HARITA SEATING SYSTEMS LIMITED

Seventeenth Annual Report 2012-2013

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

President and Manager
A G Giridharan

Company Secretary
N Iswarya Lakshmi

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

Investors' Grievance Committee
H Lakshmanan, *Chairman*
S I Jaffar Ali
C N Prasad

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

Bankers
State Bank of India
State Bank of Mysore

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

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

Share Transfer Agent
"Jayalakshmi Estates", 1st Floor,
No.29 (Old No.8), Haddows Road,
Chennai - 600 006
Tamil Nadu, India.
Tel. : 044 - 2828 4959; 2827 2233
Fax : 044 - 2825 7121
E-mail : kr.raman@scl.co.in
sclshares@gmail.com
investorscomplaintssta@scl.co.in
ni.iswarya@scl.co.in

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

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

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

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

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

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

Web site: www.haritaseating.com

Subsidiary company
Harita Fehrer Limited, Chennai

Contents **Page No.**

Financial highlights	2
Notice to the shareholders	3
Directors' report to the shareholders	6
Report on Corporate Governance	15
Auditors' report to the shareholders	30
Balance Sheet	34
Statement of Profit and Loss	35
Notes on accounts	36
Accounting Standards and additional disclosures	45
Cash flow statement	59
Statement under Section 212 of the Companies Act, 1956	61
Auditors' Report on Consolidated Accounts	63
Consolidated Accounts	64
Financial Information of Subsidiary as per Section 212(8) of the Companies Act, 1956	78

Financial Highlights

Rs. in lakhs

Details	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	**2012-13**
Statement of Profit & Loss										
Sales	9,202.06	11,798.82	13,736.82	15,547.33	19,104.87	19,625.18	22,356.35	24,078.27	30,664.18	27,616.68
Other income	90.81	117.93	143.80	149.41	271.76	196.98	893.51	153.53	225.85	**226.18**
Total income	9,292.87	11,916.75	13,880.62	15,696.74	19,376.63	19,822.16	23,249.86	24,231.80	30,890.03	**27,842.86**
Gross profit before interest, depreciation &tax	894.03	987.92	1,292.85	1,363.01	1,772.58	330.76	1,487.56	594.85	2,516.04	**2,295.52**
Depreciation	212.76	269.39	315.28	386.34	532.93	696.92	883.52	431.66	434.38	**422.14**
Profit/(Loss) before interest &tax	681.27	718.53	977.57	976.67	1,239.65	(366.16)	604.04	163.19	2,081.66	**1,873.38**
Interest	0.35	0.28	31.78	75.75	286.90	424.77	704.44	747.29	663.70	**559.36**
Profit/(Loss) before taxation	680.92	718.25	945.79	900.92	952.75	(790.93)	(100.40)	(584.10)	1,417.96	**1,314.02**
Profit/(Loss) after taxation	437.69	451.78	638.79	583.92	641.25	(892.09)	8.81	(509.99)	1,122.01	**1,067.15**
Balance Sheet										
Net fixed assets	1,564.07	1,878.80	2,337.96	4,380.64	5,546.86	7,999.88	4,705.11	4,652.63	3,577.92	**4,101.30**
Investment	661.12	367.96	407.87	350.00	437.38	259.85	2,988.76	2,759.00	2,759.00	**2,759.00**
Net current assets	305.29	598.89	1,420.19	1,866.44	725.77	5,217.27	900.36	1,064.00	2,374.75	**2,139.52**
Total	2,530.48	2,845.65	4,166.02	6,597.08	6,710.01	13,477.00	8,594.23	8,475.63	8,711.67	**8,999.82**
Share capital	388.45	388.45	388.45	388.45	776.90	776.90	776.90	776.90	776.90	**776.90**
Reserves & Surplus	1,767.96	2,082.72	2,522.17	2,902.57	2,930.94	2,055.78	2,072.98	1,561.79	2,407.25	**3,250.84**
Net worth	2,156.41	2,471.17	2,910.62	3,291.02	3,707.84	2,832.68	2,849.88	2,338.69	3,184.15	**4,027.74**
Loan funds	240.10	220.04	1,091.96	3,125.62	2,639.73	10,200.03	5,422.27	5,888.97	5,282.64	**4,757.69**
Deferred tax liability	133.97	154.44	163.44	180.44	362.44	444.29	322.08	247.97	244.88	**214.39**
Total	2,530.48	2,845.65	4,166.02	6,597.08	6,710.01	13,477.00	8,594.23	8,475.63	8,711.67	**8,999.82**
Earnings per share (Rs.)	11.20	11.75	16.44	15.03	^ 8.25	(11.48)	0.11	(6.56)	14.44	**13.74**
Dividend per share (Rs.)	3.00	3.20	4.50	4.50	2.50	–	–	–	3.50	**2.50**
Book value per share (Rs.)	55.51	63.62	74.93	84.72	47.73	36.46	36.68	30.10	40.99	**51.84**
Return on capital employed %(ROCE)*	30.40	28.40	25.80	18.70	19.40	(2.69)	7.31	1.92	25.88	**22.40**
Return on networth % (RONW)**	21.80	19.50	23.70	18.80	18.30	(27.28)	0.31	(19.66)	40.63	**29.59**
Fixed asset turnover (No. of times) #	6.36	6.85	6.52	4.63	3.85	2.90	3.52	5.15	7.45	**7.19**
Working capital turnover (No. of times) @	14.97	26.10	13.61	9.46	14.74	6.60	7.31	24.52	17.83	**12.24**
Gross profit as % of total income	9.60	8.30	9.30	8.70	9.10	1.70	6.40	2.45	8.15	**8.24**
Profit/(Loss) before tax as % of total income	7.30	6.00	6.80	5.70	4.90	(4.00)	(0.43)	(2.41)	4.59	**4.72**

Notes:

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

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

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

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

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

^ Adjusted for bonus issue.

Notice to the Shareholders

NOTICE is hereby given that the seventeenth annual general meeting of the shareholders of the Company will be held at Kasturi Srinivasan Hall (Mini Hall), The Music Academy, No.168, (Old No. 306) T. T. K. Road, Royapettah, Chennai 600 014 on Wednesday, the 4th September 2013 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

   "RESOLVED THAT the audited balance sheet as at 31st March 2013 and the statement of profit and loss of the Company for the year ended on that date, together with the directors' report and the auditors' report thereon as presented to the meeting be and the same are hereby, approved and adopted."

2. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

   "RESOLVED THAT Mr C N Prasad, director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a director of the Company".

3. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

   "RESOLVED THAT the retiring auditors, M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, having the firm registration no. 004207S issued by The Institute of Chartered Accountants of India, be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting of the Company on such remuneration as may be fixed in this behalf by the board of directors of the Company."

By order of the Board

Chennai
22nd May 2013

N Iswarya Lakshmi
Company Secretary

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

Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members as the case may be of the Company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company not later than 48 hours before the time fixed for holding the meeting.**
2. The interim dividend on the equity shares for the year ended 31st March 2013 as declared by the board of directors will be paid on 5th June 2013 to those shareholders (or their mandatees) whose names appear in the register of members of the Company as at the close of 1st June 2013, being the record date fixed by the board at its meeting held on 22nd May 2013.
3. The register of members and the share transfer books of the Company will remain closed for six days, from 30th August 2013 to 4th September 2013, both days inclusive, for the purpose of annual general meeting of the Company, in terms of Clause 16 of the Listing Agreement.

4. In terms of Section 205A read with Section 205C of the Companies Act, 1956 ("the Act"), the dividends declared by the Company which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF) established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the report on corporate governance forming part of the annual report.

   Members, who have not encashed their dividend warrants, are requested to make their claims by surrendering the unencashed warrants immediately to the Company.

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

5. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

6. Members are requested to notify any change in their address to the Company immediately. Members holding shares in electronic form are requested to advise change of correspondence and e-mail addresses to their depository participants.

7. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are, therefore, requested to bring their copies of the annual report to the meeting.

8. Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and hand over the slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorizing their representative to attend and vote at the annual general meeting.

9. SEBI vide its circular no. CIR/MRD/DP/10/2013 dated 21.03.2013 has mandated that in order to enable usage of electronic payment instruments, companies whose securities are listed on the stock exchanges (or their RTI & STA) shall maintain requisite bank details of their investors. The circular further mandates the Companies or their Share Transfer Agents (STA) shall take necessary steps to maintain updated bank details of the investors at its end. The circular also provides that only in cases where MICR, IFSC Code required for making electronic payment are not available or the electronic payments instructions have failed or have been rejected by the Bank, companies / STA can make cash payments (i.e. dividend warrant) to investors. However, even while making such payments by cash, companies shall mandatorily print the bank account details of the investors on such electronic payments. In view of the above circular, investors may note the following adivce:-

   Investors holding shares in physical mode are requested to intimate / update the bank account details viz, Bank Name, Bank Branch, Account Number, MICR No., IFSC Code along with a copy of the cancelled cheque to the Company / STA for updating your records with us.

   Investors holdings shares in demat mode are requested to intimate / update the bank account details with other details as may be required by their concerned Depository Participant.

10. In terms of Clause 49(IV)(G) of the Listing Agreement with the Stock Exchanges, a brief resume of the director, who is proposed to be re-appointed in this meeting, nature of his expertise in specific functional areas, his other directorships and committee memberships and his shareholdings and relationships with other directors in the Company are given below:

I. Mr C N Prasad

Born on 1st July 1947, Mr C N Prasad is a graduate in mechanical engineering and

postgraduate in manufacturing technology from Cranfield University, UK. He is also an MBA in Technology Management from La Trobe University, Australia. His experience includes 16 years in Hindustan Aeronautics Limited in various areas of manufacturing, production engineering and project management, 3 years in Kinetic Honda, Indore as Works Manager and 15 years in Rane Engine Valves Limited (REVL) as Director and CEO.

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

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

He joined Sundaram-Clayton Limited (SCL) in February 2003 as President and currently is the Group President & CEO - Automotive Products Division with overall responsibilities of SCL.

He is the member of the Audit Committee, Investors' Grievance Committee and Remuneration Committee of directors of the Company.

He does not hold any share in the Company and he is not related to any director of the Company. Details of his other directorships and memberships / chairmanships of committees are given below:

S. No	Name of the Companies	Position held	Committee memberships/ chairmanships
1.	Harita Fehrer Limited	Director	Member - Audit Committee
2.	Sundaram Auto Components Limited	Director	Member - Audit Committee
3.	Harita-NTI Limited	Director	Member - Audit Committee
4.	TVS Energy Limited	Director	–
5.	TVS Wind Energy Limited	Director	Member - Audit Committee
6.	TVS Wind Power Limited	Director	Member - Audit Committee
7.	Emerald Haven Realty Limited	Director	–

Directors' Report to the Shareholders

The directors have pleasure in presenting the seventeenth annual report of the Company and the audited accounts for the year ended 31st March 2013.

1. FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

Particulars	**Year ended 31.3.2013**	Year ended 31.3.2012
Sales and other income	**27,842.86**	30,890.03
Gross profit before financial costs, depreciation and amortization expenses and tax	**2,295.52**	2,364.22
Finance costs	**559.36**	663.70
Depreciation and amortization expenses	**422.14**	434.38
Profit / (Loss) before exceptional items and tax	**1,314.02**	1,266.14
Exceptional items (income)	**–**	151.82
Profit before tax	**1,314.02**	1,417.96
Provision for taxation	**246.87**	295.95
Profit / (Loss) after tax	**1,067.15**	1,122.01
Add: Surplus brought forward	**213.17**	(493.99)
Profit / (Loss) available for appropriation	**1,280.32**	628.02
Appropriations:		
Tax relating to earlier years	**13.74**	3.25
Proposed Interim Dividend	**194.23**	271.92
Dividend tax payable	**15.59**	27.48
Transfer to general reserve	**106.72**	112.20
Balance surplus in profit and loss statement carried forward	**950.04**	213.17

2. DIVIDEND

The board, at its meeting held on 22nd May 2013, declared an interim dividend of Rs. 2.50/- per share (25%) for the year 2012-13 absorbing a sum of Rs.209.82 lakhs including dividend distribution tax on 77,69,040 equity shares of Rs.10/- each. The same will be paid to the shareholders on 5th June 2013.

The directors of the Company do not recommend any further dividend for the year under consideration.

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

INDUSTRY STRUCTURE AND DEVELOPMENTS

In 2012-13, the economy grew only at 5.5%, a steep fall not only from the past years, but also from the outlook at the beginning of the year. In tandem, the industrial sector grew moderately by 3.6% as against 5.1% in the previous year. This slowdown can be attributed to all-round contraction in demand as well as drop in consumer confidence due to the global economic conditions.

During the fiscal year 2012-13, Rupee depreciated steeply to Rs. 53 / USD from the Rs. 48-49 / USD levels in the previous year.

All the customer segments of the Company in the Indian domestic market registered a decline during 2012-13. The following table highlights the segment wise industry sales figures in vehicle units.

Category	**2012-13 Nos.**	2011-12 Nos.	Variance (in %)
Medium and Heavy Commercial Vehicles (M & HCV)	**2,87,371**	3,76,618	(23.70)
Light Commercial Vehicles (LCV)	**5,85,816**	5,25,577	11.46
Buses - M & HCV	**53,691**	58,704	(8.54)
Tractors	**5,90,672**	5,96,500	(0.98)

[Source: *SIAM, TMA*]

Despite the decline across key customer segments ranging from 7% to 23% across segments, the Company was able to limit the sales decline by securing additional share of business from key customers. The overall sales of the Company declined by 10% in 2012-13.

The Company registered sales at Rs.27,616.68 lakhs in 2012-13 (Rs.30,664.18 lakhs in 2011-12). During the year, the Company stabilized in profitability. Efficiency in supply chain was improved through inter-plant coordination horizontal deployment of lean and other improvement initiatives was done across 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.1314.02 lakhs in 2012-13 (Rs. 1417.96 lakhs in 2011-12).

OPPORTUNITIES AND THREATS

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

As the leader in the deluxe segment of bus passenger seats with a wide range of seats, the Company has consolidated its position with new product variant launches, including the seat with integrated 3-point seat belt. The Company expects the added features to support further growth in this segment. The Company has obtained new business for supply of seats from OEMs who have entered the Indian market in the last year for the deluxe buses.

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

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

PRODUCT-WISE PERFORMANCE

The Company posted a decline of 10% in the overall sales. The Company's sales declined by 14% in the Commercial Vehicle segment, 11% in tractor segment and 2% in bus passenger segment.

BUSINESS OUTLOOK AND OVERVIEW

Continuing the depressed growth scenario in the previous year, the projected GDP growth for 2013-14 is 5.0-5.5%. The M&HCV and LCV segments are estimated to further decline. Tractor and bus segments are also estimated to decline over last year levels. As a result, the Company estimates a flat to very moderate growth for 2013-14.

RISKS AND CONCERNS

The domestic market for commercial vehicles, buses and tractors has declined last year. The continuing depressed GDP growth projection for the country is expected to further impact the commercial vehicles and bus industry. The Company is working across the entire value chain to improve operational efficiency and maintain the cost base during the market decline.

Slow-down in infrastructure growth is hampering the tractor industry growth. The Company plans to develop additional products to maintain its growth plans. The Company has also put in place initiatives to improve product quality to support the growth plans.

