

HARITA SEATING SYSTEMS LIMITED

21st Annual Report 2016-2017





HARITA SEATING SYSTEMS LIMITED

Board of Directors

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

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

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

Nomination and Remuneration Committee

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

Chief Executive Officer

A G Giridharan

Chief Financial Officer

S Jagannathan

Company Secretary

N Iswarya Lakshmi

Bankers

State Bank of India

Statutory Auditors

Sundaram & Srinivasan
Chartered Accountants,
New No. 4 (Old No.23), C.P. Ramasamy Road,
Alwarpet, Chennai 600 018.
Tel. : 044-2498 8762
E-mail: yessendes@vsnl.net

Secretarial Auditor

B Chandra
Practising Company Secretary
AG 3, Ragamalika,
No. 26, Kumaran Colony Main Road,
Vadapalani, Chennai 600 026
E-mail: bchandra1@gmail.com

Shares listed with

National Stock Exchange of India Ltd., Mumbai

Share Transfer Agent

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

Registered Office

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

Plant Locations

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

Subsidiary company

Harita Fehrer Limited, Chennai

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HARITA SEATING SYSTEMS LIMITED

FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

Rupees in lakhs

Financial year ended	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Statement of Profit & Loss										
Sales	19,104.87	19,625.18	22,356.35	24,078.27	30,664.18	27,616.68	25,012.53	27,375.54	30,781.08	34,767.23
Other income	271.76	196.98	893.51	153.53	225.85	226.18	341.86	643.71	973.75	968.59
Total income	19,376.63	19,822.16	23,249.86	24,231.80	30,890.03	27,842.86	25,354.39	28,019.25	31,754.83	35,735.82
Gross profit before interest, depreciation & tax	1,772.58	330.76	1,487.56	594.85	2,516.04	2,295.52	1,558.39	1,692.60	3,432.33	3,750.92
Depreciation	532.93	696.92	883.52	431.66	434.38	422.14	463.24	407.78	438.76	510.74
Profit/(Loss) before interest & tax	1,239.65	(366.16)	604.04	163.19	2,081.66	1,873.38	1,095.15	1,284.82	2,993.57	3,240.18
Interest	286.90	424.77	704.44	747.29	663.70	559.36	505.92	470.99	147.95	44.01
Profit/(Loss) before taxation	952.75	(790.93)	(100.40)	(584.10)	1,417.96	1,314.02	589.23	813.83	2,845.62	3,196.17
Profit/(Loss) after taxation	641.25	(892.09)	8.81	(509.99)	1,122.01	1,067.15	465.72	709.27	2,531.71	2,520.31
Balance Sheet										
Net fixed assets	5,546.86	7,999.88	4,705.11	4,652.63	3,577.92	4,101.30	4,072.18	4,031.81	3,470.03	4,546.15
Investment	437.38	259.85	2,988.76	2,759.00	2,759.00	2,857.03	2,857.03	2,857.03	2,857.03	2,857.03
Net current assets	725.77	5,217.27	900.36	1,064.00	2,374.75	2,041.49	2,983.28	1,709.84	960.34	2,856.53
Total	6,710.01	13,477.00	8,594.23	8,475.63	8,711.67	8,999.82	9,912.49	8,598.68	7,287.40	10,259.71
Share capital	776.90	776.90	776.90	776.90	776.90	776.90	776.90	776.90	776.90	776.90
Reserves & Surplus	2,930.94	2,055.78	2,072.98	1,561.79	2,407.25	3,250.84	3,600.02	4,061.93	6,109.38	8,240.91
Net worth	3,707.84	2,832.68	2,849.88	2,338.69	3,184.15	4,027.74	4,376.92	4,838.83	6,886.28	9,017.81
Loan funds	2,639.73	10,200.03	5,422.27	5,888.97	5,282.64	4,757.69	5,313.67	3,568.26	502.05	1,130.60
Deferred tax liability	362.44	444.29	322.08	247.97	244.88	214.39	221.90	191.59	(100.93)	111.30
Total	6,710.01	13,477.00	8,594.23	8,475.63	8,711.67	8,999.82	9,912.49	8,598.68	7,287.40	10,259.71
Earnings per share (Rs.)	^ 8.25	(11.48)	0.11	(6.56)	14.44	13.74	5.99	9.13	32.59	32.44
Dividend per share (Rs.)	2.50	-	-	-	3.50	2.50	1.50	2.50	6.00	5.00
Book value per share (Rs.)	47.73	36.46	36.68	30.10	40.99	51.84	56.34	62.28	88.64	116.07
Return on capital employed %(ROCE)*	19.40	(2.69)	7.31	1.92	25.88	22.40	11.51	15.71	47.03	35.67
Return on networth % (RONW)**	18.30	(27.28)	0.31	(19.66)	40.63	29.59	11.08	15.39	43.18	31.69
Fixed asset turnover (No. of times) #	3.85	2.90	3.52	5.15	7.45	7.19	6.12	6.76	8.21	8.67
Working capital turnover (No. of times) @	14.74	6.60	7.31	24.52	17.83	12.51	9.96	11.67	23.06	18.22
Gross profit as % of total income	9.10	1.70	6.40	2.45	8.15	8.24	6.15	6.04	10.81	10.50
Profit/(Loss) before tax as % of total income	4.90	(4.00)	(0.43)	(2.41)	4.59	4.72	2.32	2.90	8.96	8.94

Notes:

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

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

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

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

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

^ Adjusted for bonus issue.

Notice of Annual General Meeting

NOTICE is hereby given that the 21st annual general meeting of the Company will be held on Wednesday, the 9th August 2017 at 10.00 a.m. at Kasturi Srinivasan Hall (Mini Hall), The Music Academy, No.168, (Old No. 306) T. T. K Road, Chennai 600 014 to transact the following businesses:

ORDINARY BUSINESS

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

"RESOLVED THAT the audited balance sheet as at 31st March, 2017, the statement of profit and loss, notes forming part thereof, the cash flow statement for the year ended on that date and the consolidated financial statements, together with the directors' report and the auditors' report thereon as circulated to the Members and presented to the meeting be and the same are hereby approved and adopted."

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

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

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, having Firm Registration No. 007761S be and are hereby appointed as Statutory Auditors of the Company in place of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, having Firm Registration No. 004207S, whose tenure expires at this Annual General Meeting, at such

remuneration plus reimbursement of out-of-pocket, travelling expenses and other applicable taxes, as may be mutually agreed between the Board of Directors of the Company and the said Auditors."

"RESOLVED FURTHER THAT M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, if appointed as the Statutory Auditors of the Company, shall hold office for a period of five years, from the conclusion of this 21st Annual General Meeting till the conclusion of 26th Annual General Meeting of the Company, subject to ratification of the appointment by Members at every Annual General Meeting during their tenure of office."

By order of the Board

Chennai
18th May 2017

N Iswarya Lakshmi
Company Secretary

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

Notes:

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

Proxy:

- 1) **A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a Member or Members, as the case may be, of the Company. The instrument appointing the Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the registered office of the Company, not later than 48 hours before the time fixed for holding the meeting. A person shall not act as a Proxy for more than 50 Members and holding in**

aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a Member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.

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

Unclaimed Dividend

- 3) In terms of Section 124 of the Act, 2013, the dividend declared by the Company, for earlier years, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.
- 4) Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company.

Pursuant to The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is providing / hosting the required details of unclaimed amount referred to under Section 124 of the Act, 2013 on its website and also on the website of the Ministry of Corporate Affairs (MCA) viz., www.iepf.gov.in.

General

- 5) With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are

requested to write to the Company to consolidate their holdings in one folio.

- 6) A Corporate Member intending to send its authorised representative to attend the Meeting in terms of Section 113 of the Act, 2013 is requested to send to the Company a certified copy of the Board Resolution / power of attorney authorizing such representative to attend and vote on its behalf at the Meeting.
- 7) Members may also note that the Notice of the AGM and the Annual Report will also be available on the Company's website viz., www.haritaseating.com for their download. The physical copies of the aforesaid documents including annexures along with Notice will also be available at the Company's Registered Office in Chennai for inspection during 10.00 a.m. to 12.00 Noon on all working days, from 10th July 2017 till the date of AGM.
- 8) As a measure of economy, copies of the Annual Report will not be distributed at the venue of AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.
- 9) Members are requested to affix their signatures at the space provided in the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the attendance slip duly filled in for attending the Meeting. Members are requested to write their Client ID and DP ID / Folio numbers in the attendance slip for attending the Meeting and handover the slip at the entrance of the meeting hall.

Members holding shares in electronic form

- 10) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) with whom they are maintaining their demat account.

- 11) Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP).
- 12) The Company will not entertain any direct request from such Members for deletion or change of such bank details. Instructions, if any, already given by Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form.
- 13) Electronic copy of the Annual Report and the Notice of the AGM *inter alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent to all the Members whose email IDs are registered with the Company / DPs for communication purposes, unless any Member has requested for a hard copy of the same.
- 14) Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post at free of cost. For any communication, the Members may also send their requests to investorscomplaintssta@scl.co.in.

Members holding shares in physical form

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

Members who have not registered their email address, physical copies of Annual Report and the Notice of AGM *inter alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.

Voting

- 18) The businesses set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The Members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-Voting').
- 19) The facility for voting through Ballot papers shall be made available at the venue of AGM and the Members attending the AGM who have not cast their vote by remote e-Voting shall be able to vote at the AGM.
- 20) In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
- 21) In terms of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, as amended ('the Rules') and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 [SEBI (LODR) Regulations], the Company has provided facility to exercise votes through electronic voting system, to Members holding shares as on 3rd August 2017 being the "Cut-off Date" ("Cut-Off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of Members entitled to participate in the e-Voting process through the e-Voting platform provided by NSDL viz., www.evoting.nsdl.com.

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

The instructions for remote e-Voting are as under:

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

- i. Launch internet browser www.evoting.nsdl.com;
- ii. Enter the login credentials, i.e., User ID and Password mentioned in your email. Your Folio No. / DP ID will be your User ID. However, if you are already registered with NSDL for e-Voting, you can use your existing User ID and Password for casting your votes;
- iii. Initial Password is provided in the body of the e-mail;
- iv. After entering the details appropriately, click on LOGIN;
- v. You will reach the Password Change menu wherein you are required to mandatorily change your Password. The new Password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$ etc). It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential;
- vi. You need to login again with the new credentials;
- vii. On successful login, the system will prompt you to select the EVEN, i.e., Harita Seating Systems Limited;
- viii. On the voting page, the number of shares (which represents the number of votes) as held by the Member as on the Cut-Off-date will appear. If you desire to cast all the votes assenting / dissenting to the resolutions, then

enter all the number of shares and click "FOR" / "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the 'Cut-Off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;

- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio / demat account;
 - x. Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;
 - xi. Corporate / Institutional Members are required to send scanned copy (PDF/JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail bchandra1@gmail.com, with a copy marked to evoting@nsdl.co.in;
 - xii. Members can cast their vote online from 6th August 2017 (Sunday) (9 a.m.) to 8th August 2017 (Tuesday) (5 p.m.) through remote e-Voting. Thereafter, the remote e-Voting module will be disabled by NSDL for voting and hence e-Voting will not be allowed after the aforesaid date and time;
- Only members as on the Cut-Off date, who have not cast their vote through remote e-Voting will be able to exercise their voting right at the AGM through ballot paper;

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

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

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

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

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

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

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

(C) General Instructions:

- (i) Members holding shares as on the "Cut-off Date" will be entitled to vote through remote e-Voting or at the venue of the AGM through ballot paper;
- (ii) The Notice of the AGM is being sent (by email where email ID is available and in physical form in other cases) to the Members holding shares of the Company as on 10th July 2017;

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

Shareholders who become Members of the Company, after despatch of Notice and hold shares as on 3rd August 2017 may obtain the User ID and Password for e-Voting by sending email, intimating DP ID and Client ID / Folio No. to raman@scl.co.in or Member may send an e-mail request to evoting@nsdl.co.in or can vote through ballot paper distributed at the venue of the AGM;

- (iii) Ms B Chandra, Practising Company Secretary (C.P No. 7859), Chennai has been appointed by the board as scrutinizer for conducting the remote e-Voting process and voting through ballot papers at the AGM, in a fair and transparent manner;
- (iv) The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of at least two witnesses, not in employment of the Company and make, within 48 hours from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or any other director, who shall countersign the same; and
- (v) The Scrutinizer will submit his report to the Chairman, or any other director of the Company, who will declare the result of the voting. The results declared along with the Scrutinizer's report will be placed on the Company's website www.haritaseating.com & on the website of NSDL www.evoting.nsdl.com and shall also be communicated to the Stock Exchange. All the resolutions, subject to receipt of requisite number of votes, shall be deemed to be passed at the AGM scheduled to be held on 9th August 2017.

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

I. Mr Martin Grammer

Born on 5th June, 1960 in Amberg, Germany, Mr Martin Grammer holds a degree in Business Economics from University Nuremberg, Germany. He was co-opted as a director on 21st January 2004.

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

He held the position as managing director and member of Executive Committee Board of Grammer AG, Germany for ten years, a leading supplier to the global automotive industry. During 2003 - 2008, he served as a member of the board of directors of GHE S.P.A, Milano, Italy, a leading supplier of European bus and train interiors industry with manufacturing locations in Italy, Germany, Spain, UK, Czech Republic and Mexico.

He does not hold any position as a director in any other Indian Company or a member of any committee of directors of any other Company and he is not related to any director of the Company.

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

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

The following Explanatory statement sets out all material facts relating to the ordinary business mentioned in the accompanying Notice dated 18th May 2017 and shall be taken as forming part of the Notice.

Item No.3

As per the provisions of Section 139 of the Act, 2013, the transitional period of office of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, as Statutory Auditors of the Company will conclude from the close of the ensuing Annual General Meeting (AGM) of the Company.

In view of the above, the Audit Committee and the Board of Directors of the Company at their meeting held on 18th May, 2017 have recommended the appointment of M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Bengaluru (ICAI Firm Registration Number 007761S) as the Statutory Auditors of the Company, subject to the approval of the shareholders.

They have consented to the said appointment and confirmed that their appointment, if made, would be within the limits mentioned under the provisions of Section 141 of the Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

They will hold office as statutory auditors for the first term of five years from the conclusion of the 21st AGM till the conclusion of 26th AGM of the Company, subject to ratification of the appointment by Members at every AGM held during their tenure of office as statutory auditors.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.3 of this Notice.

The directors, therefore, recommend the ordinary resolution, as set out in item No.3, for approval of shareholders.

By order of the board

Chennai
18th May 2017

N Iswarya Lakshmi
Company Secretary

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

Directors' Report to the Shareholders

The directors have pleasure in presenting the twenty first annual report and the audited financial statements for the year ended 31st March 2017.

1. FINANCIAL HIGHLIGHTS

Particulars	(Rs. in lakhs)	
	Year ended 31.03.2017	Year ended 31.03.2016
Sales and other income	35,735.82	31,754.83
Profit before financial costs, depreciation and amortization expenses	3,750.92	2,984.89
Less : Finance costs	44.01	147.95
Depreciation	510.74	438.76
Profit after finance costs and depreciation	3,196.17	2,398.18
Add: Exceptional Income	-	447.44
Profit before tax	3,196.17	2,845.62
Less : Provision for:		
Income tax	463.63	420.00
Deferred tax	212.23	(292.52)
Tax relating to earlier years	-	186.43
Profit after tax	2,520.31	2,531.71
Surplus brought forward from previous year	3,838.41	1,790.96
Total	6,358.72	4,322.67

Appropriations:

First interim dividend paid	155.38	194.23
Second interim dividend paid	233.07	271.92
Dividend tax paid	0.33	18.11
Balance carried to Balance Sheet	5,969.94	3,838.41
Total	6,358.72	4,322.67

2. DIVIDEND

The board of directors of the Company at its meeting held on 2nd November 2016, declared a first interim dividend of Rs.2.00 per share (20%) for the year 2016-17 thereby

absorbing a sum of Rs. 1.55 Cr. The same was paid to the shareholders on 15th November 2016.

The board again at its meeting held on 3rd March 2017 declared a second interim dividend of Rs. 3.00 per share (30%) for the year 2016-17 thereby absorbing a sum of Rs. 2.33 Cr. The same was paid to the shareholders on 16th March 2017.

Hence, the total amount of both dividends for the year ended 31st March 2017 will aggregate to Rs. 5.00 per share (50%) absorbing a sum of Rs.3.88 Cr on 77,69,040 equity shares of Rs.10/- each.

The Company has set-off its dividend distribution tax payable under Section 115-O(1A) of the Income Tax Act, 1961 against the dividend distribution tax paid by the subsidiary company on its dividend declared.

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

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company provides complete seating solutions for driver and cabin seating for commercial vehicles, tractors and construction equipment, as well as passenger seats for buses across all segments and has established itself as a leader in these segments in the country for seating systems.

INDUSTRY STRUCTURE AND DEVELOPMENTS

In 2016-17, the economy grew at 6.8% (revised series) as against 7.6% (revised series) previous year.

The following table highlights the segment wise industry sales figures in vehicle units for the year 2016-17.

Category	2016-17 (Nos.)	2015-16 (Nos.)	Growth %
Medium and Heavy Commercial Vehicles (M & H CV)	3,64,163	3,54,327	2.8
Light Commercial Vehicles (LCV)	4,76,255	4,49,828	5.9
Buses (M & H CV)	59,033	56,176	5.1
Tractors	6,61,195	5,70,791	15.8

[Source: SIAM, CRISIL]

The Company registered a total revenue of Rs.357.36 Cr in 2016-17 as against Rs.317.55 Cr in 2015-16. During the year, efficiency in supply chain was improved through inter-plant coordination and horizontal deployment of lean and other improvement initiatives was done across all plants.

These initiatives, along with the implementation of various other cost reduction projects across functions have enabled the Company to post a profit before tax of Rs.31.96 Cr in 2016-17.

OPPORTUNITIES AND THREATS

The Company has initiated new product development activities to maintain the leadership position in the tractor segment in the domestic market. The Company continues to strengthen its position in export markets and has won significant new orders from overseas customer. The supplies are scheduled in 2017-18. As a leader in the bus passenger seats with a wide range of seats, the Company has further strengthened its position with new product launches in North India. The market has well responded to these new launches and the Company is gaining market share in this region.

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

The Company aims to take advantage of the growing Tractor industry by offering platform products to leading tractor OEMs and thereby looks forward to win a large share of domestic sales. With respect to the CV OEMs, the Company is taking steps to retain the sales growth by expanding customer base and increasing share of business in existing domestic customers.

PRODUCT-WISE PERFORMANCE

During the year, the Company posted a growth of 11.7% in overall sales. The Company's sales

grew in the commercial vehicle segment and in the bus passenger seats better than the market growth. The Company faced postponement of orders from customers in exports and hence experienced de-growth in exports segment. In the case of domestic tractor segment, the Company catered to the existing base of customers and experienced decline in line with the industry base. The Company positively looks forward to improve new product development lead time and effectively catapult growth in domestic tractor market in 2017-18.

BUSINESS OUTLOOK AND OVERVIEW

Indian economy is expected to grow at 6.5%-7% in 2017-18. The M&HCV segment is expected to grow at 5% and LCV segment at 5%. Bus segment is also expected to grow at 10% and tractor segment at 12% in 2017-18 (based on SIAM, CRISIL and internal estimates).

RISKS AND CONCERNS

The Indian commercial vehicle industry has strong correlation with the agricultural growth, infrastructure development and the mining industry and is cyclical. The Company's presence in all the segments of auto industry will largely mitigate the segment specific risks.

The Company plans to develop additional products to maintain its growth plans. The Company has also put in place initiatives to improve product quality to support the growth plans.

