



# 25<sup>TH</sup> ANNUAL REPORT 2011-2012



**BHARAT SEATS LIMITED**



## BHARAT SEATS LIMITED

### BOARD OF DIRECTORS

N. D. RELAN	<i>Chairman</i>
YOICHI KOJIMA	<i>(Nominee-Suzuki Motor Corporation)</i>
I. V. RAO	<i>(Nominee-Maruti Suzuki India Ltd.)</i>
ROHIT RELAN	<i>Managing Director</i>
AJAY RELAN	<i>Director</i>
P. K. LAHIRI	<i>Director</i>
G. N. MEHRA	<i>Director</i>
GAUTAM KHAITAN	<i>Director</i>
KISHAN N. PARIKH	<i>Director</i>
RAVINDRA GUPTA	<i>Director</i>

### BANKERS

STATE BANK OF TRAVANCORE  
THE BANK OF TOKYO - MITSUBISHI UFJ LTD.  
YES BANK LTD.  
IDBI BANK LTD.

### REGD. OFFICE

D-188, OKHLA INDUSTRIAL AREA, PHASE - 1,  
NEW DELHI - 110 020

### FACTORY

PLANT 1  
PLOT NO. 1, MARUTI UDYOG JOINT VENTURE COMPLEX,  
GURGAON - 122 015 (HARYANA)  
  
PLANT 2  
PLOT NO. MUSTTIL NO. 226, KILA NO. 7/1,  
VILLAGE BHORAKALAN, TEHSIL - FARUKHNAGAR,  
GURGAON (HARYANA)

### AUDITORS

M/S. S. S. KOTHARI MEHTA & CO.  
CHARTERED ACCOUNTANTS  
NEW DELHI

### LISTED AT

BOMBAY STOCK EXCHANGE LIMITED

### CHIEF FINANCIAL OFFICER

SANJEEV KUMAR

### COMPANY SECRETARY & COMPLIANCE OFFICER

RITU BAKSHI

### REGISTRAR & SHARE TRANSFER AGENT

M/S ALANKIT ASSIGNMENTS LIMITED  
2E/21, ALANKIT HOUSE,  
JHANDEWALAN EXTENSION,  
NEW DELHI - 110 055

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**NOTICE**

**NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of BHARAT SEATS LIMITED will be held on Thursday, 26th July, 2012 at 11:00 a.m. at Air Force Auditorium, Subroto Park, New Delhi - 110010 to transact the following business:**

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Profit & Loss Account for the year ended on that date together with the report of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Ajay Relan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. I.V.Rao, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Yoichi Kojima, who retires by rotation and being eligible, offers himself for reappointment.
6. To consider and, if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:  
"RESOLVED THAT M/s S.S. Kothari Mehta & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. A proxy to be effective shall be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. The relevant details relating to item nos. 3, 4 and 5 pursuant to Clause 49 of the Listing Agreement executed with the Stock Exchange be transacted at the Meeting are annexed hereto.
3. A member or his/ her proxy is requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 9:30 a.m. to 11:30 a.m. upto the date of Annual General Meeting.
7. (a) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 20th July, 2012 to Thursday, 26th July, 2012, both days inclusive.  
(b) The Dividend on Equity Shares, if declared at the meeting, will be paid on or after 26th July, 2012 to those shareholders whose names appear in the Register of Members on 26th July, 2012; in case of shares held in dematerialised form, the dividend thereon, will be paid to Beneficial Owners, as per details furnished by the Depositories, as on that date.
8. (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s Alankit Assignments Limited, under the signature of the Sole/ First Joint holder, the following information to be incorporated on dividend warrants:
  - a. Name of the Sole/ First joint holder and the Folio Number.



- b. Particulars of Bank Account, viz.:
- Name of the Bank
  - Name of the Branch
  - Complete Address of the Bank with Pin Code Number
  - Account Type, whether Saving Account (SA) or Current Account(CA)
  - Bank Account Number
- (b) Members who hold shares in dematerialised form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.
9. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
10. All unclaimed dividends declared upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978.
11. Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the Unclaimed or unpaid dividends for the financial years ended 31st March, 1996 to 31st March, 2004 to the Investor Education and Protection Fund(the IEPF) established by the Central Government.
12. Dividend for the financial year ended 31st March, 2005 and thereafter which remain unpaid or unclaimed for a period of seven years from the date they became due for payment will be transferred to Investor Education & Protection Fund (IEPF). Members who have not encashed their Dividend warrants may approach the Registered office of the Company for revalidation of the Dividend warrants. Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unpaid or unclaimed for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim. The unpaid dividend for the financial year ended March 31, 2005 is due for transfer to IEPF on 8th July, 2012.
13. Members desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit the prescribed Form-2B for the purpose to the registered office of the Company.
14. Members are requested to send their queries, if any, on the accounts and operations of the Company to the Company Secretary at least 7 days before the Annual General Meeting.
15. The Company has designated an exclusive e-mail ID namely, investor\_relations@bharatseats.net for receiving and addressing investors' grievances.
16. The Ministry of Corporate Affairs has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through the electronic mode. Members are requested to support this green initiative by registering/ updating their email addresses, in respect of shares held in dematerialised form with their respective Depository participants and in respect of shares held in physical form with the Company or its Transfer Agent.

By Order of the Board  
For BHARAT SEATS LIMITED

REGD. OFFICE:  
D-188, OKHLA INDL. AREA  
PHASE- I, NEW DELHI - 110020  
Dated : 30th April, 2012

(RITU BAKSHI)  
COMPANY SECRETARY



**DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT  
THE FORTHCOMING ANNUAL GENERAL MEETING  
(IN PURSUANCE TO CLAUSE 49 OF THE LISTING AGREEMENT)**

<b>NAME OF THE DIRECTOR</b>	<b>MR AJAY RELAN</b>	<b>MR I.V.RAO</b>	<b>MR YOICHI KOJIMA</b>
<b>DATE OF BIRTH</b>	03.12.1961	27.08.1952	05.11.1964
<b>DATE OF APPOINTMENT ON THE BOARD</b>	05.04.1988	14.02.2005	15.03.2010
<b>EXPERTISE IN SPECIFIC FUNCTIONAL AREA</b>	BUSINESS MANAGEMENT	PRODUCTION, DESIGNING, TECHNOLOGY TRANSFER	LEGAL, HR, MARKETING
<b>QUALIFICATIONS</b>	B.COM(HONS.), OWNER/ PRESIDENT MANAGEMENT PROGRAMME FROM HARVARD BUSINESS SCHOOL	GRADUATE IN MECHANICAL ENGG. FROM OSMANIA UNIV. AND POST GRADUATE IN MECHANICAL DESIGN FROM IIT KANPUR	GRADUATE-LAW, CHUO UNIVERSITY
<b>DETAILS OF SHARES HELD IN THE COMPANY</b>	5,50,500	NONE	NONE
<b>DIRECTORSHIP HELD IN OTHER COMPANIES AS ON 31.3.2012</b>	<ol style="list-style-type: none"> <li>1. SHARDA MOTOR INDUSTRIES LTD.</li> <li>2. RELAN INDL. FIN. LTD.</li> <li>3. SHARDA SEJONG AUTO COMPONENTS (INDIA) LTD.</li> <li>4. PROGRESSIVE ENGINEERING &amp; AUTOMATION P.LTD.</li> <li>5. SHARDA INOAC P. LTD.</li> </ol>	NONE	<ol style="list-style-type: none"> <li>1. J.J. IMPEX(DELHI) P. LTD.</li> <li>2. VISTEON CLIMATE SYSTEMS INDIA LTD.</li> <li>3. SKH METALS LTD.</li> </ol>
<b>CHAIRMAN/ MEMBER OF THE "COMMITTEES OF OTHER COMPANIES" ON WHICH HE IS DIRECTOR AS ON 31.3.2012</b>	NONE	NONE	NONE

## DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 25th Annual Report together with the Audited Accounts for the year ended 31st March, 2012

### FINANCIAL RESULTS

Rupees in lakhs

PARTICULARS	2011-2012	2010-2011
NET REVENUE FROM OPERATIONS	43205.01	44158.58
OTHER INCOME	56.12	85.21
PROFIT BEFORE FINANCIAL CHARGES & DEPRECIATION	1730.18	1851.79
LESS: FINANCE COSTS	334.84	227.05
PROFIT BEFORE DEPRECIATION & TAXATION	1395.34	1624.74
LESS:		
A) DEPRECIATION	671.19	480.98
B) PROVISION FOR TAXATION		
- CURRENT TAX(NET OF MAT CREDIT ENTITLEMENT)	32.77	171.27
- DEFERRED TAX	122.93	149.08
NET PROFIT AFTER TAX	568.45	823.41
ADD: BROUGHT FORWARD FROM PREVIOUS YEAR	50.00	50.00
PROFIT AVAILABLE FOR APPROPRIATION	618.45	873.41
<b>APPROPRIATIONS:</b>		
PROPOSED DIVIDEND	251.20	251.20
CORPORATE DIVIDEND TAX	40.75	40.75
TRANSFER TO GENERAL RESERVE	276.50	531.46
BALANCE CARRIED FORWARD TO BALANCE SHEET	50.00	50.00

### PERFORMANCE REVIEW

During the year under review, the sale of 4 wheeler seat sets declined to 466887 seat sets, as compared to 524068 seat sets in the year ended 31st March, 2011, i.e. a decline by 11%.

The gross revenue from operations and other income for the financial year under review was Rs. 47,982.63 lacs as against Rs. 49,037.58 lacs for the previous financial year, i.e. a decline by 2.15%. The profit before finance costs, depreciation and taxation is Rs.1395.34 lacs for the financial year under review as against Rs. 1624.74 lacs for the previous financial year, showing decline by 14%. The profit after tax squeezed by 31%, to Rs. 568.45 lacs as compared to Rs. 823.41 lacs, last year. Besides decline in production, this decrease is due to heavy investment for capacity expansion at BSL's plant at Gurgaon and set up of new plants at BhoraKalan and Manesar, which has led to increase in bank borrowings and consequently, increase in interest cost and depreciation.

