial Statements - (Continued)

#### **B. Notes to first-time adoption:**

##### **B.1 Investment in Mutual fund**

Under previous GAAP, current investments in mutual funds were carried at cost or NRV whichever is lower, Under Ind-AS the Mutual funds is carried at fair value through profit & loss (FVTPL) this resulted in increase of equity by INR 41.83 as at 31 March 2017 (1 April 2016 - INR 4.51). Profit for FY 16-17 increased by INR 37.32

##### **B.2 Fair valuation of investments**

Under Previous GAAP, investment in annuity fund were carried at nominal value, under the Ind-AS same investments are carried at FVTPL, Consequent to this change, the amount of investments decreased by INR 37.53 as at 31 March 2017 (1 April 2016 – INR 44.21). The profit for the year 31 March 2017 increased by INR 6.57

##### **B.3 Security deposits**

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, The company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by INR 12.30 as at 31 March 2017 (1 April 2016 – INR 14.40). The prepaid rent increased by INR 11.13 as at 31 March 2017 (1 April 2016 - INR 13.47). Total equity decreased by INR 1.00 as on 1 April 2016. The profit for the year and total equity as at 31 March 2017 decreased by INR 0.25 due to amortisation of the prepaid rent of INR 4.57 which is partially off-set by the notional interest income of INR 4.33 recognised on security deposits.

##### **B.4 Mark to Market of Forward contracts**

Under previous GAAP premium on forward contracts were amortised over the tenor, under Ind AS the forward contracts are marked to market, Profit for the year 31 March 2017 decreased by INR 6.70 and equity reduced by INR 8.17 as at 31 March 2017 (1 April 2016 by 1.47)

##### **B.5 Capitalisation of Spares**

Under Previous GAAP, certain non critical spares were treated as inventory, Under Ind-AS the same has been recognised as PPE, correspondingly the amount of inventory decreased by INR 20.00 as at 31 March 2017 (1 April 2016 – INR 20.00) and PPE increased by INR 13.16 as at 31 March 2017 (1 April 2016 – INR 17.54) The profit for the year 31 March 2017 decreased by INR 4.38 and equity reduced by INR 6.83 as at 31 March 2017 (1 April 2016 by 2.45)

##### **B.6 Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Under IGAAP company has not recognised net asset position in gratuity, On adoption of Ind-AS group has recognised net asset position as on 1 April 2016 which has resulted in increase of retained earnings by INR 18.14 and retained earnings by INR 31.20 as at 31 March 2017.

##### **B.7 Deferred Taxes**

Deferred tax have been recognised on the adjustments made on transition to Ind AS.

**Notes to Consolidated Financial Statements - (Continued)**

(₹ in Lakhs)

**Note No. 39 IND-AS-112: INTERESTS IN OTHER ENTITIES**
**(a) Subsidiaries**

The group's subsidiaries at 31 March 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	
Harita Fehrer Limited	India	51%	51%	49%	49%	Automotive

**(b) Non-Controlling Interest**

Summarised balance sheet	Harita Fehrer Limited	
	31-Mar-18	01-Apr-16
Current assets	16,568.20	11,516.33
Current liabilities	12,676.50	7,008.93
<b>Net current assets</b>	<b>3,891.70</b>	<b>4,507.40</b>
Non-current assets	11,243.65	8,978.79
Non-current liabilities	745.75	737.84
<b>Net non-current assets</b>	<b>10,497.90</b>	<b>8,240.95</b>
<b>Net assets</b>	<b>14,389.60</b>	<b>12,748.35</b>
<b>Accumulated NCI</b>	<b>7,050.90</b>	<b>6,246.69</b>



## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

(₹ in Lakhs)

<b>Harita Fehrer Limited</b>		
<b>Summarised Statement of profit and loss</b>	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
Revenue	50,290.74	44,374.87
Profit for the year	2,345.35	1,733.99
Other comprehensive income	1.80	(20.93)
<b>Total comprehensive income</b>	<b>2,347.15</b>	<b>1,713.06</b>
Profit allocated to NCI	1,149.22	849.65
Dividends paid to NCI	(592.64)	(592.64)

<b>Harita Fehrer Limited</b>		
<b>Summarised Cash Flow Statement</b>	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
Cash flow from operating activities	2,650.81	3,070.33
Cash flow from investing activities	(1,925.74)	(2,073.79)
Cash flow from financing activities	(1,219.87)	(1,209.97)
Net increase/ (decrease) in cash and cash equivalents	<b>(494.80)</b>	<b>(213.43)</b>