The Rupee has appreciated sharply in the last quarter of 2016-17 against the US dollar. There may not be a major change in 2017-18, nor any substantial depreciation. The Company is taking suitable forex cover to mitigate the risk in foreign exchange fluctuations.

RISK MANAGEMENT

The Board has established a Risk Minimisation Policy which formalizes the Company's approach to overview and manage material business risks. The policy is implemented through a top down

and bottom up approach identifying, assessing, monitoring and managing key risks across the Company's business units.

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

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

OPERATIONS REVIEW

a. Manufacturing:

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

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

The Company has invested in new technology catering to customer requirements improving the overall quality of products with a new Cathode Electrode Deposition (CED) painting facility at Hosur Plant. Additionally, the Company has taken up new initiatives to collect road level data (RLD) to be used on a newly bought Multi Axle Simulation Table (MAST) to analyse

vibration and its impact on products developed in-house. The Company also initiated creation of a torture track test site during the year under review to simulate customer test environment and improve seat comfort.

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

b. Quality:

The Company has taken steps to improve further the quality of its products. The Final Product Audit (FPA) initiative taken by the Company has brought appreciation from customers. The quality system at the factories aims at achieving total customer satisfaction through its focus on improving product quality. Consistently, the Company has been achieving improved quality levels at the customer-end, both in their line and warranty quality.

The Company's plants are certified for TS 16949. In addition, the quality laboratory of 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 16th year in succession.

c. Focus on Vendor Development:

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

INTERNAL CONTROLS AND THEIR ADEQUACY

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

INTERNAL FINANCIAL CONTROL

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

HUMAN RESOURCE DEVELOPMENT

The Company has achieved a good financial performance, through the concerted and goal-aligned efforts by employees across the hierarchy. The Company places on record its deep appreciation for the exemplary contribution of the employees at all levels.

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

As of 31st March 2017, the Company had 332 employees on its rolls.

CAUTIONARY STATEMENT

Statements in the management discussion and analysis report describing the Company's objectives, projections, estimates, expectations may be forward looking statements within the

meaning of applicable Securities Laws and Regulations. Actual results could differ materially from those expressed and implied. Important factors that could make a difference to the Company's operations include, among other things, economic conditions affecting the demand, supply and price conditions in the markets in which the Company operates, changes in government regulations, tax laws and other statutes and incidental factors.

4. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of annual accounts for the financial year ended 31st March 2017, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts for the financial year ended 31st March 2017 on a "going concern basis";
- v. that the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

- vi. that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

5. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Over 21 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

The Company is eligible to spend on their ongoing projects / programmes, falling within the CSR activities specified under the Act, 2013 as mandated by the Ministry of Corporate Affairs for carrying out the CSR activities.

The Committee formulated and recommended a CSR policy in terms of Section 135 of the Act, 2013 along with a list of projects / programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Based on the recommendation of the CSR Committee, the board has approved the projects / programmes carried out as CSR activities by SST, having an established track record for more than the prescribed years in undertaking similar programmes / projects, constituting more than 2% of average net profits made during the three immediately preceding financial years, towards CSR spending for the current financial year 2016-17 amounting to Rs.0.19 Crores.

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering about 31,44,590 population and 7,19,890 families. Its major focus areas are Economic development, health care, quality education, environment and infrastructure.

Of the 5,000 villages, 3,172 villages (19,19,952 population and 4,27,048 families) have been funded by the Company during the year.

Achievements in 3,172 villages are:

Economic development:

- 2,96,003 families living in these villages have a monthly income of above Rs.15,000/- which make them financially secured.
- 2,985 farmers groups have been formed with 42,965 members.
- Improved agriculture practices enabled 1,92,147 farmers owning 2,08,925 hectares to increase the yields higher than the state average by 15%.
- 1,74,958 families earn more than Rs 3,500/- per month through livestock.

Women empowerment:

- Formed 8,115 Self Help Groups with 1,22,604 women as members.
- Out of 1,22,604 members, 1,17,762 members are in income generation activities. They earn a minimum income of Rs. 3000/- per month.

Health care:

- 63,996 children in the age group below 5 are not malnourished.
- 3,99,710 women are free from anaemia.
- 2,87,009 households made access to toilet facilities.
- The morbidity percentage reduced from 9% to 5%.
- Enrolment in anganwadis increased from 86% to 100% and attendance is 99%.
- 1,441 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.
- 88% involvement of mother volunteers in anganwadis have ensured their proper functioning.

Quality education:

- 100% enrolment of children in schools. There are no drop outs in the schools.
- Number of percentage of slow learners reduced in schools from 27% to 8%.
- Out of 1,460 schools, 999 schools are now model schools.
- 93,007 illiterate women out of 1,33,505 have been made literate.

Environment and Infrastructure:

- 2,65,176 households dispose solid waste through individual and common compost pits. 89 tons of vermi compost generated per month from wastes.
- Sewage water from 2,64,583 households disposed through soak pits, kitchen gardens and drain.
- Safe drinking water made available to 2,994 villages.

Community takes care of their development needs. 8,853 social leaders are active in this effort.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual report on CSR containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the board for the financial year 2016-17 are given by way of Annexure IV attached to this Report.

6. FINANCIAL PERFORMANCE AND POSITION OF THE SUBSIDIARY COMPANY

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

HFRL is a material un-listed Indian subsidiary in terms of Regulation 24 read with Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 (SEBI (LODR) Regulations), as the total turnover of the subsidiary exceeds 20% of the consolidated turnover of the Company.

During the year, HFRL achieved a turnover of Rs.397.81 Cr and earned a profit after tax of Rs.17.20 Cr. HFRL declared two interim dividends for the year ended 31st March 2017 aggregating to Rs.5/- per share (50%) on 2,00,98,040 equity shares of Rs 10/- each absorbing a sum of Rs.12.09 Cr including dividend distribution tax.

7. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of SEBI (LODR) Regulations alongwith a separate statement containing the salient features of the financial performance of the subsidiary. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

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

The consolidated profit after tax of the Company and its subsidiary amounted to Rs. 37.27 Cr for the financial year 2016-17 as compared to Rs. 32.43 Cr in the previous year.

8. DIRECTORS & KEY MANAGERIAL PERSONNEL

Independent Directors (IDs)

At the Annual General Meeting (AGM) held on 6th August 2014, M/s H Lakshmanan, C N Prasad and S I Jaffar Ali were appointed as IDs for the first term of five consecutive years from the

conclusion of the eighteenth AGM and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission in terms of applicable provisions of the Act, 2013 as determined by the board from time to time. During the year 2015-16, Mr L Bhadri and Ms Sasikala Varadachari were appointed as IDs for a period of three consecutive years effective 13th October 2015 and 22nd March 2016 respectively.

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

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

The detailed terms of appointment of IDs are disclosed on the Company's website with following link:

www.haritaseating.com/PDF/HSSL-TermsOfAppointmentofIDs.pdf.

Separate meeting of Independent Directors:

During the year under review, a separate meeting of IDs was held on 3rd March 2017 and all the Independent Directors were present at the Meeting.

Complete feedback on Non-Independent Directors and details of various activities undertaken by the Company were provided to them to facilitate their review / evaluation through a set of questionnaire.

Non-Independent Directors (Non-IDs) and their evaluation

The Independent Directors (IDs) used various criteria and methodology practiced in Industry

for evaluation of Non-ID viz., Mr Martin Grammer.

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

IDs were satisfied fully with the performance of Mr Martin Grammer, Non-ID of the Company.

Chairman

The IDs reviewed the performance of Chairman of the Board by benchmarking the achievement of the Company with industry under his stewardship. The IDs appreciated the probity, quality and leadership of Chairman and his proactive role on strategic issues and passion for customer centricity, improving the quality of the products and for guarding the values of the Company.

Board

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

The board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Banking, Finance, Operations, Legal and Administration. The Company has a board with wide range of expertise in all aspects of business.

The IDs unanimously evaluated the prerequisites of the board viz., formulation of strategy, acquisition & allocation of overall resources, setting up policies, directors' selection process and cohesiveness on key issues including succession planning.

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

Quality, Quantity and Timeliness of flow of Information between the Company, Management and the Board

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the last year.

The IDs appreciated the management for their hard work and commitment to meet the corporate goals and also expressed that the relationship between the top management and board is smooth and seamless.

Directors retirement by rotation

In terms of Section 152 of the Act 2013, two-thirds of the total number of directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third are liable to retire by rotation at every annual general meeting.

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

The nomination and remuneration committee recommended his re-appointment. The brief resume of the director has been furnished in the Notice convening the AGM of the Company. Appropriate resolution for his re-appointment is being placed for approval of the shareholders at the ensuing AGM.

Key Managerial Personnel (KMP):

During the year, Mr S Jagannathan, was appointed as Chief Financial Officer (CFO) of the Company in the place of Mr A Baskar, effective 2nd November 2016.

Mr A G Giridharan, CEO, Mr S Jagannathan, CFO and Ms N Iswarya Lakshmi, Company Secretary are KMP of the Company in terms of Section 2(51) and Section 203 of the Act, 2013.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee of Directors (NRC) reviews the composition of the board to ensure an appropriate mix of

abilities, experience and diversity to serve the interests of all shareholders of the Company.

Nomination and Remuneration Policy was approved by the board at its meeting held on 22nd September, 2014 in terms of Section 178 of the Act, 2013. The objective of such policy shall be to attract, retain and motivate executive management and remuneration structured to link to Company's strategic long term goals, appropriateness, relevance and risk appetite of the Company.

The process of appointing a director / KMP / SMP is that, when there is a need or a vacancy arises, or is expected, the NRC will identify, ascertain the integrity, qualification, appropriate expertise and experience, having regard to the skills that the candidate will bring to the board / Company in addition to what the existing members hold.

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

Remuneration payable to Non-executive Independent Directors

The shareholders at the 20th AGM held on 8th August 2016 approved the remuneration by way of commission not exceeding 3% of the net profits in aggregate payable to non-executive and independent directors of the Company (NE-IDs) for every year, for a period of 5 years commencing from 1st April 2015.

NE-IDs devote considerable time in deliberating the operational and other issues of the Company and provide valuable advice in regard to the management of the Company from time to time, and the Company also derives substantial benefit through their expertise and advice.

Evaluation of Independent Directors and Committees of Directors

In terms of Section 134 of the Act, 2013 and the Corporate Governance requirements as prescribed under SEBI (LODR) Regulations, the board reviewed and evaluated Independent

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

Independent Directors

The performance of all Independent directors (IDs) was assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the board cohesion. The performance evaluation has been done by the entire board of directors except the director concerned being evaluated.

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

Committees

Board delegates specific mandates to its various committees, to optimize directors' skills and talents besides complying with key regulatory aspects.

- Audit Committee for overseeing financial reporting;
- Nomination and Remuneration Committee for selecting and compensating directors / employees;
- Stakeholders' Relationship Committee for redressing investors grievances; and
- Corporate Social Responsibility Committee for overseeing CSR initiatives.

The performance of each committee was evaluated by the board after seeking inputs from its members on the basis of the specific terms of reference, its charter, time spent by the committees in considering key issues, major recommendations, action plans and work of each committee.

The board is satisfied with overall effectiveness and decision making of all committees. The board reviewed each committee's terms of reference to ensure that the Company's existing practices remain appropriate. Recommendations from each committee are considered and approved by the board prior to implementation.

Number of board meetings held

The number of board meetings held during the financial year 2016-17 is provided as part of Corporate Governance Report prepared in terms of the SEBI (LODR) Regulations.

9. AUDITORS

Statutory Auditors

As per the provisions of Section 139 of the Act, 2013, the transitional period of office of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, as Statutory Auditors of the Company will conclude from the close of the ensuing Annual General Meeting of the Company.

The Board of Directors place on record their appreciation and gratitude for the services rendered by M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, during their tenure as the Statutory Auditors of the Company for over two decades.

The Audit Committee and the Board of Directors of the Company have recommended the appointment of M/s. Raghavan, Chaudhuri and Narayanan, Chartered Accountants, Bengaluru (ICAI Firm Registration Number 007761S) as Statutory Auditors of the Company, subject to the approval of the shareholders. They have given their consent for the said appointment and confirmed that their appointment, if made, would be within the limits mentioned under the provisions of Section 141 of the Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

They will hold office as statutory auditors for the first term of five years from the conclusion of the 21st Annual General Meeting till the conclusion of 26th Annual General Meeting of the Company, subject to ratification of their appointment by

Members at every Annual General Meeting held during their tenure of office as statutory auditors.

The Auditors' Report for the financial year 2016-17 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditor

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

As required under Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2016-17, given by her is attached to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board at its meeting held on 18th May 2017 has re-appointed Ms B Chandra, Practising Company Secretary as Secretarial Auditor for the financial year 2017-18.

10. CORPORATE GOVERNANCE

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

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations forms part of this Annual Report.

The CEO & CFO of the Company have certified to the board on financial statements and other matters in accordance with the Regulation 17 (8) of the SEBI (LODR) Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2017.

11. POLICY ON VIGIL MECHANISM

The Audit Committee has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act, 2013 and Regulation 22 of SEBI (LODR)

Regulations, which provides a formal mechanism for all directors, employees and other stakeholders of the Company to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of conduct or ethics policy.

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

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

www.haritaseating.com/PDF/WhistleBlowerPolicy.pdf.

12. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, 2013, for the year ended 31st March 2017.

13. STATUTORY STATEMENTS

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

Relevant information is given in Annexure I to this report, in terms of the requirements of Section 134(3)(m) of the Act, 2013 read with the Companies (Accounts) Rules 2014.

Material changes and commitments

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

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

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

Annual Return

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

Employees' remuneration

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

Comparative analysis of remuneration paid

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

Details of material related party transactions

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

Details of loans / guarantees / investments made

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

Please refer note Number IX to Notes on accounts for the financial year 2016-17, for details of investments made by the Company.

Reporting of fraud

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

Other laws

During the year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

14. ACKNOWLEDGEMENT

The directors gratefully acknowledge the continued support and co-operation received from the promoters, Harita Group and Mr Martin Grammer. The directors thank the customers, suppliers, financial institutions and bankers for their valuable support and assistance.

The directors wish to place on record their appreciation of the 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
18th May 2017

H Lakshmanan
Chairman

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

A. CONSERVATION OF ENERGY

1. Measures taken in the year 2016-17
Reduction of energy consumption
 - by implementing LED fittings,
 - through solar heating systems in CED pre-treatment
 - through energy efficient motors in pre-treatment process,
 - through Air audit and leak detectionThe above measures had resulted in an annual saving of Rs. 10.85 lakhs.
2. Proposed measures during the year 2017-18
Reduce energy consumption
 - by expanding implementation of LED fittings,
 - through energy efficient motors in pre-treatment processes,
 - through Air audit and leak detectionThe above measures will result in an annual saving of Rs. 20 lakhs.
3. Steps taken for utilizing alternate sources of energy
Solar thermal heating system for CED (Cathodic electro deposition coating) painting process has been commissioned during the year under review.
4. Capital investment in Energy Conservation Equipment
The Company is planning to invest Rs.15 lakhs for electrical equipments as energy efficient measures and Rs.20 lakhs for conserving energy by investing in Solar thermal heating.

B. TECHNOLOGY ABSORPTION FOR 2016-17

- Research & Development (R&D)
1. Specific areas in which R&D is carried out in the Company:
 - Instructor seat proto development completed for exports market.
 - New product tooling for mechanical and pneumatic suspension seat (currently developed as platform for global OEM customers)
 - Deluxe Seats developed for Indian bus passenger seat market.
 - Auto folding co driver seat developed for deluxe buses.
 - School Bus Seats developed under platform concept.
 - Single Pan Seat productionised and commenced supplies.
 - Rear suspension tractor seat developed under platform concept.
 2. Benefits derived as a result of above measures:
 - Entry into new segment and expanded market.
 - Improved share of business in driver seats both for CV and BPS
 - Entry into Europe market / new customer addition.
 3. Future plan of action:
 - Development of identified new technologies for Tractor, Commercial Vehicle and Bus passenger seats;
 - Introduction of Product upgrade / refresh for the identified seats.

- Development of new models of seats for Lawn mowers & Garden Tractors.

Expenditure on R&D: Rs. 1326.30 Lakhs

Technology absorption, adaptation and innovation:

(i) Efforts in brief:

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

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

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

(iii) Details relating to imported technology:

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

C. FOREIGN EXCHANGE - ACTUAL EARNINGS AND OUTGO

Export activities during the year ended 31st March 2017 amounted to Rs.3,096.20 lakhs

as against Rs.3,228.08 lakhs for the year ended 31st March 2016.

1. Activities relating to export:

- During the year 2016-17, the Company has pursued multiple opportunities for new orders for tractor seats.
- The Company has been continuing its efforts to increase the current volume of export of tractor seats to USA and Germany.