### OPERATIONS

Your Company has been awarded business of Seat sets for first 3 row seat LUV(Life Utility Vehicle) Ertiga, launched by Maruti Suzuki India Ltd. (MSIL). For this purpose, a new Assembly line, based on Japanese model, was indigenously designed by your Company.

Your company was also awarded business of Moulded Carpet for new model of 'Swift DZire' launched by MSIL during the year.

Your company was awarded the business for manufacture of complete frames of the new model of two Wheeler for Suzuki Motorcycle India Pvt. Ltd. (SMIPL). The Robotic technology used in welding lines has resulted in very high accuracy and good efficiency in the manufacturing of these frames.

Your company's production of Scooter seats, the highest selling model of SMIPL, has almost doubled in the current fiscal, resulting in overall increase in sales turnover.

#### **EXPANSION AND FUTURE PROSPECTS**

Your Company, considering the growth in the Automobile Sector, has planned its capacity expansion, to cater to the increased demand.

Your company has acquired Land in the Vendor Park of Maruti Suzuki India Ltd, Manesar and has started construction of the building to house a complete Seat manufacturing plant.

Your Company has entered into another area of manufacture of Extruded components for automobiles, the commercial production of which shall commence shortly at Company's plant at Bhoralakan.

To meet the complete requirement of SMIPL, a new site at Bhoralakan is constructed for manufacture of two wheeler frames assembly.

#### **DIVIDEND**

Your Directors are pleased to recommend for the approval of the shareholders, a dividend of 40% (Re. 0.80/- per share) for the financial year ended 31.03.2012.

#### **CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to conservation of energy, research & development, technology absorption, foreign exchange earnings and outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is annexed hereto as Annexure I, forming part of this Report.

#### **DIRECTORS**

In accordance with the Articles of Association of the Company and relevant provisions of the Companies Act, 1956, Mr. Ajay Relan, Mr. I.V. Rao and Mr. Yoichi Kojima are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

#### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the listing agreement with the Stock Exchange, the report on Corporate Governance and Management Discussion and Analysis Report have been included in this Annual Report as separate section, alongwith the Auditors' Certificate.

#### **FIXED DEPOSITS**

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet.

#### **LISTING**

The Equity shares of the Company are listed at Bombay Stock Exchange. The Company has paid listing fees to the Stock Exchange for the year: 2012-13.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that :

- (I) In the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- (II) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2012 and of the profit or loss of the Company for the year ending 31st March, 2012;
- (III) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (IV) The annual accounts have been prepared on a going concern basis.

## HUMAN RESOURCES

Our relations with the employees are very cordial. Your Directors would like to place on record their appreciation of the efficient and loyal services rendered by all employees of the Company, without whose wholehearted efforts, the overall satisfactory performance of the Company would not have been possible.

## PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees are set out in Annexure II.

## AUDITORS

M/s S.S. Kothari Mehta & Co., Chartered Accountants retire at the Annual General Meeting and being eligible offer themselves for reappointment, which if made, will be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

## ENVIRONMENT

The Company is not involved in any type of activity hazardous to environment. The Company strictly adheres to the provisions of environmental laws. There is no trade effluent generated by the Company, which may cause pollution. Our Company is an ISO14001 certified company.

The ISO14001 Certification was renewed during the year.

## ACKNOWLEDGEMENTS

The Directors place on record their deep appreciation of the valuable assistance and co-operation extended to the Company by Suzuki Motor Corporation, Japan, Maruti Suzuki India Ltd., Toyo Seats, Japan, Houwa Kogyo Co Ltd, Nagoya, Japan, Inoac Corporation, Japan, Esaki Seisakusyo, Japan, State Bank of Travancore, Bank of Tokyo- Mitsubishi UFJ Ltd., Yes Bank, IDBI Bank Ltd., various departments of Central Government and Haryana State Government. The directors convey their deep appreciation to employees at all levels for their commitment and collective team work.

Your support as shareholders is greatly valued.

Your Directors thank you and look forward to the future with confidence.

For and on behalf of the Board  
BHARAT SEATS LIMITED

PLACE : NEW DELHI  
DATED : 30th APRIL, 2012

(N.D.RELAN)  
CHAIRMAN



## ANNEXURE I

### ANNEXURE TO DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, forming part of Directors' Report for the year ended 31st March, 2012

#### (A) CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken:
- Turbo wind blower are provided in the roof of new PU Line in place of electrical exhaust fan to save electricity.
  - CFL light (without choke) are provided in the roof of new PU line which saves the electrical energy.
  - Transparent sheet are provided in the roof of new PU line for natural light to save electricity.
  - Capacity of capacitor bank increased to maintain power factor unity to save electrical energy.
  - Insulation provided on diesel pipe line & burner heat chamber to reduce the diesel consumption.
  - Solenoid control valve provided to reduce the diesel consumption.
  - Auto timer provided to switch off the power during lunch and tea breaks to save electricity.
  - Direct feeder line is provided resulting in less fluctuation, saving in Diesel consumption due to less power cut.
  - Ducting lines provided with independent starter at welding lines for power saving during non-operating time.
  - Temperature controller provided at cooling tank water in extrusion to save power.
- (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:  
Energy saving Audit of the entire Factory to be done by certified Energy Saving Auditors.
- (c) Impact of measures at (a) and (b) above for reduction of energy, consumption and consequent impact on the cost of production of goods:  
The impact of the measures at (a) and (b) has helped in reducing breakdowns.
- (d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure in respect of industries specified in schedule thereto:

#### FORM A

A. POWER AND FUEL CONSUMPTION	2012	2011
Electricity		
Purchased Units(KWH)	4542444	3814914
Total Cost(Rs. in lakhs)	458.96	308.94
Rate per Unit(Rs.)	10.10	8.10
Diesel		
Purchased Units(in LTRS)	526340	549037
Total Cost(Rs. in lakhs)	193.94	184.16
Rate per Unit(Rs.)	36.85	33.54

#### (B) TECHNOLOGY ABSORPTION

#### FORM B

#### RESEARCH AND DEVELOPMENT (R & D)

- Specific areas in which R & D carried out by your company :-
  - Your Company has focused on Research and Development activities in particular. Your company is continuously engaged in developing seating systems, moulded floor carpets and luggage carpets for Maruti Suzuki India Pvt Ltd. The vision of your Company is to become a complete Interior supplier for Automobiles and is continuously developing Seating system, carpet moulding, luggage carpet and other car interior parts for Automobiles.
  - You Company has designed and installed a latest Assembly line with Auto un-loader with Manipulator. This machine has a return cycle of the fixtures on the bottom side thereby enabling the work to be done from both the sides of the seats. This will help in manufacturing complicated seat assemblies on the fixtures.
  - Your company has designed and is currently installing a new 36 carrier Polyurethane Line. This line has been installed on the floor above the assembly line thereby utilizing vertical space in the plant. This machine has been completely designed to bear in mind the dynamic weight of the machine. The machine is floor mounted and has been structured to evenly distribute the concentrated loads of the machine.



- d. Your company has designed and installed two completely Robotic welding lines for the manufacture of the new Motorcycle frames assembly to be launched in 2012 for SMIPL.
- e. Your company has installed a fully automatic Moulded Carpet line for the manufacture of the floor carpet for larger vehicles for MSIL.
- f. Your company has designed and developed a new testing rig for testing the Seat endurance test. This test rig will enable us to simulate the correct position of the load during fatigue in a seat. The special feature made in this rig is to ensure that at all load points of the actuator are always parallel to the floor of the car, thereby giving correct results of endurance.
- g. Your company is also establishing systems through R&D centre for better control and cost reduction of fixtures and gauges.

In line with the Customer's philosophy to sell best value for money vehicles, your Company has done various product improvements and innovation through Value Addition / Value Engineering (VA/VE). Your company has done several VA/VE exercises in the Seating systems and Carpets for the cars of Maruti Suzuki India Ltd and in the seats and the frames for Suzuki Motorcycle India Pvt Ltd.

2. Benefits derived as a result of the above R&D.

The above has resulted in enhanced customer confidence, making BSL self reliant right from Concept to the mass production stage.

3. Future plan of Action:

Your Company is undertaking Research and Development activities for development of new products, tooling and testing fixtures as per the requirement of the Customer.

4. Expenditure on R&D

a) Capital	Rs. 1,15,70,358
b) Recurring	Rs.1,28,17,397
c) Total	Rs. 2,43,87,755
d) Total R&D expenditure as a percentage of total turnover	0.56%.

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards Technology absorption, adaptation and Innovation:

BSL is continuously undertaking product development/ improvement for existing as well as new products with the help of in-house resources as well as through technical assistance from technical collaborators. For this purpose, experts from the Japan had come to your Company to give special training on designing the process of new type of seats on an automatic line with Auto un-loader with a Manipulator and establishing the Robotic lines for the new two wheeler frames.

With a full fledged testing laboratory and prototype shop, now your company is prepared for a complete indigenous solution for the seating system right from concept to design to proto making to design validation (testing) to development (making of the dies, jigs, fixtures and gauges) to mass production, including establishing the process lines.

2. Benefits derived as a result of the above efforts, eg. Product improvement, cost reduction, product development, import substitution.

- a. Better quality product and hence higher confidence. Your company has also won accolades from the Customer in the annual Vendor conference of Maruti Suzuki India Ltd. and Suzuki Motorcycle India Pvt. Ltd.
- b. Productivity improvement has helped your company to meet additional requirement of the Customer. Your Company now has several assembly lines with one of the fastest speeds to produce seats. Your Company also has one of the longest and one of the fastest lines for the Polyurethane foam pad production.
- c. Continuous upgradation of technology and other improvements has helped your company to be cost competitive in an increasingly tough market situation and strict Government regulations.
- d. Your Company has become flexible and capable to meet the development requirements of new models at a very short lead time, meeting the changing demand of today's market in Automobiles.
- e. Your Company has gained the know-how to provide complete solutions for Interiors of four wheelers and frame assemblies of two wheelers.