The Rupee depreciated in the last year to Rs.53-55 levels against the US dollar. Further depreciation is expected in 2013-14, and the Company is taking suitable forex cover to mitigate the risk in foreign exchange fluctuations.

OPERATIONS REVIEW

a. Manufacturing:

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

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

b. Quality:

The Company has earned recognition as a Partner-level supplier for 2012 in the John Deere Achieving Excellence Program. The Partner-level status is John Deere's highest supplier rating. The Company was selected for the honour in recognition of its dedication to providing products and service of outstanding quality as well as its commitment to continuous improvement. The quality system at the factories aims at achieving total customer satisfaction through its focus on improving product quality. Consistently, the Company has been achieving improved Quality levels at the customer-end, both in their line and warranty quality.

All plants of the Company 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 12th year in succession.

c. Focus on Vendor Development:

The Company has launched a programme to improve capability and competitiveness of its vendors, in association with CII and Prof. Shoji Shiba, through the auspices of the Visionary Small and Medium Enterprises Programme. The pilot programme, run in one plant, has yielded positive results. This initiative will be continued in 2013-14 also wherein the Company will roll out this programme to cover other product segments internally, associated vendors and satellite plants in a phased manner.

d. Financial performance:

The financial and operational performance of the Company for the year 2012-2013, as compared to the previous year 2011-2012, is as follows:

Particulars	Year ended 31st March 2013		Year ended 31st March 2012	
	Rs. in lakhs	%	Rs. in lakhs	%
Income:				
Sales	27,616.68	99.19	30,664.18	99.27
Other Income	226.18	0.81	225.85	0.73
Total Income	27,842.86	100.00	30,890.03	100.00
Expenditure:				
Raw materials and components consumed	20,267.91	72.80	23,281.47	75.37
Staff cost	2,564.76	9.21	2,266.06	7.34
Stores and tools consumed	102.85	0.37	58.00	0.19
Power and fuel	263.49	0.95	206.59	0.67
Repairs and maintenance	393.41	1.41	451.87	1.46
Carriage outward & Packing expenses	760.82	2.73	903.53	2.92
Other expenses	1,194.10	4.29	1,358.29	4.40
Financial costs	559.36	2.01	663.70	2.15
Depreciation and amortization expenses	422.14	1.52	434.38	1.41
Total expenditure	26,528.59	95.28	29,623.89	95.90
Profit/(Loss) before exceptional items and tax	1,314.02	4.72	1,266.14	4.10
Exceptional items (income)	–	–	151.82	0.49
Profit before tax	1,314.02	4.72	1,417.96	4.59
Provision for taxation - Current tax	277.36	0.97	299.04	0.97
- Deferred tax	(30.49)	(0.12)	(3.09)	(0.01)
Profit / (Loss) after tax	1,067.15	3.87	1,122.01	3.63
EBITDA/Turnover %		8.24		7.65
Profit/(Loss)before tax/turnover %		4.72		4.10
Return on capital employed %		22.40		25.88
Return on net worth %		29.59		40.63
Earnings per share in Rs.		13.74		14.44

INTERNAL CONTROLS AND THEIR ADEQUACY

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

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

Para (xxi) of the Annexure to the Auditors' Report dated 22nd May 2013 is self explanatory. The Company has since strengthened its internal controls and has taken adequate steps to prevent such instances in future.

HUMAN RESOURCE DEVELOPMENT

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

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

As of 31st March 2013, the Company had 373 employees on its rolls.

COMMUNITY DEVELOPMENT AND SOCIAL RESPONSIBILITY

Through the Srinivasan Services Trust (SST), the Company participates in the process of sustainable development and social inclusion. Alleviation of poverty and social inclusion are the key for having peaceful, healthy and financially strong community.

The Company works in 300 villages around its three plants i.e Hosur, Ranjangaon and Nalagarh, to achieve this vision. Our efforts have made significant impact. Some examples of the impact that SST has made are:

- Over 1,160 Self Help Groups (SHGs) have been formed with 17,185 women members;
- The Infant Mortality Rate and Maternal Mortality Rate reduced to 2.18/1000 live births and near 0 / lakh births;
- 100% enrolment of children in schools. Over 8,369 adult women made literate;
- Proper solid and liquid waste management practices adopted in 227 villages;
- 16,670 families have taken up income generation activities. They earn an additional income ranging between Rs. 2,500/- to Rs.5,000/- per month;
- SHG members have a group savings of Rs.4.88 crores; and
- About 19,100 of the families living in these villages have a monthly income around Rs.12,000/- per family.

CAUTIONARY STATEMENT

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

4. SUBSIDIARY COMPANY

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

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

The Company is fully compliant with the provisions as specified in sub-clause III of clause 49 of the Listing Agreement. During the financial year 2012-13, HFRL achieved an income of Rs. 277.03 crores and registered a profit after tax of Rs. 1.84 crores.

5. CONSOLIDATED FINANCIAL STATEMENTS

The annual accounts of the subsidiary for the year ended 31st March 2013 is consolidated with the accounts of the Company in accordance with Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956

and as required under the Listing Agreement. These financial statements disclose the assets, liabilities, income, expenses and other details of the Company and its subsidiary.

The Ministry of Corporate Affairs (MCA) vide its circular No.2 in file No. 51/12/2007-CL-III dated 8th February 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956 for holding companies from attaching annual reports of subsidiaries along with its annual report without seeking any approval of the Central Government. However, this is subject to fulfilment of conditions as stipulated in the said circular granting general exemption to the holding company and passing of a resolution by the board of the holding company in this regard.

The board of directors at the meeting held on 22nd May 2013 passed necessary resolution for complying with all the conditions enabling the circulation of annual report to the shareholders of the Company without attaching all the documents of the subsidiary company, referred to in Section 212(1) of the Companies Act, 1956.

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

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

6. DIRECTORS

Mr C N Prasad, director, retires at the ensuing annual general meeting of the Company and being eligible, offers himself for reappointment.

The brief resume of Mr C N Prasad, director has been detailed in the notice convening the annual general meeting of the Company. Appropriate resolution for his re-appointment is being placed for approval of the shareholders at the ensuing annual general meeting. The directors recommend his re-appointment as director of the Company.

7. AUDITORS

M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, retire at the ensuing annual general meeting and are eligible for re-appointment.

The Company has received a letter from them, stating that the appointment, if made, will be within the limit prescribed under Section 224(1B) of the Companies Act, 1956.

8. COST AUDITOR

In terms of the Companies (Cost Accounting) Records Rules, 2011, the Company had filed the Cost Compliance Report for the financial year 2011-12 with the Ministry of Company Affairs (MCA) in XBRL format.

Consequent to the MCA's industry specific Cost Audit Order No. 52/26/CAB-2010 dated 24th January 2012, the Company appointed M/s Raman & Associates, Cost Accountants, Chennai for auditing the cost accounting information for the financial year 2012 - 13 and a report in this regard will be filed with the Central Government within the stipulated time. The Central Government has also approved the appointment of M/s Raman & Associates, Cost Accountants, Chennai as Cost Auditors for the said financial year.

The board, at its meeting held on 22nd May 2013, re-appointed M/s Raman & Associates, Cost Accountants, Chennai as Cost Auditors of the Company for the financial year 2013-14, subject to approval of the Central Government. The Company has received a letter from them, stating that the appointment, if made, will be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

9. CORPORATE GOVERNANCE

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

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

The president and the general manager - finance of the Company have certified the financial statements and other connected matters in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended 31st March 2013.

10. STATUTORY STATEMENTS

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

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

b. Particulars of employees:

There is no employee receiving remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended.

c. Public Deposits:

The Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956, for the year ended 31st March 2013.

d. Directors' Responsibility Statement:

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to directors' responsibility statement, it is hereby confirmed:

(i) that in the preparation of annual accounts for the financial year ended 31st March, 2013, the applicable accounting standards had been followed and there were no material departures;

(ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

(iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) that the directors had prepared the accounts for the financial year ended 31st March 2013 on a "going concern basis".

11. ACKNOWLEDGEMENT

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

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

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

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

For and on behalf of the Board

Chennai
22nd May 2013

H LAKSHMANAN
Chairman

Annexure I to the Directors' Report for the year ended 31st March 2013 - Information pursuant to Section 217(1)(e) of the Companies Act, 1956

A. CONSERVATION OF ENERGY

1. Measures taken:

   - Reduce energy consumption by implementing T5 light fittings for street lights;
   - Introduction of Timer based auto shut off valves for compressed air lines;
   - Introduction of Magnetic Resonators for DG sets; and
   - Power factor improvement.

   The above measures had resulted in an annual savings of Rs. 8.00 lakhs.

2. Additional measures proposed:

   - Reduce energy consumption by implementing T5 fittings for shop floor;
   - Introduction of Magnetic resonators for canteen boilers;
   - Sustaining power factor in Electrical distribution system;
   - Reduce energy consumption by introduction of light pipes; and
   - Introduction of solar heating at canteen.

   The above measures will result in an annual savings of about Rs.9.00 lakhs.

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

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

   - Seats developed for agricultural tractors under platform concept;
   - 3 point seatbelt Deluxe bus seat introduced for enhanced passenger safety; and
   - High back seat development initiated for LCV/MCV buses.

2. Benefits derived as a result of above measures:

   - Recognition in industry and market place - the Company's new product, the 3 point seatbelt bus seat was awarded the Apollo Tyres - CV Magazine best auto component of the year award;
   - Expanded market / segment presence and enhanced sales; and
   - Increase in new product sales for future growth.

3. Future plan of action:

   - Development of seating systems with additional features for improving the safety and comfort levels of Tractor, Commercial Vehicle and Bus passenger seat segments; and
   - Development of new models of seats for Lawn mowers & Garden Tractors.

4. Expenditure on R&D:

		(Rs. in lakhs)
(i)	Capital expenditure	13.67
(ii)	Revenue expenditure	376.69
	Total R&D expenditure	390.36
	Percentage to sales	1.41%

5. Technology absorption, adaptation and innovation:

(i) Efforts in brief:

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

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

- Price competitiveness; and
- Better fuel economy of vehicles

both contributing to increase in market share.

(iii) Details relating to imported technology:

No import of technology happened during the year.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to export:

- During 2012-13 period, the Company has pursued multiple opportunities for new orders for tractor seats.
- The Company has been continuing its efforts to increase the current volume of export of tractor seats to USA.

2. Total foreign exchange earned and outgo:

		(Rs. in lakhs)
Foreign exchange earned	:	2,845.06
Foreign exchange used	:	945.37

For and on behalf of the Board

Chennai
22nd May 2013

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 of 31st March 2013, the board consists of four directors. All are non-executive directors. Out of the four non-executive directors, three directors are independent directors.

Mr Ram Natarajan, non-executive director, resigned from the board of the Company effective 1st October 2012 for personal reasons.

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

2.2 Board Meetings:

The Company, in consultation with the directors, prepares and circulates a tentative annual calendar for meetings of the committees / board in order to assist the directors for planning their schedules to participate in the meetings.

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

Comprehensively drafted notes for each agenda item along with back ground materials, wherever necessary, are circulated well in advance to the committee/ board members, to enable them for making value addition as well as exercising their business judgment in the committee / board meetings. Presentations are also made by the business heads on the Company's operations in board meetings.

During the year 2012-2013, the board met four times on 30th May 2012, 6th August 2012, 6th November 2012 and 5th February 2013 and the gap between two meetings did not exceed four months.

2.3 Attendance and other directorships:

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

21st September 2012 and also the number of other directorships and committee memberships / chairmanships as on 31st March 2013 are as follows:

Name of the Directors (M/s.)	Category	Attendance Particulars		Number of directorships and committee memberships / chairmanships		
		Board Meeting	Last Annual General Meeting	Other director-ships*	Committee memberships@	Committee chairman-ships
H Lakshmanan	NE-I	4	Yes	20	9	4
S I Jaffar Ali	NE-I	4	–	–	2	–
Martin Grammer	NE-NI	4	Yes	–	–	–
C N Prasad	NE-I	3	–	7	8	–
Ram Natarajan *(Ceased with effect from 1st October 2012)*	NE-I	2	–	1	–	–

* includes private companies

@ includes Committees where the director is also a chairman

NE-I : Non Executive - Independent director

NE-NI : Non Executive - Non Independent director

None of the directors on the board is a member of more than 10 board level committees or chairman of more than 5 such committees across all the companies in which they are directors. Chairmanships / memberships of committees include only audit and shareholders / investors' grievance committees, as covered under Clause 49 of the Listing Agreement, as per the disclosures made by the directors.

2.4 Access to information and Updation to directors:

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

Apart from this, the observations of 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 being placed and discussed with the functional heads by the committee / board. The board also reviews the declarations made by the president and the company secretary regarding compliance of all applicable laws on quarterly basis.

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

2.5 Code of Business Conduct and Ethics for board and senior management personnel (the Code):

The Company has in place, a duly adopted Code approved by the board. The Code has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website www.haritaseating.com.

All the members of the board and senior management personnel have affirmed compliance with the Code for the year ended 31st March 2013. The annual report contains a declaration to this effect signed by the President and the Company Secretary as compliance officer for the Code.

2.6 Re-appointment of directors:

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

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 disclosures 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. Overviewing the Company's financial reporting process and the disclosure of financial information.

b. Reviewing with the management quarterly and annual financial statements before submission to the board for approval with particular reference to the matters specified in the Listing Agreement.

c. Reviewing the statement of related party transactions and transactions with companies in which one (or) more director(s) of the Company is / are deemed to be interested / concerned.

d. Discussing the nature and scope of audit including internal audit prior to the commencement of the audit and areas of concern, if any, arising post audit.

e. Reviewing the reports of Internal Auditors and ensuring that adequate follow-up action is taken by the management on observations and recommendations made by the internal auditors.

f. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, if any.

g. Recommending to the board the appointment / re-appointment / replacement of the statutory auditors & cost auditors and the fees payable for audit and approving the payment for any other services rendered by the statutory auditors.

h. Reviewing the adequacy of internal audit functions and systems, structure, reporting process, audit coverage and frequency of internal audit.

i. Reviewing of management discussion analysis of financial conditions and results of operations and other matters specified under Clause 49 of the Listing Agreement.

j. Reviewing of financial statements, in particular the investments made by the unlisted subsidiary.

k. Reviewing with the management the annual financial statement before submission to the board, in particular

   a. Any changes in accounting policies and practices;

   b. Major accounting entries based on exercise of judgment by management;

   c. Significant adjustments arising out of audit;

   d. Compliance with accounting standards; and

   e. Disclosure of contingent liabilities.

l. Approving the appointment of the Chief Financial Officer after assessing the qualifications, experience & background, etc. of the candidate.

m. In addition, review of such other functions as envisaged under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with Stock Exchanges.

3.2 Composition, name of members and the chairman:

As at 31st March 2013, the Audit Committee consists of the following non-executive and independent directors:

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

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

Chairman of the Audit Committee was present at the last annual general meeting held on 21st September 2012.

The composition of the Committee is in accordance with the requirements of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

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.)
30.05.2012	H Lakshmanan and S I Jaffar Ali
06.08.2012	H Lakshmanan, C N Prasad and S I Jaffar Ali
06.11.2012	H Lakshmanan, C N Prasad and S I Jaffar Ali
05.02.2013	H Lakshmanan, C N Prasad and S I Jaffar Ali

4. Subsidiary company

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

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

4.3 The Audit Committee of directors of the Company reviews the financial statements and in particular the investments made by the unlisted subsidiary.