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

	(Rs. in lakhs)
Foreign exchange earned :	3,096.20
Foreign exchange used :	1,698.04

For and on behalf of the Board

Chennai
18th May 2017

H LAKSHMANAN
Chairman

Annexure - II to Directors' Report to the Shareholders

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN
for the financial year ended 31st March 2017**

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Seats used for Motor vehicle	94012000	97.56%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 st April 2016)				No. of Shares held at the end of the year (as on 31 st March 2017)				Change in % of shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.	40,67,300	-	40,67,300	52.35	40,67,300	-	40,67,300	52.35	-
Foreign									
- Director	10,87,600	-	10,87,600	14.00	10,87,600	-	10,87,600	14.00	-
Total Shareholding of Promoter (A)	51,54,900	-	51,54,900	66.35	51,54,900	-	51,54,900	66.35	-
B. Public Shareholding									
1. Institutions									
a) Banks / FI	-	200	200	0.00	2311	200	2511	0.03	0.03
b) FIs	6,74,969	-	6,74,969	8.69	6,74,969	-	6,74,969	8.69	-
Sub-total (B)(1)	6,74,969	200	6,75,169	8.69	6,77,280	200	6,77,480	8.72	0.03
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	4,89,933	3,880	4,93,813	6.36	4,74,454	3,880	4,78,334	6.15	(0.21)
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	10,01,241	3,50,497	13,51,738	17.40	10,88,835	2,76,205	13,65,040	17.57	0.17
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	80,635	-	80,635	1.03	64,135	-	64,135	0.83	(0.20)
c) Others (specify)									
(i) Directors & relatives	2,020	-	2,020	0.03	2,020	-	2,020	0.03	-
(ii) NRI Repatriable	8,373	-	8,373	0.11	14,662	-	14,662	0.19	0.08
(iii) NRI-Non Repatriable	2,392	-	2,392	0.03	3,131	-	3,131	0.04	0.01
(iv) Clearing member	-	-	-	-	9,338	-	9,338	0.12	0.12
Sub-total (B)(2)	15,84,594	3,54,377	19,38,971	24.96	16,56,575	2,80,085	19,36,660	24.93	(0.03)
Total Public Shareholding (B)= (B)(1)+ (B)(2)	22,59,563	3,54,577	26,14,140	33.65	23,33,855	2,80,285	26,14,140	33.65	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	74,14,463	3,54,577	77,69,040	100	74,88,755	2,80,285	77,69,040	100	-

HARITA SEATING SYSTEMS LIMITED

(ii) Shareholding of Promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% to total shares of the Company	% of shares Pledged / Encumbered to total shares	No. of shares	% to total shares of the Company	% of shares Pledged / Encumbered to total shares	
1	Harita Limited	18,00,500	23.18	–	18,00,500	23.18	–	–
2	Harita Financial Services Limited	2,92,700	3.77	–	2,92,700	3.77	–	–
3	Harita Gopal Private Limited	4,79,900	6.18	–	4,79,900	6.18	–	–
4	Harita Sheela Private Limited	4,85,000	6.24	–	4,85,000	6.24	–	–
5	Harita Malini Private Limited	4,67,800	6.02	–	4,67,800	6.02	–	–
6	Harita Venu Private Limited	4,67,800	6.02	–	4,67,800	6.02	–	–
7	Harita Cheema Private Limited	27,000	0.35	–	27,000	0.35	–	–
8	Harita Prema Private Limited	27,000	0.35	–	27,000	0.35	–	–
9	Harita Balaji Private Limited	9,800	0.12	–	9,800	0.12	–	–
10	Harita Srinivasan Private Limited	9,800	0.12	–	9800	0.12	–	–
11	Mr Martin Grammer	10,87,600	14.00	–	10,87,600	14.00	–	–
	Total	51,54,900	66.35	–	51,54,900	66.35	–	–

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

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

Opening Balance (% of share capital)	Date of increase or decrease (Benpos date)	Reason for increase or decrease	No. of shares	% to total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% to total shares of the Company	No. of shares	% to total shares of the Company
LCI ESTATES PRIVATE LIMITED								
–	01-04-2016	Opening balance						
	03-03-2017	Transfer/Purchase	3,65,000	4.70	3,65,000	4.70		
	31-03-2017	Closing balance					3,65,000	4.70
THE INDIAMAN FUND (MAURITIUS) LIMITED								
3,49,962 (4.50)	01-04-2016	Opening balance	–	–	–	–		
	31-03-2017	Closing balance					3,49,962	4.50
AQUARIUS INDIA OPPORTUNITIES FUND								
3,25,007 (4.18)	01-04-2016	Opening balance	–	–	–	–		
	31-03-2017	Closing balance					3,25,007	4.18

HARITA SEATING SYSTEMS LIMITED

Opening Balance (% of share capital)	Date of increase or decrease (Benpos date)	Reason for increase or decrease	No. of shares	% to total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% to total shares of the Company	No. of shares	% to total shares of the Company
ASHWANI KUMAR								
27,900 (0.36)	01-04-2016	Opening balance	-	-	-	-		
	31-03-2017	Closing balance	-	-	-	-	27,900	0.36
INDIA INFOLINE LIMITED								
18,714 (0.24)	01-04-2016	Opening balance	-	-	-	-		
	08-04-2016	Transfer/Sale	5,493	0.07	13,221	0.17		
	15-04-2016	Transfer/Sale	33	0.00	13,188	0.17		
	29-04-2016	Transfer/Purchase	15	0.00	13,203	0.17		
	06-05-2016	Transfer/Purchase	68	0.00	13,271	0.17		
	06-05-2016	Transfer/Sale	131	0.00	13,140	0.17		
	13-05-2016	Transfer/Sale	19	0.00	13,121	0.17		
	20-05-2016	Transfer/Purchase	100	0.00	13,221	0.17		
	27-05-2016	Transfer/Purchase	201	0.00	13,422	0.17		
	27-05-2016	Transfer/Sale	11,083	0.14	2,339	0.03		
	03-06-2016	Transfer/Purchase	2,832	0.04	5,171	0.07		
	03-06-2016	Transfer/Sale	2,138	0.03	3,033	0.04		
	10-06-2016	Transfer/Sale	870	0.01	2,163	0.03		
	17-06-2016	Transfer/Purchase	79	0.00	2,242	0.03		
	24-06-2016	Transfer/Sale	101	0.00	2,141	0.03		
	30-06-2016	Transfer/Purchase	17	0.00	2,158	0.03		
	01-07-2016	Transfer/Purchase	80	0.00	2,238	0.03		
	08-07-2016	Transfer/Sale	100	0.00	2,138	0.03		
	15-07-2016	Transfer/Purchase	20	0.00	2,158	0.03		
	22-07-2016	Transfer/Purchase	324	0.00	2,482	0.03		
	29-07-2016	Transfer/Sale	344	0.00	2,138	0.03		
	01-08-2016	Transfer/Purchase	38	0.00	2,176	0.03		
	05-08-2016	Transfer/Sale	8	0.00	2,168	0.03		
	05-08-2016	Transfer/Purchase	3	0.00	2,171	0.03		
	12-08-2016	Transfer/Purchase	90	0.00	2,261	0.03		
	12-08-2016	Transfer/Sale	23	0.00	2,238	0.03		
	19-08-2016	Transfer/Purchase	298	0.00	2,536	0.03		
	19-08-2016	Transfer/Sale	388	0.00	2,148	0.03		
	26-08-2016	Transfer/Sale	11	0.00	2,137	0.03		
	02-09-2016	Transfer/Sale	143	0.00	1,994	0.03		
	09-09-2016	Transfer/Purchase	50	0.00	2,044	0.03		
	09-09-2016	Transfer/Sale	154	0.00	1,890	0.02		
	16-09-2016	Transfer/Purchase	29	0.00	1,919	0.02		
	23-09-2016	Transfer/Sale	79	0.00	1,840	0.02		
	30-09-2016	Transfer/Purchase	253	0.00	2,093	0.03		
	07-10-2016	Transfer/Sale	119	0.00	1,974	0.03		
	21-10-2016	Transfer/Sale	134	0.00	1,840	0.02		
	28-10-2016	Transfer/Purchase	554	0.01	2,394	0.03		

HARITA SEATING SYSTEMS LIMITED

Opening Balance (% of share capital)	Date of increase or decrease (Benpos date)	Reason for increase or decrease	No. of shares	% to total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% to total shares of the Company	No. of shares	% to total shares of the Company
	04-11-2016	Transfer/Purchase	130	0.00	2,524	0.03		
	04-11-2016	Transfer/Sale	118	0.00	2,406	0.03		
	10-11-2016	Transfer/Sale	315	0.00	2,091	0.03		
	11-11-2016	Transfer/Purchase	114	0.00	2,205	0.03		
	18-11-2016	Transfer/Purchase	100	0.00	2,305	0.03		
	18-11-2016	Transfer/Sale	354	0.00	1,951	0.03		
	25-11-2016	Transfer/Sale	111	0.00	1,840	0.02		
	25-11-2016	Transfer/Purchase	250	0.00	2,090	0.03		
	02-12-2016	Transfer/Purchase	192	0.00	2,282	0.03		
	09-12-2016	Transfer/Purchase	90	0.00	2,372	0.03		
	09-12-2016	Transfer/Sale	392	0.01	1,980	0.03		
	16-12-2016	Transfer/Sale	70	0.00	1,910	0.02		
	23-12-2016	Transfer/Sale	70	0.00	1,840	0.02		
	30-12-2016	Transfer/Purchase	100	0.00	1,940	0.02		
	31-12-2016	Transfer/Purchase	100	0.00	2,040	0.03		
	31-12-2016	Transfer/Sale	100	0.00	1,940	0.02		
	06-01-2017	Transfer/Purchase	321	0.00	2,261	0.03		
	06-01-2017	Transfer/Sale	3	0.00	2,258	0.03		
	13-01-2017	Transfer/Sale	321	0.00	1,937	0.02		
	27-01-2017	Transfer/Purchase	487	0.01	2,424	0.03		
	03-02-2017	Transfer/Sale	261	0.00	2,163	0.03		
	10-02-2017	Transfer/Sale	103	0.00	2,060	0.03		
	10-02-2017	Transfer/Purchase	5	0.00	2,065	0.03		
	17-02-2017	Transfer/Purchase	43	0.00	2,108	0.03		
	17-02-2017	Transfer/Sale	5	0.00	2,103	0.03		
	24-02-2017	Transfer/Sale	201	0.00	1,902	0.02		
	03-03-2017	Transfer/Purchase	318	0.00	2,220	0.03		
	10-03-2017	Transfer/Sale	50	0.00	2,170	0.03		
	17-03-2017	Transfer/Purchase	25	0.00	2,195	0.03		
	24-03-2017	Transfer/Sale	355	0.00	1,840	0.02		
	31-03-2017	Transfer/Purchase	27,786	0.36	29,626	0.38		
	31-03-2017	Transfer/Sale	1,840	0.02	27,786	0.36		
	31-03-2017	Closing balance	-	-	-	-	27,786	0.36
NIKUNJ DHANVANTRAI MEHTA								
14,435 (0.19)	01-04-2016	Opening balance	-	-	-	-		
	31-03-2017	Closing balance	-	-	-	-	14,435	0.19
SHRI GAUTAM GHANDHAR ADVISORS LLP								
-	01-04-2016	Opening balance	-	-	-	-		
	27-05-2016	Transfer/Purchase	5,000	0	5,000	0.06		
	03-06-2016	Transfer/Purchase	5,000	0	10,000	0.13		
	10-02-2017	Transfer/Purchase	1,606	0	11,606	0.15		
	31-03-2017	Closing balance	-	-	-	-	11,606	0.15

HARITA SEATING SYSTEMS LIMITED

Opening Balance (% of share capital)	Date of increase or decrease (Benpos date)	Reason for increase or decrease	No. of shares	% to total shares of the Company	Cumulative		Closing Balance		
					No. of shares	% to total shares of the Company	No. of shares	% to total shares of the Company	
MADHUKANTA DHANVANTRAI MEHTA									
11,000 (0.14)	01-04-2016	Opening balance	-	-	-	-			
	31-03-2017	Closing balance	-	-	-	-	11,000	0.14	
MALLIKA SRINIVASAN									
10,800 (0.14)	01-04-2016	Opening balance	-	-	-	-			
	31-03-2017	Closing balance	-	-	-	-	10,800	0.14	
SHANTARAM MADHAV BHANDARKAR									
10,000 (0.13)	01-04-2016	Opening balance	-	-	-	-			
	31-03-2017	Closing balance	-	-	-	-	10,000	0.13	

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

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

(*) Resigned as CFO effective 2nd November 2016

(§) Appointed as CFO effective 2nd November 2016

V. INDEBTEDNESS

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

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	171.66	330.39	502.05
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i)	171.66	330.39	502.05
Change in Indebtedness during the financial year			
• Addition	605.32	23.23	628.55
• Reduction	-	-	-
Net Change (ii)	605.32	23.23	628.55
Indebtedness at the end of the financial year			
i) Principal Amount	776.98	353.62	1,130.60
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
Total (i + ii)	776.98	353.62	1,130.60

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other Directors:

(Rs. in lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
	HL	CNP	SIJ	LB	SKV	
Independent Directors						
Fee for attending board / committee meetings	0.80	0.80	0.80	0.25	0.20	2.85
Commission	-	-	9.00	-	6.00	15.00
Total (1)	0.80	0.80	9.80	0.25	6.20	17.85
	MG					
Non-Executive Director						
Fee for attending board / committee meetings	0.15					0.15
Commission	-					-
Total (2)	0.15					0.15
Total Managerial Remuneration = (1) + (2)	0.95	0.80	9.80	0.25	6.20	18.00
Overall Ceiling as per the Act						93.53

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

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

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount	
		CEO	CFO	CS		
			(Mr A Baskar - from 01.04.2016 - 02.11.2016)	(Mr. S Jagannathan from 02.11.2016 to 31.03.2017)		
1.	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	104.39	37.56	-	8.64	150.59
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	0.07	-	-	-	0.07
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-	-	-	
2.	Stock Option	-	-	-	-	
3.	Sweat Equity	-	-	-	-	
4.	Commission - as % of profit - others	-	-	-	-	
5.	Others	-	-	-	-	
	Total	104.46	37.56	-	8.64	150.66

CEO - Chief Executive Officer; CFO - Chief Financial Officer; CS - Company Secretary

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board

 Chennai
18th May 2017

 H LAKSHMANAN
Chairman

Annexure - IV to Directors' Report to the Shareholders

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

1. A brief outline of the Company's CSR Policy:
This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the transformation and sustainable development of the rural communities at large.
2. Overview of projects or programmes being undertaken:
Focus areas relate to economic development, quality education, health care, conservation of environment and the creation, maintenance of infrastructure, art, culture and protection of places of public and historical importance.
3. Web-link to the CSR policy and projects or programmes:
<http://www.haritaseating.com/PDF/CSRPolicyHSSL.pdf>.
4. Composition of the CSR Committee consists of the following independent directors.

#	Name of the Director (M/s.)	Status
1.	H Lakshmanan	Chairman
2.	C N Prasad	Member
3.	S I Jaffar Ali	Member
5. Average net profit of the Company for last three financial years Rs. 8.88 Crores
6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 19 Lakhs
7. Details of CSR spent during the financial year
 - (a) Total amount spent for the financial year Rs. 19 Lakhs
 - (b) Amount unspent, if any Not Applicable
 - (c) Manner in which the amount spent during the financial year is detailed below:

1	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006, Tamil Nadu Phone No: 044-2833 2115 mail id: aj@scl.co.in
2	CSR Project or activity identified	(i) Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; (ii) Promoting Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; (iii) Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; (iv) Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and (v) Rural development projects
3	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure
4	Areas in which projects / programmes undertaken: Local Area / Others: State & District : Amount of outlay (budget) project or programme-wise:	Shirur block, Pune Maharashtra, Pune Rs.91.22 lakhs

HARITA SEATING SYSTEMS LIMITED

5	Amount spent on the projects or programmes	Rs.91.22 lakhs (including contribution of the Company of Rs.19 Lakhs)
6	Sub heads: Direct expenses on projects / programmes Overheads	Rs.91.22 lakhs (including contribution of the Company of Rs.19 Lakhs) Nil
7	Cumulative expenditure upto the reporting period	Rs.91.22 lakhs (including contribution of the Company of Rs.19 Lakhs)

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

- Not applicable -

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

For and on behalf of the Board

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

Chennai
18th May 2017

H LAKSHMANAN
Chariman of the Board and
Chairman of CSR Committee

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

Sl. No.	Name of the Director (M/s.)	Designation	Ratio to median remuneration	% increase in remuneration
1	H Lakshmanan	NEID	-	-
	Martin Grammer	NED	-	-
	C N Prasad	NEID	-	-
	L Bhadri	NEID	-	-
	S I Jaffar Ali	NEID	1:2	-
	Sasikala Varadachari	NEID	1:1	NA
	A G Giridharan	CEO	NA	10%
	A Baskar (From 01.04.2016 to 02.11.2016)	CFO	NA	-
	S Jagannathan (From 02.11.2016 to 31.03.2017)	CFO	NA	-
	N Iswarya Lakshmi	CS	NA	-
2	The percentage increase in the median remuneration of employees in the financial year;			1%
3	The number of permanent employees on the rolls of company;			332
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2016-17			6%
	b. Average percentile increase in the managerial remuneration in the financial year 2016-17 There are no exceptional circumstances for increase in the managerial remuneration.			NA
5	Affirmation that the remuneration is as per the remuneration policy of the Company.			Remuneration paid during the year 2016-17 is as per the Remuneration Policy of the Company.

NEID - Non-Executive Independent Director; NED - Non-Executive Director; CEO - Chief Executive Officer; CFO - Chief Financial Officer; CS - Company Secretary

For and on behalf of the Board

Chennai
18th May 2017

H LAKSHMANAN
Chairman

Annexure - VI to Directors' Report to the Shareholders

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

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

(a)	Name of the related party	Harita Fehrer Limited
(b)	Nature of relationship	Subsidiary
(c)	Duration of the contracts / arrangements / transactions	2016-17
(d)	Date(s) of approval by the Board, if any:	20 th May 2016

Nature of contracts / arrangements / transactions	Goods / Services	Salient terms of the contracts or arrangements or transactions	Amount of contract or arrangement (Rs. in lakhs)
Sale	Rexine	Purchase price	4.68
Purchase	Foams Capital Goods - Moulds	Cost plus Mark-up	3,225.50 99.97
Services availed	Lease rent Other services	As per Guideline value	57.41 87.54
Rendering of services	Electricity, Manpower, Rent, Telephone, Management service charges, salary, canteen and Lease rent	At Cost	690.63

For and on behalf of the Board

Chennai
18th May 2017

H LAKSHMANAN
Chairman

Report on Corporate Governance

1. Company's philosophy on Code of Governance

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

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct for Prevention of Insider Trading for board and senior management personnel.

2. Board of Directors

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

2.1 Composition and category of directors:

As on 31st March 2017 the total strength of the board consists of six directors. All the directors are non-executive directors. Out of the six non-executive directors, five directors are independent directors.

Chairman is a non-executive and independent director (NE-ID). The number of independent directors is more than one third of its total strength.

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

Mr H Lakshmanan, Mr C N Prasad and Mr S I Jaffar Ali, Non - Executive Independent Directors (NE-ID) have been appointed by the shareholders at the annual general

meeting held on 6th August 2014 for a term of five consecutive years.

Mr L Bhadri and Ms Sasikala Varadachari were appointed as Non-executive Independent Directors of the Company for a period of three consecutive years effective 13th October 2015 and 22nd March 2016 respectively, with the approval of shareholders through the process of postal ballot.

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

2.2 Board Meetings:

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

The Companies Act, 2013 (the Act, 2013) read with the relevant rules made thereunder, now facilitates the participation of a director in the board / committee meetings through video conferencing or other audio visual means. Accordingly, the option to participate in the meetings through video conferencing was made available for the directors, except in respect of restricted items which are not permitted to be transacted through the said means.

The Company regularly places, before the board for its review, the information as required under Part A of Schedule II to SEBI (LODR) Regulations such as annual operating plans, capex budget and its quarterly updates, quarterly results, minutes of meetings of audit committee and other committees of the board, information on recruitment and remuneration of senior officers just below the level of board, any significant development in human resources / industrial relations, show cause notices, demand and prosecution notices and

penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item alongwith back ground materials, wherever necessary, are circulated well in advance to the committee / board, to enable them for making value addition as well as exercising their business judgment in the committee / board meetings.

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

During the year 2016-17, the board met five times on 20th May 2016, 8th August 2016, 2nd November 2016, 9th February 2017 and 3rd March 2017 and the gap between two meetings did not exceed one hundred and twenty days.

Besides, the NE-IDs held a separate meeting in compliance with the provisions of the Act, 2013 and Regulation 25(3) of SEBI (LODR) Regulations.

2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last annual general meeting held on 8th August 2016 and other directorships and committee memberships / chairmanships as on 31st March 2017 are as follows:

Name of the Director / DIN (M/s)	Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
		Board Meeting	Last AGM	Other directorships*	Committee memberships**	Committee chairmanships
H Lakshmanan (DIN 00057973)	NE-ID	5	Yes	14	5	3
S I Jaffar Ali (DIN 00058955)	NE-ID	5	Yes	1	3	–
C N Prasad (DIN 01950656)	NE-ID	5	Yes	4	2	–
Martin Grammer (DIN 00061786)	NE-NID	3	Yes	–	–	–
L Bhadri (DIN 06829886)	NE-ID	5	Yes	5	5	–
Sasikala Varadachari (DIN 07132398)	NE-ID	4	Yes	6	4	–

* Includes private companies and bodies corporate.

** Includes committees where the director is also Chairman

NE-ID Non Executive - Independent director

NE-NID Non Executive - Non Independent director

None of the directors on the board is a member of more than ten committees or chairman of more than five committees across all the companies in which they are directors. Chairmanships / memberships of committees include only audit and stakeholders relationship committees as covered under Regulation 26 of SEBI (LODR) Regulations, as per the disclosures made by the directors. None of the directors on the board is related to any director on the board.

2.4 Access to information and updation to directors:

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

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the statutory auditors of the Company are placed and discussed with functional heads, by the committee / board. The board also reviews the declarations made by the chief executive officer and the company secretary regarding compliance of all applicable laws on a quarterly basis. Decisions taken at the meetings of the board / committees are communicated to the functional heads. Action taken reports on decisions of previous meetings is placed at every succeeding meeting of the board / committees for reporting the compliance.