3. In case of imported technology, technology imported during the last 5 years reckoned from the beginning of the financial year

As per detail below:

TECHNOLOGY IMPORTED	YEAR OF IMPORT	HAS TECHNOLOGY BEEN FULLY ABSORBED
<ul style="list-style-type: none"> <li>- For continuous improvement</li> <li>- For manufacture of moulded carpets and seating system for four wheelers</li> <li>- For manufacture of Two Wheeler Seat Assemblies</li> </ul>	2007-08	Yes
<ul style="list-style-type: none"> <li>- For continuous improvement</li> <li>- For manufacture of moulded carpets and seating system for four wheelers</li> <li>- For Manufacture of Two Wheeler Seat Assemblies</li> </ul>	2008-09	Yes
<ul style="list-style-type: none"> <li>- For continuous improvement</li> <li>- For manufacture of moulded carpets and seating system for four wheelers</li> <li>- For Manufacture of Two Wheeler Seat Assemblies</li> </ul>	2009-2010	Yes
<ul style="list-style-type: none"> <li>- For continuous improvement</li> <li>- For manufacture of moulded carpets and seating system for four wheelers</li> </ul>	2010-2011	Yes
<ul style="list-style-type: none"> <li>- For continuous improvement</li> <li>- For manufacture of moulded carpets and seating system for four wheelers</li> <li>- For Manufacture of Two Wheeler Seat Assemblies</li> </ul>	2011-2012	Yes
<ul style="list-style-type: none"> <li>- For Manufacture of extruded components for automobiles.</li> </ul>	2011-2012	No

#### A. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to exports	No direct export. The value of seats produced by us for use as fitment in export model cars of Maruti Suzuki India Limited is estimated to be Rs. 1662 lakhs (Rs.1429 lakhs).
(b) Total foreign exchange used and earned	Foreign exchange outflow on account of import of Capital Goods and raw materials amounted to Rs 2714.17 lakhs(Rs. 2287.83 lakhs). Other expenditure in foreign currency relating to travelling, training and technical fees amounted to Rs.225.47lakhs (Rs. 224.79 lakhs). Remittances in foreign currency on account of dividend amounted to Rs.37,20,000/-(Rs. 27,90,000/-).

(Figures in bracket pertain to last year)

#### ANNEXURE II

STATEMENT UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, FORMING PART OF DIRECTORS' REPORT EMPLOYED FOR FULL FINANCIAL YEAR : 2011-2012 :

NAME	DESIGNATION & NATURE OF DUTIES	REMUNERATION GROSS (RS.)	QUALIFICATIONS	DATE OF COMMENCEMENT OF EMPLOYMENT	TOTAL EXPERIENCE	AGE IN YEARS	LAST EMPLOYMENT	PERCENTAGE EQUITY
MR.ROHIT RELAN	MANAGING DIRECTOR	Rs.77,63,802/-	B.COM(HONS.) F.C.A., OWNER/ PRESIDENT MANAGEMENT PROGRAMME FROM HARVARD BUSINESS SCHOOL	6.3.1986	33YEARS	56 YEARS	M/S S.P. MARWAH & CO., CHARTERED ACCOUNTANTS	2.25%

#### NOTES:

1. REMUNERATION INCLUDES PERQUISITES AND COMPANY'S CONTRIBUTION TO PROVIDENT FUND
2. THE NATURE OF EMPLOYMENT OF MR.ROHIT RELAN IS CONTRACTUAL.
3. MR.ROHIT RELAN IS RELATED TO MR.N.D.RELAN, CHAIRMAN AND MR.AJAY RELAN, DIRECTOR OF THE COMPANY.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY REVIEW AND MACRO ECONOMY**

The Indian economy is set to being the fastest growing major economy in the world in 2012. This is expected to result from continued high demand in India. The economy has benefited from robust domestic demand and a revival in investor and consumer sentiment although higher interest rates are expected to shave off a few basic points from the overall growth rate.

Indian economy stands today as one of the influential and attractive economy. India has maintained growth rate of above 5% even in times of global recession.

The slowdown in 2011-12 is attributable to the global factors like the slowdown in the world economy, eurozone crisis, hardening of crude oil prices in the international market and domestic factors such as decision to battle inflation by tightening monetary policy and cutting back fiscal stimulus. Headline inflation continues to remain a matter of concern.

The Indian automobiles industry was adversely impacted by the general economic conditions in the country and across the globe in 2012. However, healthy growth prospects and strong fundamentals of the Indian economy would drive the auto industry's growth in the year ahead.

The expected moderation in interest rates would also give the much needed boost to sales in the year ahead. The industry as a whole is expected to gain significantly from the various initiatives on infrastructure development and the improved road infrastructure. The automobile industry will stay stable alongwith competition-led pricing pressure.

The Indian auto components sector in 2013 is expected to perform well on the back of demand from OEMs(Original Equipment Manufacturers).

Though the sales for the whole year went down as compared to last year, still Bharat Seats Limited (BSL) was able to close the year with good sales recovery in the last quarter of the financial year: 2011-2012.

### **FUTURE OUTLOOK**

The automobiles sales is expected to increase in 2013 over 2012.

MSIL sold 11,33,695 vehicles in fiscal 2011-2012. The total sales in March 2012 are the highest monthly sales in the Company's history.

BSL is well positioned to exploit the growth opportunity. Your company has acquired Land in the Vendor Park of Maruti Suzuki India Ltd, Manesar and has started construction of the building to house a complete Seat manufacturing plant. This has enabled the presence of your Company in the Vendor parks of Maruti Suzuki India Ltd in the Gurgaon unit as well as the Manesar Unit.

Your Company has entered into another area of manufacture of extruded components for Maruti range of vehicles and is setting up its production facility at Borakalan in Haryana.

### **RESEARCH & DEVELOPMENT**

Indian auto suppliers' credit profiles would largely remain stable in 2013, underpinned by the increasing focus of OEMs on localization. BSL has been trying to gear up its resources to provide complete solution, from design to start –of –production(SOP), to customer in order to keep abreast with competition.

This initiative has been taken by creation of necessary infrastructure in terms of establishing prototype shop, designing assembly line, welding line and automatic moulded carpet line and providing training to human resources.

In process we have created inhouse expertise for product and tool design and development of components in order to remain cost competitive.

### **OPPORTUNITIES AND THREATS**

During the year, your Company focused its attention on long term initiatives despite challenging market situations, with special focus on Research and Development.

Besides, passenger car industry, your Company has focused its attention on design and development of Seating System and components for two wheelers of Suzuki Motor Cycle India P.Ltd. (SMIPL). During the year, BSL has supplied seats and complete frames for a new model of motorcycle launched by SMIPL.

The company has been selected for development of Seating system, moulded carpet and luggage carpet for new Models of MSIL.

### **RISK AND CONCERNS**

The management perceives the following as risk and concern for its business :

#### **BUSINESS RISK**

The Company is operating in the business of automotive components and the performance of auto component industry is largely dependent on the performance of automobile industry. The Company operates in an environment which is affected by various factors some of which are controllable, while others are outside the control of the Company. The Company is dependent on several factors such as changes in Government policies & legislation, economy's growth, monsoon, market practices and pricing etc. The global automotive manufacturers are expanding their production capacities in India, leading to global competition which can only be countered by maintaining low cost product development.

Although rising inflation, interest rates and crude oil prices are concerns of short term, the Company is optimistic about medium and long term and is gearing up for growth. The Company is actively exploring all new business opportunities in terms of product diversification.

#### **FINANCIAL RISK**

The Company is exposed to the risks associated with fluctuations in foreign currency rates on account of imports and foreign currency loans. The company's sales and margins are subject to the market forces that affect Maruti and SMIPL. Your company reviews forward exchange contracts/ derivative contracts on a regular basis to analyse foreign exchange exposure and confirms that the Company has a policy on foreign exchange risk management in place.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, reported and recorded correctly. Further internal audit has been out sourced to M/s K.S.M.N & Co., Chartered Accountants. The Audit covers all the areas e.g. Finance, Production, HR, Purchase, Statutory Compliance etc. and regular audits are conducted by Internal Auditors. The Audit observations are periodically reviewed by the Audit Committee of the Board of Directors and necessary directions are issued, wherever required.

#### **FINANCIAL PERFORMANCE**

The details of the financial performance of the company are appearing in the Balance Sheet, Profit & Loss Account and other financial statements forming part of this Annual report. For financial highlights please refer heading 'FINANCIAL RESULTS' of Directors' Report.

#### **HUMAN RESOURCES AND DEVELOPMENT**

Industrial relations have continued to be harmonious throughout the year. BSL believes that success of any organization depends on its ability to recruit, train, deploy and retain good people. The company takes care of employee motivation and skill upgradation.

#### **CAUTIONARY STATEMENT**

Statements in the 'Management Discussion and Analysis' describing the company's objective, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable laws and regulations. The actual results could differ materially from those expressed or implied. The important factors that may effect the company's operations include demand & supply situation, input prices and their availability, change in Government policies/ regulations, tax laws and other statute. Therefore, all concerned should bear all above factors in their mind.

**CORPORATE GOVERNANCE**  
**(FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED**  
**31ST MARCH, 2012)**

**A. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. As stakeholders across the globe show keen interest in the practices and performance of companies, Corporate Governance has emerged on the centre stage.

Bharat Seats recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders.

As reported earlier, the Company has Audit Committee, Shareholder Grievance Committee and Remuneration Committee and these Committees report to the Board of Directors about the tasks assigned to them.

**B. BOARD OF DIRECTORS**

**1. Composition of the Board**

As on 31st March, 2012, the Board of Directors consisted of ten directors. The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors. Four Directors, including the Chairman are non-executive and five Directors are Non-Executive and Independent Directors.

During 2011-12, the Board of Directors met four times on 13th April, 2011, 4th August, 2011, 20th October, 2011 and 25th January, 2012.