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

5. Disclosures

5.1 Materially significant related party transactions:

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

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

The Audit Committee is briefed, inter alia, on the following aspects:

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

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

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

5.2 Disclosure of accounting treatment:

The Company follows Accounting Standards issued by The Institute of Chartered Accountants of India / The Companies (Accounting Standards) Rules, 2006 and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standards.

5.3 Risk Management:

The Company has laid down procedures to inform the board about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

5.4 Instances of non-compliances, if any:

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

5.5 Disclosure by senior management personnel:

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

5.6 CEO and CFO Certification:

The president (CEO) and general manager - finance (CFO) of the Company have certified to the board on financial and other matters in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/ CFO certification for the financial year ended 31st March 2013.

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Code of Conduct for Prevention of Insider Trading:

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

The Company regularly follows closure of trading window prior to the publication of price sensitive information. The Company has been informing the directors, senior management personnel and other persons covered by the Code about the same, advising not to trade in Company's securities during the closure of trading window period.

5.9 Management Discussion and Analysis Report

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

6. Remuneration Committee

6.1 The Company constituted a Remuneration Committee on 10th July 2009 with the main objective to decide the Company's policy on specific remuneration packages for executive directors if any and manager including,

payment of remuneration as per the limits specified in terms of Schedule XIII of the Companies Act, 1956 and to have such additional powers, as may be entrusted to them, from time to time, by the board, on other matters including pension rights and any compensation to managerial personnel. The Committee comprises of Mr H Lakshmanan as Chairman, Mr C N Prasad and Mr S I Jaffar Ali as members. All the members of the Committee are non-executive and independent directors.

6.2 Details of remuneration paid to managerial personnel during financial year 2012-2013:

Name & Position	Salary, performance incentives, provident fund & other allowances
Mr A G Giridharan, President cum Manager	Rs.52.07 lakhs

6.3 Remuneration to directors:

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

Sitting fees of Rs.2,500/- are paid to the non-executive directors for every meeting of the board and / or committee thereof attended by them, which is within the limits prescribed under the Companies Act, 1956. Presently, the Company does not have a scheme for grant of any stock option, either to the directors or employees of the Company.

6.4 Particulars of sitting fees paid to the directors during the financial year 2012-2013:

Name of the Directors (M/s.)	Sitting fees paid (in Rs.)
H Lakshmanan	30,000
C N Prasad	22,500
S I Jaffar Ali	30,000
Ram Natarajan *(Ceased with effect from 1st October 2012)*	4,750
Martin Grammer	9,250
Total	96,500

6.5 Details of shareholdings of non-executive directors in the Company as on 31st March 2013:

Name of the Directors (M/s.)	No. of shares held (face value of Rs.10/- each)	Percentage to the paid up capital
H Lakshmanan	2,020	0.03
Martin Grammer	10,87,600	14.00
C N Prasad	–	–
S I Jaffar Ali	–	–
Ram Natarajan *(Ceased with effect from 1st October 2012)*	–	–

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

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

7. Investors' Grievance Committee

7.1 The Investors' Grievance Committee consists of three members viz., M/s. H Lakshmanan, C N Prasad and S I Jaffar Ali. Mr H Lakshmanan is the chairman of the Committee. All the members of the committee are non-executive independent directors.

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

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

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

7.4 During the year 2012 - 2013, the Company has received and redressed two complaints for non-receipt of new share certificates.

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

7.6 Reconciliation of Share Capital Audit

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

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

8. General Body Meeting

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

Year	Location	Date	Time
2009-10	Kasturi Srinivasan Hall (Mini Hall) The Music Academy, No.168 (Old No.306), T.T.K. Road, Chennai 600 014.	06.09.2010	2.30 P.M.
2010-11	Narada Gana Sabha (Mini Hall) No.314 (Old No.254), T.T.K. Road, Chennai 600 018.	19.09.2011	10.15 A.M.
2011-12	Kasturi Srinivasan Hall (Mini Hall) The Music Academy, No.168 (Old No.306), T.T.K. Road, Chennai 600 014.	21.09.2012	10.00 A.M.

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

During the last three years, namely 2009-10 to 2011-12, approval of the shareholders was obtained by passing special resolutions in respect of the following:

Year	Subject matter of special resolution	Date of AGM
2009-10	Nil	06.09.2010
2010-11	Amending the articles of association of the Company in terms of Section 31 of the Companies Act, 1956	19.09.2011
2011-12	Revision in remuneration payable to Mr. A G Giridharan, president as manager under the Companies Act, 1956	21.09.2012

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

8.4 Postal Ballot

The board sought the consent of shareholders of the company by way of special resolution through Postal Ballot as per the notice issued to the shareholders on 5th February 2013, for keeping the statutory registers and documents at the place of the share transfer agent (STA), in terms of Section 163(1) and other applicable provisions of the Companies Act, 1956.

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

The results of the Postal Ballot are given below.

No. / % of votes cast in favour		No. / % of votes cast against	
63,48,673	99.998	101	0.002

8.5 Declaration of results of Postal Ballot:

The procedures prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 were duly

followed for conducting postal ballot process during the year to approve the resolutions mentioned above.

The results of the Postal Ballot were published in the newspapers, namely Business Line and Makkal Kural on 23rd March 2013 and also on the notice board of the registered office of the Company on 22nd March 2013 and the same were also published in the official web-site of the Company.

9. Means of communication to shareholders

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

9.1 Quarterly Results:

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

9.2 Newspapers wherein results normally published:

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

9.3 Website:

The Company has in place a website addressed as www.haritaseating.com. This website contains the basic information about the company, e.g details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances and such other details as required under Clause 54 of the Listing Agreement. The Company ensures that the contents of this website are periodically updated.

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

10. General shareholder information

10.1 Annual General Meeting:

Date and time	:	Wednesday, the 4th September 2013 at 10.00 A.M.
Venue	:	Kasturi Srinivasan Hall (Mini Hall) The Music Academy, No. 168, (Old No. 306), T.T.K. Road, Royapettah, Chennai - 600 014.

10.2 Financial calendars:

Financial year	:	1st April 2013 to 31st March 2014
Financial Calendar (2013-2014) (Tentative)		
Annual General Meeting (next year)	:	During July / September 2014
Financial reporting for the quarter ended / ending	:	Financial calendar
30th June 2013	:	between 15th July and 14th August 2013
30th September 2013	:	between 15th October and 14th November 2013
31st December 2013	:	between 15th January and 14th February 2014
31st March 2014	:	Within 30th May 2014
Date of book closure	:	30th August 2013 to 4th September 2013

10.3 Particulars of dividend payment:

The board of directors of the Company at their meeting held on 22nd May 2013 declared an interim dividend of Rs.2.50 per share (25%) for the year 2012-13 absorbing a sum of Rs.209.82 lakhs including dividend distribution tax. The directors do not recommend any further dividend for the year ended 31st March 2013.

10.4 Listing on Stock Exchanges:

Name of the Stock Exchanges

Madras Stock Exchange Ltd., (MSE)

Bangalore Stock Exchange Ltd., (BgSE)

National Stock Exchange of India Limited (NSE)	:	HARITASEAT (Stock Symbol)
ISIN allotted by Depositories (Company ID Number)	:	INE 939D01015

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

(Note : Annual listing fees and custodial charges for the year 2013-14 were duly paid to the stock exchanges and depositories)

10.5 Market price data:

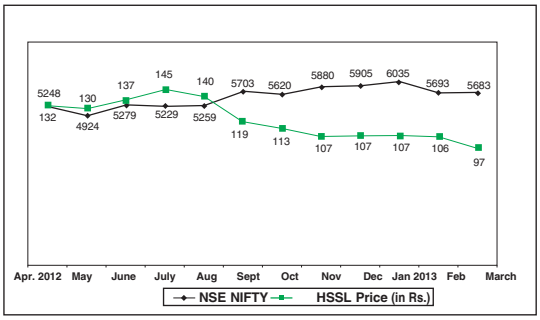
The shares of the Company were not traded during the period from 1st April 2012 to 31st March 2013 in MSE and BgSE but are regularly traded in NSE and BSE - INDO*Next*. The data relating to the said trading are given below:

(in Rs.)

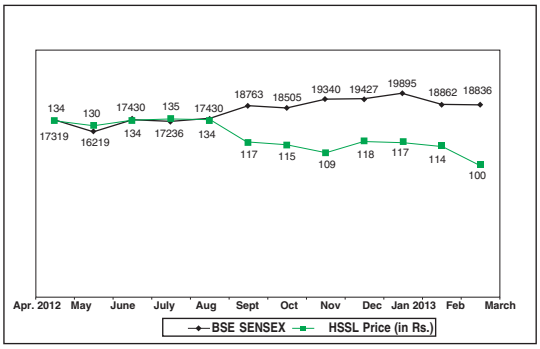
Month	NSE		BSE-INDO*Next*	
	High	Low	High	Low
April 2012	132.00	110.25	134.00	110.00
May 2012	130.00	111.80	130.00	115.00
June 2012	136.95	113.20	134.00	114.00
July 2012	144.50	100.05	134.80	101.65
August 2012	140.00	102.00	134.15	95.20
September 2012	118.80	90.20	117.00	85.05
October 2012	112.85	101.10	114.75	101.00
November 2012	107.25	95.20	108.80	90.00
December 2012	106.80	95.15	118.30	97.35
January 2013	106.50	100.00	116.70	100.00
February 2013	106.00	86.20	114.00	89.50
March 2013	97.25	62.60	100.00	71.00

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

SHARE PRICE MOVEMENT
NSE NIFTY VS HSSL



SHARE PRICE MOVEMENT
BSE SENSEX VS HSSL



10.7 Share Transfer Agent (STA) and share transfer system:

a. With a view to render prompt and efficient service to the shareholders, Sundaram-Clayton Limited (SCL), which has been

registered with SEBI as share transfer agents in Category II, has been appointed as the Share Transfer Agent of the Company (STA). The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1st 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 transfer are normally processed within 10 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 7 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates etc., are processed by the STA within 7 days.

d. Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Clause 47(c) of the Listing Agreement with Stock Exchanges.

e. Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.

f. The Company, as required under Clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely investorscomplaintssta@scl.co.in / ni.iswarya@scl.co.in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

g. Shareholders are, therefore, requested to correspond with the STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this report.

10.8 Shareholding pattern as on 31st March 2013:

Particulars	No. of shares (face value of Rs.10/- each		% to total paid up capital
(A) Shareholding of Promoter and Promoter Group			
Indian - Bodies Corporate	40,67,300		52.35
Director	10,87,600		14.00
Total Shareholding of Promoter and Promoter Group (A)		**51,54,900**	**66.35**
(B) Public Shareholding			
(1) Institutions			
- Banks and Financial Institutions	200		–
Sub Total - Institutions	200		–
(2) Non-Institutions			
a. Bodies Corporate	11,45,759		14.75
b. Indian - Individuals	14,40,871		18.54
c. NRI - Individuals	25,290		0.33
d. Directors & relatives	2,020		0.03
Sub Total - Non-Institutions	26,13,940		33.65
Total Shareholding of Public (B)		**26,14,140**	**33.65**
Grand Total (A) + (B)		**77,69,040**	**100.00**

10.9 Distribution of Shareholding as on 31st March 2013:

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 500	5,49,439	7.07	3,199	83.18
501-1,000	2,97,349	3.83	373	9.70
1,001-2,000	2,47,828	3.19	168	4.37
2,001-5,000	1,97,035	2.53	64	1.66
5,001-10,000	1,41,971	1.83	20	0.52
10,001 and above	63,35,418	81.55	22	0.57
Total	**77,69,040**	**100.00**	**3,846**	**100.00**

10.10 Dematerialization of shares:

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

Out of 26,14,140 equity shares of Rs.10/- each held by persons other than Promoters, 21,43,570 shares have been dematerialised as on 31st March 2013 accounting for 81.99%.

10.11 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.

10.12 Address for investor correspondence:

(i)	For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company	: Sundaram-Clayton Limited Share Transfer Agent (STA) Unit : Harita Seating Systems Limited "Jayalakshmi Estates", I Floor, No. 29, Haddows Road, Chennai - 600 006.
(ii)	For any query on annual report	Tel. : 044 - 2374 1889, 044 - 2374 2939 Fax : 044 - 2374 1889
(iii)	For investors' grievance and general correspondence	: Email ni.iswarya@scl.co.in investorscomplaintssta@scl.co.in kr.raman@scl.co.in sclshares@gmail.com

10.13 Plant Locations:

A) Hosur : Belagondapalli, Thally Road,
Hosur - 635 114,
Tel : 04347 - 233445
Fax : 04347 - 233460
Email : agiri@haritaseating.com

B) Ranjangaon : Plot No. A2,
MIDC Industrial area,
Ranjangaon, Koregaon Village,
Shirur taluk, Pune District - 412 210
Maharashtra
Tel : 02138 - 660742
Email : agiri@haritaseating.com

C) Himachal Pradesh : Chaurasia Road, Pargana Plassi
Village Bhatian, Thesil Nalagarh
Solan District - 174 101
Himachal Pradesh
Tel : 01795 - 220562
Email : agiri@haritaseating.com

D) Dharwad : Plot No.553-D, 2nd Stage,
Belur Industrial Area,
Dharwad - 580 011,
Karnataka
Email : agiri@haritaseating.com

E) Pant Nagar : Plot No.35, Sector 4,
Integrated Estate, Pant Nagar,
Rudrapur, Udham Singh Nagar Dist.,
Uttarkhand - 263 153
Email : pp.prasanth@haritaseating.com

11. Non-Mandatory Disclosure

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

11.1 The Board:

The non-executive directors of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. No policy has been fixed on determining specific tenure for the independent directors.

11.2 Remuneration Committee:

The board has set up a remuneration committee on 10th July 2009.

11.3 Shareholder rights:

The half-yearly results of the Company are published in English and Regional newspapers and are also displayed on the Company's website namely www.haritaseating.com and in the official website of the Stock Exchanges, where the shares of the Company are listed / traded, as soon as the results are approved by the board. The results are not sent to the shareholders individually.

11.4 Audit Qualifications:

The statutory financial statements of the Company are unqualified.

11.5 Training of board members / Mechanism for evaluating non-executive directors:

The present board consists of well-experienced and responsible members of society. All the directors are well aware of business model as well as the risk profile

of the business parameters of the Company and their responsibilities as directors. Hence, in the opinion of the board, they do not require any further training. There is also no specific mechanism for evaluating the performance of the non-executive directors of the Company.

11.6 Whistle Blower Policy:

The Company has not adopted whistle blower policy. However, the Company has not denied access to any personnel to approach the management on any issue.

12. Request to shareholders

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

12.1 Demat of Shares:

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

12.2 Registration of Electronic Clearing Service (ECS) Mandate:

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

ECS helps in quick remittance of dividend without possible loss / delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective DPs.

12.3 Transfer of shares in physical mode:

Shareholders should fill up complete and correct particulars in the transfer deed, for expeditious transfer of shares. Wherever applicable, registration number of power of attorney should also be quoted in the transfer deed at the appropriate place.

Shareholders, whose signatures have undergone any change over a period of time, are requested to lodge their new specimen signature duly attested by a bank manager to the STA. In terms of SEBI's circular no. MRD/DoP/Cir -05/1009 dated 20th May 2011, it has made it mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares held in physical mode.