2.5 Familiarization programme

A familiarization programme is made available to directors covering topics such as director's rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc to ensure that they are fully informed on current governance issues. The programme also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position. The induction process for NE-IDs include plant visit for detailed understanding of manufacturing process / activities of the Company. The details of familiarization programme are available on the Company's website with the following link: www.haritaseating.com/PDF/HSSL-ID-Familiarisation-Prog.pdf.

2.6 Code of Business Conduct and Ethics for members of the board and senior management personnel:

The Company has in place the Code of Business Conduct and Ethics for member of the board and senior management personnel (the Code) approved by the board.

The Code has been communicated to directors and the senior management personnel. The Code has also been displayed on the Company's website in the following link:

www.haritaseating.com/PDF/CodeofBusinessConductandEthics.pdf.

All the members of the board and senior management personnel have confirmed compliance with the Code for the year ended 31st March 2017. The annual report contains a declaration to this effect signed by the chief executive officer.

2.7 Re-appointment of directors:

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

2.8 Committees of the board:

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

the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent board meetings.

3. Audit Committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting.

3.1 Brief description of terms of reference:

The Audit Committee is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and *inter alia* performs the following functions:

- a. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - b. Recommending the appointment, remuneration and terms of appointment of auditors of the Company;
 - c. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - e. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - f. Approving or subsequently modifying any transactions of the company with related parties;
 - g. Scrutinizing the inter-corporate loans and investments;
 - h. Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary;
 - i. Evaluating internal financial controls and risk management systems;
 - j. Reviewing, with the management, performance of statutory and internal auditors and adequacy of internal control systems;
 - k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - l. Discussing with internal auditors of any significant findings and follow up there on;
 - m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Modified opinions, if any, in the draft audit report.

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

The subjects reviewed and recommended in the meetings of the Audit Committee were apprised to the board by the Chairman of the Committee, for board's approval. All the recommendations made by the Committee during the year under review, were accepted by the board.

3.2 Composition, names of members and the chairman:

As at 31st March 2017, the Audit Committee consists of the following non-executive independent directors:

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

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

Mr H Lakshmanan, Chairman of the Audit Committee was present at the last AGM held on 8th August 2016.

The composition of the Committee is in accordance with the requirements of Regulation 18 of SEBI (LODR) Regulations read with Section 177 of the Act, 2013.

3.3 The particulars of meetings and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of the meeting	Members present (M/s.)
20.05.2016	H Lakshmanan, C N Prasad and S I Jaffar Ali
08.08.2016	
02.11.2016	
09.02.2017	

4. Subsidiary companies

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

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

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

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

Material Subsidiaries Policy

The board has duly formulated a policy for determining 'material' subsidiaries. A subsidiary is considered as "a material subsidiary", if its income or networth exceeds 20% of the

consolidated income or networth of the Company during the previous financial year.

Based on the above criteria, Harita Fehrer Limited (HFRL) is the 'material subsidiary' covered under the said Policy as at 31st March 2017.

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

5. Disclosures

5.1 Materially significant related party transactions:

All transactions entered into with Related Parties, as defined under the Act 2013 and SEBI (LODR) Regulations during the financial year 2016-17 were in the ordinary course of business and on an arms' length pricing and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder.

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

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

Details of material related party transactions are enclosed as Annexure VI to the directors' report for the year ended 31st March 2017.

Related Party Transactions Policy:

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

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

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

5.2 Disclosure of accounting treatment:

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

5.3 Risk Management:

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

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

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

The Company's policy on Risk Management has been discussed in detail in the director's report.

5.4 Instances of non-compliances, if any:

There was no instance of non-compliance by the Company, penalty and stricture imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets, during the last three years.

5.5 Disclosure by senior management personnel:

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

5.6 CEO and CFO Certification:

The CEO and CFO of the Company have certified to the board on financial and other matters in accordance with Regulation 33 of the SEBI (LODR) Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2017.

5.7 Compliance with mandatory / non-mandatory requirements:

The Company has complied with all applicable mandatory requirements in terms of SEBI (LODR) Regulations. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

5.8 Code of Conduct for Prevention of Insider Trading:

In compliance with the SEBI (Prohibition of Insider Trading) Regulations 2015, 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 under this Code. The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them on the consequences of non-compliances thereof.

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

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

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

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

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31st March 2017, the NRC consists of the following non-executive Independent Directors:

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

Mr C N Prasad is the Chairman of the NRC.

Ms N Iswarya Lakshmi, company secretary acts as the secretary of the Committee.

Mr C N Prasad, Chairman of the NRC was present at the AGM held on 8th August 2016.

6.2 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.)
20.05.2016 02.11.2016	C N Prasad, H Lakshmanan, S I Jaffar Ali

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

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

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

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

- To recommend to the board a policy for remuneration to director(s), KMP and SMP of the Company.

6.5 Evaluation Criteria

The NRC laid down the criteria for evaluating the performance of every director, committees of the board and the board as a whole and also the performance of KMP and SMP.

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

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

The performance of SMP was measured against their achievement of the business plans approved by the board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all the SMP for 2016-17.

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

6.6 Remuneration Policy:

NRC formulate policies to ensure that-

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate director(s) of the quality required to run the Company successfully;
- the relationship of remuneration to performance is clear and meets appropriate performance bench marks; and
- the remuneration to director(s), KMP and SMP of the Company involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Non-Executive / Independent Director(s)

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

Remuneration to KMP and SMP of the Company.

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

Profit Related Commission

Non-Executive / Independent Director(s)

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

Other KMP and SMP

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

Equity based remuneration along with profit related commission

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

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

The equity based remuneration shall be subject to the limits prescribed under the Act, 2013 or any rules framed thereunder and any other applicable law including securities laws in India.

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

6.7 Remuneration to Non-executive directors:

Sitting fees

Rs. 5,000/- each is paid to the Non-executive directors for every meeting of the Board and / or committee thereof attended by them, which is within the limits, prescribed under the Act, 2013.

Commission

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the board / committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence IDs are being paid by way of sitting fees and commission.

As approved by the shareholders at the 20th AGM held on 8th August 2016, Non-executive and Independent Directors will be paid commission, not exceeding 3% of the net profits of the Company, in aggregate, subject to a maximum, as determined by the board, for each such director for every financial year for a period of five years commencing from 1st April, 2015.

A commission of Rs. 9 lakhs per annum is payable to Mr S I Jaffar Ali, NEID who serves as a member of the audit committee as well and Rs. 6 lakhs per annum to Ms Sasikala Varadachari, NEID. The amount of commission for every financial year will be decided by the board, as approved by the shareholders at the AGM, subject to the limit of 3% in the aggregate of net profits of the Company, as calculated pursuant to Section 198 of the Act, 2013.

At the AGM held on 6th August 2014, all the IDs were appointed to hold office for the first term of five consecutive years from the conclusion of that AGM, except Mr L Bhadri and Ms Sasikala Varadachari, who were appointed as non-executive independent directors of the Company for a period of three consecutive years effective 13th October 2015 and 22nd March 2016 respectively and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and also profit related commission, in terms of Section 197 of the Act, 2013 in addition to sitting fee.

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

6.8 Particulars of sitting fees / Commission paid to the non-executive directors during the financial year 2016-17 are as follows:

(Amount in Rs.)

Name of the Directors (M/s.)	Sitting fees (*)	Commission	Total
H Lakshmanan	80,000	-	80,000
C N Prasad	80,000	-	80,000
S I Jaffar Ali	80,000	9,00,000	9,80,000
Martin Grammer	15,000	-	15,000
L Bhadri	25,000	-	25,000
Sasikala Varadachari	20,000	6,00,000	6,20,000
Total	3,00,000	15,00,000	18,00,000

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

6.9 Details of shareholdings of non-executive directors in the Company as on 31st March 2017:

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

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

7. Stakeholders' Relationship Committee (SRC)

7.1 The SRC of directors consists of three members viz., M/s. H Lakshmanan, C N Prasad and S I Jaffar Ali, non-executive and independent directors. Mr H Lakshmanan, is the chairman of the Committee and he was present at the AGM held on 8th August 2016.

7.2 As required by SEBI (LODR) Regulations, Ms N Iswarya Lakshmi, company secretary is the compliance officer of the Company who oversees the redressal mechanism for investor grievances. For any clarification / complaint, the shareholders may contact the company secretary.

7.3 The particulars of meetings and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of the Meeting	Members present (M/s.)
20.05.2016	H Lakshmanan,
08.08.2016	S I Jaffar Ali,
02.11.2016	C N Prasad
09.02.2017	

7.4 The SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The SRC also looks into redressal of investors' grievances pertaining to transfer of shares, non-receipt of annual report, non-receipt of declared dividends etc. The Company, in order to expedite the process of share transfers, has delegated the power of share transfers to an officer of the Share Transfer Agent (STA). The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.5 During the year 2016-2017, the Company received only one complaint pertaining to non-receipt of share certificate. The said complaint was duly redressed and no query was pending at the year end.

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

7.7 Reconciliation of Share Capital Audit:

A 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 of the Company. The reports were placed before the Board for perusal.

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. Corporate Social Responsibility Committee

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

The details of CSR Policy, initiatives and spending are spelt out in the directors report.

During the year, the Committee met on 20th May 2016 and all the members were present at the meeting.

9. Administrative Committee

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

10. General Body Meeting

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

Year	Location	Date	Time
2013-14	Kasturi Srinivasan Hall (Mini Hall)	06.08.2014	10.00 A.M.
2014-15	The Music Academy, No.168 (Old No.306),	06.08.2015	
2015-16	T.T.K. Road, Chennai 600 014.	08.08.2016	2.30 P.M.

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2013-14 to 2015-16 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2013-14	Appointment of M/s H Lakshmanan, C N Prasad and S I Jaffar Ali as Independent Directors of the Company for the first term of five years each.	06.08.2014
2014-15	Nil	06.08.2015
2015-16	Approving the payment of commission to non-executive directors of the Company effective 1 st April 2015.	08.08.2016

10.3 None of the subjects placed before the shareholders in the last / ensuing AGM required / requires approval by a Postal Ballot.

However, in terms of Regulation 44 of SEBI (LODR) Regulations and Section 108 of the Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company provided to the members facility to exercise their right to vote through Remote e-Voting and through poll at the meeting for all the items at the AGM held on 8th August 2016.

11. Means of communication to shareholders

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

11.1 Quarterly results:

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

11.2 Newspapers wherein results are normally published:

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

11.3 Website:

The Company has in place a website addressed as www.haritaseating.com. This website contains the basic information about the Company, e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Regulation 46 of SEBI (LODR) Regulations. The Company ensures that the contents of this website are

periodically updated. In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

12. General shareholder information

12.1 Annual General Meeting:

Day, Date and time : Wednesday, 9th August 2017 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.

12.2 Financial year : 1st April to 31st March

Financial calendars 2017-18 (Tentative) :

Financial reporting

for the quarter : Financial calendar ending

30th June 2017 : between 15th July and 14th August 2017

30th September 2017 : between 15th October and 14th November 2017

31st December 2017 : between 15th January and 14th February 2018

31st March 2018 : between 15th April and 30th May 2018

12.3 Particulars of dividend payment:

The board of directors of the Company (the board) at its meeting held on 2nd November 2016, declared a first interim dividend of Rs.2.00 per share (20%) for the year 2016-17 absorbing a sum of Rs. 1.55 Cr. The same was paid to the shareholders on 15th November 2016.

The board again at its meeting held on 3rd March 2017 declared a second interim dividend of Rs. 3.00 per share (30%) for the year 2016-17 absorbing a sum of Rs. 2.33 Cr. The same was paid to the shareholders on 16th March 2017.

Hence, the total amount of both dividends for the year ended 31st March 2017

aggregate to Rs. 5.00 per share (50%) absorbing a sum of Rs. 3.88 Cr on 77,69,040 equity shares of Rs. 10/- each.

The Company has set-off its dividend distribution tax payable under Section 115-O(1A) of the Income Tax Act, 1961 against the dividend distribution tax paid by its subsidiary company on its dividend declared.

12.4 Listing on Stock Exchange:

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

(Note: Annual listing fees and custodial charges for the year 2017-2018 were duly paid to the above Stock Exchange and Depositories)

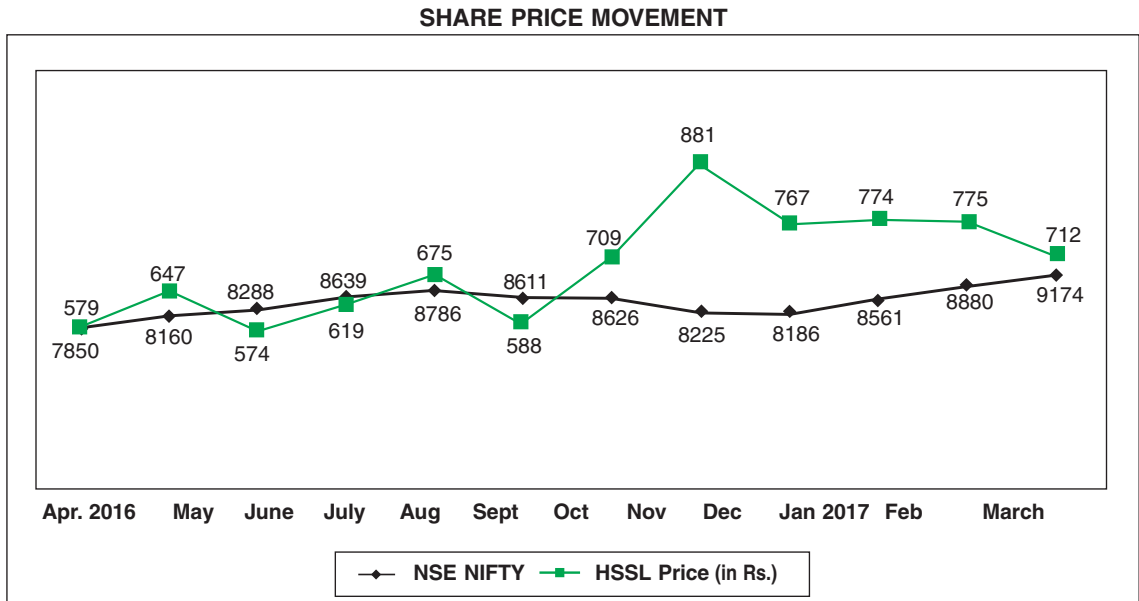
12.5 Market price data:

(in Rs.)

Month	NSE	
	High	Low
April 2016	579.00	435.00
May 2016	647.40	445.50
June 2016	574.00	520.00
July 2016	619.00	520.00
August 2016	675.30	495.10
September 2016	587.95	500.00
October 2016	709.00	521.00
November 2016	881.00	740.00
December 2016	767.45	705.90
January 2017	774.40	730.05
February 2017	774.95	745.30
March 2017	712.05	698.00

NSE - National Stock Exchange of India Limited

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



12.7 Share Transfer Agents 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) with a view to rendering prompt and efficient service to the investors and in compliance with Regulation 7 of the SEBI (LODR) Regulations 2015. The shareholders were also advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1st October 2004.
- b. All matters connected with the share transfer, dividends and other matters are handled by the STA located at the address mentioned elsewhere in this report.

- c. Shares lodged for transfers are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects.
- d. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates, etc., are processed by the STA within 7 days.
- e. Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of SEBI (LODR) Regulations.
- f. Certificates have also been received from a Company Secretary-in-practice

and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.

- g. The Company, as required under Regulation 6(2)(d) of SEBI (LODR) Regulations, has designated the following e-mail ID, namely investorscomplaintsstata@scl.co.in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- h. Certificate signed by the compliance officer of the Registrar and share transfer agent of the Company viz., Sundaram-Clayton Limited and the Company secretary towards maintenance of share transfer facility by STA in compliance with Regulation 7(3) of the Listing Regulations has been submitted to the Stock Exchange.
- i. Shareholders are 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.

12.8 Shareholding pattern of the Company as on 31st March 2017:

Category of Shareholder	31 st March 2017	
	No. of shares held	%
Promoter and Promoter Group Bodies Corporate & Individual	51,54,900	66.35
Total (A)	51,54,900	66.35
Public Shareholding		
Banks / Financial Institutions	2,511	0.03
Foreign Institutional Investors	6,74,969	8.69
Total Institutions (B)	6,77,480	8.72
Bodies Corporate	4,78,334	6.16
Individuals holding nominal capital in excess of Rs.2 lakhs	27,900	0.36
Individuals holding nominal capital upto Rs.2 lakhs	14,10,613	18.15
NRI Repatriable	3,131	0.04
NRI Non - Repatriable	14,662	0.19
Directors & relatives	2,020	0.03
Total Non-Institutions (C)	19,36,660	24.93
Total Public Shareholding (D)= (B+C)	26,14,140	33.65
Grand Total (A+D)	77,69,040	100.00

12.9 Distribution of Shareholding as on 31st March 2017:

Shareholding (Range)	No. of shares	%	No. of members	%
up to 500	6,75,399	8.69	6441	91.58
501 to 1000	2,68,537	3.46	346	4.92
1001 to 2000	2,17,935	2.81	148	2.10
2001 to 5000	1,86,820	2.40	61	0.87
5001 to 10000	1,41,553	1.82	19	0.27
10001 and above	62,78,796	80.82	18	0.26
Total	77,69,040	100.00	7033	100.00

12.10 Dematerialization of shares and liquidity:

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

Out of 26,14,140 equity shares of Rs.10/- each held by persons other than Promoters, 22,88,282 shares have been dematerialised as on 31st March 2017 accounting for 87.53%.

12.11 The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's equity.

12.12 Other Disclosures

- There were no pecuniary relationships or transactions with NE-IDs vis a-vis the Company during the year under review, except payment of sitting fees and profit related commission.
- During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.
- Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the audit committee on regular basis.

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

12.13 Plant Locations:

- Hosur** : Belagondapalli, Thally Road
Hosur 635 114, Tamil Nadu.
Tel : 04347 - 233445
Fax : 04347 - 233460
Email : harita@haritaseating.com
- Ranjangaon** : Plot No.A2, MIDC Industrial area
Ranjangaon, Koregaon Village
Shirur taluk,
Pune District - 412 210.
Maharashtra
Tel : 02138 - 610700
Fax : 02138 - 660744
Email : harita@haritaseating.com
- Dharwad** : Plot No-553-D, 2nd Stage,
Belur Industrial Area,
Dharwad - 580 011,
Karnataka
Tel : 0836-2486625
Email:harita@haritaseating.com
- Pant Nagar** : Plot No.35, Sector - 4,
Integrated Estate,
Pantnagar, Rudrapur,
Udham Singh Nagar District,
Uttarakhand - 263 153.
Tel : 5944-250889
Email : harita@haritaseating.com
- Chennai** : Survey No.29, 30, 31,
Vellanthangal Village,
No.55,Thandalam Group,
Irrungattukottai,
Sriperumpudur - 602 105
Tamil Nadu
Tel : 044-67121380/381
Email : harita@haritaseating.com

11.14 Address for investor correspondence:

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

13. Non-Mandatory Disclosures

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

13.1 The Board:

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

Specific tenure has been fixed for the independent directors in terms of Section 149 of the Act, 2013 and during this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV of the Act, 2013.

13.2 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the board and are also uploaded in the Company's website namely www.haritaseating.com. The results are not sent to the shareholders individually.

13.3 Audit qualifications:

The financial statements of the Company are unmodified.

14. Request to shareholders

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

Demat of Shares:

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

Registration of Electronic Clearing Service (ECS) mandate:

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

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

Transfer of shares in physical mode:

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

Shareholders, whose signatures have undergone any change over a period of time, are requested to lodge their new specimen signature duly attested by a bank manager to the STA of the Company.

In terms of SEBI (LODR) Regulations, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.