The details of the composition of the existing Board of Directors is as under:

Sr. No.	NAME OF THE DIRECTORS	DESIGNATION	CATEGORY	NO. OF OUTSIDE DIRECTORSHIP		NUMBER OF OUTSIDE COMMITTEES	
				PUBLIC	PRIVATE	MEMBER	CHAIRMAN
1.	MR. N.D. RELAN	CHAIRMAN	NON-EXECUTIVE / NON-INDEPENDENT	4	2	3	-
2.	MR. ROHIT RELAN	MANAGING DIRECTOR	EXECUTIVE / NON-INDEPENDENT	3	2	-	-
3.	MR. YOICHI KOJIMA	DIRECTOR	NON-EXECUTIVE / NON-INDEPENDENT	2	1	-	-
4.	MR. AJAY RELAN	DIRECTOR	NON-EXECUTIVE / NON-INDEPENDENT	3	2	1	-
5.	MR. I. V. RAO	DIRECTOR	NON-EXECUTIVE / NON-INDEPENDENT	-	-	-	-
6.	MR. G.N. MEHRA	DIRECTOR	NON-EXECUTIVE / INDEPENDENT	6	-	3	4
7.	MR. P. K. LAHIRI	DIRECTOR	NON-EXECUTIVE / INDEPENDENT	3	-	-	-
8.	MR. GAUTAM KHAITAN	DIRECTOR	NON-EXECUTIVE / INDEPENDENT	11	13	6	2
9.	MR. KISHAN N.PARIKH	DIRECTOR	NON-EXECUTIVE / INDEPENDENT	3	4	2	-
10.	MR. RAVINDRA GUPTA	DIRECTOR	NON-EXECUTIVE / INDEPENDENT	1	1	-	-

**NOTES:**

- THE COMMITTEES CONSIDERED FOR THE PURPOSE ARE THOSE PRESCRIBED UNDER CLAUSE 49(I)(C) OF THE LISTING AGREEMENT**



**BOARD MEETING ATTENDANCE RECORD OF THE DIRECTORS IN 2011-2012 IS AS UNDER :**

NAME OF DIRECTOR	NO. OF BOARD MEETINGS ATTENDED	ATTENDANCE AT LAST AGM HELD
MR. N.D. RELAN	4	YES
MR. ROHIT RELAN	4	YES
MR. YOICHI KOJIMA	4	YES
MR. AJAY RELAN	4	NO
MR. I.V.RAO	1	NO
MR. G.N.MEHRA	4	YES
MR. P.K.LAHIRI	4	YES
MR. GAUTAM KHAITAN	2	NO
MR. KISHAN N.PARIKH	1	YES
MR. RAVINDRA GUPTA	4	YES

**2. Pecuniary Relationship**

Independent Directors do not have any pecuniary relationships or transactions with the Company except for the Sitting fees, drawn for attending the meetings of the Board and Committee(s) thereof.

**3. Board's Functioning & Procedures**

The Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have always had complete freedom to express their opinion and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of setting corporate goals and monitoring corporate performance, it directs and guides the activities of the management towards the set goals and seeks accountability with a view to ensure that the corporate philosophy and mission viz., to create long term sustainable growth that translates itself into progress, prosperity and the fulfillment of stakeholders' aspirations, is accomplished. It also sets standards of corporate behavior and ensures ethical behavior at all times and strict compliance with Laws and Regulations.

The items placed at the Meetings of the Board include the following:

- Managing Director's report on operations of all businesses including progress on ongoing projects.
- Opportunities for expansion, modernization, new projects.
- Financial plans and budgets and updates/reviews thereof.
- Strategic and business plans and updates/reviews thereof.
- Corporate performance against strategic and business plans.
- The unaudited quarterly financial results and the audited annual accounts of the company.
- Financial statements such as cash flow, inventories, sundry debtors, and/or other liabilities or claims of substantial nature.
- Status of borrowings and details of material foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if any.
- Delegation of powers to the management.
- Any material default in financial obligations to and by the company.
- Review compliance of all laws applicable to the company including the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the company to rectify instances of non-compliances, if any.



- Information on senior appointments below the Board level, if any.
- Material communications from Government including show cause notices, demand and penalty notices, if any, which are materially important.
- Communication to the Stock exchanges, the Shareholders and the press regarding Company's performance, future plans and other decision/changes of significant importance or of price sensitive nature.

All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

The minutes of the meetings of the Board are individually given to all directors and confirmed at the subsequent Board Meeting. The Minutes of the various Committees of the Board are also individually given to the Board Directors and thereafter tabled for discussion at the subsequent Board Meeting.

#### **C. COMMITTEES OF THE BOARD**

The Board of Directors has constituted the following Committees with adequate delegation of powers to discharge day-to-day affairs of the Company as well as to meet the exigencies of the business of the Company.

##### **1. Audit Committee**

The Audit Committee is in conformity with Section 292A of the Companies Act, 1956 and with Clause 49 of the Listing Agreement. The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements/ other management information, adequacy of provisions for liabilities, and whether the audit tests are appropriate and scientifically carried out and that they are aligned with the realities of the business, adequacy of disclosures, compliance with all relevant statutes and other facets of Company's operation that are of vital concern to the Company. In particular, the role of Audit Committee includes the following:

- Oversight of the company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Review and Recommendation to the Board, the appointment, reappointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements 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 (2AA) of section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Further, in compliance with revised listing agreement, audit committee has been directed to review, with the management, quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Discussion with internal auditors any significant findings and follow up there on.





- Reviewing the findings of any internal investigations by the internal auditor 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.
- Discussion with the statutory auditor before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any in payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors.
- Review any other area, which may be specified under the Listing Agreement, Companies Act, other statutes, rules and regulations as amended from time to time.
- To carry out any other function as mentioned in the terms of reference of the audit committee.

The meetings of Audit Committee were held on 13th April, 2011, 4th August, 2011, 20th October, 2011 and 25th January, 2012.

The composition of the Audit Committee and the meetings attended by the members during the year are as follows:

S. No.	Name	Category	Status	No. of meetings held	No. of meetings attended
1	Mr. G.N. Mehra	Non-Executive/ Independent Director	Chairman	4	4
2	Mr. P. K.L ahiri	Non-Executive/ Independent Director	Member	4	4
3	Mr. Ravindra Gupta	Non-Executive/ Independent Director	Member	4	4
4	Mr. N. D. Relan	Non-Executive/Non- Independent Director	Member	4	4

Ms. Ritu Bakshi, Company Secretary acts as the Secretary of the Committee.

## 2. Remuneration Committee

The remuneration committee comprises Mr. P.K. Lahiri (Chairman), Mr. N.D. Relan, Mr. G.N. Mehra and Mr. Ravindra Gupta. The Remuneration Committee meeting was held on 13th April, 2011. Other details of remuneration Committee including meeting attended by the members during the year are as under:

S. No.	Name	Category	Status	No. of meetings held	No. of meetings attended
1	Mr. P. K. Lahiri	Non-Executive/ Independent Director	Chairman	1	1
2	Mr. N. D. Relan	Non-Executive/Non- Independent Director	Member	1	1
3.	Mr. G. N. Mehra	Non-Executive/ Independent Director	Member	1	1
4.	Mr. Ravindra Gupta	Non-Executive/ Independent Director	Member	1	1

The Remuneration Committee of the Company reviews the remuneration of Managing Director.

### Remuneration policy

The Managing Director is paid salary and perquisites within the overall limits, as approved by the Central Government.

The remuneration paid to the Managing Director, is as approved by the shareholders in the Annual General meeting held on 4th August, 2011.

For revising the Remuneration of Managing Director on his reappointment from 1.10.2011 to 30.09.2016, the Remuneration Committee, Board of Directors and shareholders in general meeting in their respective meetings, have approved the remuneration of Mr. Rohit Relan, Managing Director, w.e.f.1.10.2011.

The Non-Executive Director do not draw any remuneration from the company except the sitting fees which were paid at a rate of Rs. 20,000/- for each meeting of the Board/Committee of the board attended by them.

The details of salary, perquisites (including contribution to Provident Fund) and sitting fees paid to directors are given as under:

Name	Position	Gross Remuneration (Rs.)		Sitting Fee (Rs.)
Mr. N. D. Relan	Chairman	-		2,60,000
Mr. Rohit Relan	Managing Director	Salary	61,20,000	
		Allowances & Perquisites	8,10,870	
		Contribution to P.F.	8,32,932	
		Total	77,63,802	
Mr. Y. Kojima	Director	-		80,000
Mr. I. V. Rao	Director	-		20,000
Mr. Ajay Relan	Director	-		80,000
Mr. G. N. Mehra	Director	-		2,60,000
Mr. P. K. Lahiri	Director	-		2,60,000
Mr. Gautam Khaitan	Director	-		80,000
Mr. Ravindra Gupta	Director	-		1,80,000
Mr. Kishan N. Parikh	Director	-		20000

### 3. Shareholders'/ Investor Grievance Committee

The Shareholders'/Investors' Grievance Committee deals with various matters relating to:-

- Transfer/Transmission of shares.
- Issue of duplicate share certificate
- Review of shares dematerialized and all other related matters
- Monitors expeditious redressal of investors' grievances
- Non receipt of Annual Report and declared dividend
- All other matters related to shares.

The meetings were held on 13th April, 2011, 4th August, 2011, 20th October, 2011 and 25th January, 2012.

The composition of the committee and the details regarding meetings held and attended are given as under:

S. No.	Name	Category	Chairmanship/ Membership	No. of meetings held	No. of meetings attended
1.*	Mr. Gautam Khaitan	Non-executive/ Independent Director	Chairman	4	2
2.	Mr. N. D. Relan	Non-executive/Non- Independent Director	Member	4	4
3.	Mr. G. N. Mehra	Non-Executive/ Independent Director	Member	4	4
4.	Mr. P. K. Lahiri	Non-Executive/ Independent Director	Member	4	4

\* In the absence of Mr. Gautam Khaitan, Mr. N. D. Relan acted as the Chairman of the Shareholders'/Investors' Grievance Committee.

Details of the status of the Complaints received during the year in the following statement:

Sl. No.	Nature of Complaint	Received	Resolved	Pending
1	Non-receipt of dividend	-	-	-
2	Short Receipt of Dividend	-	-	-
3	Non-receipt of Demat Credit	-	-	-
4	Loss of Share Transfer Deeds	-	-	-
5	SEBI	-	-	-
6	Delay in Transfer of shares and non- receipt of share certificates	-	-	-
7	Non-receipt of Annual Report	-	-	-

Ms. Ritu Bakshi, Company Secretary is the Compliance Officer.

There are no shares pending for transfer as on 31st March 2012.