In case of loss / misplacement of share certificates, Shareholders should immediately lodge a FIR / Complaint with the police and inform the Company / STA with original or certified copy of FIR / acknowledged copy of complaint for marking stop transfer of shares.

12.4 Consolidation of Multiple Folios:

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

12.5 Registration of Nominations:

Nomination in respect of shares - Section 109A of the Companies Act, 1956 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 interests 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 2B. This form will be made available on request. Shareholders holding shares in demat form are advised to contact their DP's for making nominations.

12.6 Updation of address:

Shareholders are requested to update their address registered with the Company, directly through the STA located at the address mentioned above, to receive all communications promptly.

Shareholders, holding shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc.

12.7 SMS Alerts:

Investors are requested to note that NSDL and CDSL have announced the launch of SMS 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 respective DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely www.nsdl.co.in and www.cdslindia.com, respectively.

12.8 Timely encashment of dividends:

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

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

Shareholders who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2005 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividend not claimed for a period of seven years from the date they first became due for payment shall be transferred to IEPF in terms of Section 205C of the Companies Act, 1956.

Accordingly, a sum of Rs.1,03,670 being unclaimed dividend upto 31st March 2005, was transferred to IEPF during the year. Shareholders are requested to note that as per the applicable provisions of be Companies Act, 1956, unclaimed dividends, once transferred to IEPF, will not be refunded.

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

PARTICULARS OF UNCLAIMED DIVIDEND OF THE COMPANY

Financial Year	Date of declaration	Date of transfer to special account	Due Date for transfer to IEPF
2005-06	18.09.2006	24.10.2006	24.10.2013
2006-07 (Interim)	22.03.2007	27.04.2007	27.04.2014
2007-08	07.08.2008	12.09.2008	12.09.2015
2011-12 (Interim)	30.05.2012	29.06.2012	29.06.2019

UNCLAIMED SHARE CERTIFICATES

In terms of the provisions of Clause 5A of the Listing Agreement (introduced vide SEBI circular dated 16th December, 2011) the share certificates, remaining unclaimed by the shareholders, will be dematerialized and transferred to "Unclaimed Suspense Account". As required under this clause of the Listing Agreement, the Company has so far sent two reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed.

It is also proposed to send the third reminder letter during the current year 2013-2014 as required under the Listing Agreement. Action will be taken thereafter to transfer the shares unclaimed to 'Unclaimed Suspense Account" to comply with the requirement of this clause of the Listing Agreement.

GREEN INITIATIVE IN CORPORATE GOVERNANCE

MCA has undertaken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that service of notice / documents including annual reports can be sent by e-mail to its members. The advantages of sending such documents in electronic mode to:

- Receive communication promptly;
- Reduce paper consumption and save trees;
- Eliminate wastage of paper;
- Avoid loss of document in postal transit; and
- Save costs on paper and on postage.

Accordingly, the annual report for the year 2012-13, notice for the annual general meeting, etc. of the Company are being sent in electronic mode to such of the members of the Company whose e-mail addresses are registered with the Company / DP and who have not opted to receive the same in physical form.

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.

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

To

The Shareholders of
Harita Seating Systems Limited, Chennai

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of Clause 49 of the Listing Agreement, we hereby certify that both the members of the board and the senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board for the year ended 31st March 2013.

Chennai	A G GIRIDHARAN	N ISWARYA LAKSHMI
22nd May 2013	President cum Manager	Company Secretary

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

To

The shareholders of
Harita Seating Systems Limited, Chennai

We have examined the compliance of conditions of corporate governance by Harita Seating Systems Limited, Chennai 600 006 for the year ended 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

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

For SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS
FRN: 004207S

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Chennai
22nd May 2013

Independent Auditors' Report to the shareholders of Harita Seating Systems Limited, Chennai for the year ended 31st March 2013

To the Members of

Harita Seating Systems Limited,
29 Haddows Road, Chennai - 600006.

Report on the Financial Statements

We have audited the accompanying financial statements of Harita Seating Systems Limited, Chennai - 600006 ("the Company"), which comprise of the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date along with Notes on accounts.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;

b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure

a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956; and
   e) on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

M BALASUBRAMANIYAM
Partner
Membership No.: F7945

Place : Chennai
Date : 22nd May 2013

Annexure referred to in our report of even date on the accounts for the year ended 31st March 2013

(i) (a) the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) Fixed assets are physically verified by the management at reasonable intervals. In our opinion, the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The assets disposed off during the year are not substantial and therefore do not affect the going concern status of the Company.

(ii) (a) The inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. In respect of inventory with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.

(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.

(iii) (a) During the year the Company has not granted loans and advances, to Companies covered in the register maintained under section 301 of the Companies Act, 1956.

(b) During the year the Company has availed Rs.500 Lakhs and repaid Rs.150 lakhs of unsecured loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. The amount outstanding at the year end is Rs.650 Lakhs including balance due as on 1st April 2012 - Rs. 300 Lakhs. During the year the company has repaid (interest bearing) advance of Rs.90 Lakhs to its subsidiary. The opening balance was Rs.347 Lakhs leaving an outstanding of Rs.257 Lakhs payable to the subsidiary.

(c) In our opinion, the rate of interest and the terms and other conditions of loan availed by the Company were not, prima facie prejudicial to the interest of the Company. The payment of interest was regular and in accordance with the terms of loan. No portion of the principal amount was due for repayment during the financial year.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no minor or major continuing failure has been noticed in the internal control system.

(v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion, that the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been properly entered in the said register.

(b) In our opinion and according to the information and explanations given to us, transactions entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value by rupees five lakhs during the year in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposit from the public.

(vii) The Company has an Internal Audit System, which in our opinion is commensurate with its size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained.

(ix) (a) According to the records provided to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor

Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess and other statutory dues with the appropriate authorities. However, there have been marginal delays in respect of Value Added Tax and Service tax. The provisions of Employees' State Insurance Act, 1948 are not applicable to the units at Hosur and Pune.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March 2013 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, the following are the details of the disputed dues that were not deposited with the authorities concerned.

Name of the Statute	Nature of dues	Forum where dispute is pending	Amount involved (Rs. in Lakhs)
TNVAT Act, 2006	Tamil Nadu Value Added Tax	High Court of Madras	323.03
KVAT Act, 2004	Karnataka Value Added Tax	Joint Commissioner of C.T. (Appeals) Bangalore	5.95
Central Excise Act,1944	Excise Duty	The Asst. and Additional Commissioner Chennai III Commissionerate	314.59
Finance Act, 1994	Service Tax	The Asst. and Additional Commissioner Chennai III Commissionerate	325.71
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Chennai	1,206.94

(x) The Company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding financial year.

(xi) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks.

(xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit / nidhi / mutual benefit fund / society and as such this clause of the Order is not applicable.

(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. In this year the company has also not traded in mutual fund investments. Proper records have been maintained in respect of these transactions and contracts and timely entries have been made therein. The investments have been held by the Company in its own name.

(xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The term loans availed by the Company were utilised for the purpose for which the loans were obtained.

(xvii) On the basis of our examination, the Company has not used funds raised on short-term basis for long term investments.

(xviii) During the year the Company has not allotted any shares on preferential basis to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.

(xix) During the year the Company has not issued any secured debenture.

(xx) During the year the Company has not raised any money by public issue.

(xxi) Based on the audit procedure adopted and information and explanation given to us by the management, no fraud on or by the Company has been noticed or reported during the course of audit except a defalcation of Rs. Six Lakhs by alteration of vouchers. This has been written off to the debit of freight charges as recovery was not possible. The Company has since then taken adequate measures to prevent recurrence of such instances in future.

For SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS
FRN: 004207S

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Chennai
22nd May 2013

Balance Sheet as at 31st March, 2013

(Rs. in Lakhs)

			Note No	As at 31.03.2013	As at 31.03.2012
I.	**EQUITY AND LIABILITIES**				
	(1)	**Shareholders' Funds**			
		(a) Share Capital	I	**776.90**	776.90
		(b) Reserves and Surplus	II	**3,250.84**	2,407.25
	(2)	**Non-Current Liabilities**			
		(a) Long-term borrowings	III	**644.88**	1,278.27
		(b) Deferred tax liabilities (Net)		**214.39**	244.88
		(c) Other Long-term liabilities	IV	**149.42**	347.93
		(d) Long-term provisions	V	**180.70**	107.54
	(3)	**Current Liabilities**			
		(a) Short-term borrowings	VI	**2,092.08**	1,993.59
		(b) Trade payables		**4,278.13**	4,313.07
		(c) Other current liabilities	VII	**2,572.82**	2,565.93
		(d) Short-term provisions	VIII	**529.31**	475.26
	TOTAL			**14,689.47**	14,510.62
II.	**ASSETS**				
	(1)	**Non-current assets**			
		(a) Fixed assets			
		(i) Tangible assets	IX	**3,610.19**	3,561.38
		(ii) Intangible assets		**32.95**	14.41
		(iii) Capital work-in-progress		**458.16**	2.13
		(b) Non-current investments	X	**2,759.00**	2,759.00
		(c) Long-term loans and advances	XI	**37.68**	–
		(d) Other non-current assets	XII	**31.34**	35.00
	(2)	**Current assets**			
		(a) Current investments	XIII	**186.12**	185.57
		(b) Inventories	XIV	**751.89**	760.29
		(c) Trade receivables	XV	**4,691.45**	4,775.27
		(d) Cash and cash equivalents	XVI	**199.13**	501.31
		(e) Short-term loans and advances	XVII	**37.81**	32.10
		(f) Other current assets	XVIII	**1,893.75**	1,884.16
	TOTAL			**14,689.47**	14,510.62
Accounting standards, additional disclosures & Notes on accounts			XXVII		

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

H LAKSHMANAN
Chairman

C N PRASAD
Director

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Chennai
22nd May 2013

A G GIRIDHARAN
President cum Manager

N ISWARYA LAKSHMI
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2013

(Rs. in Lakhs)

		Note No	**Year ended 31.03.2013**	Year ended 31.03.2012
I.	Revenue from Operations	XIX	**27,616.68**	30,664.18
II.	Other Income	XX	**226.18**	225.85
III.	Total Revenue (I +II)		**27,842.86**	30,890.03
IV.	Expenses:			
	Cost of materials consumed	XXI	**20,264.92**	23,158.31
	Changes in inventories of finished goods and work-in-process	XXII	**2.99**	123.16
	Employee benefits expense	XXIII	**2,564.76**	2,266.06
	Finance costs	XXIV	**559.36**	663.70
	Depreciation and amortization expense			
	On Tangible assets		**409.38**	427.97
	On Intangible assets		**12.76**	6.41
	Other expenses	XXV	**2,714.67**	2,978.28
	Total Expenses		**26,528.84**	29,623.89
V.	Profit before exceptional and extraordinary items and tax (III - IV)		**1,314.02**	1,266.14
VI.	Exceptional Items (Income)	XXVI	**–**	151.82
VII.	Profit before extraordinary items and tax (V + VI)		**1,314.02**	1,417.96
VIII.	Extraordinary Items		**–**	–
IX.	Profit before tax (VII - VIII)		**1,314.02**	1,417.96
X.	Tax expense:			
	(1) Current tax		**277.36**	299.04
	(2) Deferred tax		**(30.49)**	(3.09)
XI.	Profit/(Loss) for the year from continuing operations (IX - X)		**1,067.15**	1,122.01
XII.	Profit/(Loss) from discontinuing operations		**–**	–
XIII.	Tax expense of discontinuing operations		**–**	–
XIV.	Profit/(Loss) from Discontinuing operations (XII - XIII) after tax		**–**	–
XV.	Profit/(Loss) for the year (XI + XIV)		**1,067.15**	1,122.01
XVI.	Earnings per equity share:			
	(1) Basic (in Rs.)		**13.74**	14.44
	(2) Diluted (in Rs.)		**13.74**	14.44
Accounting standards, additional disclosures & Notes on accounts		XXVII		

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

H LAKSHMANAN
Chairman

C N PRASAD
Director

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Chennai
22nd May 2013

A G GIRIDHARAN
President cum Manager

N ISWARYA LAKSHMI
Company Secretary

Notes on accounts

	As at 31.03.2013		As at 31.03.2012	
	Number	**Rs. in Lakhs**	Number	Rs. in Lakhs
I. SHARE CAPITAL				
Authorised				
Equity Shares of Rs.10/- each	**1,00,00,000**	**1,000.00**	1,00,00,000	1,000.00
Issued, subscribed and fully paid up				
Equity Shares of Rs.10/- each	**77,69,040**	**776.90**	77,69,040	776.90
	77,69,040	**776.90**	77,69,040	776.90

a) Reconciliation of the number of shares outstanding and the amount of share capital as at 31.03.2013 and 31.03.2012

Particulars	**As at 31.03.2013 Equity Shares**		As at 31.03.2012 Equity Shares	
	Number	**Rs. in Lakhs**	Number	Rs. in Lakhs
Shares outstanding at the beginning of the year on 01.04.2012	**77,69,040**	**776.90**	77,69,040	776.90
Shares Issued during the year	**–**	**–**	–	–
Shares bought back during the year	**–**	**–**	–	–
Shares outstanding at the end of the year on 31.03.2013	**77,69,040**	**776.90**	77,69,040	776.90

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

Name of shareholder	**As at 31.03.2013**	As at 31.03.2012
	No. of Shares held	No. of Shares held
Harita Limited, Chennai	1800500	1800500
Harita Gopal Private Limited, Chennai	479900	485000
Harita Sheela Private Limited, Chennai	485000	485000
Harita Malini Private Limited, Chennai	467800	467800
Harita Venu Private Limited, Chennai	467800	467800
Mr. Martin Grammer, Germany	1087600	1087600
Horticultural and Constructions Engineers (India) Private Limited, Chennai	436816	436816
Strategic Management and Marketing Consultancy Services Limited, Chennai	603936	603936

c) **Rights Attached to Equity Shares :** Shareholders are entitled to such rights as to attend meetings of the share holders, to receive dividend distributable and also have a right in residual interest in the assets of the Company. Further, share holders are entitled to right of inspection of the documents as provided in Companies Act, 1956.