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

Consolidation of Multiple Folios:

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

Registration of Nominations:

Nomination in respect of shares, as per Section 72 of the Act, 2013 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc.

It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13. This form will be made available on request. Investors holding shares in demat form are advised to contact their DPs for making

nominations.

Updation of address:

Shareholders are requested to update their addresses registered with the Company, directly through STA, to receive all communications promptly.

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

SMS Alerts:

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely www.nsdl.co.in and www.cdslindia.com, respectively.

Timely encashment of dividends:

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

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

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared after 31st March, 2010 and for any financial year thereafter may contact the

Company and surrender their warrants for payment.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Transfer of shares to IEPF

As per amended IEPF (Accounting, Audit, Transfer and Refund) Rules, 2017 the Company is required to transfer the underlying shares for which the dividends were not claimed for 7 consecutive years, to IEPF authority. The Company will initiate the transfer of such shares including the shares in suspense account upon notification by the Ministry of Corporate Affairs.

INFORMATION IN RESPECT OF UNCLAIMED DIVIDENDS DUE FOR REMITTANCE INTO IEPF IS GIVEN BELOW:

PARTICULARS OF UNCLAIMED DIVIDEND OF THE COMPANY

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to the IEPF
2011-12 (interim)	30.05.2012	29.06.2012	29.06.2019
2012-13 (interim)	22.05.2013	21.06.2013	21.06.2020
2013-14 (interim)	22.05.2014	21.06.2014	21.06.2021
2014-15 (interim)	19.05.2015	18.06.2015	18.06.2022
2015-16 (interim)	02.11.2015	02.12.2015	02.12.2022
2015-16 (2 nd interim)	14.03.2016	13.04.2016	13.04.2023
2016-17 (1 st Interim)	02.11.2016	02.12.2016	02.12.2023
2016-17 (2 nd Interim)	03.03.2017	02.04.2017	02.04.2024

Any person whose shares / unclaimed dividend has been transferred to the Fund, may claim such shares / dividend from the IEPF Authority by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in along with fee specified by the Authority from time to time in consultation with the Central Government.

15. Unclaimed share certificates

In terms of the provisions of Regulation 39(4) read with Schedule VI of the SEBI (LODR) Regulations, the unclaimed share certificates are required to be dematerialized and transferred to "Unclaimed Suspense Account". As required under the Regulations, the Company sent reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. The voting rights in respect of unclaimed shares held in Unclaimed Suspense Account stands frozen in terms of Regulation 39 read with Schedule VI of SEBI (LODR) Regulations, till the rightful owners of such shares claim them.

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

Details	No. of shareholders	No. of shares
No of Shares in the Unclaimed suspense account as on 31 st March 2016	210	39,393
No. of shares transferred to the shareholders on request from 1 st April 2016 to 31 st March 2017	3	500
No of Shares in the Unclaimed suspense account as on 31 st March 2017	207	38,893

Green initiative in corporate governance:

Rule 11 of the Companies (Accounts) Rules, 2014, permits circulation of annual report to shareholders through electronic means to such

of the members whose e-mail addresses are registered with NSDL or CDSL or the shareholders who have registered their E-mail ID with the Company to receive the documents in electronic form and physical copies to those shareholders whose e-mail ids have not been either registered with the Company or with the depositories.

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

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

To

The Shareholders of
Harita Seating Systems Limited, Chennai

We have examined the compliance of conditions of Corporate Governance by Harita Seating Systems Limited, Chennai - 600 006 (the Company) for the year ended 31st March 2017 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations].

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI (LODR) Regulations, as applicable.

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

For SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS
FRN: 004207S

M PADMANABHAN

Place : Chennai Partner
Date : 18th May 2017 Membership No.F13291

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

To

The Shareholders of
Harita Seating Systems Limited, Chennai

On the basis of the written declarations received from members of the board and senior management personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby certified that both the members of the board and the senior management personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the board for the year ended 31st March 2017.

Place : Chennai
Date : 18th May 2017

A G GIRIDHARAN
Chief Executive Officer

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

To

The Shareholders of
Harita Seating Systems Limited, Chennai

We certify that we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2017 and to the best of our knowledge and belief:

- (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and Regulations; and
- (c) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee,

deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

We have indicated to the Auditors and the Audit Committee of the following:

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

A G Giridharan
Chief Executive Officer

S Jagannathan
Chief Financial Officer

Place : Chennai
Date : 18th May 2017

Form No. MR-3

**SECRETARIAL AUDIT REPORT
for the financial year ended 31st March 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Companies Act 1956 (to the extent applicable)
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;
 - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - d) The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015.
- (vii) Based on the study of the systems and processes in place and a review of the reports of (1) the heads of the Departments (2) Occupier/ Manager of the factories located in Hosur, Pune, Dharwad, Uttarkhand and Sriperumbudur which manufacture seating system for automotive and non-automotive applications (3) the compliance reports made by the functional heads of

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

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009
- b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- c) The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;

various departments which are submitted to the Board of Directors of the Company(4) test check on compliances under other laws, I report that the Company has complied with the provisions of the following statutes and the rules made there under to the extent it is applicable to them:

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

- The Legal Metrology Act, 2009
- Workmens' Compensation Act, 1923
- Personal Injuries compensation Insurance Act

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited.

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

I further report that

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

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

B Chandra
Practising Company Secretary

Place : Chennai
Date : 18th May, 2017

ACS No.: 20879
C P No.: 7859

Annexure – A to Secretarial Audit Report of even date

To,

The Members of
Harita Seating Systems Limited,
Jayalakshmi Estates,
No.29, Haddows Road,
Chennai - 600006

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial record based on our audit.
2. We have followed audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide the reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

B Chandra
Practising Company Secretary
ACS No.: 20879
C P No.: 7859

Place : Chennai
Date : 18th May, 2017

Independent Auditors' Report for the year ended 31st March 2017

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Harita Seating Systems Limited, Chennai - 600006 ("the company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

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

Auditors' Responsibility

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

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

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide an unqualified audit opinion on the standalone financial statements.

Opinion

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

- a) of the state of affairs of the Company as at 31st March 2017;
- b) its Profit for the year ended on that date; and
- c) its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-1, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note no.XXIV(2) to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There is no amount, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
- iv. The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08th November 2016 to 30th December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the company and as produced to us by the management - Refer note no. XXIV(10)

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

M PADMANABHAN

Partner

Place : Chennai
Date : 18th May 2017

Membership No.: F13291

Annexure-1 referred to in our report under "Report on Other Legal and Regulatory Requirements Para 1" of even date on the accounts for the year ended 31st March 2017.

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. Discrepancies noticed on such verification have been properly dealt with in the books of account.
- (c) The title deeds of immovable properties of the company are held in the name of the company
2. The inventory has been physically verified at reasonable intervals during the year by the management. It was represented to us that inventory with third party is also verified from time to time. The discrepancies between the physical stocks and the books were not material and have been properly dealt with in the books of account.
3. During the year, the company has not granted any loan to a company, firm, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
4. During the year, the company has not granted any loan nor has furnished any guarantee nor provided any security. Hence reporting on whether there is compliance with provisions of Section 185 and 186 of the Act does not arise.
5. The company has not accepted any deposit within the meaning of sections 73 to 76 of the Act, during the year.
6. In our opinion and according to the information and explanations given to us, the requirements for maintenance of cost records pursuant to Section (1) of Section 148 of the Act read with Rules made by the Central Government is not applicable to the company for the year under audit.
7. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues to the appropriate authorities. However we have observed a few instances of belated remittance of Service Tax.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess were in arrears, as at 31st March 2017 for a period of more than six months from the date they became payable.
- (c) According to information and explanations given to us, the following are the details of the disputed dues that were not deposited with the concerned authorities:

Name of the Statute	Nature of dues	Amount (Rs. in Lakhs)	Forum where dispute is pending
Central Excise Act, 1944.	Excise Duty	12.96	Commissioner (Appeals), Chennai III Commissionerate
		50.84	Customs Excise and Service Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax	56.79	Commissioner of Income Tax (Appeals), Chennai
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	295.16	The Honourable Supreme Court of India
		127.35	The Assistant Commissioner, Commercial Tax Office, Hosur

8. Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment of dues to its banks. The company has not borrowed from any financial institution and Government nor has issued any debenture.
9. (a) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.
- (b) The company has not availed any term loan during the year. The term loan availed in earlier year were applied for the purpose for which they were availed.
10. Based on the audit procedures adopted and information and explanations given to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.
11. The managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi company and as such this clause of the Order is not applicable.
13. (a) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act.
- (b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer note no. - XXIV(12) to the financial statements.
14. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under Section 42 of the Act.
15. In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with.
16. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

M PADMANABHAN

Partner

Place : Chennai
Date : 18th May 2017

Membership No.: F13291

Annexure-2 to Independent Auditor's Report for the year ended 31st March 2017.

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

We have audited the internal financial controls over financial reporting of ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are

subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on;

- i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business;
- ii. continuous adherence to Company's policies;
- iii. existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made and cash and bank balances;

- iv. existing system to prevent and detect fraud and errors;
- v. accuracy and completeness of Company's accounting records; and
- vi. existing capacity to prepare timely and reliable financial information.

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

Place : Chennai
Date : 18th May 2017

M PADMANABHAN
Partner
Membership No.: F13291

HARITA SEATING SYSTEMS LIMITED

Balance Sheet as at 31st March, 2017

		Note	As at	(Rs. in Lakhs)
		No	31.03.2017	As at 31.03.2016
I. EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a)	Share Capital	I	776.90	776.90
(b)	Reserves and Surplus	II	8,240.91	6,109.38
(2) Non-Current Liabilities				
(a)	Deferred tax liabilities (Net)		111.30	–
(b)	Other Long-term liabilities	III	80.25	47.00
(c)	Long-term provisions	IV	440.71	474.36
(3) Current Liabilities				
(a)	Short-term borrowings	V	776.98	171.66
(b)	Trade payables			
(i)	Total outstanding dues of micro enterprises and small enterprises		242.78	198.41
(ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises		5,615.47	4,313.95
(c)	Other current liabilities	VI	1,265.28	1,374.26
(d)	Short-term provisions	VII	343.39	863.01
Total			17,893.97	14,328.93
II. ASSETS				
(1) Non-current assets				
(a)	Fixed assets	VIII		
(i)	Tangible assets		4,491.71	3,386.27
(ii)	Intangible assets		53.57	41.85
(iii)	Capital work-in-progress		0.87	41.91
(b)	Non-current investments	IX	2,857.03	2,857.03
(c)	Deferred tax assets (net)		–	100.93
(d)	Long-term loans and advances	X	324.46	179.62
(e)	Other non-current assets	XI	3.93	2.49
(2) Current assets				
(a)	Inventories	XII	1,441.38	1,010.58
(b)	Trade receivables	XIII	7,140.23	5,572.96
(c)	Cash and cash equivalents	XIV	116.78	152.82
(d)	Short-term loans and advances	XV	1,147.26	683.70
(e)	Other current assets	XVI	316.75	298.77
Total			17,893.97	14,328.93

Accounting standards, additional disclosures & Notes on accounts XXIV

H LAKSHMANAN Chairman	C N PRASAD Director	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 18 th May 2017	S JAGANNATHAN Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M PADMANABHAN Partner Membership No.F13291

Statement of Profit and Loss for the year ended 31st March, 2017

		Note No	Year ended 31.03.2017	(Rs. in Lakhs) Year ended 31.03.2016
I.	Revenue from Operations (Gross)	XVII	37,827.99	33,563.87
	Less: Excise duty		3,060.76	2,782.79
	Revenue from Operations (Net)		34,767.23	30,781.08
II.	Other Income	XVIII	968.59	973.75
III.	Total Revenue (I +II)		35,735.82	31,754.83
IV.	Expenses:			
	Cost of materials consumed	XIX	24,662.67	22,040.22
	Changes in inventories of finished goods and work-in-process	XX	(40.65)	(4.44)
	Employee benefits expense	XXI	3,622.92	3,577.01
	Finance costs	XXII	44.01	147.95
	Depreciation and amortization expense			
	On Tangible assets		476.87	408.44
	On Intangible assets		33.87	30.32
	Other expenses	XXIII	3,739.96	3,157.15
	Total Expenses		32,539.65	29,356.65
V.	Profit before exceptional and extraordinary items and tax (III - IV)		3,196.17	2,398.18
VI.	Exceptional Items		–	447.44
VII.	Profit before extraordinary items and tax (V + VI)		3,196.17	2,845.62
VIII.	Extraordinary Items		–	–
IX.	Profit before tax (VII - VIII)		3,196.17	2,845.62
X.	Tax expense:			
	(1) Current tax		463.63	420.00
	(2) Deferred tax		212.23	(292.52)
	(3) Tax relating to earlier years		–	186.43
XI.	Profit for the year (IX - X)		2,520.31	2,531.71
XII.	Earnings per equity share:			
	(1) Basic (In Rs.)		32.44	32.59
	(2) Diluted (In Rs.)		32.44	32.59

Accounting standards, additional disclosures & Notes on accounts

XXIV

H LAKSHMANAN
Chairman

C N PRASAD
Director

A G GIRIDHARAN
Chief Executive Officer

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

Chennai
18th May 2017

S JAGANNATHAN
Chief Financial Officer

N ISWARYA LAKSHMI
Company Secretary

M PADMANABHAN
Partner
Membership No.F13291

Notes on accounts

	As at 31.03.2017		As at 31.03.2016	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
I. SHARE CAPITAL				
Authorised				
Equity Shares of Rs.10/- each	<u>1,00,00,000</u>	<u>1,000.00</u>	<u>1,00,00,000</u>	<u>1,000.00</u>
Issued, subscribed and fully paid up				
Equity Shares of Rs.10/- each	<u>77,69,040</u>	<u>776.90</u>	<u>77,69,040</u>	<u>776.90</u>
	<u>77,69,040</u>	<u>776.90</u>	<u>77,69,040</u>	<u>776.90</u>

a) Reconciliation of the number of shares outstanding and the amount of share capital as at 31.03.2017 and 31.03.2016

Particulars	As at 31.03.2017 Equity Shares		As at 31.03.2016 Equity Shares	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Shares outstanding at the beginning of the year on 01.04.2016	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 31.03.2017	<u>77,69,040</u>	<u>776.90</u>	<u>77,69,040</u>	<u>776.90</u>

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

Name of shareholder	As at 31.03.2017	As at 31.03.2016
	No. of Shares held	No. of Shares held
Harita Limited, Chennai	1800500	1800500
Harita Gopal Private Limited, Chennai	479900	479900
Harita Sheela Private Limited, Chennai	485000	485000
Harita Malini Private Limited, Chennai	467800	467800
Harita Venu Private Limited, Chennai	467800	467800
Mr. Martin Grammer, Amberg	1087600	1087600

- c) **Rights Attached to Equity Shares** : 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 shareholders are entitled to right of inspection of the documents as provided in the Companies Act, 2013.
- d) Details of issue of Bonus shares in the last five years preceding the date on which Balance sheet is prepared - Nil.

Notes on accounts - (Continued)

	As at 31.03.2017	Rs. in Lakhs As at 31.03.2016
II. RESERVES AND SURPLUS		
a. Capital Redemption Reserve		
Opening Balance	10.00	10.00
Additions during the year	–	–
Written back during the year	–	–
Closing Balance	<u>10.00</u>	<u>10.00</u>
b. Other Reserves		
(i) State subsidy		
Opening Balance	41.10	41.10
Additions during the year	–	–
Written back during the year	–	–
Closing Balance	<u>41.10</u>	<u>41.10</u>
(ii) General Reserve		
Opening Balance	2,219.87	2,219.87
Add: Transfer from Statement of profit and loss	–	–
Closing Balance	<u>2,219.87</u>	<u>2,219.87</u>
c. Surplus i.e balance as per statement of profit and loss:		
Opening balance	3,838.41	1,790.96
Add: Net Profit For the current year	2,520.31	2,531.71
Total (A)	<u>6,358.72</u>	<u>4,322.67</u>
Less: Interim Dividend paid	388.45	484.26
Dividend tax paid	0.33	–
Total (B)	<u>388.78</u>	<u>484.26</u>
Closing Balance (A-B)	<u>5,969.94</u>	<u>3,838.41</u>
Total (a+b+c)	<u>8,240.91</u>	<u>6,109.38</u>

Notes on accounts - (Continued)

	As at 31.03. 2017	Rs. in Lakhs As at 31.03.2016
III. OTHER LONG-TERM LIABILITIES		
Security deposits		
(a) Subsidiary company	–	–
(b) Dealers	80.25	47.00
Total	<u>80.25</u>	<u>47.00</u>
IV. LONG-TERM PROVISIONS		
Employee benefits : Pension	324.40	347.16
Leave encashment	68.16	57.00
Warranty	48.15	42.33
Income tax (net of advance tax of Rs. 492.13 lakhs)	–	27.87
Total	<u>440.71</u>	<u>474.36</u>
V. SHORT-TERM BORROWINGS		
Loans repayable on demand		
Secured		
From bank	776.98	171.66
(Secured by first charge on the entire current assets of the Company acquired out of the credit facilities availed from the bank)		
Total	<u>776.98</u>	<u>171.66</u>

Notes on accounts - (Continued)

	As at	Rs. in Lakhs
	31.03. 2017	As at 31.03.2016
VI. OTHER CURRENT LIABILITIES		
a) Secured		
(i) Current maturities of long-term debt - From Bank	-	-
(ii) Interest accrued but not due on borrowing	-	-
b) Unsecured		
(i) Loans repayable on demand - bill discounting	353.62	330.39
c) Unpaid dividends	31.52	46.10
d) Other Payables		
(i) Employees	135.94	219.05
(ii) Advances from customers		
- for sales	225.96	420.53
- for tool development	-	123.60
(iii) Statutory payables		
- Tax deducted at source	53.43	44.69
- Value added taxes, Central sales tax and Service tax	42.89	41.72
- Others	22.77	44.91
(iv) For expenses	399.15	102.27
(v) Security deposit from a shareholder	-	1.00
Total	<u>1,265.28</u>	<u>1,374.26</u>
VII. SHORT-TERM PROVISIONS		
(a) Employee benefits:		
Leave Encashment	3.49	2.61
(b) Others:		
Warranty	42.33	88.25
Price increase payable to suppliers of inputs	223.15	413.64
Price reduction due to customers	-	317.31
Other expenses	74.42	41.20
Total	<u>343.39</u>	<u>863.01</u>

Notes on accounts - (Continued)
VIII NON CURRENT ASSETS
FIXED ASSETS

Rs. in Lakhs

Description	Tangible Assets						Intangible Assets				Total			
	Free hold Land	Lease hold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipment	Total	Software	Technical Know how	Product licence fee	Total	As at 31.03.2017	As at 31.03.2016
Cost of assets														
As at 01-04-2016	12.48	90.66	2,419.06	3,216.84	157.87	35.56	536.72	6,469.19	270.13	31.50	22.32	323.95	6,793.14	7,825.01
Additions	73.99	-	27.60	1,442.47	21.11	6.87	43.10	1,615.14	45.59	-	-	45.59	1,660.73	668.54
Sales/deletion	2.86	-	39.97	20.52	-	4.89	0.13	66.37	-	-	-	-	66.37	1,700.41
Total	83.61	90.66	2,406.69	4,638.79	178.98	37.54	579.69	8,015.96	315.72	31.50	22.32	369.54	8,385.50	6,793.14
Depreciation / Amortisation														
Upto 31-03-2016	-	10.54	685.28	1,850.15	82.39	18.66	435.90	3,082.92	234.33	29.92	17.85	282.10	3,365.02	3,926.11
For the year	-	0.98	73.90	345.26	18.07	3.35	35.31	476.87	31.64	-	2.23	33.87	510.74	438.76
Withdrawn on assets sold/deleted	-	-	18.82	15.22	-	1.38	0.12	35.54	-	-	-	-	35.54	999.85
Total	-	11.52	740.36	2,180.19	100.46	20.63	471.09	3,524.25	265.97	29.92	20.08	315.97	3,840.22	3,365.02
Written down value														
As at 31-03-2017	83.61	79.14	1,666.33	2,458.60	78.52	16.91	108.60	4,491.71	49.75	1.58	2.24	53.57	4,545.28	3,428.12
As at 31-03-2016	12.48	80.12	1,733.78	1,366.69	75.48	16.90	100.82	3,386.27	35.80	1.58	4.47	41.85	3,365.02	3,428.12