#### D. GENERAL BODY MEETINGS

Details of Annual General Meetings held during the last three years:

Year	Date	Time	Venue	Whether Special Resolution passed
2011	04.08.2011	11 a.m.	Air Force Auditorium, N.Delhi	Yes
2010	15.07.2010	11 a.m.	FICCI Golden Jubilee Auditorium, N.Delhi	No
2009	16.07.2009	12 Noon	India Habitat Centre, N.Delhi	No

#### E. RESOLUTION THROUGH POSTAL BALLOT

During the year under review, no resolution was passed through Postal ballot.

#### F. DISCLOSURES

The particulars of transactions between the company and its related parties as per the Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India (ICAI) are disclosed in Note No. 44 of part C of Notes to Financial Statements. However, these transactions are not likely to have any conflict with the Company's interest.

No Strictures/Penalties have been imposed on the company by the Stock Exchange or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies, which are consistently applied, have been set out in the Notes to the Financial Statements.

The Management Discussion and Analysis Report is an ongoing process within the Organization. An exercise on Business Risk was carried out covering the entire gamut of Business operations and the Board was informed of the same.

Adoption of Non Mandatory requirements under Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

#### G. CODE OF CONDUCT

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the Senior Management. A copy of code of conduct has been made available to stock exchange for its wide circulation.

## H. MEANS OF COMMUNICATION

- The unaudited quarterly results are announced within forty-five days of the end of the quarter and the audited annual results within sixty days from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchange. The aforesaid financial results are taken on record by the Board of Directors and are communicated to the Stock Exchange where the company's securities are listed.
- Once the Stock Exchange has been intimated, these results are given by way of a Press Release to various news agencies/analysts and are also published within 48 hours in English newspaper: Pioneer, Free Press Journal-Mumbai and Hindi newspaper Veer Arjun-Delhi.
- All the data required to be filled electronically, such as quarterly financial results, shareholding pattern are being regularly uploaded on the Company's website pursuant to Clause 52 of the Listing Agreement with the Stock Exchange.

## I. GENERAL SHAREHOLDERS INFORMATION

### 1. Appointment/ Re-appointment of Directors

Brief Resume of the Directors seeking appointment/ reappointment in the 25th Annual General Meeting to be held on 26th July, 2012:

- Mr. Ajay Relan, aged 51 years, was appointed on the Board with effect from 5.4.1988. Mr. Ajay Relan is an industrialist with expertise in Business Management. He is Managing Director of Sharda Motor Industries Ltd., He is director of Relan Industrial Finance Limited, Sharda Sejong Auto Components(India) Ltd., Progressive Engineering & Automation Private Limited and Sharda Inoac Private Limited. He is not a member of any Board Committee.
- Mr. I.V. Rao, aged 59 years, was appointed on the Board with effect from 14.02.2005. Mr. I.V. Rao has wide experience in the field of technology transfer, design, product development and homologation, alongwith experience in production. He is not a Director of any Company besides Bharat Seats Limited. He is not a member of any Board Committee.
- Mr. Yoichi Kojima, aged 47 years, was appointed on the Board w.e.f.15.03.2010. Mr. Yoichi Kojima has a wide experience in the field of Marketing, Legal & HR. He is director of Visteon Climate Systems India Ltd., SKH Metals Ltd. and J.J.Impex(Delhi)Private Limited. He is not a member of any Board Committee.

### 2. Annual General Meeting

Number of Annual General Meeting	25th Annual General Meeting
Date & Time	26th July, 2012 at 11:00 a.m.
Venue	Air Force Auditorium, Subroto Park, New Delhi - 110010

### 3. Financial Calendar 2012-2013

Financial Calendar	1st April 2012 to 31st March 2013
Results for Quarter Ended June, 2012	Will be announced before 15th August, 2012
Results for Quarter Ended September, 2012	Will be announced before 15th November, 2012
Results for Quarter Ended December, 2012	Will be announced before 15th February, 2013
Annual Results for the year ended March, 2012	Will be announced before 30th May, 2013
Book Closure Dates	20th July, 2012 to 26th July, 2012
Dividend Payment date	1st August, 2012

**4. As on 31st March 2012, the Equity Shares of the company are listed on:**

Bombay Stock Exchange Limited.  
25th Floor, P. J. Towers  
Dalal Street,  
Mumbai – 400 001

Listing fee has been paid to the stock exchange.

**5. Stock Code**

Name of the Stock Exchange	Code
Bombay Stock Exchange Limited	523229

International Securities Identification Number (ISIN) for NSDL & CDSL: INE415D01024.

**6. Market Price data:**

Monthly High & Low quotations as well as the volume of the equity shares of the company traded for the year 2011-2012 based upon BSE Price data is given below:

MONTH	BSE – HIGH	BSE - LOW	VOLUMES	BSE SENSEX
APRIL, 2011	22.25	17.00	267664	19136
MAY, 2011	21.00	17.15	170239	18503
JUNE, 2011	19.20	17.00	77335	18846
JULY, 2011	21.90	18.05	294623	18197
AUGUST, 2011	20.80	15.40	189046	16677
SEPTEMBER, 2011	17.20	14.10	115854	16454
OCTOBER, 2011	16.40	14.50	69587	17705
NOVEMBER, 2011	15.95	13.55	75131	16123
DECEMBER, 2011	14.85	12.40	141538	15455
JANUARY, 2012	16.50	13.30	148424	17194
FEBRUARY, 2012	18.15	14.00	220988	17753
MARCH, 2012	15.80	13.75	138262	17404

**7. Registrar & Transfer Agents:**

(For Demat Shares and for Physical Shares)

M/s Alankit Assignments Ltd.  
2E/21, Alankit House  
Jhandewalan Extn. New Delhi  
Ph: 42541234  
Fax: 42541967  
E-Mail: alankit@alankit.com

**8. Share Transfer System**

The Share Transfers (pertains to shares in Physical Mode) are registered and returned within the stipulated time, if documents are clear in all respects.

**9. Distribution of Shareholding as on 31.03.2012:**

S.NO.	NO. OF SHARES HELD	NO. OF HOLDERS	PERCENTAGE OF HOLDERS(%)	HOLDING	PERCENTAGE OF HOLDING (%)
1.	UPTO 500	7824	75.32	770860	2.46
2.	501 TO 1000	1413	13.60	1331491	4.24
3.	1001 TO 5000	914	8.80	2236727	7.12
4.	5001 TO 10000	104	1.00	814505	2.59
5.	10001 TO 20000	66	0.64	973532	3.10
6.	20001 TO 30000	22	0.21	539242	1.72
7.	30001 TO 40000	8	0.07	279394	0.89
8.	40001 TO 50000	7	0.07	313201	1.00
9.	50001 TO 100000	12	0.12	740666	2.36
10.	100001 TO 500000	11	0.11	2781382	8.86
11.	500001 & ABOVE	6	0.06	20619000	65.66
	<b>TOTAL</b>	<b>10387</b>	<b>100.00</b>	<b>31400000</b>	<b>100.00</b>

**10. Shareholding pattern as on 31.03.2012**

S. No.	Category	No. of Shareholders	% of Shareholders	No. of Equity Shares	% of Shares
1.	<b>Promoters &amp; Associate Companies :</b>				
a.	Indian	20	0.19	18698500	59.54
b.	Foreign	1	0.01	4650000	14.81
2.	<b>Non-Promoter Shareholding:</b>				
a.	Indian Companies	173	1.67	504901	1.60
b.	Mutual Funds	3	0.03	5001	0.02
c.	Financial Institutions	1	0.01	34000	0.12
d.	NRIs	48	0.46	111952	0.36
e.	Trust	1	0.01	56097	0.18
f.	Public	10140	97.62	7339549	23.37
	<b>TOTAL</b>	<b>10387</b>	<b>100.00</b>	<b>31400000</b>	<b>100.00</b>

**Shares held by Non Executive Directors**

S. No	Name of Non Executive Director	No. of Shares held as on 31.03.12
1	Mr. N. D. Relan	1088500
2	Mr. Ajay Relan	550500
3	Mr. G. N. Mehra	20000
4	Mr. Kishan N. Parikh	7500

**11. Dematerialisation of Shares and liquidity**

97.78% of the Equity Shares of the Company have been dematerialized as at 31st March' 2012. The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the Depositories.

No GDRs/ ADRs/ Warrants or any convertible instruments have been issued by the Company.



## **BHARAT SEATS LIMITED**

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Pursuant to Clause 5A of the Listing Agreement, the Company has already sent two reminders to shareholders for shares remained unclaimed. The details as on 31.3.2012 are as below:

Type of Securities: Equity Shares

Aggregate Number of shareholders for outstanding shares: 98

Total Outstanding Shares : 105044

### **12. Plant Location:**

- a) Bharat Seats Limited  
Joint Venture Plot No.1,  
Maruti Complex, Gurgaon – 122015(Haryana)  
Ph : 0124 - 2341258, 0124 - 2341087  
Fax : 0124 - 2341188  
E-Mail : seats@vsnl.net  
Investor\_relations@bharatseats.net  
Website : www.bharatseats.com
- b) Bharat Seats Limited - Plant II  
Plot No.Mustill No.226, Kila No.7/1,  
Village Borakalan, Gurgaon(Haryana)

### **13. Registered Office :**

Bharat Seats Limited  
D-188, Okhla Indl. Area,  
Phase I, New Delhi – 110020  
Ph : 011 – 26815592, 011-47334100

### **14. Investor Relation Cell/ address for Correspondence**

The Company's Secretarial Department is functioning at the works of the Company at Gurgaon, headed by Ms. Ritu Bakshi, Company Secretary – Compliance officer and as already mentioned, its Registrar for electronic and physical mode are Alankit Assignments Ltd.

## **DECLARATIONS**

### **CERTIFICATE OF CODE OF CONDUCT FOR THE YEAR: 2011-12**

Bharat Seats Limited is committed to conducting its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics.

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, I hereby certify that all the Board members and Senior Management personnel have affirmed the compliance with the Code of Ethics and Business Conduct for the year ended 31st March, 2012.