Notes on accounts - *(Continued)*

Rs. in Lakhs

	As at 31.03.2013	As at 31 .03.2012
d) Details of issue of Bonus shares in the last five years preceding the date on which Balance Sheet is prepared. Nil		

II. RESERVES AND SURPLUS

a. Capital Redemption Reserve		
Opening Balance	**10.00**	10.00
(+) Current Year Transfer	**–**	–
(-) Written Back in Current Year	**–**	–
Closing Balance	**10.00**	10.00
b. Other Reserves		
(i) State subsidy		
Opening Balance	**41.10**	15.00
(+) Current Year receipt	**–**	26.10
(-) Written Back in Current Year	**–**	–
Closing Balance	**41.10**	41.10
(ii) General Reserve		
Opening Balance	**2,142.98**	2,030.78
(+) Current Year Transfer	**106.72**	112.20
(-) Written Back in Current Year	**–**	–
Closing Balance	**2,249.70**	2,142.98
c. Surplus i.e balance as per statement of profit and loss:		
Opening balance	**213.17**	(493.99)
(+) Net Profit for the current year	**1,067.15**	1,122.01
(-) Tax relating to earlier years	**(13.74)**	(3.25)
(-) Interim Dividend payable	**(194.23)**	(271.92)
(-) Transfer to General Reserve	**(106.72)**	(112.20)
(-) Dividend distribution tax	**(15.59)**	(27.48)
Closing Balance	**950.04**	213.17
Total (a + b + c)	**3,250.84**	2,407.25

Notes on accounts - *(Continued)*

	As at 31.03. 2013	Rs. in Lakhs As at 31.03.2012
III. LONG TERM BORROWINGS		
Secured		
(a) Term loans		
From banks	**600.00**	1,200.00
Secured by equitable mortgage of land and buildings and first charge on all other fixed assets of the company.		
Terms of Repayment: (Repayable - Rs.150 lakhs each quarter with the first instalment effective from December 2012)		
	600.00	1,200.00
Unsecured		
(b) Term loans		
i) From banks	**–**	–
ii) From Others Interest Free Sales Tax Loan	**44.88**	78.27
Terms of Repayment: (Repayable in 5 yearly equal instalments of Rs. 33.38 lakhs with effect from April 2010)		
Total	**644.88**	1,278.27
IV. OTHER LONG-TERM LIABILITIES		
(a) Long term advance from subsidiary company	**149.42**	347.42
(b) Other deposits	**–**	0.51
Total	**149.42**	347.93
V. LONG-TERM PROVISIONS		
Employee benefits : Pension	**149.69**	84.87
Leave encashment	**31.01**	22.67
Total	**180.70**	107.54
VI. SHORT TERM BORROWINGS		
Secured		
Loans repayable on demand		
From banks	**2,092.08**	1,993.59
(Secured by first charge on the entire current assets of the Company present and future)		
Total	**2,092.08**	1,993.59

Notes on accounts - *(Continued)*

Rs. in Lakhs

	As at 31.03. 2013	As at 31.03.2012
VII. OTHER CURRENT LIABILITIES		
Secured		
(a) Current maturities of long-term debt - From Banks	**600.00**	300.00
(b) Interest accrued but not due on borrowing	**12.85**	1.15
Unsecured		
i) Interest Free Sales Tax Loan	**33.38**	33.38
ii) Loans repayable on demand		
(a) From Banks	**724.50**	1,376.25
(b) From Others	**650.00**	300.00
(c) Interest accrued but not due on borrowings	**7.18**	17.36
Unpaid dividends	**10.45**	7.21
Other Payables		
(a) Employees	**108.49**	113.35
(b) Advances from customers	**127.62**	125.89
(c) Statutory payables:		
- Tax deducted at source	**27.27**	42.26
- Value added taxes and central sales tax	**43.65**	67.70
- Others	**20.44**	13.63
(d) Other payables	**206.99**	167.75
Total	**2,572.82**	2,565.93
VIII. SHORT-TERM PROVISIONS		
(a) Employee benefits:		
Leave Encashment	**2.02**	13.27
(b) Others:		
Income tax	**17.15**	0.67
Warranty	**116.30**	43.43
Supplier Price Increase	**153.50**	58.96
Others	**30.52**	59.53
Interim dividend payable	194.23	271.92
Dividend distribution tax	**15.59**	27.48
Total	**529.31**	475.26

Notes on accounts - *(Continued)*

IX NON CURRENT ASSETS

FIXED ASSETS

Rs. in Lakhs

Description	Tangible Assets								Intangible Assets				Total	
	Free hold Land	Lease hold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipment	Total	Software	Technical Know how	Product licence fee	Total	As at 31.03.2013	As at 31.03.2012
Cost of assets														
As at 01-04-2012	135.85	38.97	2,188.23	3,783.38	113.21	32.84	561.65	6,854.13	151.55	31.50	22.32	205.37	**7,059.50**	7,726.27
Additions	–	51.69	118.88	247.88	14.31	–	28.96	461.72	31.30	–	–	31.30	**493.02**	869.61
Sub-Total	135.85	90.66	2,307.11	4,031.26	127.52	32.84	590.61	7,315.85	182.85	31.50	22.32	236.67	**7,552.52**	8,595.88
Less: Sales/deletion	–	–	–	3.87	–	0.46	48.80	53.13	–	–	–	–	**53.13**	1,536.38
Total	135.85	90.66	2,307.11	4,027.39	127.52	32.38	541.81	7,262.72	182.85	31.50	22.32	236.67	**7,499.39**	7,059.50
Depreciation/ Amortisation														
Upto 31-03-2012	–	6.94	468.38	2,314.97	51.19	24.67	426.60	3,292.75	149.88	29.92	11.16	190.96	**3,483.71**	3,297.49
For the year	–	0.65	74.61	304.76	5.76	1.71	21.89	409.38	10.53	–	2.23	12.76	**422.14**	434.38
Sub-Total	–	7.59	542.99	2,619.73	56.95	26.38	448.49	3,702.13	160.41	29.92	13.39	203.72	**3,905.85**	3,731.87
Less: Withdrawn on assets sold / deleted	–	–	–	3.28	–	0.44	45.88	49.60	–	–	–	–	**49.60**	248.16
Total	–	7.59	542.99	2,616.45	56.95	25.94	402.61	3,652.53	160.41	29.92	13.39	203.72	**3,856.25**	3,483.71
Written down value														
As at 31-03-2013	**135.85**	**83.07**	**1,764.12**	**1,410.94**	**70.57**	**6.44**	**139.20**	**3,610.19**	**22.44**	**1.58**	**8.93**	**32.95**	**3,643.14**	
As at 31-03-2012	135.85	32.03	1,719.85	1,468.41	62.02	8.17	135.05	3,561.38	1.67	1.58	11.16	14.41		3,575.79

	As at 31.03.2013	As at 31.03.2012
Capital Work-in-Progress (At Cost)		
Building	**397.68**	–
Plant & Equipments	**57.61**	2.13
Furniture & Fixtures	**1.49**	–
Office Equipment	**1.38**	–
	458.16	2.13

Notes on accounts - *(Continued)*

		Rs. in Lakhs
	As at 31.03. 2013	As at 31.03.2012
X. NON-CURRENT INVESTMENTS		
Trade Investments (At cost)		
Unquoted:		
Investment in Equity Instruments :		
(1,02,50,000 Equity shares of Rs.10/- each fully paid, in Harita Fehrer Limited, Chennai a subsidiary) Percentage of holding - 51%	**2,759.00**	2,759.00
Total	**2,759.00**	2,759.00
XI. LONG-TERM LOANS AND ADVANCES		
(Unsecured considered good)		
Capital advances	**37.68**	–
Total	**37.68**	–
XII. OTHER NON - CURRENT ASSETS		
Unsecured, considered good - Deposits made		
Electricity Deposit	**18.21**	20.09
Telephone Deposit	**0.18**	0.18
Others	**12.95**	14.73
Total	**31.34**	35.00
XIII. CURRENT INVESTMENTS (at cost)		
Investment in Mutual funds : (Trade and quoted)		
HDFC Standard Life Insurance, Mumbai		
- 2,24,506.77156 units in HDFC Group unit linked plan balanced managed fund	**88.09**	87.54
(Market Value Rs.134.10 lakhs. Last year Rs.123.09 lakhs.)		
Total	**88.09**	87.54
Others:		
Life Insurance Corporation of India, Chennai		
Group annuity policy	**98.03**	98.03
Total	**186.12**	185.57

Notes on accounts - *(Continued)*

Rs. in Lakhs

		As at 31.03. 2013		As at 31.03.2012
XIV. INVENTORIES (Valued at lower of weighted average cost or net realisable value)				
a. Raw Materials and components *		**418.10**		423.04
b. Work-in-process * (Seat Assembly)		**172.89**		194.45
c. Finished goods * (Seats)		**159.65**		141.08
d. Stores and spares *		**1.25**		1.72
Total		**751.89**		760.29
(* As certified by Chairman of the Board)				
XV. TRADE RECEIVABLES				
Debts outstanding for a period exceeding six months from the date due for payment				
Unsecured				
Considered good	**224.87**		–	
Considered doubtful	**468.90**		288.79	
	693.77		288.79	
Less : Provision for doubtful debts	**468.90**		288.79	
		224.87		–
Other debts				
Considered good	**4,466.58**		4,775.27	
Considered doubtful	**–**		180.11	
	4,466.58		4,955.38	
Less : Provision for doubtful debts	**–**		180.11	
		4,466.58		4,775.27
Total		**4,691.45**		4,775.27
XVI. CASH & CASH EQUIVALENTS				
a. Balances with banks		**177.46**		82.56
b. Cheques, drafts on hand		**–**		22.77
c. Cash on hand		**7.58**		5.13
d. Unpaid dividend (earmarked balance)		**10.45**		7.21
e. Bank deposits		**3.64**		383.64
Total		**199.13**		501.31
XVII. SHORT-TERM LOANS & ADVANCES				
Employee advances (unsecured considered good)		**37.81**		32.10
Total		**37.81**		32.10

Notes on accounts - *(Continued)*

Rs. in Lakhs

		As at 31.03. 2013		As at 31.03.2012
XVIII. OTHER CURRENT ASSETS				
Advances to suppliers		**817.21**		938.60
Prepaid expenses		**70.25**		60.50
Income tax - Advance tax paid and tax deducted at source receivable (Net off Provisions)		**566.65**		354.04
Balances with statutory authorities:				
Cenvat receivable	**127.36**		81.50	
VAT set off receivable	**49.20**		15.34	
Advances made	**17.57**		105.79	
		194.13		202.63
Dividend receivable from subsidiary		**–**		102.50
Claims Receivable		**245.51**		225.89
Total		**1,893.75**		1,884.16

XIX. REVENUE FROM OPERATIONS

Rs. in Lakhs

	For the year ended 31.03.2013	For the year ended 31.03.2012
Sale of products	**29,386.98**	32,075.35
Sale of services	**78.75**	77.81
Other operating revenues	**726.02**	1,731.03
	30,191.75	33,884.19
Less : Excise duty	**2,575.07**	3,220.01
Total	**27,616.68**	30,664.18

XX. OTHER INCOME

a.	Interest Income	**12.94**	3.20
b.	Dividend Income (From Subsidiary Company)	**–**	102.50
c.	Net gain / loss on sale of investments	**0.55**	6.62
d.	Net Foreign Exchange gain / (loss)	**66.80**	12.40
e.	Lease rent	**137.48**	99.60
f.	Other non-operating income (Net of expenses)	**8.41**	1.53
	Total	**226.18**	225.85

Notes on accounts - *(Continued)*

Rs. in Lakhs

		For the year ended 31.03.2013	For the year ended 31.03.2012
XXI. RAW MATERIAL & COMPONENTS CONSUMED			
OPENING STOCK			
Raw materials	(A)	**423.04**	308.32
Purchase of raw materials and components	(B)	**20,259.98**	23,273.03
Total (C)	(A) + (B)	**20,683.02**	23,581.35
CLOSING STOCK			
Raw materials	(D)	**418.10**	423.04
Consumption	(C) - (D)	**20,264.92**	23,158.31
XXII. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS			
Opening Stock of Work-in-Process and Finished Goods			
Work-in-process (Seat assembly)		**194.45**	201.54
Finished goods		**141.08**	257.15
Total (A)		**335.53**	458.69
Less: Closing Stock of Work-in-Process and Finished Goods			
Work-in-process (Seat assembly)		**172.89**	194.45
Finished goods		**159.65**	141.08
Total (B)		**332.54**	335.53
Changes in Inventory (A-B)		**2.99**	123.16
XXIII. EMPLOYEE BENEFIT EXPENSES			
Salaries and wages		**1,967.56**	1,801.39
Leave Salary		**11.61**	32.29
Bonus		**46.98**	37.08
Contribution to Provident and other funds		**189.67**	42.35
Welfare expenses		**348.94**	352.95
Total		**2,564.76**	2,266.06
XXIV. FINANCE COST			
Interest expense		**559.36**	637.54
Other borrowing costs		**–**	26.16
Total		**559.36**	663.70

Notes on accounts - *(Continued)*

Rs. in Lakhs

		For the year ended 31.03.2013	For the year ended 31.03.2012
XXV. OTHER EXPENSES			
Consumption of stores and spare parts		**102.85**	58.00
Power and fuel		**263.49**	206.59
Rent		**32.02**	14.05
Rates and Taxes (excluding taxes on income)		**31.75**	20.05
Repairs to Buildings		**100.08**	169.00
Repairs to Plant and Equipments		**221.58**	193.04
Repairs to Other assets		**71.75**	89.83
Insurance		**40.50**	38.93
Carriage outward		**392.74**	444.01
Packing charges		**368.08**	459.52
Other expenses		**1,075.11**	1,271.22
Audit fees	- as auditors	**8.50**	7.00
	- tax audit	**1.00**	1.00
	- certification	**0.50**	0.50
	- other services	**1.95**	1.18
	- reimbursement of expenses	**2.77**	4.36
	Total	**2,714.67**	2,978.28

XXVI. EXCEPTIONAL ITEMS

Profit on sale of Fixed assets	**–**	151.82

XXVII Accounting Standards, additional disclosures and notes on accounts

Rs. in Lakhs

	As at/year ended 31.03.2013	As at/year ended 31.03.2012

1. Accounting Standards

ACCOUNTING STANDARD (1) - Disclosure of accounting policies

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

ACCOUNTING STANDARD (2) - Valuation of inventories

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

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

Rs. in Lakhs

	As at/year ended 31.03.2013	As at/year ended 31.03.2012
ACCOUNTING STANDARD (3) - Cash flow statement		
The cash flow statement is prepared under "indirect method" and the same is annexed.		
ACCOUNTING STANDARD (4) -Contingencies and events occurring after the Balance Sheet date		
Details regarding contested liabilities are furnished in Note No.3 and also disclosed under Accounting Standard - 29.		
ACCOUNTING STANDARD (5) Net profit or loss for the period, prior period items and changes in accounting policies		
Prior period Items		
- Rates & Taxes	**–**	2.60
- Rent	**1.25**	–
Warranty Provision:		
Provision made in this regard is retained for one year till 31st March 2012. Effective this year provision is retained for two years. Due to this change, profit for the year is down by Rs. 43.43 lakhs.		
ACCOUNTING STANDARD (6) - Depreciation accounting		
Depreciation has been provided under straight line method in respect of all assets other than those stated below at the rates prescribed under schedule XIV of the Companies Act, 1956 and on pro-rata basis on assets acquired/sold during the year. Depreciation in respect of the following assets have been provided higher than the rates prescribed under Schedule XIV of the Companies Act 1956. Computers 30%, Moulds 20%, Vehicles 18% & Tools & fixtures 25%.		
Depreciation in respect of assets acquired during the year whose actual cost does not exceed Rs.5,000/- has been provided at 100%.		
ACCOUNTING STANDARD (7) - Construction contracts	**Not applicable**	Not applicable
ACCOUNTING STANDARD (8) - R & D		
This standard is deleted from 1st April, 2003		

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

Rs. in Lakhs

	As at/year ended 31.03.2013	As at/year ended 31.03.2012
ACCOUNTING STANDARD (9) - Revenue recognition		
The income of the company is derived from manufacture and sale of seating systems for automotive and non automotive applications and other parts and accessories for automotive and non automotive applications.		
Indigenous sales are recognised based on raising of invoices and delivery of goods thereof to the carrier.		
Export sales are recognised on the basis of date of let export certificate.		
The revenue and expenditure are accounted on a going concern basis.		
Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.		
Income from services is recognised on rendering of services and as per terms of agreement.		
Dividend Income is recognised when right to receive dividend is established.		
ACCOUNTING STANDARD (10) - Accounting for fixed assets		
Fixed assets are stated at cost including expenditure incurred in bringing them to usable condition less depreciation.		
ACCOUNTING STANDARD (11) - Effects of changes in foreign exchange rates		
Purchase of imported raw materials, components, spares and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices/bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rate prevailing on the date of the Balance Sheet.		
Net foreign exchange gain credited to Profit and loss account included in other income.	**66.80**	12.40

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

Rs. in Lakhs

	As at/year ended 31.03.2013	As at/year ended 31.03.2012
External commercial borrowings for acquisition of an asset		
The amendment to Accounting Standard-11 introduced by Government of India permitting fluctuation in exchange rates in relation to acquisition of capital assets to be added to or deducted from the carrying cost of such assets is not applicable as the company did not have any external commercial borrowings for acquisition of any asset.		
The company has not entered into any transactions in derivative instruments and hence reporting on currency swapping/interest rate structure does not arise.		
ACCOUNTING STANDARD (12) - Accounting for Government grants		
During the year, the Company has not received any grant from Government.	–	26.10
ACCOUNTING STANDARD (13) - Accounting for Investments		
Investments are valued at cost. Provision for diminution in the carrying cost of investments is made if such diminution is other than temporary in nature in the opinion of the management. (Refer Notes XIII of the Balance Sheet)		
ACCOUNTING STANDARD (14) - Accounting for amalgamation	**Not applicable**	Not applicable
ACCOUNTING STANDARD (15) - Employee benefits		
A Defined contribution plan		
a) Contributions to provident fund is in the nature of defined contribution plan and are made to provident fund maintained by Government.		
B Defined benefit plan		
a) the company extends defined benefit plans in the form of leave salary to employees. In addition, the company also extends pension to senior managers. Provision for leave salary and pension is made on actuarial valuation basis.		
b) The company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the corporation.		