	As at 31.03.2017	As at 31.03.2016
Capital Work in Progress (At Cost)	0.87	14.93
Plant & Equipment	-	1.91
Computers and accessories	-	25.07
Building	0.87	41.91
Total	0.87	41.91

HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (Continued)

	As at	Rs. in Lakhs
	31.03. 2017	As at 31.03.2016
IX. NON-CURRENT INVESTMENTS		
Trade Investments (At cost) - Unquoted		
a) Investment in Equity Instruments :		
(1,02,50,000 Equity shares of Rs.10/- each per share fully paid in Harita Fehrer Limited, Chennai, a subsidiary) Percentage of holding - 51%	2,759.00	2,759.00
b) Others		
Life Insurance Corporation of India, Chennai Group annuity policy for pension to employees	98.03	98.03
Total	<u>2,857.03</u>	<u>2,857.03</u>
X. LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Capital Advances	-	74.14
Deposits		
Electricity Deposit	28.12	23.23
Telephone Deposit	0.19	0.19
Earnest Money Deposit	-	7.39
Security deposit for asset lease	-	52.20
Security deposit for others	25.26	14.48
Advances		
- Rent		5.00
- Tool development		2.99
Advance income tax paid and tax deducted at source (net of provisions)	270.89	-
Total	<u>324.46</u>	<u>179.62</u>
XI. OTHER NON - CURRENT ASSETS		
(Unsecured, considered good)		
Interest accrued on loans and advances	3.93	2.49
Total	<u>3.93</u>	<u>2.49</u>

Notes on accounts - (Continued)

	As at 31.03. 2017	Rs. in Lakhs As at 31.03.2016
XII. INVENTORIES (Valued at lower of weighted average cost or net realisable value)		
a. Raw Materials and components *	901.55	523.45
b. Work-in-process * (Seat Assembly)	232.92	217.49
c. Finished goods * (Seats)	147.55	176.30
d. Finished goods - In transit * (Seats)	86.66	32.69
e. Stores and spares *	72.70	60.65
Total	<u>1,441.38</u>	<u>1,010.58</u>
(* As certified by Chairman of the Board)		
XIII. TRADE RECEIVABLES		
Debts outstanding for a period exceeding six months from the date due for payment		
Unsecured		
Considered good	16.74	–
Considered doubtful	90.53	90.63
	107.27	90.63
Less : Provision for doubtful debts	90.53	90.63
	16.74	–
Other debts		
Considered good	7,123.49	5,572.96
Considered doubtful	–	–
Total	7,123.49	5,572.96
Less : Provision for doubtful debts	–	–
	7,123.49	5,572.96
Total	<u>7,140.23</u>	<u>5,572.96</u>
XIV. CASH AND CASH EQUIVALENTS		
a. Balances with banks	81.30	98.91
b. Cheques on hand	–	–
c. Cash on hand	3.61	4.13
d. Unpaid dividend (earmarked balance)	31.52	46.10
e. Bank deposits*	0.35	3.68
Total	<u>116.78</u>	<u>152.82</u>

* Held for more than 12 months

HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (Continued)

	As at	Rs. in Lakhs
	31.03. 2017	As at 31.03.2016
XV. SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good :		
Employee advances	30.57	31.09
Advances to suppliers	533.34	285.47
Prepaid expenses	104.29	58.63
Income tax - Advance tax paid and tax deducted at source receivable (Net of income tax provision)	21.64	14.56
Balances with statutory authorities		
Income tax refund receivable	49.82	49.82
MEIS received	19.57	-
Cenvat receivable	123.42	89.92
Value Added Tax set off receivable	30.57	9.23
	223.38	148.97
Advances - Tool development		132.15
- Others	234.04	12.83
Total	1,147.26	683.70
XVI. OTHER CURRENT ASSETS		
Claims Receivable	289.00	275.60
Premium on forward contracts	27.75	21.57
Interest accrued on deposits	-	1.60
Total	316.75	298.77
XVII. REVENUE FROM OPERATIONS		
	For the year ended	For the year ended
	31.03.2017	31.03.2016
a. Sale of products	35,497.31	31,863.46
b. Revenue from services rendered	78.75	78.75
c. Other operating revenues	2,251.93	1,621.66
Sub-total	37,827.99	33,563.87
Less : Excise duty	3,060.76	2,782.79
Total	34,767.23	30,781.08
XVIII. OTHER INCOME		
(a) Interest Income	4.82	80.63
(b) Dividend Income (from subsidiary company)	512.50	615.00
(c) Net gain on sale of investments	-	-
(d) Profit on sale of fixed assets	97.64	1.49
(e) Lease rent	159.12	138.25
(f) Other non-operating income	175.85	111.53
(g) Foreign exchange gain	18.66	26.85
Total	968.59	973.75

Notes on accounts - (Continued)
Rs. in Lakhs

 For the year ended
31.03.2016

 For the year ended
31.03.2017

XIX. RAW MATERIALS AND COMPONENTS CONSUMED
OPENING STOCK

Raw materials	(A)	523.45	512.14
Purchase of raw materials and components	(B)	25,040.77	22,051.53
Total (C)	(A) + (B)	25,564.22	22,563.67

CLOSING STOCK

Raw materials	(D)	901.55	523.45
Consumption	(C) - (D)	24,662.67	22,040.22

XX. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS

Opening stock of work-in-process and finished goods

Work-in-process (Seat assembly)	217.49	179.08
Finished goods	208.99	242.96
Sub-total	426.48	422.04
Less: Excise duty on Finished goods	17.61	16.57
Total (A)	408.87	405.47

Less: Closing stock of work-in-process and finished goods

Work-in-process (Seat assembly)	232.92	217.49
Finished goods	234.21	208.99
Sub-total	467.13	426.48
Less: Excise duty on Finished goods	18.57	17.61
Total (B)	448.56	408.87

Changes in Inventory (A-B)

Changes in Inventory (A-B)	(39.69)	(3.40)
Add/(Less) : Excise duty on opening and closing of finished goods (net)	(0.96)	(1.04)
Total	(40.65)	(4.44)

XXI. EMPLOYEE BENEFIT EXPENSES

Salaries and wages	2,832.35	2,707.67
Leave Salary	50.19	49.08
Bonus	75.40	74.59
Contribution to Provident and other funds	208.10	280.96
Welfare	456.88	464.71
Total	3,622.92	3,577.01

Notes on accounts - (Continued)

	For the year ended 31.03.2017	Rs. in Lakhs For the year ended 31.03.2016
XXII. FINANCE COST		
Interest expense	44.01	149.49
Exchange loss on translation of foreign currency loan outstanding as on year end	—	(1.54)
Total	<u>44.01</u>	<u>147.95</u>
XXIII. OTHER EXPENSES		
Consumption of stores and spare parts	159.24	75.03
Power and fuel	247.27	233.83
Rent	219.92	195.36
Rates and Taxes, (excluding taxes on income)	8.96	81.94
Repairs & Maintenance		
- Buildings	174.05	147.45
- Plant and equipment	465.54	262.72
- Other assets	96.84	84.33
Insurance	53.92	47.54
Carriage outward	533.79	398.88
Packing charges	259.74	248.70
Assets scrapped	—	12.15
Foreign Exchange loss	—	—
Loss on sale of Fixed assets	22.05	20.40
Commission to independent directors	15.00	15.00
Audit fees		
- as auditors	12.00	11.00
- tax audit	2.00	2.00
- certification	1.00	1.00
- Others Services	5.38	5.80
- reimbursement of expenses	7.76	8.16
Corporate social responsibility expenditure	19.00	15.00
Others (vide note no: XXIV (5))	1,436.50	1,290.86
Total	<u>3,739.96</u>	<u>3,157.15</u>

XXIV Accounting Standards, additional disclosures and notes on accounts

Rs. in Lakhs

	As at/year ended	As at/year ended
	31.03.2017	31.03.2016

Notes on Accounting Standards prescribed by The Institute of Chartered Accountants of India

ACCOUNTING STANDARD (1) - Disclosure of accounting policies

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

ACCOUNTING STANDARD (2) - Valuation of inventories

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

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

ACCOUNTING STANDARD (3) - Cash flow statement

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

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

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

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

Prior period Items

- Travelling and conveyance	1.37	0.44
- Telephone	0.07	-
- Consultancy charges	0.86	0.36
- Advertisement	-	0.09
- R&D Product development	0.04	0.06
- Staff Welfare	2.18	2.40
- Welfare expenses	-	0.10
- Commission to an Independent Director	-	6.00
- Other expenses	1.06	1.70

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

	As at/year ended 31.03.2017	Rs. in Lakhs As at/year ended 31.03.2016
ACCOUNTING STANDARD (6) - Depreciation accounting	Not applicable	Not applicable
This Standard is withdrawn from 31-03-2016 and is clubbed with Accounting Standard-10		
ACCOUNTING STANDARD (7) - Construction contracts	Not applicable	Not applicable
This standard is not applicable		
ACCOUNTING STANDARD (8) - R & D		
This standard is withdrawn from 1 st April, 2003		
ACCOUNTING STANDARD (9) - Revenue recognition		
<ul style="list-style-type: none"> a) The income of the Company is derived from manufacture and sale of seating systems for automotive and non automotive application and other parts and accessories for automotive and non automotive application. b) Income from services is recognised on rendering of services and as per terms of agreement. c) Indigenous sales are recognised based on raising of invoices and delivery of goods thereof to the carrier. d) Export sales are recognised on the basis of date of LET Export certificate. e) The revenue and expenditure are accounted on a going concern basis. f) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. g) Dividend Income is recognised when right to receive dividend is established. h) Duty drawback is recognised on raising of export invoice. i) Merchandise Exports from India Scheme is recognised on realisation of export proceeds. 		

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

Rs. in Lakhs

As at/year ended 31.03.2017	As at/year ended 31.03.2016
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ACCOUNTING STANDARD (10) - Property plant and equipment

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

Component Accounting:

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

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

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

ACCOUNTING STANDARD (11) - Effects of changes in foreign exchange rates

Purchase of imported raw materials, components, spares and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rate prevailing on the date of the Balance Sheet.

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

	As at/year ended 31.03.2017	As at/year ended 31.03.2016
		Rs. in Lakhs
Year end foreign currency denominated liabilities and receivables are translated at exchange rates prevailing as at the Balance Sheet date, the difference being charged / credited to respective revenue or capital account.		
The Company has entered into forward contracts for hedging the risk of exchange fluctuation. There are no derivative contracts other than the forward contracts.		
Forward exchange contracts outstanding as at March 31, 2017		
USD - 14,33,495 (Last Year USD 11,59,196)	954.84	790.50
EURO 73,000 (Last Year NIL)	50.46	-
Foreign Currency exposures not covered by the forward exchange contracts as at March 31, 2017	NIL	NIL
Net foreign exchange gain / (loss) shown in statement of Profit and loss.	18.66	28.39
External commercial borrowings for acquisition of an asset		
The amendment to Accounting Standard-11 introduced by Government of India permitting fluctuation in exchange rates in relation to acquisition of capital assets to be added to or deducted from the carrying cost of such assets is not applicable as the Company did not have any external commercial borrowings for acquisition of any asset.		
ACCOUNTING STANDARD (12) - Accounting for Government grants		
During the year, the Company has not received any grant from Government.		
ACCOUNTING STANDARD (13) - Accounting for Investments		
Investments held are long-term and are valued at cost. Provision for diminution in the carrying cost of investments is made if such diminution is other than temporary in nature in the opinion of the management. (refer note no. IX of the Balance Sheet). During this year there is no diminution in carrying cost of the investment made.		
ACCOUNTING STANDARD (14) - Accounting for amalgamation	Not applicable	Not applicable

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

Rs. in Lakhs

As at/year ended **As at/year ended**
31.03.2017 **31.03.2016**

ACCOUNTING STANDARD (15) - Employee benefits

A Defined contribution plan

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

B Defined benefit plan

- a) The Company extends defined benefit plans in the form of leave salary to employees. In addition, the Company also extends pension to senior managers. Provision for leave salary and pension is made on actuarial valuation basis.
- b) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the scheme framed by the corporation.

As at / year ended
31.03.2017

C. Disclosure as required by Accounting Standard 15

	Leave Salary	Pension	Gratuity
a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	1.97	15.72	26.72
(ii) Interest cost	4.77	27.77	25.01
(iii) Expected return on plan assets	-	-	(27.45)
(iv) Net actuarial loss/(gain) recognised in the year	5.29	(66.25)	38.71
Total	12.03	(22.76)	62.99
b) Change in defined benefit obligation during the year ended 31 st March 2017			
(i) Present total value of obligation as at beginning of the year (01-04-2016)	59.61	347.16	312.68
(ii) Interest cost	4.77	27.77	25.01
(iii) Current service cost	1.97	15.72	26.72
(iv) Benefits paid	-	-	-
(v) Actuarial loss on obligation	5.29	(66.25)	38.71
(vi) Present value of obligation as at the end of the year (31-03-2017)	71.64	324.40	403.12

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

Rs. in Lakhs

	As at / year ended 31.03.2017		
	Leave Salary	Pension	Gratuity
c) Change in fair value of plan assets during the year ended 31 st March 2017			
(i) Fair value of plan assets at the beginning of the year (01-04-2016)	–	–	322.61
(ii) Expected return on plan assets	–	–	27.45
(iii) Contribution made during the year	–	–	(18.17)
(iv) Benefits paid	–	–	–
(v) Actuarial gain on plan assets	–	–	38.71
(vi) Fair value of plan assets as at the end of the year (31-03-2017)	–	–	370.60
d) Balance Sheet movements			
(i) Value of benefit obligations/(net assets) at the beginning of the year (01-04-2016)	59.61	347.16	58.29
(ii) Contribution made during the year	–	–	(18.17)
(iii) Expenses	12.03	(22.76)	62.99
(iv) Benefits paid	–	–	–
(v) Value of benefit obligations/(net assets) at the end of the year 31.03.2017	71.64	324.40	103.11
<p>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.</p>			
e) Actuarial assumptions			
(i) Discount rate used	7.00%	7.00%	7.00%
(ii) Expected return on plan assets	Not applicable	Not applicable	8.00%

ACCOUNTING STANDARD (16) - Borrowing costs

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

ACCOUNTING STANDARD (17) - Segment reporting

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

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

	As at/year ended 31.03.2017	As at/year ended 31.03.2016
		Rs. in Lakhs
ACCOUNTING STANDARD (18) - Related party disclosures		
Disclosures are made (vide Note no: XXIV(12)) as prescribed by the standard.		
ACCOUNTING STANDARD (19) - Accounting for leases		
The Company has taken the following assets under operating lease. The lease term is 5 years.		
Plant & Equipment, Electrical Equipments.		
The details of maturity profile of future operating lease payments are furnished below:		
a. The total of future minimum lease payments under non-cancellable operating lease for each of the following periods:		
- Not later than one year	153.09	153.08
- Later than one year and not later than five years	227.51	380.60
- Later than five years	-	-
b. Total of minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance sheet date.	Not applicable	Not applicable
c. Lease payments recognised in the statement of profit and loss for the period under the head Rent paid.	122.46	120.77
ACCOUNTING STANDARD (20) - Earnings per share		
Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year		
Profit after tax	2,520.31	2,531.71
No. of equity shares	7,769,040	7,769,040
Face value per share (Rs.)	10	10
Weighted average number of equity shares	7,769,040	7,769,040
Earnings per share (EPS) (Rs.)	32.44	32.59
Diluted Earnings per share (Rs.)	32.44	32.59

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

		Rs. in Lakhs	
		As at/year ended 31.03.2017	As at/year ended 31.03.2016
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.			
Opening deferred tax (asset) / Liability	(A)	<u>(100.93)</u>	<u>191.59</u>
Deferred tax liability created for the year consists of:			
- tax on depreciation		22.62	12.82
- tax on expenses claimed on payment basis under Income-tax Act, 1961		189.61	-
	(B)	<u>212.23</u>	<u>12.82</u>
Deferred tax asset created for the year consist of:			
- tax on Depreciation			
- tax on expenses claimed on payment basis under Income-tax Act, 1961		-	305.34
	(C)	<u>-</u>	<u>305.34</u>
Closing deferred tax (asset) / Liability	(A) + (B) - (C)	111.30	(100.93)

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

	As at/year ended 31.03.2017	Rs. in Lakhs As at/year ended 31.03.2016
ACCOUNTING STANDARD (23) - Accounting for investments in associates in consolidated financial statements	Not applicable	Not applicable
ACCOUNTING STANDARD (24) - Discontinuing operations No operation is being discontinued during this year.	Not applicable	Not applicable
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 in the ratio of 51:49		
ACCOUNTING STANDARD (28) - Impairment of assets As on the date of Balance sheet the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of such assets. Hence there is no impairment loss on the assets of the Company.		

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

	As at/year ended 31.03.2017	Rs. in Lakhs As at/year ended 31.03.2016
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	130.59	75.46
Provided during the year	50.84	95.93
Total	<u>181.43</u>	<u>171.39</u>
Provision utilised during the year	90.95	40.80
Net Provision as on balance sheet date	<u>90.48</u>	<u>130.59</u>
2. Contingent liabilities		
The amount for which the Company is contingently liable are disclosed in Note No.XXIV (1)		
3. Contingent assets		
Contingent assets which are likely to give rise to the possibility of inflow of economic benefits	Nil	Nil
4. Contested liabilities		
Contested liabilities are detailed in Note No.XXIV (2)		
1. Contingent liabilities not provided for		
a. On counter guarantee furnished to bank	228.98	57.01
b. On account of Bill discounted	NIL	NIL
c. Customs duty under Export Promotion Capital Goods scheme	-	221.75
d. Contracts remaining to be executed on Capital account and not provided for	10.14	53.75

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

	As at/year ended 31.03.2017	Rs. in Lakhs As at/year ended 31.03.2016
2. Liability contested and not provided for		
a) Income-tax	204.24	126.40
b) Service tax	–	310.64
c) Central Excise	63.80	62.81
d) Value Added Tax	422.51	363.73
e) Customer claim	439.00	439.00
3. Trade Payable include		
a) Dues to Micro,small and Medium Enterprises	242.78	198.41
b) Dues of creditors other than Micro, Small and Medium Enterprises	5,615.47	4,313.95
c) Information required under the Micro, Small and Medium Enterprises Development Act, 2006		
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	242.78	198.41
(ii) the amount of the interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;		
(iii) the amount of the interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;		
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;		
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006		

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

	As at/year ended 31.03.2017	Rs. in Lakhs As at/year ended 31.03.2016
d) Information required under the Micro, Small and Medium Enterprises Development Act, 2006: The Company has written to all suppliers to ascertain if they are covered by the said Act. No information has been received in reply. However, the suppliers' credit terms are generally 45 days within which all payments are made. Hence, the question of payment of interest or provision thereof for belated payments does not arise.		
4. Research & Development Expenditure		
Revenue Expenditure	711.91	628.16
Capital Expenditure	614.39	57.18
5. Other expenses		
No individual head of expense is in excess of 1% of the Revenue from operations or Rs.1,00,000/- whichever is higher.		
6. Expenses, wherever applicable are inclusive of service tax at appropriate rates and net of service tax set off permissible.		
7. Prior Period items:- Refer AS-5		
8. Expenditure incurred on Corporate Social Responsibility (CSR) activities:		
(a) Gross amount required to be spent during the year is Rs. 17.8 lakhs (Previous Year Rs. 15 lakhs).		
(b) Amount spent during the year	19.00	15.00
Particulars		
(a) Construction / acquisition of any asset	-	-
(b) On purposes other than (a) above in cash	19.00	15.00

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

Rs. in Lakhs

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

Sl. No.	Particulars	Name of the Company	Amount outstanding as on 31.03.2017	Maximum outstanding due at any one time during the year	Amount outstanding as on 31.03.2016
a)	Loans and advances				
(i)	Inter corporate deposit granted to subsidiary.	Harita Fehrer Limited, Chennai	Nil	Nil	Nil
(ii)	Loans and advances in the nature of loans made to associate company		Not applicable		Not applicable
(iii)	Loans and advances in the nature of loans where there is:				
	1) no repayment schedule or repayment beyond seven years		Nil	Nil	Nil
	2) no interest / rate of interest lower than the rates specified under Section 186 of the Companies Act, 2013		Nil	Nil	Nil
iv)	Loans and advances in the nature of loans made to firms / companies in which directors of the Company are interested.		Nil	Nil	Nil
b)	Investments by Company in subsidiary		2,759.00	2,759.00	2,759.00

10. Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08-11-2016	2.31	1.01	3.32
(+) Permitted receipts*	2.21	14.26	16.46
(-) Permitted payments		13.20	13.20
(-) Amount deposited in banks	4.52	0.00	4.52
Closing cash in hand as on 30-12-2016		2.07	2.07

* Permitted receipts under SBN represents business advances given to employees returned by them post demonetisation.