**For Bharat Seats Limited**

**(Rohit Relan)**  
**Managing Director**

**CEO / CFO Certification**

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchange, we have certified to the Board that for the financial year ended March 31, 2012, the Company has complied with the requirements of the said sub clause.

**For Bharat Seats Limited****For Bharat Seats Limited****For Bharat Seats Limited****Rohit Relan**  
Managing Director**Rajat Bhandari**  
V.P.(Strategic Planning)**Sanjeev Kumar**  
Chief General Manager (Finance)**DATED : 30th April, 2012****AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE****The Members,  
Bharat Seats Limited  
New Delhi**

We have examined the compliance of conditions of Corporate Governance by Bharat Seats Limited for the year ended on March 31, 2012 as stipulated in clause 49 of the listing agreement of the company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of 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 and the representations made by the Directors and the Management, we certify that the company has substantially complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 S. S. KOTHARI MEHTA & CO.**  
Chartered Accountants  
(Firm's Registration No. 000756N)**(K. K. TULSHAN)**  
Partner  
Membership No. 85033Place : New Delhi  
Date : 30th April, 2012





**AUDITORS' REPORT**

To The Members of Bharat Seats Limited

1. We have audited the attached balance sheet of BHARAT SEATS LIMITED, as at 31st March, 2012, and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended by the Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) In the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2012;
    - b) In the case of the statement of profit and loss account, of the profit for the year ended on that date: and
    - c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **S.S.KOTHARI MEHTA & CO.**  
Chartered Accountants  
(Firm Registration No. 000756 N)

Place : New Delhi  
Date : 30th April, 2012

**(K. K. Tulshan)**  
Partner  
Membership No. 85033

Re : Bharat Seats Limited

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventories of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) As informed to us, the Company has given interest-free unsecured mobilization advance against procurement of materials/tooling over a period of time to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such advance was Rs.889.00 lacs.
- (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid mobilization advance is not, prima facie, prejudicial to the interest of the Company, being of business nature.
- (c) As explained to us, the aforesaid mobilization/tooling advance is being regularly adjusted against the supplies which are being procured from the above party.
- (d) There is no overdue amount outstanding at the end of the year in respect of the above said advance.
- (e) The Company has taken unsecured loans from parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance is Rs. 600 lacs.
- (f) In our opinion the rate of interest and other terms & conditions on which these loans have been taken are not prime facie prejudicial to the interest of the Company.
- (g) The Company is regular in payment of interest and there are no overdue amount in respect of these loans



- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of a continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that all the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered into the register in pursuance to section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lacs in respect of any party during the year, have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices available at the relevant time except in case of certain transactions of purchase and sale of goods being materials of special nature for which alternate quotations are not always available.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government of India for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, custom duty, wealth tax, excise duty, service tax and cess, which have not been deposited on account of any dispute, are as follows :-



S. No	Name of the Statute	Nature of Dues	Amount (Rs. Lacs)	Period to which the amount relates	Forum where the dispute is pending
1	Central Excise Act, 1944	Recovery of Modvat Credit availed on Input and Penalty. Case was already decided in favour of the Company by CEGAT, New Delhi	3,195	1989-90 and 1991-93	Honorable Delhi High Court
2	Central Excise Act, 1944	Demand of Excise Duty on account of difference in reconciliation (Including Penalty)	203.20	1997-99	Commissioner of Central Excise, Delhi - III
3	Central Excise Act, 1944	SCN for excise duty u/s 11A	27.69	2004-06	First Appellate Authority
4	Central Excise Act, 1944	Denial of cenvat credit in respect of service tax paid on plant house keeping service(including Penalty)	5.87	2005-06 to 2009-10	First Appellate Authority
5	Cenvat Credit Rules, 2002	Penalty – Recovery of cenvat credit of AED (GSI) taken & utilized for payment of BED	5.00	Upto 31.3.2000	CESTAT – New Delhi
6	Customs Act, 1962	Customs duty on CNC Tube Bending Machine imported under project imports	11.66 *	1994-95	Commissioner of Central Excise and Customs (Appeals) Kandla
7	Service Tax under Finance Act, 1994	SCN for non- payment of Service Tax on Technical Know-How Services.	11.46	2002-05	First Appellate Authority
8	Income Tax Act, 1961	Disallowance of expenditure under section 14A	34.31  0.92	2007-08  2008-09	Income Tax Appellate Tribunal, New Delhi  Commissioner of Income Tax (Appeals) New Delhi

\* The full amount is deposited



- (x) The Company does not have any accumulated losses as at the close of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of its dues to banks. The Company has not taken any loans from financial institutions or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit fund or a society.
- (xiv) The Company has maintained proper records of transactions and contracts for purchase and sale of units / securities during the year under review and timely entries were made therein. All shares, securities and other investments have been held by the Company in its own name.
- (xv) As per the information and explanations given to us and on the basis of our examination of the records, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) As per the information and explanations given to us and on the basis of our examination of the records, in our opinion, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, generally, the funds raised by the Company on short term basis, have been used for long term investment to the extent of Rs. 1802.09 lacs.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

For **S. S. KOTHARI MEHTA & CO.**  
Chartered Accountants  
(Firm Registration No. 000756 N)

Place : New Delhi  
Date : 30th April, 2012

**(K. K. Tulshan)**  
Partner  
Membership No. 85033

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**Part A****Note No. 1 SIGNIFICANT ACCOUNTING POLICIES****i) Basis for Preparation of Financial Statements**

The financial statements have been prepared in accordance with the historical cost convention, the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

**ii) Use of Estimates**

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect reportable amounts of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the year in which the results are known / materialised.

**iii) Recognition of Income/Expenditure**

All income & expenditure having a material bearing on the financial statements is accounted for on an accrual basis and provision is made for all known losses and liabilities.

Further, sales include revision in prices received from customers with retrospective effect. Similarly, price revision for material purchased has also been included in purchases. Further adjustments, if any, are made in the year of final settlement.

Dividend Income is recognized when the right to receive the dividend is established by the balance sheet date.

Interest Income is recognized on time proportion basis.

**iv) Fixed Assets**

Fixed Assets are stated at cost (net of CENVAT, wherever applicable) less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

**v) Impairment of Assets**

The carrying amount of assets are reviewed at each balance sheet date to ascertain if there is any indication of impairment based on internal / external factors.

If the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recognised in the profit & loss account to the extent the carrying amount exceeds the recoverable amount.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment, recognized for the assets, no longer exist or have decreased.

**vi) Depreciation :**

a) On fixed assets purchased upto 31st March 2005, depreciation has been provided on the written down value method at the following rates :

1. Building	-	10%
2. Electrical Fittings	-	15%
3. Plant & Machinery	-	25%
4. Computers	-	60%
5. Furniture, Fixtures & Office equipments	-	18.10%
6. Vehicles	-	25.89%

b) On fixed assets purchased / put to use on or after 1st April 2005, depreciation has been provided on the straight line method as per the rates prescribed under Schedule XIV to the Companies Act, 1956.

- Tools & dies - 5 years
- Other Plant & Machinery - 8 years

### vii) Foreign Exchange Transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of the transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange difference arising on the settlement of monetary items or on reporting these items at rates different from the rates at which these were initially recorded / reported in previous financial statements are recognized as income / expense in the period in which they arise. Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in the previous financial statements in so far as they relate to the acquisition of depreciable capital assets by addition to/deduction from the cost of the assets.

Non-monetary items are carried at cost.

### viii) Investments

Long term investments are stated at cost and current investments are carried at lower of cost and fair value. Provision for diminution in the value of long term Investments is made only if such a decline is other than temporary.

### ix) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### x) Valuation of Inventories

- i) Valuation of Inventories is done as under :

Raw Material, Packing Material and Consumable Stores & Spares	At lower of 'Cost' and 'Net Realisable Value'
Work-in-Progress and Finished Goods	At lower of 'Cost' (raw material cost and appropriate proportion of overheads) and 'Net Realisable Value'.
Tooling – WIP	At lower of 'Cost' and 'Net Realisable Value'.
Scrap	At 'Net Realisable Value'

**Note:** a) Cost is determined on the basis of FIFO method.

b) Valuation of Finished Goods includes Excise Duty thereon.

#### xi) Employees Retirement Benefits

- a) Retirement benefits in the form of Provident fund / Pension Schemes are defined contribution schemes and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds become due.
- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year. However, the Company through its Trust has taken a policy with LIC to cover the gratuity liability of the employees. The difference between the actuarial valuation of gratuity for employees at the year-end and the balance of funds with LIC is provided for as liability in the books.





- c) Provision for leave encashment is accrued for and provided for on the basis of an actuarial valuation made at the end of each financial year.
- d) Actuarial gains / losses are immediately taken to the Profit & Loss Account.
- e) Expenses incurred on voluntary retirement of employees are charged off to the Profit & Loss Account in the year of occurrence.

- xii)** Income Tax expense comprises of current tax and deferred tax charge or credit. Provision for current tax is made with reference to taxable income computed for the financial year for which the financial statements are prepared by applying the tax rates as applicable.

Deferred income tax charge reflects the impact of current period timing differences between taxable income and accounting income. The deferred tax charge or credit is recognised using prevailing enacted or substantively enacted tax rates. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case laws, to reassess realizations/liabilities.

**xiii) Research and Development**

In accordance with Accounting Standard (AS) – 26, revenue expenditure on Research & Development is charged to the Profit & Loss Account in the year in which it is incurred. Capital expenditure on research and development is shown as an addition to fixed assets and depreciated accordingly.

**xiv) Contingent Liabilities, Contingent Assets & Provisions**

Contingent liabilities, if material, are disclosed by way of notes and contingent assets are not recognised or disclosed in the financial statements. A provision is recognised, when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made for the amount of obligation.

- xv)** Technical know-how fees is accounted for to the extent it has become due during the year.