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

Rs. in Lakhs

	As at / year ended 31.03.2013		
C. Disclosure as required by Accounting Standard 15			
	Leave Salary	**Pension**	**Gratuity**
a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	8.47	–	16.47
(ii) Interest cost	2.30	6.80	15.20
(iii) Expected return on plan assets	–	–	(18.27)
(iv) Net actuarial loss / (gain) recognised in the year	0.86	58.02	9.46
Total	11.63	64.82	22.86
b) Change in defined benefit obligation during the year ended 31st March 2013			
(i) Present total value of obligation as at beginning of the year (01-04-2012)	35.94	84.87	189.98
(ii) Interest cost	2.30	6.80	15.20
(iii) Current service cost	8.47	–	16.47
(iv) Benefits paid	(14.55)	–	(15.18)
(v) Actuarial loss on obligation	0.86	58.02	9.46
(vi) Present value of obligation as at the end of the year (31-03-2013)	33.02	149.69	215.93
c) Change in fair value of plan assets during the year ended 31st March 2013			
(i) Fair value of plan assets at the beginning of the year (01-04-2012)	–	–	203.00
(ii) Expected return on plan assets	–	–	18.27
(iii) Contribution made during the year	–	–	26.77
(iv) Benefits paid	–	–	(15.18)
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2013)	–	–	232.86

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

Rs. in Lakhs

	As at/year ended 31.03.2013		
C. Disclosure as required by Accounting Standard 15 (continued)			
	Leave Salary	**Pension**	**Gratuity**
(d) Balance Sheet movements			
(i) Value of benefit obligations/(net assets) at the beginning of the year (01-04-2012)	35.94	84.87	(13.02)
(ii) Contribution made during the year	–	–	26.77
(iii) Expenses	11.63	64.82	22.86
(iv) Benefits paid	(14.55)	–	–
(v) Value of benefit	33.02	149.69	16.93
Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income Tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	Not applicable	Not applicable	8.00%

	As at/year ended 31.03.2013	As at/year ended 31.03.2012

ACCOUNTING STANDARD (16) - Borrowing costs

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

ACCOUNTING STANDARD (17) - Segment reporting

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

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

Rs. in Lakhs

	As at/year ended 31.03.2013	As at/year ended 31.03.2012

ACCOUNTING STANDARD (18) - Related party disclosures

A) List of related parties as per Clause 3(a) of the Standard where control exists.

Reporting Entity : Harita Seating Systems Limited, Chennai

Holding Companies : Nil

Subsidiary Company : Harita Fehrer Limited, Chennai (01.04.2012 to 31.03.2013)

B) List of related parties as per Clause 3(c) of the Standard

Key Management Personnel : Mr.A.G.Giridharan
Manager under the provisions of the Companies Act, 1956.

C) Particulars of transactions with related parties

(i) Purchases made		
Subsidiary company		
Harita Fehrer Limited, Chennai		
- Bought out items	**2,503.65**	3,456.70
- Capital goods	**2.75**	–
(ii) Services availed		
Subsidiary company		
Harita Fehrer Limited, Chennai		
- Interest paid	**38.93**	–
(iii) Sale of Materials		
Subsidiary company		
Harita Fehrer Limited, Chennai	**–**	6.09
(iv) Services rendered		
Subsidiary company		
Harita Fehrer Limited, Chennai	**521.05**	505.35
(v) Remuneration paid to Key Managerial Person	**52.07**	51.47
(vi) Amount outstanding as at Balance Sheet date		
Subsidiary company		
Harita Fehrer Limited, Chennai		
Trade payables	**807.14**	506.78
Other payables	**257.42**	347.42

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

Rs. in Lakhs

	As at/year ended 31.03.2013	As at/year ended 31.03.2012
ACCOUNTING STANDARD (19) - Accounting for leases	**Not applicable**	Not applicable
ACCOUNTING STANDARD (20) - Earnings per share		
Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year		
Profit after tax	**1,067.15**	1,122.01
No. of equity shares	**77,69,040**	77,69,040
Face value per share	**10.00**	10.00
Weighted average number of equity shares	**77,69,040**	77,69,040
Earnings Per Share (EPS) (in Rs.)	**13.74**	14.44
Diluted Earnings Per Share (in Rs.)	**13.74**	14.44
ACCOUNTING STANDARD (21) - Consolidated financial statements		
Consolidated financial statements of the Company and its subsidiary is enclosed.		
ACCOUNTING STANDARD (22) - Accounting for taxes on income		
Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax liability and asset are recognised based on timing difference.		
1 Deferred tax liability consists of:		
- tax on depreciation	**1,193.32**	1,180.72
- tax on expenses claimed on payment basis under Income Tax Act, 1961	**411.97**	394.80
(A)	**1,605.29**	1,575.52
2 Deferred tax asset consists of:		
- tax on provision in respect of expenditure which will be allowed under the Income Tax Act, 1961 only on payment basis	**1,390.90**	1,330.64
(B)	**1,390.90**	1,330.64
Deferred tax liability (net of deferred tax asset) (A)-(B) (refer Balance Sheet)	**214.39**	244.88

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

Rs. in Lakhs

	As at/year ended 31.03.2013	As at/year ended 31.03.2012
ACCOUNTING STANDARD (23) - Accounting for investments in associates in consolidated financial statements	**Not applicable**	Not applicable

ACCOUNTING STANDARD (24) - Discontinuing operations

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

ACCOUNTING STANDARD (25) - Interim financial reporting

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

ACCOUNTING STANDARD (26) - Intangible assets

Amortisation for intangibles has been provided as under:

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

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

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

ACCOUNTING STANDARD (28) - Impairment of assets

As on the balance sheet date the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of those assets. Hence there is no impairment loss on the assets of the company for the year.

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

Rs. in Lakhs

	As at/year ended 31.03.2013	As at/year ended 31.03.2012
ACCOUNTING STANDARD (29) - Provisions, contingent liabilities and contingent assets		
1. Provisions		
In respect of warranty obligations provision is made in accordance with the terms of sale of seat assemblies.		
Provision for warranty at beginning of the year	**43.43**	53.42
Provided during the year	**72.87**	43.43
Total	**116.30**	96.85
Reversed during the year	**–**	53.42
Net Provision as on Balance Sheet date	**116.30**	43.43
2. Contingent liabilities		
The amount for which the Company is contingently liable are disclosed in Note No. 2		
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.3		

ACCOUNTING STANDARD (30) - Financial instruments

The Company has entered into forward contracts to hedge its risks associated with foreign currency fluctuation relating to import of raw materials. Only net exposure is hedged. The Company has no contracts for import of capital goods. The Company also does not hold derivatives for speculation purposes. The foreign exchange liabilities are restated at the prevailing rates at the year end.

2. Contingent liabilities not provided for		
a. On counter guarantee furnished to bank	**341.20**	403.74
b. On account of bill discounting	**20.31**	91.80
c. Customs duty under Export Promotion Capital Goods Scheme	**189.13**	189.13
d. Contracts remaining to be executed on Capital Account and not provided for	**34.40**	100.47

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

Rs. in Lakhs

			As at/year ended 31.03.2013	As at/year ended 31.03.2012
3.	**Liability contested and not provided for**			
	a)	Income-tax	**1,506.94**	44.77
	b)	Service tax	**325.71**	290.25
	c)	Central Excise	**314.59**	269.51
	d)	Value Added Tax of all States	**328.98**	120.73
	e)	Customer Claim	**439.00**	439.00
4.	**Sundry creditors include**			
	a)	Dues to small scale industrial undertakings.	**172.47**	361.62
	b)	Dues of creditors other than small scale industrial undertaking.	**4,105.66**	3,951.45
	c)	Information required under the Micro, Small and Medium Enterprises Development Act, 2006		
		The Company has written to all suppliers to ascertain if they are covered by the said Act. No information has been received in reply. However, the suppliers' credit terms are generally 45 days within which all payments are made. Hence, the question of payment of interest or provision thereof for belated payments does not arise.		
5.	**Note on R&D Expenditure**			
	Revenue Expenditure		**376.69**	330.10
	Capital Expenditure		**13.67**	4.10
6.	**Other expenses include**			
	No individual expense is in excess of 1% of the Revenue from operations or Rs.1,00,000/- whichever is higher.			
7.	Expenses, wherever applicable are inclusive of service tax at appropriate rates and net of service tax set off permissible.			

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

Rs. in Lakhs

			As at/year ended 31.03.2013		As at/year ended 31.03.2012
8.	Disclosures made in terms of Clause 32 and 41 of the Listing Agreement with Stock Exchanges				
	Particulars	Name of the Company	Amount outstanding as on 31.03.2013	Maximum outstanding due at any one time during the year	Amount outstanding as on 31.03.2012
a)	Loans and advances				
(i)	Inter corporate deposit granted to subsidiary.	Harita Fehrer Limited, Chennai (Formerly Harita Polymer Limited)	Nil	Nil	Nil
(ii)	Loans and advance in the nature of loans made to associate company		Not applicable		Not applicable
(iii)	Loans and advance in the nature of loans where there is:				
	1) no repayment schedule or repayment beyond seven years		Nil	Nil	Nil
	2) no interest / rate of interest lower than the rates specified under Section 372A of the Companies Act, 1956		Nil	Nil	Nil
iv)	Loans and advances in the nature of loans made to firms/companies in which directors of the Company are interested.		Nil	Nil	Nil
b)	Investments by Company in subsidiary		2,759.00		2,759.00

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

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

I RAW MATERIALS CONSUMED

Rs. in Lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
A. Basic raw materials		
Raw material consists Foam, Rexine, Fabrics and Frames etc. No individual raw material accounts for more than 10% of total raw material & components consumed.	**20,264.92**	23,158.31
	20,264.92	23,158.31

B. Consumption of raw materials and components

	% of total consumption	Value	% of total consumption	Value
a) Imported	**3.49**	**708.23**	3.28	759.24
b) Indigenous	**96.51**	**19,556.69**	96.72	22,399.07
	100.00	**20,264.92**	100.00	23,158.31

C. Consumption of machinery spares

	% of total consumption	Value	% of total consumption	Value
a) Imported	**–**	**–**	4.42	3.65
b) Indigenous	**100.00**	**82.02**	95.58	78.99
	100.00	**82.02**	100.00	82.64

Rs. in Lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
II IMPORTS - CIF VALUE		
a) Raw materials & components	**711.55**	781.36
b) Capital goods	**22.33**	14.68
c) Spares	**–**	3.65
III OTHER EXPENDITURE IN FOREIGN CURRENCY		
a) Travel	**45.67**	1.01
b) Consultancy fee	**138.50**	123.96
c) Others	**27.32**	3.15

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

Rs. in Lakhs

	As at / Year ended 31.03.2013	As at / Year ended 31.03.2012
IV EARNINGS IN FOREIGN EXCHANGE		
Exports - F.O.B	**2,845.06**	2,757.74
V PAYMENT TO NON-RESIDENT SHAREHOLDERS		
a) No. of non-resident shareholders	**1**	1
b) No. of shares held by non-residents	**10,87,600**	10,87,600
c) Dividend	**38.07**	–
VI SALE BY CLASS OF GOODS		
	Value	Value
Seats:		
For automotive application	**26,700.03**	28,710.91
Others	**111.88**	144.43
	26,811.91	28,855.34

H LAKSHMANAN
Chairman

C N PRASAD
Director

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

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Chennai
22nd May 2013

A G GIRIDHARAN
President cum Manager

N ISWARYA LAKSHMI
Company Secretary

Cash flow statement for the year ended 31st March, 2013

Rs. in Lakhs

		Year ended 31.03.2013		Year ended 31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax and extra ordinary items		**1,314.02**		1,417.96
Add:				
Depreciation	**422.14**		434.38	
Dividend income	**–**		(102.50)	
Interest Income	**(12.94)**		(3.20)	
(Profit)/loss on sale of assets(net)	**2.94**		(84.55)	
Finance Cost	**559.36**	**971.50**	663.70	907.83
Operating profit before working capital changes		**2,285.52**		2,325.79
Adjusted for:				
Working Capital changes				
Trade Payables	**(34.94)**		(978.03)	
Other Current Liabilities	**2.13**		(2,649.23)	
Short Term Provisions	**127.15**		(21.29)	
Other Non current assets	**4.24**		7.41	
Current Investments	**(0.55)**		7.53	
Inventories	**8.40**		79.54	
Trade Receivables	**83.82**		330.17	
Short Term Loans and Advances	**(5.71)**		(2.74)	
Other Current Assets	**100.52**	**285.06**	(642.70)	(3,869.34)
Cash generated from / (used in) operations		**2,570.58**		(1,543.55)
Less : Taxes paid		**(487.23)**		(314.11)
Net cash from / (used in) operating activities - (A)		**2,083.35**		(1,857.66)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	**(949.05)**		(647.89)	
Proceeds from sale of assets	**0.59**		1,372.78	
Purchase of investments	**–**		–	
Sale of investments	**–**		–	
Interest received	**12.36**		3.78	
Dividend received	**102.50**	**(833.60)**	–	728.67
Net cash from / (used in) investing activities - (B)		**(833.60)**		728.67

Cash flow statement for the year ended 31st March, 2013 (Contd.)