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

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

		Rs. in Lakhs	
		As at/year ended 31.03.2017	As at/year ended 31.03.2016
12. Related Party Disclosures as per Accounting Standard - 18			
A) List of Related Parties as per Clause 3(a) of the Standard where control exists.			
Reporting Entity	:	Harita Seating Systems Limited, Chennai	
Holding Company	:	Nil	
Subsidiary Company	:	Harita Fehrer Limited, Chennai	
		(01.04.2016 to 31.03.2017)	(01.04.2015 to 31.03.2016)
B) Particulars of transactions with related parties			
(i) Purchases made			
Subsidiary Company			
Harita Fehrer Limited, Chennai			
- Components		3,225.50	3,105.09
- Capital goods		99.97	69.91
(ii) Services availed			
Subsidiary Company			
Harita Fehrer Limited, Chennai			
- Interest paid		-	0.17
- Lease rent paid		57.41	43.16
- Others		87.54	78.13
(iii) Sale of Materials			
Subsidiary Company			
Harita Fehrer Limited, Chennai		4.68	4.46
(iv) Services rendered			
Subsidiary Company			
Harita Fehrer Limited, Chennai			
- Lease Rent		159.12	138.25
- Management Service		78.75	78.75
- Canteen		163.47	31.89
- Others		289.29	363.11

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

	As at/year ended	Rs. in Lakhs
	31.03.2017	As at/year ended 31.03.2016
(v) Dividend received from subsidiary company	512.50	615.00
(vi) Amount outstanding as at Balance Sheet date		
Subsidiary Company		
Harita Fehrer Limited, Chennai		
Trade payables	836.55	679.61
Other payables	26.81	–
Trade receivables	3.43	24.78
Other receivables	47.06	56.59

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

13. Rs. in Lakhs

As at/year ended **As at/year ended**
31.03.2017 **31.03.2016**

I RAW MATERIALS CONSUMED

A. Basic raw materials

Raw material consists Foam, Rexine, Fabrics and Frames etc. No individual raw material accounts for more than 10% of total raw material & components consumed.

	24,662.67	22,040.22
	24,662.67	22,040.22

B. Consumption of raw materials and components

	% of total consumption	Value	% of total consumption	Value
a) Imported	3.56	877.79	3.30	726.27
b) Indigenous	96.44	23,784.88	96.70	21,313.95
	100.00	24,662.67	100.00	22,040.22

C. Consumption of machinery spares

	% of total consumption	Value	% of total consumption	Value
a) Imported	-	-	-	-
b) Indigenous	100.00	243.94	100.00	106.76
	100.00	243.94	100.00	106.76

Rs. in Lakhs

As at/year ended **As at/year ended**
31.03.2017 **31.03.2016**

II IMPORTS - CIF VALUE

a) Raw materials & components	872.24	718.40
b) Capital goods	491.56	7.50
c) Spares	5.55	0.37

III OTHER EXPENDITURE IN FOREIGN CURRENCY

a) Travel	15.34	25.85
b) Consultancy fee	219.51	223.22
c) Others	93.84	33.27

IV EARNINGS IN FOREIGN EXCHANGE

Exports - F.O.B	3,096.20	3,228.08
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XXIV Accounting Standards, additional disclosures and notes on accounts - (continued)

	As at/year ended 31.03.2017	Rs. in Lakhs As at/year ended 31.03.2016
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	54.38	92.45
d) Years to which it relates	31.03.2017	31.03.2016 & 31.03.2015
VI SALE BY CLASS OF GOODS		
Seats:		
a) For automotive application	31,213.77	27,827.69
b) Others (Net of excise duty collected)	1,222.78	1,252.98
	<u>32,436.55</u>	<u>29,080.67</u>

H LAKSHMANAN Chairman	C N PRASAD Director	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 18 th May 2017	S JAGANNATHAN Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M PADMANABHAN Partner Membership No.F13291

Cash flow statement for the year ended 31st March, 2017

	Rs. in Lakhs	
	Year ended 31.03.2017	Year ended 31.03.2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and extra ordinary items	3,196.17	2,845.62
Add:		
Depreciation	510.74	438.76
Dividend income	(512.50)	(615.00)
Interest Income	(4.82)	(80.63)
(Profit)/loss on sale of assets(net)	(75.59)	31.06
Exchange Rate fluctuations	(52.02)	(51.52)
Profit on sale of investments	-	-
Finance Cost	44.01	149.32
Operating profit before working capital changes	3,105.99	2,717.61
Adjustments for:		
Working Capital changes		
Trade Payables	1,345.89	94.36
Other Current Liabilities	(94.40)	(729.48)
Short Term Provisions	(519.62)	385.06
Other Non current assets	(1.44)	1.60
Inventories	(430.80)	(72.48)
Trade Receivables	(1,515.25)	(191.84)
Short Term Loans and Advances	(463.56)	681.56
Other Current Assets	(17.98)	(31.55)
Cash generated from operations	1,408.83	2,854.84
Less : Taxes paid	508.00	325.00
Net cash from operating activities - (A)	900.83	2,529.84
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,619.69)	(577.53)
Proceeds from sale of assets	108.42	649.69
Interest received	4.82	78.84
Dividend received	512.50	615.00
Net cash used in investing activities- (B)	(993.95)	766.00

Cash flow statement for the year ended 31st March, 2017 (Contd.)

	Year ended 31.03.2017	Rs. in Lakhs Year ended 31.03.2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Provisions	(33.65)	92.62
Long term Loans & advances	(100.47)	149.91
Other Long term liabilities	33.25	4.21
Short Term Borrowings (Net)	605.32	(2,734.32)
Finance cost paid	(44.01)	(149.32)
Dividend & Dividend tax paid	(403.36)	(678.47)
	57.08	(3,315.37)
Net cash from used in financing activities - (C)	57.08	(3,315.37)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		
	(36.04)	(19.53)
Cash and cash equivalents at the beginning of the year	152.82	172.35
Cash and cash equivalents at the end of the year	116.78	152.82

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

2) Cash and Cash equivalent represents cash and bank balances

H LAKSHMANAN Chairman	C N PRASAD Director	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 18 th May 2017	S JAGANNATHAN Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M PADMANABHAN Partner Membership No.F13291

Consolidated Financial Statements
of
Harita Seating Systems Limited

Independent Auditors' Report for the year ended 31st March 2017

To

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Harita Seating Systems Limited, Chennai - 600006 (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

Unqualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of its subsidiary company whose financial statements reflect total assets of Rs.22,715.18 lakhs as at 31st March, 2017, total revenues of Rs.39,780.92 lakhs and net cash outflow amounting to Rs. 213.42 lakhs for the year ended on that date, as considered in the consolidated financial statements. The subsidiary's financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India,

none of the directors of the Group companies is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary company (incorporated in India) and the operating effectiveness of such controls, refer to our separate report in "Annexure 1".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on separate financial statements of the subsidiary as noted in "Other Matters":

The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note XXVI (3) to the consolidated financial statements.

- i. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- ii. There is no amount, required to be transferred, to the Investor Education and Protection Fund by the Group during the year.
- iii. The company has provided requisite disclosures in the consolidated financial statements, as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the holding company and its subsidiary incorporated in India. Refer Note no. XXVI (7) consolidated financial statements.

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

M PADMANABHAN

Place : Chennai
Date : 18th May 2017

Partner
Membership No.: F13291

Annexure-1 to Independent Auditor's Report to the members on the consolidated Financial Statements of Harita Seating Systems Limited, Chennai for the year ended 31st March 2017.

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

We have audited the internal financial controls over financial reporting of Harita Seating Systems Limited, Chennai ("the Holding Company"), its subsidiary company, which are incorporated in India, as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiary company, which are company incorporated in India, have, in all material

respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

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

M PADMANABHAN
Partner

Place : Chennai
Date : 18th May 2017

Membership No.: F13291

Consolidated Balance Sheet as at 31st March, 2017

	Note No.	As at 31.03.2017	Rs. in Lakhs As at 31.03.2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	I	776.90	776.90
(b) Reserves and Surplus	II	11,161.54	8,870.81
(2) Minority Interest			
	XXV	6,846.55	6,495.71
(3) Non-Current Liabilities			
(a) Deferred tax liabilities (Net)		782.85	588.57
(b) Other Long-term liabilities	III	80.25	47.00
(c) Long-term provisions	IV	491.23	474.36
(4) Current Liabilities			
(a) Short-term borrowings	V	776.98	171.66
(b) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		2,379.96	1,842.97
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		9,796.36	7,820.83
(c) Other current liabilities	VI	1,614.95	1,790.88
(d) Short-term provisions	VII	1,509.91	1,583.86
Total		36,217.48	30,463.55
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	VIII	13,515.87	11,266.20
(ii) Intangible assets		100.70	62.93
(iii) Capital work-in-progress		259.80	184.16
(b) Non-current investments	IX	175.83	175.63
(c) Long-term loans and advances	X	441.82	339.76
(d) Other non-current assets	XI	3.93	2.49
(2) Current assets			
(a) Current investments	XII	1,351.05	1,208.77
(b) Inventories	XIII	3,327.18	2,928.22
(c) Trade receivables	XIV	13,200.82	11,358.49
(d) Cash and cash equivalents	XV	771.55	1,021.02
(e) Short-term loans and advances	XVI	2,752.18	1,617.11
(f) Other current assets	XVII	316.75	298.77
Total		36,217.48	30,463.55

Accounting standards, additional disclosures & Notes on accounts

XXVI

H LAKSHMANAN
Chairman

C N PRASAD
Director

A G GIRIDHARAN
Chief Executive Officer

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

Chennai
18th May 2017

S JAGANNATHAN
Chief Financial Officer

N ISWARYA LAKSHMI
Company Secretary

M PADMANABHAN
Partner
Membership No.F13291

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

			Rs. in Lakhs	
		Note No.	For the Year ended 31.03.2017	For the Year ended 31.03.2016
I.	Revenue from Operations (Gross)	XVIII	78,893.93	70,951.22
	Less: Excise duty		7,967.56	7,256.79
	Revenue from Operations (Net)		70,926.37	63,694.43
II.	Other Income	XIX	552.42	341.36
III.	Total Revenue (I + II)		71,478.79	64,035.79
IV.	Expenses:			
	Cost of materials consumed	XX	49,650.51	44,848.60
	Changes in inventories of finished goods and work in process	XXI	(93.34)	18.35
	Employee benefits expense	XXII	7,760.44	7,120.34
	Finance costs	XXIII	52.37	174.71
	Depreciation and amortization expense	VIII		
	On Tangible assets		1,434.32	1,345.91
	On Intangible assets		40.20	35.85
	Other expenses	XXIV	7,346.27	6,636.61
	Total Expenses		66,190.77	60,180.37
V.	Profit before exceptional and extraordinary items and tax (III - IV)		5,288.02	3,855.42
VI.	Exceptional Item of Income		-	447.44
VII.	Profit before extraordinary items and tax (V + VI)		5,288.02	4,302.86
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII - VIII)		5,288.02	4,302.86
X.	Tax expense:			
	(1) Current tax		1,366.43	945.67
	(2) Deferred tax		194.27	(312.86)
	(3) Tax relating to earlier year		-	186.43
	(4) Mat Credit Entitlement		-	231.86
			1,560.70	1,051.10
XI.	Profit / (Loss) for the year before making prior period adjustments (IX - X)		3,727.32	3,251.76
XII.	Prior Period Adjustments : Income Tax		-	9.09
XIII.	Profit / (Loss) for the year (XI - XII)		3,727.32	3,242.67
	Relating to Minority Interest		843.24	649.95
	Relating to Parent Company		2,884.08	2,592.72
XIV.	Earnings per equity share:			
	(1) Basic (in Rs.)		37.12	33.37
	(2) Diluted (in Rs.)		37.12	33.37

Accounting standards, additional disclosures & Notes on accounts XXVI

H LAKSHMANAN Chairman	C N PRASAD Director	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 18 th May 2017	S JAGANNATHAN Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M PADMANABHAN Partner Membership No.F13291

Consolidated Notes on accounts

	As at 31.03.2017	Rs. in Lakhs As at 31.03.2016
I. SHARE CAPITAL		
Authorised		
1,00,00,000 Equity Shares of Rs.10/- each	<u>1,000.00</u>	<u>1,000.00</u>
Issued, Subscribed & fully paid up		
77,69,040 Equity Shares of Rs.10/- each	<u>776.90</u>	<u>776.90</u>
Total	<u>776.90</u>	<u>776.90</u>
II. RESERVES AND SURPLUS		
a. Capital Redemption Reserve		
Opening Balance	10.00	10.00
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	<u>10.00</u>	<u>10.00</u>
b. Securities premium		
Opening Balance	2,982.88	2,982.88
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	<u>2,982.88</u>	<u>2,982.88</u>
c. Other Reserve (State subsidy)		
Opening Balance	41.10	41.10
Additions during the year	-	-
Deductions during the year	-	-
Closing Balance	<u>41.10</u>	<u>41.10</u>
d. General Reserve		
Opening Balance	2,261.52	2,301.54
Less: Transfer to minority interest	-	40.02
Less: Depreciation charge consequent to application of Schedule II to Companies Act, 2013	-	-
Deferred tax impact on the above	-	-
Closing Balance	<u>2,261.52</u>	<u>2,261.52</u>
e. Surplus i.e balance as per Statement of Profit and Loss:		
Opening balance	3,575.31	1,652.06
Add: Net Profit for the year	<u>2,884.08</u>	<u>2,592.72</u>
	<u>6,459.38</u>	<u>4,244.78</u>
Less: Interim dividend payable	-	-
Interim dividend paid	(388.45)	(484.26)
Dividend distribution Tax	(204.90)	(185.21)
	<u>(593.35)</u>	<u>(669.47)</u>
	<u>5,866.03</u>	<u>3,575.31</u>
Total (a + b + c + d + e)	<u>11,161.54</u>	<u>8,870.81</u>

Notes on accounts - (continued)

	As at 31.03.2017	Rs. in Lakhs As at 31.03.2016
III. OTHER LONG-TERM LIABILITIES		
Security deposits from dealers	80.25	47.00
Total	<u>80.25</u>	<u>47.00</u>
IV. LONG-TERM PROVISIONS		
Employee benefits : Pension	324.40	347.16
Leave encashment	68.16	57.00
Income tax (Net of advance tax)	–	27.87
Warranty	48.15	42.33
Other Long-term provisions	50.52	–
Total	<u>491.23</u>	<u>474.36</u>
V. SHORT-TERM BORROWINGS		
Loans repayable on demand		
Secured		
From bank	776.98	171.66
(Secured by first charge on the entire current assets of the Company acquired out of the credit facilities availed from the bank)		
Unsecured		
From bank	–	–
Total	<u>776.98</u>	<u>171.66</u>

Notes on accounts - (continued)

	As at 31.03.2017	Rs. in Lakhs As at 31.03.2016
VI. OTHER CURRENT LIABILITIES		
Secured		
(a) Current maturities of long-term debt - From Bank	-	-
(b) Interest accrued but not due on borrowing	-	-
Unsecured		
(a) Interest Free Sales Tax Loan	-	-
(b) Loans repayable on demand - bill discounting	353.62	330.39
(c) Unpaid dividends	31.52	46.10
(d) Other Payables		
Employees	135.94	219.05
Advances from customers		
- for sales	225.96	506.81
- for tool development	-	123.60
Statutory payables		
- Tax deducted at source	118.29	44.69
- Value added taxes and central sales tax	42.89	41.72
- Others	130.08	133.92
Advance received for sale of fixed assets	-	-
Trade / Security deposit received	2.10	1.50
Security deposit from a shareholder	-	1.00
For expenses	574.55	342.10
Total	<u>1,614.95</u>	<u>1,790.88</u>
VII. SHORT-TERM PROVISIONS		
Employee Benefits:		
a) Salary and bonus	261.36	152.93
b) Leave encashment	5.85	44.86
Provision for Income tax (net of advance tax)	902.80	525.67
Warranty	42.33	88.25
Price increase payable to supplier of inputs	223.15	413.64
Price reduction due to customers	-	317.31
Others	74.42	41.20
Interim dividend payable	-	-
Dividend distribution tax payable	-	-
Total	<u>1,509.91</u>	<u>1,583.86</u>

Notes on accounts - (continued)

VIII NON CURRENT ASSETS
FIXED ASSETS

Description	Rs. in Lakhs														
	Tangible Assets					Intangible Assets					Total				
	Land	Lease hold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipment	Total	Software	Technical Know-how	Product licence fee	Non- compete fee	Total	As at 31.03.2017	As at 31.03.2016
Cost of assets															
As at 01.04.2016	1,238.64	90.66	4,709.18	12,859.57	240.28	101.11	746.25	19,985.69	372.48	31.50	22.32	550.00	976.30	20,961.99	21,685.88
Add: Additions/Transfer/adjustments	261.29	428.64	789.72	2,467.79	22.56	30.64	77.53	4,078.17	77.97	-	-	-	77.97	4,156.14	1,059.88
Sub-total	1,499.93	519.30	5,498.90	15,327.36	262.84	131.75	823.78	24,063.86	450.45	31.50	22.32	550.00	1,054.27	25,118.13	22,745.76
Less: Sale/Deletions/adjustments	298.47	-	39.97	190.20	-	14.35	0.13	543.12	-	-	-	-	-	543.12	1,783.77
As at 31.03.2017	1,201.46	519.30	5,458.93	15,137.16	262.84	117.40	823.65	23,520.74	450.45	31.50	22.32	550.00	1,054.27	24,575.01	20,961.99
Depreciation/ amortisation															
upto 31.03.2016	-	10.54	1,206.48	6,758.39	128.64	71.53	543.91	8,719.49	315.60	29.92	17.85	550.00	913.37	9,632.86	9,290.02
Add: Depreciation for the year	-	0.98	157.13	1,188.19	28.61	8.15	51.26	1,434.32	37.97	-	2.23	-	40.20	1,474.52	1,381.76
Sub-total	-	11.52	1,363.61	7,946.58	157.25	79.68	595.17	10,153.81	353.57	29.92	20.08	550.00	953.57	11,107.38	10,671.78
Add: Charged to Retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	-	11.52	1,363.61	7,946.58	157.25	79.68	595.17	10,153.81	353.57	29.92	20.08	550.00	953.57	11,107.38	10,671.78
Less: Withdrawn on sold assets	-	-	18.82	121.06	-	8.94	0.12	148.94	-	-	-	-	-	148.94	1,036.92
As on 31.03.2017	-	11.52	1,344.79	7,825.52	157.25	70.74	595.05	10,004.87	353.57	29.92	20.08	550.00	953.57	10,958.44	9,632.86
Written down value	1,201.46	507.78	4,114.14	7,311.64	105.59	46.66	228.60	13,515.87	96.88	1.58	2.24	-	100.70	13,616.57	11,329.13
31.03.2017	1,238.64	80.12	3,502.70	6,101.18	111.64	29.58	202.94	11,266.20	56.88	1.58	4.47	-	62.93	11,329.13	
Capital Work-in-Progress (At cost)															
a. Plant & Equipments															
b. Building															
c. Office Equipment under installation															
Total														259.80	184.16
														259.80	184.16