**BHARAT SEATS LIMITED****BALANCE SHEET AS AT 31ST MARCH 2012**

Particulars		Note No.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
<b>I. EQUITY AND LIABILITIES</b>				
1	Shareholders' funds			
(a)	Share capital	2	62,800,000	62,800,000
(b)	Reserves and surplus	3	292,053,000	264,403,453
			354,853,000	327,203,453
2	Non-current liabilities			
(a)	Long-term borrowings	4	412,816,061	120,526,808
(b)	Deferred tax liabilities (Net)	5	63,922,118	51,629,116
(c)	Other Long term liabilities	6	8,533,405	2,971,868
(d)	Long-term provisions	7	5,543,282	5,307,212
			490,814,866	180,435,004
3	Current liabilities			
(a)	Short-term borrowings	8	28,250,343	86,389,049
(b)	Trade payables	9	531,066,169	272,547,781
(c)	Other current liabilities	10	259,692,657	191,043,433
(d)	Short-term provisions	11	32,111,059	32,570,914
			851,120,228	582,551,177
	<b>TOTAL</b>		<b>1,696,788,094</b>	<b>1,090,189,634</b>
<b>II. ASSETS</b>				
1	Non-current assets			
(a)	Fixed assets			
(i)	Tangible assets	12	896,574,718	614,874,213
(ii)	Capital work-in-progress	13	241,511,815	42,949,280
(b)	Long-term loans and advances	14	103,159,974	82,566,874
			1,241,246,507	740,390,367
2	Current assets			
(a)	Current investments	15	421,500	492,000
(b)	Inventories	16	133,133,994	103,866,170
(c)	Trade receivables	17	248,699,209	117,534,135
(d)	Cash and bank balances	18	41,078,795	107,191,701
(e)	Short-term loans and advances	19	31,962,882	20,614,132
(f)	Other current assets	20	245,207	101,129
			455,541,587	349,799,267
	<b>TOTAL</b>		<b>1,696,788,094</b>	<b>1,090,189,634</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>		1		
See accompanying notes to the financial statements				

As per our report of even date attached  
**For S. S. KOTHARI MEHTA & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm's Registration No. 000756N

For and on behalf of the Board of Directors

K. K. Tulshan  
 Partner  
 Membership No. 85033

N. D. RELAN  
 Chairman & Director  
  
 RITU BAKSHI  
 Company Secretary

ROHIT RELAN  
 Managing Director  
  
 SANJEEV KUMAR  
 Chief General Manager (Finance)

RAJAT BHANDARI  
 V. P. (Strategic Planning)

Place : New Delhi  
 Dated : 30th April 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012**

Particulars	Note No.	YEAR ENDED 31.03.2012 Rs.	YEAR ENDED 31.03.2011 Rs.
I. Revenue from operations, Gross		4,792,651,015	4,895,237,734
Less: Excise Duty		472,149,546	479,379,776
Revenue from operations, Net	24	4,320,501,469	4,415,857,958
II. Other income	25	5,611,983	8,520,731
<b>III. Total Revenue (I + II)</b>		<b>4,326,113,452</b>	<b>4,424,378,689</b>
IV. Expenses:			
Cost of materials consumed	26	3,761,610,014	3,863,120,776
Purchases of Stock-in-Trade	27	3,988,822	5,428,996
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	28	(5,239,589)	(3,481,644)
Employee benefits expense	29	96,134,447	85,310,108
Finance costs	30	33,483,565	22,705,408
Depreciation and amortization expense	31	67,119,272	48,098,113
Other expenses	32	296,602,224	288,821,531
<b>Total expenses</b>		<b>4,253,698,755</b>	<b>4,310,003,288</b>
<b>V. Profit before tax (III-IV)</b>		<b>72,414,697</b>	<b>114,375,401</b>
VI Tax expense:			
Current Tax	33	14,488,552	22,795,618
Less: MAT Credit Entitlement		(11,211,496)	(5,669,082)
Net Current Tax Expense		3,277,056	17,126,536
Deferred Tax	34	12,293,002	14,907,563
		<b>15,570,058</b>	<b>32,034,099</b>
<b>VII Profit after tax for the period (V - VI)</b>		<b>56,844,639</b>	<b>82,341,302</b>
VIII Earnings per equity share:			
(1) Basic	35	1.81	2.62
(2) Diluted	35	1.81	2.62
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>1</b>		
See accompanying notes to the financial statements			

As per our report of even date attached  
**For S. S. KOTHARI MEHTA & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm's Registration No. 000756N

For and on behalf of the Board of Directors

K. K. Tulshan  
 Partner  
 Membership No. 85033

N. D. RELAN  
 Chairman & Director  
  
 RITU BAKSHI  
 Company Secretary

ROHIT RELAN  
 Managing Director  
  
 SANJEEV KUMAR  
 Chief General Manager (Finance)

RAJAT BHANDARI  
 V. P. (Strategic Planning)

Place : New Delhi  
 Dated : 30th April 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	YEAR ENDED 31.03.2012 Rs.	YEAR ENDED 31.03.2011 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	72,414,697	114,375,401
<b>Adjustments for :</b>		
Depreciation	67,119,272	48,098,113
Loss(+)/Profit (-) on sale of Fixed assets/Assets w/o	481,203	1,824,411
Loss(+)/Profit (-) on sale of investments	-	(1,744,825)
Dividend received	-	(712,835)
Interest expense	31,859,700	21,073,662
Interest received on FDR	(3,640,610)	(3,453,165)
Provision for Diminution in Investments	70,500	8,000
<b>Operating Cash Flow before Working Capital Changes</b>	<b>168,304,762</b>	<b>179,468,762</b>
<b>Adjustments for changes in Working Capital :</b>		
(Increase)/Decrease in Inventories	(29,267,824)	(23,406,764)
(Increase)/Decrease in trade & other receivables	(131,063,944)	11,253,056
(Increase)/Decrease in loans & advances	(30,338,836)	(4,513,022)
Increase/(Decrease) in trade & other payables	304,044,339	12,920,019
Increase/(Decrease) in provisions	(309,385)	
<b>Cash Generated from Operating Activities</b>	<b>281,369,112</b>	<b>175,722,051</b>
Direct Taxes Paid	(4,794,471)	(25,204,792)
<b>Net Cash from Operating Activities</b>	<b>276,574,641</b>	<b>150,517,259</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(547,863,515)	(247,659,762)
Purchase of Investments	-	(1,212,835)
Sale of Investments	-	44,395,727
Dividend Received	-	712,835
Interest received on FDR	3,395,403	3,453,165
<b>Net Cash from/(used in) Investing Activities</b>	<b>(544,468,112)</b>	<b>(200,310,870)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long term borrowings & its current maturity	548,747,844	154,159,318
Repayment of Long Term Loan	(228,255,239)	(36,215,170)
Proceeds from Short Term borrowings	(58,138,706)	29,589,895
Dividend Paid	(25,120,000)	(18,840,000)
Corporate Dividend Tax	(4,075,092)	(3,128,947)
Interest Paid	(31,564,977)	(20,687,241)
<b>Net Cash from Financing Activities</b>	<b>201,593,830</b>	<b>104,877,855</b>
<b>Net Increase(+)/Decrease (-) in cash and bank balances (A+B+C)</b>	<b>(66,299,641)</b>	<b>55,084,244</b>
<b>Cash and Bank balances as at 1st April 2011</b>	<b>106,244,832</b>	<b>51,160,588</b>
<b>Cash and Bank balances as at 31st March 2012</b>	<b>39,945,191</b>	<b>106,244,832</b>
<b>Reconciliation</b>		
Cash and Bank balances as per Balance Sheet	41,078,795	107,191,701
Less: Unpaid dividend current account with Banks	1,133,604	946,869
<b>Net Cash &amp; Bank Balances as at 31st March 2012</b>	<b>39,945,191</b>	<b>106,244,832</b>

As per our report of even date attached  
**For S. S. KOTHARI MEHTA & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm's Registration No. 000756N

For and on behalf of the Board of Directors

K. K. Tulshan  
 Partner  
 Membership No. 85033

N. D. RELAN  
 Chairman & Director  
  
 RITU BAKSHI  
 Company Secretary

ROHIT RELAN  
 Managing Director  
  
 SANJEEV KUMAR  
 Chief General Manager (Finance)  
 RAJAT BHANDARI  
 V. P. (Strategic Planning)

Place : New Delhi  
 Dated : 30th April 2012

## NOTES TO FINANCIAL STATEMENTS

### PART-B

#### 2. Share Capital

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number	Amount	Number	Amount
<b><u>Authorised</u></b>				
Equity Shares of 2/- each	35,000,000	70,000,000	35,000,000	70,000,000
	<b>35,000,000</b>	<b>70,000,000</b>	<b>35,000,000</b>	<b>70,000,000</b>
<b><u>Issued, Subscribed &amp; Fully Paid up</u></b>				
Equity Shares of 2/- each				
Opening	31,400,000	62,800,000	31,400,000	62,800,000
Additions	-	-	-	-
Deductions	-	-	-	-
Closing	<b>31,400,000</b>	<b>62,800,000</b>	<b>31,400,000</b>	<b>62,800,000</b>
<b>Total</b>	<b>31,400,000</b>	<b>62,800,000</b>	<b>31,400,000</b>	<b>62,800,000</b>

#### 2.1 The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of payment are as under:

The company has only one class of equity shares having a par value of Rs. 2 per share. Each shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to Equity Shareholders was Re. 0.80/- (31 March 2011 : Rs. 0.80). The total dividend appropriation for the year ended March 31, 2012 amounted to Rs. 2,91,95,092/- (Rs. 2,91,95,092) including corporate dividend tax of Rs 40,75,092/- (Rs 40,75,092).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 2.2 The following hold more than 5% shares:

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Maruti Suzuki India Limited	4650000	14.81	4650000	14.81
Suzuki Motor Corporation, Japan	4650000	14.81	4650000	14.81
Sharda Motor Industries Ltd.	9000000	28.66	9000000	28.66
<b>Total</b>	<b>18300000</b>	<b>58.28</b>	<b>18300000</b>	<b>58.28</b>

#### 2.3 The aforesaid Shares include 1,57,00,000 Equity shares allotted as fully paid bonus shares in the ratio of 1:1 by capitalization of General Reserve during the year ended 31st March 2008.