Rs. in Lakhs

		Year ended 31.03.2013		Year ended 31.03.2012
C. CASH FLOW FROM FINANCING ACTIVITIES				
Share Capital	**–**		–	
State subsidy	**–**		26.10	
Long Term Borrowings	**(633.39)**		1,166.62	
Long Term Provisions	**73.16**		(70.64)	
Long Term Loans & advances	**(37.68)**		–	
Other Long term liabilities	**(198.51)**		347.93	
Short Term Borrowings	**98.49**		473.46	
Finance cost paid	**(557.84)**		(662.45)	
Dividend paid	**(296.16)**		(1.24)	
		(1,551.93)		1,279.78
Net cash from / (used in) financing activities - (C)		**(1,551.93)**		1,279.78
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		**(302.18)**		150.79
Cash and cash equivalents at the beginning of the year		**501.31**		350.52
Cash and cash equivalents at the end of the year		**199.13**		501.31

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

2) Cash and Cash equivalent represents cash and bank balances

H LAKSHMANAN
Chairman

C N PRASAD
Director

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

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Chennai
22nd May 2013

A G GIRIDHARAN
President cum Manager

N ISWARYA LAKSHMI
Company Secretary

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

(Rs. In lakhs)

S. No	Particulars	Subsidiary Company (Harita Fehrer Limited, Chennai)
(1)	(2)	(3)
1.	Financial year of the subsidiary	01.04.2012 to 31.03.2013
2.	Shares of the subsidiary held by the Company on the above date	
	(a) Number and face value	1,02,50,000 Equity Shares of Rs.10 each fully paid up
	(b) Extent of holding	51%
3.	Net aggregate amount of profits / (losses) of the subsidiary for the above financial year of the subsidiary not dealt with in the Company's account	
	(a) for the financial year of the subsidiary - profit / (loss)	93.74
	(b) for the previous financial years since it became a subsidiary - profit / (loss)	282.06
4.	Net aggregate amount of profits / (losses) of the subsidiary for the above financial year of the subsidiary dealt with in the Company's account	
	(a) for the financial year of the subsidiary - profit / (loss)	17.42
	(b) for the previous financial years since it became a subsidiary - profit / (loss)	119.12

H LAKSHMANAN
Chairman

C N PRASAD
Director

Chennai
22nd May 2013

A G GIRIDHARAN
President cum Manager

N ISWARYA LAKSHMI
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED AND ITS SUBSIDIARY

Independent Auditors' report on consolidated accounts of Harita Seating Systems Limited, Chennai for the year ended 31st March 2013

To the Board of Directors of

Harita Seating Systems Limited,
"Jayalakshmi Estates"
29 Haddows Road, Chennai - 600006.

We have audited the accompanying consolidated financial statements of Harita Seating Systems Limited, Chennai - 600006 ("the Company") and its subsidiary, namely Harita Fehrer Limited, Chennai which comprise of the consolidated Balance Sheet as at 31st March 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

M BALASUBRAMANIYAM
Partner
Membership No.: F7945

Place : Chennai
Date : 22nd May 2013

Balance Sheet as at 31st March, 2013

Rs. in Lakhs

	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	I	**776.90**	776.90
(b) Reserves and Surplus	II	**5,891.31**	4,971.50
Minority Interest	XXVII	**5,924.50**	5,948.90
(2) Non-Current Liabilities			
(a) Long-term borrowings	III	**644.88**	1,278.27
(b) Deferred tax liabilities (Net)		**713.19**	33.36
(c) Other Long-term liabilities	IV	**–**	0.51
(d) Long-term provisions	V	**180.70**	107.54
(4) Current Liabilities			
(a) Short-term borrowings	VI	**2,735.15**	2,993.59
(b) Trade payables		**8,838.94**	9,419.86
(c) Other current liabilities	VII	**2,827.62**	3,078.73
(d) Short-term provisions	VIII	**1,188.45**	1,126.60
Total		**29,721.64**	29,735.76
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	IX	**13,414.21**	13,791.28
(ii) Intangible assets		**59.11**	47.78
(iii) Capital work-in-progress		**494.58**	19.91
(b) Non-current investments	X	**75.00**	75.00
(c) Deferred tax assets (net)		**–**	–
(d) Long-term loans and advances	XI	**109.38**	313.45
(e) Other non-current assets	XII	**31.34**	61.12
(2) Current assets			
(a) Current investments	XIII	**186.12**	185.57
(b) Inventories	XIV	**2,290.86**	2,370.39
(c) Trade receivables	XV	**9,600.43**	9,356.38
(d) Cash and cash equivalents	XVI	**307.89**	668.94
(e) Short-term loans and advances	XVII	**48.16**	52.76
(f) Other current assets	XVIII	**3,104.56**	2,793.18
Total		**29,721.64**	29,735.76
Accounting standards, additional disclosures & Notes on accounts	XXVIII		

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

H LAKSHMANAN
Chairman

C N PRASAD
Director

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Chennai
22nd May 2013

A G GIRIDHARAN
President cum Manager

N ISWARYA LAKSHMI
Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2013

Rs. in Lakhs

		Note No.	For the Year ended 31.03.2013	For the Year ended 31.03.2012
I.	Revenue from Operations	XIX	**52,737.58**	56,597.21
II.	Other Income	XX	**112.29**	26.30
III.	Total Revenue (I +II)		**52,849.87**	56,623.51
IV.	Expenses:			
	Cost of materials consumed	XXI	**38,356.94**	40,626.29
	Changes in inventories of finished goods and work in process	XXII	**(164.05)**	737.53
	Employee benefits expense	XXIII	**5,127.41**	4,867.63
	Finance costs	XXIV	**830.12**	928.55
	Depreciation and amortization expense			
	- On Tangible assets		**1,242.59**	1,331.50
	- On Intangible assets		**40.78**	24.28
	Other expenses	XXV	**5,265.64**	5,834.99
	Total Expenses		**50,699.43**	54,350.77
V.	Profit before exceptional and extraordinary items and tax (III - IV)		**2,150.44**	2,272.74
VI.	Exceptional Items (Income)	XXVI	**–**	151.82
VII.	Profit before extraordinary items and tax (V + VI)		**2,150.44**	2,424.56
VIII.	Extraordinary Items		**–**	–
IX.	Profit before tax (VII - VIII)		**2,150.44**	2,424.56
X.	Tax expense: (1) Current tax		**444.88**	520.83
	(2) Deferred tax		**248.33**	1.41
	(3) Mat Credit Entitlement		**(167.52)**	(221.79)
			525.69	300.45
XI.	Profit/(Loss) for the period from continuing operations before making prior period adjustments (IX - X)		**1,624.75**	2,124.11
	Prior Period Adjustment: - Mat credit tax		**(56.83)**	–
	- Deferred tax		**431.50**	–
			374.67	–
	Profit / (Loss) for the period from continuing operations		**1,250.08**	2,124.11
XII.	Profit / (Loss) from discontinuing operations		**–**	–
XIII.	Tax expense of discounting operations		**–**	–
XIV.	Profit / (Loss) from discounting operations after tax (XII - XIII)		**–**	–
XV.	Profit / (Loss) for the year (XI + XIV)		**1,250.08**	2,124.11
	Relating to Minority Interest		**90.05**	540.96
	Relating to Parent Company		**1,160.03**	1,583.15
XIV.	Earnings per equity share:			
	(1) Basic (in Rs.)		**14.93**	20.38
	(2) Diluted (in Rs.)		**14.93**	20.38
Accounting standards, additional disclosures & Notes on accounts		XXVIII		

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

M BALASUBRAMANIYAM
Partner
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H LAKSHMANAN
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C N PRASAD
Director

A G GIRIDHARAN
President cum Manager

N ISWARYA LAKSHMI
Company Secretary

Chennai
22nd May 2013

Notes on accounts

Rs. in Lakhs

	As at 31.03.2013	As at 31.03.2012
I. SHARE CAPITAL		
Authorised		
Equity Shares of Rs.10/- each	**1,000.00**	1,000.00
Issued, Subscribed & fully paid up		
Equity Shares of Rs.10/- each	**776.90**	776.90
Total	**776.90**	776.90
II. RESERVES & SURPLUS		
a. Capital Redemption Reserve		
Opening Balance	**10.00**	10.00
(+) Current Year Transfer	**–**	–
(-) Written Back in Current Year	**–**	–
Closing Balance	**10.00**	10.00
b. Share premium		
Opening Balance	**2,982.88**	2,982.88
(+) Current Year receipt	**–**	–
Closing Balance	**2,982.88**	2,982.88
c. Other Reserves (State subsidy)		
Opening Balance	**41.10**	15.00
(+) Current Year receipt	**–**	26.10
Closing Balance	**41.10**	41.10
General Reserve		
Opening Balance	**2,142.98**	2,030.78
(+) Current Year receipt	**106.72**	112.20
(-) Written Back in Current Year	**–**	–
Closing Balance	**2,249.70**	2,142.98
d. Surplus i.e balance as per Statement of Profit and Loss:		
Opening balance	**(205.46)**	(1,357.13)
(+) Net Profit/(Net Loss) for the current year	**1,160.03**	1,583.15
(-) Taxes relating to earlier years	**(13.77)**	(3.25)
(-) Interim Dividend payable	**(194.23)**	(271.92)
(-) Transfer to General Reserve	**(106.72)**	(112.20)
(-) Dividend Distribution Tax	**(32.22)**	(44.11)
Closing Balance	**607.63**	(205.46)
Total	**5,891.31**	4,971.50

Notes on accounts - (continued)

Rs. in Lakhs

	As at 31.03.2013	As at 31.03.2012
III. LONG-TERM BORROWINGS		
Secured		
(a) Term loans		
From Banks	**600.00**	1,200.00
Secured by equitable mortgage of land and buildings at Belagondapalli village, Hosur and first charge on all other fixed assets of the Company.		
Terms of Repayment:		
Repayable - Rs.150 lakhs each quarter with the first instalment effective from 31.12.2012		
Unsecured		
(b) Term loans		
i) From Banks	**–**	–
ii From Others		
Interest Free Sales Tax Loan	**44.88**	78.27
Terms of Repayment:		
Repayable in 5 yearly equal instalments of Rs. 33.38 lakhs with effect from April 2010		
Total	**644.88**	1,278.27
IV. OTHER LONG-TERM LIABILITIES		
Deposits	**–**	0.51
Total	**–**	0.51
V. LONG-TERM PROVISIONS		
Employee benefits : Pension	**149.69**	84.87
Leave encashment	**31.01**	22.67
Total	**180.70**	107.54
VI. SHORT-TERM BORROWINGS		
Secured		
Loans repayable on demand		
From banks	**2,735.15**	2,993.59
(Secured by first charge on the entire current assets of the Company present and future)		
Total	**2,735.15**	2,993.59

Notes on accounts - (continued)

Rs. in Lakhs

	As at 31.03.2013	As at 31.03.2012
VII. OTHER CURRENT LIABILITIES		
Secured		
(a) Current maturities of long-term debt - From Banks	**600.00**	300.00
(b) Interest accrued but not due on borrowing	**12.85**	1.15
Unsecured		
Interest Free Sales Tax Loan	**33.38**	33.38
(a) Loans repayable on demand		
From Banks	**724.50**	1,376.25
From Others	**650.00**	300.00
(b) Interest accrued but not due on borrowings	**7.18**	26.30
(c) Interest accrued but due on borrowings	**9.70**	–
Unpaid dividends	**10.45**	7.21
Other Payables		
Employees	**133.34**	163.94
Advances from customers	**254.38**	322.76
Statutory payables		
- Tax deducted at source	**44.22**	80.09
- Value added taxes and central sales tax	**182.18**	174.38
- Others	**66.43**	6.90
Other payables	**99.01**	286.37
Total	**2,827.62**	3,078.73
VIII. SHORT-TERM PROVISIONS		
Leave Encashment	**22.14**	26.00
Income tax	**454.24**	583.61
Warranty	**116.30**	43.43
Supplier price increase	**153.50**	58.96
Others	**199.85**	82.60
Interim dividend payable	**194.23**	271.92
Dividend Distribution tax	**48.19**	60.08
Total	**1,188.45**	1,126.60

Notes on accounts - (continued)

IX NON CURRENT ASSETS
FIXED ASSETS

Rs. in Lakhs

Description	Tangible Assets								Intangible Assets					Total	
	Land	Lease hold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipment	Total	Software	Technical Know-how	Product licence fee	Non-com-pete fee	Total	As at 31.03.2013	As at 31.03.2012
Cost of assets															
As at 01.04.2012	1,362.01	38.97	4,438.71	12,402.61	193.52	112.39	679.01	19,227.22	206.22	31.50	22.32	550.00	810.04	**20,037.26**	19,084.14
Add: Additions/Transfer/ adjustments	–	51.69	138.88	629.64	14.42	3.83	74.09	912.55	52.11	–	–	–	52.11	**964.66**	2,490.80
Sub-total	1,362.01	90.66	4,577.59	13,032.25	207.94	116.22	753.10	20,139.77	258.33	31.50	22.32	550.00	862.15	**21,001.92**	21,574.94
Less: Sale/Deletions/ adjustments	–	–	–	36.43	–	33.65	57.92	128.00	–	–	–	–	–	**128.00**	1,537.68
As at 31.03.2013	1,362.01	90.66	4,577.59	12,995.82	207.94	82.57	695.18	20,011.77	258.33	31.50	22.32	550.00	862.15	**20,873.92**	20,037.26
Depreciation/ amortisation															
upto 31.03.2012	–	6.94	670.50	4,162.28	66.51	61.29	468.42	5,435.94	171.18	29.92	11.16	550.00	762.26	**6,198.20**	5,090.73
Add: Depreciation for the year	–	0.65	153.87	1,018.30	10.89	15.00	43.79	1,242.50	38.55	–	2.23	–	40.78	**1,283.28**	1,355.70
Sub-total	–	7.59	824.37	5,180.58	77.40	76.29	512.21	6,678.44	209.73	29.92	13.39	550.00	803.04	**7,481.48**	6,446.43
Less: Withdrawn on sold assets	–	–	–	10.24	–	21.47	49.17	80.88	–	–	–	–	–	**80.88**	248.23
As on 31.03.2013	–	7.59	824.37	5,170.34	77.40	54.82	463.04	6,597.56	209.73	29.92	13.39	550.00	803.04	**7,400.60**	6,198.20
Written down value 31.03.2013	**1,362.01**	**83.07**	**3,753.22**	**7,825.48**	**130.54**	**27.75**	**232.14**	**13,414.21**	**48.60**	**1.58**	**8.93**	**–**	**59.11**	**13,473.32**	**–**
31.03.2012	1,362.01	32.03	3,768.21	8,240.33	127.01	51.10	210.59	13,791.28	35.04	1.58	11.16	–	47.78	–	13,839.06

Capital Work-in-Progress (At cost)	**As at 31.03.2013**	As at 31.03.2012
a. Building	**397.68**	-
b. Plant & Equipments	**94.03**	19.91
c. Furniture & Fixtures	**1.49**	-
d. Office Equipment	**1.38**	-
Total	**494.58**	19.91

Notes on accounts - (continued)