	As at 31.03.2017	As at 31.03.2016
a. Plant & Equipments	259.80	116.38
b. Building	-	49.60
c. Office Equipment under installation	-	18.18
Total	259.80	184.16

Notes on accounts - (continued)

	As at 31.03.2017	Rs. in Lakhs As at 31.03.2016
IX. NON-CURRENT INVESTMENTS		
Non Trade Investments (At cost)		
Investment in Equity Instruments		
Non-trade unquoted shares (long-term fully paid)		
Green Infra Wind Energy Theni Ltd, (Formerly known as TVS Wind energy Ltd), New Delhi	75.20	75.00
Equity of M/s.Paras Green Power LLP, Chennai	2.60	2.60
Other Investments (At cost)		
Unquoted:		
Life Insurance Corporation of India, Chennai (Group annuity policy for pension to employees)	98.03	98.03
Total	<u>175.83</u>	<u>175.63</u>
X. LONG-TERM LOANS AND ADVANCES		
(Unsecured considered good)		
Capital Advances	-	74.14
Deposits		
Electricity Deposit	28.12	23.23
Telephone Deposit	0.19	0.19
Earnest Money deposit	-	7.39
Security deposit	142.50	208.54
Advances		
- Rent advance	-	5.00
- Tool development	-	2.99
Advance payment of taxes (Net of Provisions)	271.01	18.28
Minimum Alternate Tax credit entitlement	-	-
Total	<u>441.82</u>	<u>339.76</u>
XI. OTHER NON-CURRENT ASSETS		
Unsecured, considered good		
Interest accrued on loans and advances	3.93	2.49
Total	<u>3.93</u>	<u>2.49</u>

Notes on accounts - (continued)

XII. CURRENT INVESTMENTS

Rs. in Lakhs

Name of the Body Corporate	Subsidiary /Associate / JV/ Controlled Entity / Others	No. of Shares / Units	No. of Shares / Units	Amount	Amount	Basis of Valuation (Cost Value / Market Value)	
		2017	2016	2017	2016	2017	2016
Investment in Mutual Fund Instruments							
UTI Liquid Fund	others		6,220		153.80	Cost	Cost
SBI Magnum Insta cash fund	others	4,228	5,990	150.00	200.00	Cost	Cost
IDFC funds-Ultra short term funds	others	1,566,509	1,374,857	345.00	289.97	Cost	Cost
ICICI Prudential ultra short term	others	2,525,977	1,283,114	404.48	195.00	Cost	Cost
Franklin India TMA Growth	others		4,428		100.00	Cost	Cost
ICICI Prudential Money Market	others	106,785	95,763	251.57	200.00	Cost	Cost
L&T LIQUID FUND	others		3,380		70.00	Cost	Cost
L&T LIQUID FUND - regular growth	others	9,063		200.00		Cost	Cost
		4,212,562	2,773,752	1,351.05	1,208.77		

Rs. in Lakhs

As at
31.03.2017

As at
31.03.2016

XIII. INVENTORIES

a. Raw Materials and components	1,808.26	1,604.56
b. Work-in-process	419.52	372.28
c. Finished goods	515.46	523.33
d. Finished goods-in-transit	86.66	32.69
e. Stores and spares	497.28	395.36
Total	<u>3,327.18</u>	<u>2,928.22</u>

XIV. TRADE RECEIVABLES

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

Unsecured

Considered good	36.24	—
Considered doubtful	90.53	90.63
	<u>126.77</u>	<u>90.63</u>
Less : Provision for doubtful debts	90.53	90.63
	A <u>36.24</u>	<u>—</u>

Other debts

Considered good	13,164.58	11,358.49
Considered doubtful	—	—
	<u>13,164.58</u>	<u>11,358.49</u>
Less : Provision for doubtful debts	—	—
	B <u>13,164.58</u>	<u>11,358.49</u>
Total	A + B <u>13,200.82</u>	<u>11,358.49</u>

Notes on accounts - (continued)

	As at 31.03.2017	Rs. in Lakhs As at 31.03.2016
XV. CASH AND CASH EQUIVALENTS		
a. Balances with banks	734.46	965.38
b. Cheques on hand	–	–
c. Cash on hand	5.22	5.86
d. Unpaid dividend (earmarked balance)	31.52	46.10
e. Bank deposits *	0.35	3.68
Total	<u>771.55</u>	<u>1,021.02</u>
* Held for more than 12 months		
XVI. SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good :		
Employee advances	58.41	62.69
Advances to suppliers	896.95	517.57
Prepaid expenses	129.78	93.74
Income tax - Advance tax paid and tax deducted at source receivable (Net of Provisions)	956.39	489.35
Balances with statutory authorities :		
Income tax refund receivable	49.82	49.82
MEIS received	19.57	–
CENVAT receivable	197.85	143.48
Value added tax set off receivable	30.57	9.23
Advances - Tool development	–	132.15
- Others	412.84	119.08
Total	<u>2,752.18</u>	<u>1,617.11</u>
XVII. OTHER CURRENT ASSETS		
Claims Receivable	289.00	275.60
Premium on forward contracts	27.75	21.57
Interest accrued on deposits	–	1.60
Total	<u>316.75</u>	<u>298.77</u>

CONSOLIDATED FINANCIAL STATEMENTS OF HARITA SEATING SYSTEMS LIMITED

Notes on accounts - (continued)

	For the year ended 31.03.2017	Rs. in Lakhs For the year ended 31.03.2016
XVIII. REVENUE FROM OPERATIONS		
Sale of products	76,516.65	69,183.50
Other operating revenues	2,377.28	1,767.72
Total	78,893.93	70,951.22
Less: Excise duty & Service tax	7,967.56	7,256.79
Total	70,926.37	63,694.43
XIX. OTHER INCOME		
(a) Interest Income	14.74	101.80
(b) Net Foreign Exchange gain	18.66	117.76
(c) Profit on sale of fixed assets	171.20	1.49
(d) Other non-operating income	347.82	120.31
Total	552.42	341.36
XX. COST OF MATERIALS CONSUMED		
OPENING STOCK		
Raw materials (A)	1,604.56	1,509.81
Purchase of raw materials and components (B)	49,854.21	44,943.35
Total (C) (A) + (B)	51,458.77	46,453.16
CLOSING STOCK		
Raw materials (D)	1,808.26	1,604.56
Consumption (C) - (D)	49,650.51	44,848.60

Notes on accounts - (continued)

	For the year ended 31.03.2017	Rs. in Lakhs For the year ended 31.03.2016
XXI. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS		
Opening Stock		
Work-in-process	372.28	299.02
Finished goods	556.02	647.63
Sub Total	928.30	946.65
Less: Excise duty on Finished goods	17.61	16.57
Total (A)	<u>910.69</u>	<u>930.08</u>
Less: Closing Stock		
Work-in-Process	419.52	372.28
Finished Goods	602.12	556.02
Sub Total	1,021.64	928.30
Less: Excise duty on Finished goods	18.57	17.61
Total (B)	<u>1,003.07</u>	<u>910.69</u>
Changes in Inventory (A - B)	(92.38)	19.39
Add / (Less) : Excise duty on Opening and closing of finished goods (net)	(0.96)	(1.04)
Changes in Inventory	<u>(93.34)</u>	<u>18.35</u>
XXII. EMPLOYEE BENEFIT EXPENSES		
Salaries and bonus	6,181.75	5,581.58
Leave Salary	50.19	49.08
Contribution to Provident and other funds	362.69	432.66
Welfare expenses	1,165.81	1,057.02
Total	<u>7,760.44</u>	<u>7,120.34</u>
XXIII. FINANCE COST		
Interest expense	44.50	150.04
Foreign exchange loss on transactions and translation	7.87	24.67
Total	<u>52.37</u>	<u>174.71</u>

Notes on accounts - (continued)

	For the year ended 31.03.2017	Rs. in Lakhs For the year ended 31.03.2016
XXIV. OTHER EXPENSES		
Consumption of stores and spare parts	889.36	810.65
Power and fuel	872.55	882.80
Rent	163.31	152.48
Rates and Taxes, excluding taxes on income	49.77	114.48
Repairs & Maintenance - Buildings	256.43	185.09
- Plant and Equipment	1,337.44	1,142.19
- Computers	34.40	56.92
- Other assets	155.25	147.22
Insurance	80.11	63.80
Carriage outward	860.46	717.91
Packing charges	259.74	248.70
Assets scrapped	-	12.15
Net Foreign Exchange loss	-	-
Loss on sale of Fixed Assets	74.08	58.69
Commission to an Independent Director	15.00	15.00
Others	2,198.81	1,935.68
Audit fees - as auditors	23.00	20.00
- tax audit	3.00	3.00
- certification	1.00	1.00
- Others Services	6.38	6.80
- reimbursement of expenses	12.18	12.05
Corporate social responsibility expenditure	54.00	50.00
Total	<u>7,346.27</u>	<u>6,636.61</u>
XXV. MINORITY INTEREST		
Share capital	984.80	984.80
Securities premium	4,531.91	4,531.91
General Reserve	40.02	40.02
Total	<u>5,556.73</u>	<u>5,556.73</u>
Add: Profit up to year 2015-16	938.98	
Profit for the year 2016-17	<u>843.24</u>	
	1,782.22	1,529.86
	<u>7,338.95</u>	7,086.59
Less: Dividend declared last year paid during the year	-	(147.72)
Dividend paid during the year 2016-17	<u>(492.40)</u>	(443.16)
Total	<u>6,846.55</u>	<u>6,495.71</u>

XXVI. Accounting Standards, additional disclosures and notes on accounts

1. Consolidation of accounts

A. Basis of accounting

The financial statements are prepared under the historical cost convention and comply with the applicable accounting standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013.

B. Principles of consolidation

- (i) Consolidated financial statements relate to Harita Seating Systems Limited, Chennai and its subsidiary viz. Harita Fehrer Limited, Chennai.
- (ii) Consolidated financial statements have been prepared on the following basis:
 - the financial statements of the Company and its subsidiary have been prepared on a line by line consolidation by adding the book values of the like items of assets and liabilities as per the respective audited financial statements of the respective companies.
 - the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the manner as the Company's individual financial statements.
 - Intra - group transactions and resulting unrealised profits have been eliminated.
- (iii) The details of subsidiary company considered in the consolidated financial statements are furnished below:

a	Name of the subsidiary company	Harita Fehrer Limited, Chennai
b	Country of incorporation	India
c	Proportion of ownership(interest / voting power - in %)	51%
d	Reporting date	31.03.2017
e	Difference in reporting date	Nil

C. Significant Accounting Policies - on consolidation:

Accounting Standards 1 to 29 (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.

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

	As at/Year ended 31.03.2017	Rs. in Lakhs As at/ Year ended 31.03.2016
2. Contingent liabilities not provided for		
a. On counter guarantees furnished	1,528.98	1,357.01
b. On account of Bill discounting	NIL	NIL
c. Customs duty under Export Promotion Capital Goods scheme	–	221.75
d. Contracts remaining to be executed on Capital account and not provided for	10.14	53.75
e. UP State Micro and Small enterprises facilitation council order towards supplier liability	3.39	3.39
f. Income Tax - Financial Year 2010-11 - Appeal before Commissioner (Appeals), Chennai	48.65	48.65
g. Income Tax - Financial Year 2012-13 - Appeal before Commissioner (Appeals), Chennai	108.09	122.66
h. Income Tax - Financial Year 2013-14 - Appeal before Commissioner (Appeals), Chennai	37.29	–
i. TN Commercial Tax - Financial Year 2013-14 - Appeal before Commissioner of Commercial Tax (Appeals), Chennai	20.81	–
j. TN Commercial Tax - Financial Year 2014-15 - Appeal before Commissioner of Commercial Tax (Appeals), Chennai	60.85	–
3. Liability contested and not provided for		
a) Income-tax	320.24	126.40
b) Service tax	–	310.64
c) Central Excise	63.80	62.81
d) Value Added Tax	422.51	363.73
e) Customer Claim	439.00	439.00

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

	As at/Year ended 31.03.2017	Rs. in Lakhs As at/ Year ended 31.03.2016
4. Sundry creditors include		
a) Dues to Micro, Small and Medium Enterprises	2,379.96	1,842.97
b) Dues of creditors other than Micro, small and Medium Enterprises	9,796.36	7,820.83
c) Information required under the Micro, small and Medium Enterprises Development Act, 2006:		
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
(ii) the amount of the interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;		
(iii) the amount of the interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.		
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;		
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		

5. Other expenses include

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

6. Expenses, wherever applicable are inclusive of service tax at appropriate rates and net off service tax set off permissible.
7. Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on 08-11-2016	4.26	1.46	5.72
(+) Permitted receipts*	2.21	22.90	25.10
(-) Permitted payments		19.88	19.88
(-) Amount deposited in banks	6.47	0.00	6.47
Closing cash in hand as on 30-12-2016		4.88	4.48

* Permitted receipts under SBN represents business advances given to employees returned by them post demonetisation.

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

8. Additional Information on net assets and share of profits as at 31st March 2017

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)	
	As % of consolidated net assets	Amount Rs. in Lakhs	As % of consolidated profit or loss	Amount Rs. in Lakhs
1	2	3	4	5
Parent				
Harita Seating Systems Limited, Chennai	75.54	9,017.81	87.39	2,520.31
Subsidiary - Indian				
Harita Fehrer Limited, Chennai	110.94	13,244.96	59.67	1,720.90
Sub-total	186.48	22,262.77	147.06	4,241.21
Less: Minority interest in subsidiary	57.35	6,846.55	29.24	843.24
Sub-total	129.13	15,416.22	117.82	3,397.97
Less: Inter-company eliminations	29.13	3,477.83	17.82	513.94
Total	100.00	11,938.39	100.00	2,884.03

Note:

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

9. Related party disclosure:

LIST OF RELATED PARTIES

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

Related party transactions

Rs. in Lakhs

Nature of transaction	For the Year ended 31.03.2017	For the Year ended 31.03.2016
F.S. Fehrer Automotive GmbH, Germany		
Purchases	26.29	34.05
Rendering of Services	4.33	4.13
Receipt of Services	66.16	71.36
Receivable	—	—
Payable	13.12	15.53

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

H LAKSHMANAN Chairman	C N PRASAD Director	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 18 th May 2017	S JAGANNATHAN Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M PADMANABHAN Partner Membership No.F13291

Consolidated Cash Flow Statement for the year ended 31st March, 2017

	Year ended 31.03.2017	Rs. in lakhs Year ended 31.03.2016
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and extra ordinary items	5,288.02	4,302.86
Add:		
Depreciation	1,474.52	1,381.76
Interest Income	(14.74)	(101.80)
Exchange Rate fluctuations	(52.02)	(9.71)
Profit/(loss) on sale of assets(net)	(97.12)	57.20
Finance Cost	52.37	174.71
	<u>1,363.01</u>	<u>1,502.16</u>
Operating profit before working capital changes	6,651.03	5,805.02
Adjusted for:		
Working Capital changes		
Trade Payables	2,512.52	(292.02)
Other Current Liabilities	(161.35)	(802.81)
Short Term Provisions	(73.95)	655.87
Non current investments	(0.20)	
Inventories	(398.96)	(162.16)
Trade Receivables	(1,790.32)	851.99
Short Term Loans and Advances	(1,135.07)	173.07
Other Non current assets	(1.44)	-
Other Current Assets	(17.98)	(28.17)
	<u>(1,066.75)</u>	<u>395.77</u>
Cash generated from operations	5,584.28	6,200.79
Direct tax paid	(1,395.00)	(765.00)
	<u>4,189.28</u>	<u>5,435.79</u>
Net cash from / (used in) operating activities - (A)	4,189.28	5,435.79
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,231.78)	(1,046.15)
Proceeds from sale of assets	491.30	687.65
Purchase of investments	(142.28)	(1,208.77)
Advance received for sale of fixed assets	-	-
Interest received	14.74	101.61
Dividend received	-	-
	<u>(3,868.02)</u>	<u>(1,465.66)</u>
Net cash from / (used in) investing activities - (B)	(3,868.02)	(1,465.66)

**Consolidated Cash Flow Statement for the year ended 31st March, 2017
(continued)**

	Year ended 31.03.2017	Rs. in lakhs Year ended 31.03.2016
C CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings (Net)	-	-
Long Term Loans and Advances	(461.92)	(117.17)
Long Term Provisions	16.87	106.21
Other Long term liabilities	33.25	24.25
Short Term Borrowings	605.32	(2,734.32)
Finance cost paid	(52.37)	(176.08)
Dividend & Dividend distribution tax paid	(711.88)	(995.90)
Net cash from / (used in) financing activities - (C)	(570.73)	(3,893.01)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)	(249.47)	77.12
Cash and cash equivalents at the beginning of the year	1,021.02	943.90
Cash and cash equivalents at the end of the year	771.55	1,021.02

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

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

H LAKSHMANAN Chairman	C N PRASAD Director	A G GIRIDHARAN Chief Executive Officer	As per our report annexed For SUNDARAM & SRINIVASAN Chartered Accountants Firm Regn. No: 004207S
Chennai 18 th May 2017	S JAGANNATHAN Chief Financial Officer	N ISWARYA LAKSHMI Company Secretary	M PADMANABHAN Partner Membership No.F13291

**Annexure
Form AOC - 1**

Statement containing salient features of the financial statement of subsidiary
(Pursuant to first proviso to sub-section (3) of
Section 129 of Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiary

Rs. in lakhs

S. No	Particulars	Indian Subsidiary
		Harita Fehrer Limited
1	Date of becoming subsidiary	05-11-2008
2	Share capital	2,009.80
3	Reserves & Surplus	11,235.16
4	Total Assets	22,715.18
5	Total Liabilities	22,715.18
6	Investments	1,428.85
7	Turnover including other income	39,780.92
8	Profit before taxation	2,605.74
9	Provision for taxation	884.84
10	Profit after taxation	1,720.90
11	Proposed Dividend	-
12	% of shareholding	51

Notes:

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

Part "B": Associates and Joint Ventures - NIL.

H LAKSHMANAN
Chairman

C N PRASAD
Director

A G GIRIDHARAN
Chief Executive Officer

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

Chennai
18th May 2017

S JAGANNATHAN
Chief Financial Officer

N ISWARYA LAKSHMI
Company Secretary

M PADMANABHAN
Partner
Membership No.F13291





HARITA SEATING SYSTEMS LIMITED

Registered Office

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

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