

Harita Seating Systems

In the driver's seat

Significant fresh domestic and export orders and new products to expand market share will direct growth going ahead

Harita Seating Systems, part of the TVS group, provides complete solutions for driver and cabin seating in commercial vehicles (CVs), tractors and construction equipment as well as for passenger seating in buses across all segments

The leader in the seating systems market in the country has six manufacturing locations in India. They are in Hosur in Tamilnadu, Ranjangaon in Maharashtra, Jamshedpur in Jharkhand, Pant Nagar in Uttarakhand, Dharwad in Karnataka and Chennai in Tamil Nadu

Seat manufacturing facilities include powder coating, upholstery cutting and sewing and seat assembly. There is a dedicated assembly line for each product line.

There is 51% holding in joint venture HaritaFehrer, Chennai, with partner FS Fehrer Automotive GmbH (Fehrer), Germany, controlling 49% stake. Operations of the subsidiary commenced in January 2010. Fehrer is a European specialist in automotive interior components.

HaritaFehrer is a technology-driven polyurethane foam pad supplier to automotive seat manufacturers. With rising customer expectation over the years, it has established as a complete solution provider to seating system manufacturers.

A research and development center at Hosur is in the forefront of developing world class products with many firsts to its credit in the Indian market. Some of these are foam-in-place, suspended driver seats for tractors, delux bus passenger seats with calf support, mechanical and pneumatic suspended seats for CVs and off-road vehicles. The capability to develop products with computer-aided design, prototyping and in-house testing enables to morph into a one-stop-shop for the customer requirement.

Customers in the CV segment are Tatas, Ashok Leyland, Nissan, Mahindra and Mahindra and Scania. Tractor makers Tafe, John Deere, New Holland, Mahindra and Mahindra and Escorts are in the client list. Construc-

tion equipment makers Kobelco, Hyuandi, BEML, Tata Hitachi and Leyland Deere use the products. Original equipment manufacturers (OEMs) Volvo, Tata Motors, Marcopolo, SML Isuzu, Scania and Nissan buy the bus seats.

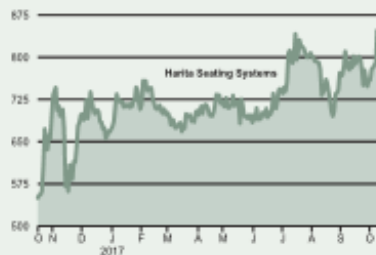


<http://www.telefolio.com>

FOR MORE DETAILS ON PAGE 85

Catering to diverse segments

With an R&D center, Harita Seating provides solutions for commercial vehicles, tractors, construction equipment and buses across all segments



Harita Seating Systems: Standalone financials

	1403 (12)	1503 (12)	1603 (12)	1703 (12)	1803 (12P)
Sales	250.12	273.76	335.64	378.28	427.38
OPM (%)	4.9	3.8	6.0	7.4	8.0
OP	12.17	10.49	20.11	27.82	34.20
Other inc.	3.42	6.44	9.74	9.69	9.00
PBIDT	15.59	16.93	29.85	37.51	43.20
Interest	5.08	4.71	1.48	0.44	0.94
PBDT	10.53	12.22	28.37	37.07	42.26
Dep.	4.63	4.08	4.39	5.11	6.88
PBT	5.90	8.14	23.98	31.96	35.38
EO	0.00	0.00	4.47	0.00	0.00
PBT after EO	5.90	8.14	28.46	31.96	35.38
Total Tax	1.24	1.05	3.14	6.76	7.48
PAT	4.66	7.09	25.32	25.20	27.90
EPS (Rs) *	4.8	4.8	27.5	32.4	35.9

*Annualised on fully diluted equity of Rs7.70 crore. Face value of Rs 10 each. EO: Extraordinary items. (P): Projections. EPS is adjusted after EO and relevant tax. Figures in crore. Source: Capitaline Databases

Customers of the subsidiary include Daimler, Toyota Gosei, Yongsan Automotive Interior Parts, Adient, Dymos, laer Corporation, the MecaPlast Group, Ather, Loncin, Royal Enfield, TVS, UM Motorcycles, Yamaha, Bharat Benz, L&T Komatsu, Mahindra Reva, Same Deutz-Fahr, Gabriel, Magmet, Marelli, Marl Exhaust Systems and Tenneco.

The aim is to take advantage of the growing tractor industry by offering platform products to leading tractor OEMs and win a large share of domestic sales. The target is to improve existing products and develop new products to grow in the domestic tractor market in the current fiscal.

Steps are being taken to retain the sales growth of the CV segment by expanding the customer base and increasing the share of business from existing domestic customers.

Exports, too, are being eyed. Significant new orders have been won from overseas customer. The supplies are scheduled in the current fiscal.

Sales grew 11% to Rs 98.90 crore and the operating profit margins improved 130 basis points to 6.2%, boosting operating profit 41% to Rs 6.14 crore in the June 2017 quarter. Other income fell 38% to Rs 1.20 crore and interest cost jumped from Rs 1 lakh to Rs 23 lakh. As depreciation spurred 59% to Rs 1.72crore, profit before tax inclined 4% to Rs 5.38crore. With provision for taxation dipping 7% to Rs 1.48 crore, profit after tax (Pat) went up 9% to Rs 3.90 crore.

We expect Harita Seating Systems to register standalone sales of Rs 427.38 crore and Pat of Rs 27.90 crore in the fiscal ending March 2018 (FY 2018). On a small equity base of Rs 7.7 crore (out of which 66.35% is held by the promoters) and face value of Rs 10 per share, standalone EPS for FY 2018 works out to Rs 35.9 compared with Rs 32.4 for FY 2017. The consolidated EPS should also be higher than last year's Rs 37.1. The scrip was trading around Rs 805 on 16 October 2017.