Rs. in Lakhs

	As at 31.03.2013	As at 31.03.2012
X. NON-CURRENT INVESTMENTS		
Non Trade Investments (At cost)		
Investment in Equity Instruments :		
Non-trade unquoted shares (long term fully paid)	**75.00**	75.00
Total	**75.00**	75.00
XI. LONG-TERM LOANS AND ADVANCES		
(Unsecured considered good)		
Income Tax - Advance tax paid and tax deducted at source receivable	**–**	313.37
(Unsecured considered good)		
Capital Advances	**37.68**	–
Others	**71.70**	–
Miscellaneous Expenditure to the extent not written off or adjusted	**–**	0.08
Total	**109.38**	313.45
XII. OTHER NON-CURRENT ASSETS		
Unsecured, considered good : Deposits		
Electricity Deposit	**18.21**	20.09
Telephone Deposit	**0.18**	0.18
Others	**12.95**	40.85
Total	**31.34**	61.12
XIII. CURRENT INVESTMENTS		
Investment in Mutual funds :		
HDFC Standard Life Insurance, Mumbai		
- 2,24,506.77156 units in HDFC Group unit linked plan Balanced managed fund	**88.09**	87.54
(Market Value for the investment - Rs.134.10 lakhs. Last year Rs.123.09 lakhs.)		
	88.09	87.54
Others :		
Life Insurance Corporation of India, Chennai		
Group annuity policy	**98.03**	98.03
Total	**186.12**	185.57

Notes on accounts - (continued)

Rs. in Lakhs

		As at 31.03.2013	As at 31.03.2012
XIV. INVENTORIES			
(Valued at lower of weighted average cost or net realisable value)			
a.	Raw Materials and components	**1,382.28**	1,577.61
b.	Raw Materials and components - Goods in transit	**–**	66.67
c.	Work-in-process	**291.36**	220.11
d.	Finished goods	**440.56**	347.76
e.	Stores and spares	**176.66**	158.24
	Total	**2,290.86**	2,370.39

XV. TRADE RECEIVABLES			
Debts outstanding for a period exceeding six months from the date due for payment			
Unsecured			
Considered good		**264.24**	84.73
Considered doubtful		**502.97**	334.79
		767.21	419.52
Less : Provision for doubtful debts		**502.97**	334.79
	Total (A)	**264.24**	84.73
Other debts			
Considered good		**9,336.19**	9,271.65
Considered doubtful		**2.28**	180.11
		9,338.47	9,451.76
Less : Provision for doubtful debts		**2.28**	180.11
	Total capital (B)	**9,336.19**	9,271.65
	Total capital (A + B)	**9,600.43**	9,356.38

XVI. CASH & CASH EQUIVALENTS			
a.	Balances with banks	**283.45**	248.10
b.	Cheques on hand	**–**	22.77
c.	Cash on hand	**10.35**	7.22
d.	Unpaid dividend (earmarked balance)	**10.45**	7.21
e.	Bank deposits	**3.64**	383.64
	Total	**307.89**	668.94

Notes on accounts - (continued)

Rs. in Lakhs

	As at / for the year ended 31.03.2013	As at / for the year ended 31.03.2012
XVII. SHORT-TERM LOANS & ADVANCES		
Employee advances (Unsecured considered good)	**37.81**	32.10
Others	**10.35**	20.66
Total	**48.16**	52.76
XVIII. OTHER CURRENT ASSETS		
Advances to suppliers	**892.54**	1,028.51
Prepaid expenses	**130.04**	100.73
Income tax - Advance tax paid and tax deducted at source receivable	**655.07**	688.74
Balances with statutory authorities:		
Cenvat receivable	**188.03**	172.96
VAT set off receivable	**67.41**	126.56
Advances made	**925.96**	449.79
Claims Receivable	**245.51**	225.89
Total	**3,104.56**	2,793.18
XIX. REVENUE FROM OPERATIONS		
Sale of products	**58,012.33**	60,865.85
Sale of services	**–**	–
Other operating revenues	**726.02**	1,977.17
	58,738.35	62,843.02
Less: Excise duty	**6,000.77**	6,245.81
Total	**52,737.58**	56,597.21
XX. OTHER INCOME		
(a) Interest Income	**13.66**	3.20
(b) Net gain on sale of investments	**0.55**	6.62
(c) Net Foreign Exchange gain	**66.80**	12.40
(d) Other non-operating income (Net of expenses)	**31.28**	4.08
Total	**112.29**	26.30

Notes on accounts - (continued)

Rs. in Lakhs

			For the year ended 31.03.2013	For the year ended 31.03.2012
XXI.	**RAW MATERIALS AND COMPONENTS CONSUMED**			
	OPENING STOCK			
	Raw materials	(A)	**1,644.28**	1,075.58
	Purchase of raw materials and components	(B)	**38,094.94**	41,194.99
	Total (C)	(A) + (B)	**39,739.22**	42,270.57
	CLOSING STOCK			
	Raw materials	(D)	**1,382.28**	1,644.28
	Consumption	(C) - (D)	**38,356.94**	40,626.29
XXII.	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS**			
	Opening Stock of Work-in-Process and Finished Goods			
	Work-in-process		**220.11**	234.11
	Finished goods		**347.76**	1,071.29
	Total (A)		**567.87**	1,305.40
	Less: Closing Stock of Work-in-Process and Finished Goods			
	Work-in-Process		**291.36**	220.11
	Finished Goods		**440.56**	347.76
	Total (B)		**731.92**	567.87
	Changes in Inventory (A - B)		**(164.05)**	737.53
XXIII.	**EMPLOYEE BENEFIT EXPENSES**			
	Salaries and wages		**3,979.43**	3,894.89
	Leave Salary		**34.98**	23.37
	Bonus		**73.96**	26.98
	Contribution to Provident and other funds		**285.18**	167.23
	Welfare expenses		**753.86**	755.16
	Total		**5,127.41**	4,867.63
XXIV.	**FINANCE COST**			
	Interest expense		**766.33**	849.23
	Other borrowing costs		**63.79**	79.32
	Total		**830.12**	928.55

Notes on accounts - (continued)

Rs. in Lakhs

	For the year ended 31.03.2013	For the year ended 31.03.2012
XXV. OTHER EXPENSES		
Consumption of stores and spare parts	**591.78**	862.82
Power and fuel	**946.29**	806.62
Rent	**37.88**	27.88
Rates and taxes, excluding taxes on income	**59.30**	52.66
Repairs to buildings	**118.65**	190.02
Repairs to Plant and Equipments	**626.41**	658.38
Repairs to other assets	**128.59**	127.34
Insurance	**63.50**	63.59
Carriage outward	**627.37**	444.01
Packing charges	**468.58**	459.52
Other expenses	**1,571.67**	2,119.71
Audit fees - as auditors	**14.50**	12.00
- tax audit	**1.50**	1.50
- certification	**0.50**	0.50
- other services	**2.45**	1.68
- reimbursement of expenses	**6.67**	6.76
Total	**5,265.64**	5,834.99
XXVI. EXCEPTIONAL ITEMS		
Profit on sale of Fixed assets	**–**	151.82

		As at 31.03.2013	As at 31.03.2012
XXVII. MINORITY INTEREST			
Share capital		**984.80**	984.80
Share premium		**4,531.91**	4,531.91
Total		**5,516.71**	5,516.71
Profit up to year 2011-12	**432.19**		
Profit for the year 2012-13	**90.05**		
Share of Dividend Tax 2012-13	**(15.97)**		
Dividend paid during the year 2012-13	**(98.48)**	**407.79**	432.19
Total		**5,924.50**	5,948.90

XXVIII. Accounting Standards, additional disclosures and notes on accounts

1. Consolidation of accounts

A. Basis of accounting

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

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

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

B. Principles of consolidation

(i) Consolidated financial statements relate to Harita Seating Systems Limited, Chennai and its subsidiary viz. Harita Fehrer Limited, Chennai.

(ii) Consolidated financial statements have been prepared on the following basis:

- the financial statements of the Company and its subsidiary have been prepared on a line by line consolidation by adding the book values of the like items of assets and liabilities as per the respective audited financial statements of the respective companies.
- the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the manner as the Company's individual financial statements.
- Intra - group transactions and resulting unrealised profits have been eliminated.

(iii) The details of subsidiary company considered in the consolidated financial statements are furnished below:

a	Name of the subsidiary company	Harita Fehrer Limited, Chennai
b	Country of incorporation	India
c	Proportion of ownership(interest / voting power - in %)	51%
d	Reporting date	31.03.2013
e	Difference in reporting date	Nil

C. Significant Accounting Policies - on consolidation:

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

		Rs. in Lakhs
	As at/Year ended 31.03.2013	As at/Year ended 31.03.2012
2. Contingent liabilities not provided for		
a) On counter guarantee furnished to bank	**1,641.20**	1,703.74
b) On account of bill discounting	**20.31**	91.80
c) Customs duty under Export Promotion Capital Goods Scheme	**189.13**	189.13
d) Contracts remaining to be executed on Capital Account and not provided for	**34.40**	100.47
e) On account of Import LC	**–**	514.52
f) VAT Input credit claimed beyond the prescribed period as per Section 19(7) of the Tamil Nadu VAT Act 2006	**7.95**	7.95
3. Liability contested and not provided for		
a) Income Tax	**1,506.94**	44.77
b) Service tax	**424.69**	290.25
c) Central Excise	**314.59**	269.51
d) Value Added Tax of all States	**328.98**	120.73
e) Customer Claim	**439.00**	439.00

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

Rs. in Lakhs

	As at/Year ended 31.03.2013	As at/Year ended 31.03.2012
4. Sundry creditors include		
a) Dues to small scale industrial undertakings	**902.04**	1,355.32
b) Dues of creditors other than small scale industrial undertaking	**7,986.77**	8,115.22

c) Information required under the Micro, Small and Medium Enterprises Development Act, 2006:

The company has written to all suppliers to ascertain if they are covered by the said Act. No information has been received in reply.

However, the suppliers' credit terms are generally 45 days within which all payments are made. Hence, the question of payment of interest or provision thereof for belated payments does not arise.

5. Other expenses include

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

6. Expenses, wherever applicable are inclusive of service tax at appropriate rates and net off service tax set off permissible.

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

Related party disclosure:

LIST OF RELATED PARTIES

a) Key Management Personnel

For Harita Seating Systems Limited, Chennai : Mr. A.G. Giridharan - Manager cum President

For Harita Fehrer Limited, Chennai : Mr. Rajesh Oommen - Manager

b) Fellow Associate : F.S. Fehrer Automotive GmbH, Germany

Related party transactions

Rs. in Lakhs

Nature of transaction	For the Year ended 31.03.2013	For the Year ended 31.03.2012
F.S. Fehrer Automotive GmbH, Germany		
Purchases	**27.30**	93.97
Rendering of Services	**10.54**	–
Receipt of Services	**107.03**	557.55
Receivable	**10.79**	–
Payable	**25.66**	27.97

c) Remuneration paid to Key Managerial personnel **52.07** 51.47

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

H LAKSHMANAN
Chairman

C N PRASAD
Director

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Chennai
22nd May 2013

A G GIRIDHARAN
President cum Manager

N ISWARYA LAKSHMI
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2013

Rs. in lakhs

			Year ended 31.03.2013		Year ended 31.03.2012
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Profit before tax and extra ordinary items		**2,150.44**		2,424.56
	Add: Depreciation	**1,283.29**		1,355.70	
	Preliminary expenses	**0.08**		0.08	
	Interest Income	**(13.66)**		(3.20)	
	Profit/(loss) on sale of assets(net)	**2.94**		(85.11)	
	Finance Cost	**830.12**	**2,102.77**	928.55	2,196.02
	Operating profit before working capital changes		**4,253.21**		4,620.58
	Adjusted for:				
	Working Capital changes				
	Trade Payables	**(580.92)**		(1,544.15)	
	Other Current Liabilities	**(256.63)**		(2,889.46)	
	Short Term Provisions	**280.80**		(285.14)	
	Long Term Loans and Advances	**(109.38)**		201.14	
	Current Investments	**(0.55)**		7.53	
	Inventories	**79.53**		212.32	
	Trade Receivables	**(244.05)**		266.46	
	Short Term Loans and Advances	**4.60**		(2.34)	
	Other Non current assets	**30.36**		4.43	
	Other Current Assets	**(120.71)**	**(916.95)**	(630.00)	(4,659.21)
	Cash generated from / (used in) operations		**3,336.26**		(38.63)
	Less : Taxes paid		**(240.98)**		(492.81)
	Net cash from / (used in) operating activities - (A)		**3,095.28**		(531.44)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets	**(1,439.33)**		(2,229.76)	
	Proceeds from sale of assets	**44.18**		1,374.56	
	Interest received	**13.08**		3.78	
	Dividend received	**–**	**(1,382.07)**	–	(851.42)
	Net cash from / (used in) investing activities - (B)		**(1,382.07)**		(851.42)

Consolidated Cash Flow Statement for the year ended 31st March, 2013 (continued)

Rs. in lakhs

		Year ended 31.03.2013		Year ended 31.03.2012
C CASH FLOW FROM FINANCING ACTIVITIES				
State subsidy	**–**		26.10	
Long Term Borrowings	**(633.39)**		(87.41)	
Long Term Provisions	**73.16**		(70.64)	
Other Long term liabilities	**(0.51)**		0.51	
Short Term Borrowings	**(258.44)**		1,073.46	
Finance cost paid	**(827.84)**		(935.59)	
Dividend paid	**(427.24)**		(1.24)	
		(2,074.26)		5.19
Net cash from / (used in) financing activities - (C)		**(2,074.26)**		5.19
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		**(361.05)**		(1,377.67)
Cash and cash equivalents at the beginning of the year		**668.94**		2,046.61
Cash and cash equivalents at the end of the year		**307.89**		668.94

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

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

H LAKSHMANAN
Chairman

C N PRASAD
Director

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

M BALASUBRAMANIYAM
Partner
Membership No.F7945

Chennai
22nd May 2013

A G GIRIDHARAN
President cum Manager

N ISWARYA LAKSHMI
Company Secretary

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

(Rs. in lakhs)

S.No.	Particulars	Amount
(a)	Capital	2,009.80
(b)	Reserves	9,831.41
(c)	Total assets	19,573.94
(d)	Total liabilities	19,573.94
(e)	Details of investment	75.00

(Rs. in lakhs)

S.No.	Particulars	Amount
(f)	Turnover including other income	27,703.30
(g)	Profit before taxation	837.28
(h)	Provision for taxation	278.81
(i)	Profit after taxation	183.80
(j)	Proposed dividend	200.98

NATIONAL ELECTRONIC CLEARING SERVICES
NECS MANDATE FORM

To,

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

Dear Sirs,

FORM FOR NATIONAL ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill in the information in CAPITAL LETTERS in ENGLISH only.

Folio No. | | | | | | | | | | | | | | | | |

For Office use only

NECS Ref. No. | |

Name of Sole/First holder	
Address	
Bank Name	
Address of the Branch	
Branch Code (MICR Code of the Bank)									| (9 Digit Code number appearing on the MICR Band of the Cheque supplied by the Bank)

11-Digit IFSC Code														
Account type ((Please Tick (✓) wherever applicable	Savings ☐	Current ☐	Cash credit ☐
A/c. No. (as appearing in the cheque leaf)*														

** Please attach a copy of cancelled cheque for ensuring accuracy of the account details.*

Shareholders holding shares in electronic form shall contact their DP for updation of NECS / NEFT details for their demat account.

I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not affected at all for reasons of incompleteness or incorrectness of information supplied as above, I shall not hold the Company or the Share Transfer Agent responsible. I agree to avail the NECS facility as and when implemented by Harita Seating Systems Limited.

I further undertake to inform the Company of any change in the particulars given above to facilitate updation of records.

Place : .....

Date : .....

(Signature of Sole/First holder)

HARITA SEATING SYSTEMS LIMITED

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