#### 40 RECONCILIATIONS BETWEEN PREVIOUS GAAP AND IND AS

##### l) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

<b>Particulars</b>	<b>Notes</b>	<b>As at 31<sup>st</sup> March 2017</b>	<b>As at 01<sup>st</sup> April 2016</b>
Total equity (shareholder's funds) as per previous GAAP		18,784.99	16,143.42
Adjustments			
Impact of fair valuation of investments	1&2	4.30	(39.70)
Impact of fair valuation of security deposit	3	(1.11)	(0.93)
Capitalisation of spares with useful life of one year	4	(6.84)	(2.45)
Mark to market of forward contracts	5	(8.18)	(1.47)
Employee benefit obligation impact	6	(63.72)	48.61
Tax effect of above adjustments	7	17.05	(6.67)
Other adjustments		(0.72)	-
Total adjustments		(59.22)	(2.61)
Total equity (shareholder's funds) as per Ind AS		18,725.77	16,140.81

## HARITA SEATING SYSTEMS LIMITED

### Notes to Consolidated Financial Statements - (Continued)

(₹ in Lakhs)

#### II) Reconciliation of total comprehensive income for the year ended March 31, 2017

Profit after tax as per previous GAAP		3,727.32
Adjustments		
Impact of fair valuation of investments	1&2	44.00
Impact of day one fair valuation of security deposit	3	(0.18)
Capitalisation of spares with useful life of one year	4	(4.39)
Mark to market of forward contracts	5	(6.70)
Employee benefit obligation impact and remeasurment of employee benefit obligation	6	(108.13)
Tax effect of above adjustments	7	22.45
Total adjustments		<u>(52.95)</u>
Profit after tax as per Ind AS		3,674.37
Other comprehensive income(net of tax)	6 & 7	(2.92)
Total comprehensive income as per Ind AS		<u>3,671.45</u>

#### III) Impact of Ind AS adoption on cash flow statement

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	3,826.80	-	3,826.80
Net cash flow from investing activities	(3,575.89)	-	(3,575.89)
Net cash flow from financing activities	(500.68)	-	(500.68)
Net increase/(decrease) in cash and cash equivalents	<b>(249.77)</b>	-	<b>(249.77)</b>
Cash and cash equivalents as at April 1, 2016	<b>1,021.33</b>	-	<b>1,021.33</b>
Cash and cash equivalents as at March 31, 2017	<b>771.55</b>	-	<b>771.55</b>

In terms of our Reports Attached  
for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
F. R. No. 007761S

**V Sathyanarayanan**  
Partner  
Membership No. 027716

**H Lakshmanan**  
Chairman

**A G Giridharan**  
Chief Executive Officer

Place: Chennai  
Date: 10<sup>th</sup> May, 2018

**S Jagannathan**  
Chief Financial Officer

**N Iswarya Lakshmi**  
Company Secretary

**Annexure**  
**Form AOC – 1 for the year 2017-18**

Statement containing salient features of the financial statement of subsidiary  
(Pursuant to first proviso to sub-section (3) of  
Section 129 of Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Part “A”: Subsidiary**

₹ in lakhs

S. No	Particulars	Indian Subsidiary
		Harita Fehrer Limited
1	Date of becoming subsidiary	05-11-2008
2	Share capital	2,009.80
3	Reserves & Surplus	12,379.79
4	Total Assets	27,811.85
5	Total Liabilities	27,811.85
6	Investments	55.37
7	Turnover including other income	50,555.21
8	Profit before taxation	3,576.26
9	Provision for taxation	1,230.91
10	Profit after taxation	2,345.35
11	Proposed Dividend	–
12	% 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.

In terms of our Reports Attached  
for **Raghavan, Chaudhuri & Narayanan**

Chartered Accountants  
F. R. No. 007761S

**V Sathyanarayanan**  
Partner  
Membership No. 027716

**H Lakshmanan**  
Chairman

**A G Giridharan**  
Chief Executive Officer

Place: Chennai  
Date: 10<sup>th</sup> May, 2018

**S Jagannathan**  
Chief Financial Officer

**N Iswarya Lakshmi**  
Company Secretary





## **HARITA SEATING SYSTEMS LIMITED**

### **Registered Office**

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CIN : L27209TN1996PLC035293

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