### 3. Reserves and Surplus

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Capital Reserves</b>		
Grant from World Bank- Opening Balance	18,416,620	18,416,620
(+) Current Year Transfer	–	–
Closing Balance	<b>18,416,620</b>	<b>18,416,620</b>
<b>General Reserve</b>		
Opening Balance	240,986,833	187,840,623
(+) Current Year Transfer from Profit & Loss A/c	27,649,547	53,146,210
Closing Balance	<b>268,636,380</b>	<b>240,986,833</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	5,000,000	5,000,000
(+) Net Profit for the current year	56,844,639	82,341,302
Amount available for appropriation	61,844,639	87,341,302
(-) Proposed Dividends	25,120,000	25,120,000
(-) Corporate Dividend Tax	4,075,092	4,075,092
(-) Transfer to General Reserve	27,649,547	53,146,210
Closing Balance	<b>5,000,000</b>	<b>5,000,000</b>
<b>Total</b>	<b>292,053,000</b>	<b>264,403,453</b>

### 4. Long Term Borrowings

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
	Secured	Unsecured	Secured	Unsecured
Term loans -from banks	260,485,585	92,330,476	64,832,522	55,694,286
Loans and advances from related parties	–	60,000,000	–	–
Total	260,485,585	152,330,476	64,832,522	55,694,286
<b>Grand Total</b>		<b>412,816,061</b>		<b>120,526,808</b>

#### 4.1 The requisite particulars in respect of secured borrowings are as under:

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011	Particulars of security / guarantees / terms of repayment / default
Term loans -from banks			
- <u>Loan from State Bank of Travancore</u>			<b>Particulars of Security:</b> Primary Security-Exclusive first charge on specific machineries / equipments, Collateral security-Extension of first charge on the entire fixed assets of the company.
Balance outstanding	-	50,000,000	
Current Maturity	-	50,000,000	
Non - current amount	-	-	<b>Terms of Repayment:</b> The loan taken is a bridge loan converted into FCNR(B) Term Loan of Rs. 250,000,000 and repayable on 19.05.2011. Rate of Interest is 12.75%
- <u>FCNR(B) Loan from State Bank of Travancore</u>			
Loan - 1			<b>Particulars of Security:</b> Primary Security-Hypothecation of tools and dyes with all accessories for manufacture of Carpets and seats for the Model N Car of the Maruti Suzuki India Ltd. with a projected value of Rs. 39,600,000 Collateral security-Extension of first charge on the entire fixed assets of the company.
Balance outstanding	-	2,412,618	
Current Maturity	-	2,412,618	
Non - current amount	-	-	<b>Terms of Repayment:</b> The period of loan is 36 months, sanctioned on 31.07.2007, Repayable in 36 monthly installments commencing from the next month of the first disbursement as per the following schedule: Rs. 770000* 35 months Rs. 750000* 01 months Rate of Interest- 450 BPS above 6 months USD LIBOR. Spread and Libor to be reset at the end of every 6 months payable with monthly rests.
Loan - 2			<b>Particulars of Security:</b> Primary Security-Exclusive first charge on specific machineries valued at Rs. 151,500,000/- collateral security-Extension of first charge on the entire fixed assets of the company.
Balance outstanding	74,280,072	84,478,707	
Current Maturity	22,509,065	19,646,185	
Non - current amount	51,771,007	64,832,522	<b>Terms of Repayment:</b> The period of loan is 5 years, sanctioned on 31.05.2010, Repayable in 60 equal monthly installments of USD 36,667.00 per month. Rate of Interest- 650 BPS above 6 months LIBOR with interest reset after 6 months from the date of disbursal.

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011	Particulars of security / guarantees / terms of repayment / default
Loan - 3			<b>Particulars of Security:</b> Primary Security-Exclusive first charge on specific machineries/ equipments valued Rs. 393,100,000/-. Collateral security-extension of first charge on the entire fixed assets of the Company. Equitable mortgage on the Company's property has been created for the balance due. <b>Terms of Repayment:</b> The period of loan is 5 years, sanctioned on 28.03.2011, repayable in 60 monthly installments commencing 6 months after the date of disbursement as per following schedule: Rs. 4167797 * 59 months Rs. 4100000 *1 month Concessional rate of interest at 3.75% above the base rate presently 12.75% p.a. (floating) with reset after every two years <b>Particulars of Security:</b> Primary Security- First charge on Building. Machinery, tools and dyes, purchased out of bank finance, Collateral security- extension of first charge on entire fixed assets of the company except machineries which are exclusively charged to Bank of Tokyo, second charge on machineries which are financed by Bank of Tokyo, Second charge on entire current assets of the Company, extension of EM of 4.325 acres of land with factory building at Borakalan registered in the name of the Company <b>Terms of repayment:</b> Period of loan is 60 months(20 quarters) with first installement falling due for payment in Decmber, 2012 as given below: Rs. 6100000 *3 quarters Rs. 11500000 *4 quarters Rs. 13500000 *12 quarters Rs. 3700000 *01 quarter Rate of interest is 3.75% above SBT base rate, present effective rate 14.25% p.a.
Balance outstanding	165,274,618	-	
Current Maturity	36,060,041	-	
Non - current amount	129,214,577	-	
Loan - 4			
Balance outstanding	90,000,000	-	
Current Maturity	10,500,000	-	
Non - current amount	79,500,000	-	
Total	260,485,585	64,832,522	



The requisite particulars in respect of unsecured borrowings are as under:

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011	Guarantees / terms of repayment / default
Term loans -from banks			
- <u>Loan from Bank of Tokyo</u> <u>(External Commercial</u> <u>Borrowing)</u>			
Loan - 1			
Balance outstanding	63,912,884	71,606,938	The period of loan is 6 years, sanctioned on 15 sep. 2009, Repayable in 24 equal quarterly installments commencing from 15 Dec 2009 upto 15 Sep. 2015 amounting to Rs 73,20,833.00 each. Rate of Interest- 400 BPS p.a over 3 months JPY LIBOR.
Current Maturity	18,208,376	15,912,652	
Non - current amount	45,704,508	55,694,286	
Loan - 2			
Balance outstanding	45,523,294	—	The period of loan is 3.3 years (approx.), sanctioned on 19.08.2011, repayable in 24 equal quarterly installments, starting from Sept. 15 2012 upto June 15, 2018. Rate of interest-LIBOR+250 BPS
Current Maturity	8,897,326	—	
Non - current amount	36,625,968	—	
<u>Loan from Yes Bank</u>			
Loan - 1			
Balance outstanding		70,000,000	The Loan was sanctioned on 1st Sep. 2009 for 2 year period and if no event of default occurred and/ or no notice of termination has been issued by the bank and subject to Bank's discretion, the borrower shall be entitled to rollover all or any part of the principal repayable on repayment date of Sep. 2011. Rate of interest -13%
Current Maturity		70,000,000	
Non - current amount	—	—	
Loan - 2			
Balance outstanding	100,000,000	—	The Period of loan is 15 months, sanctioned on 24th August, 2011, repayable in 3 equal quarterly installments after a moratorium period of 06 months from the date of first disbursement. Rate of interest is 13.60% p.a.
Current Maturity	90,000,000	—	
Non - current amount	10,000,000	—	
<b>Loans and advances from related parties (Refer note no. 44)</b>			
- <u>Loan From Directors</u>			
Balance outstanding	60,000,000	—	Rate of interest is 12% p.a.
Current Maturity	—	—	
Non - current amount	60,000,000	—	
<b>Total</b>	<b>152,330,476</b>	<b>55,694,286</b>	

## 5. Deferred tax liabilities (net)

(All amounts in Rs., unless otherwise stated)

Particulars	As on 31 March 2012	Charge/(Credit) during the year	As on 31 March 2011	Charge/(Credit) during the year	As on 31st March 2010
<b>Deferred Tax Assets on account of :</b>					
Expense allowed on payment basis					
- Leave Encashment	2,243,558	51,157	2,192,402	435,927	1,756,475
- Bonus Payable	149,896	(14,730)	164,626	(33,730)	198,356
<b>Total Deferred tax Assets</b>	<b>2,393,454</b>	<b>36,427</b>	<b>2,357,028</b>	<b>402,197</b>	<b>1,954,831</b>
<b>Deferred Tax Liabilities on account of :</b>					
Difference between Book and tax depreciation	66,315,572	12,329,429	53,986,144	15,309,760	38,676,384
<b>Total Deferred tax liabilities</b>	<b>66,315,572</b>	<b>12,329,429</b>	<b>53,986,144</b>	<b>15,309,760</b>	<b>38,676,384</b>
<b>Total Deferred Tax (Net)</b>	<b>63,922,118</b>	<b>12,293,002</b>	<b>51,629,116</b>	<b>14,907,563</b>	<b>36,721,553</b>

## 6. Other Long Term Liabilities

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
Security Deposit	8,533,405	2,971,868
<b>Total</b>	<b>8,533,405</b>	<b>2,971,868</b>

## 7. Long Term Provisions

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Provision for employee benefits (Refer Note 42)</b>		
Leave Encashment (unfunded)	5,543,282	5,307,212
<b>Total</b>	<b>5,543,282</b>	<b>5,307,212</b>

## 8. Short Term Borrowings

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
	Secured	Unsecured	Secured	Unsecured
Loan repayable on demand from banks	5,254,590	—	86,389,049	—
Buyers Credit from Bank	22,995,753	—	—	—
<b>Total</b>	<b>28,250,343</b>	<b>—</b>	<b>86,389,049</b>	<b>—</b>
<b>Grand Total</b>	<b>28,250,343</b>		<b>86,389,049</b>	

The requisite particulars in respect of secured borrowings are as under:

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011	Particulars of security / guarantees / terms of repayment / default
<b>Loan repayable on demand from banks</b>			
- Loan from State Bank of Travancore with rate of interest 12.75%		74,024,883	First charge by way of Hypothecation of the borrowers current assets viz. stocks of Raw materials, semi-finished goods, finished goods, stores & spares, Bills receivables including receivables from Hire purchase /leasing, Book debts and other movable of the borrower, both present & future whether installed or not. Charge made in consortium with Bank of Tokyo -Mitsubishi UFJ, Ltd., State Bank of Travancore (the lead bank).  SBT- Rs 159,000,000 BOT- Rs 38,000,000
- Loan from Bank of Tokyo (External Commercial Borrowing) with rate of interest 11.50%	5,254,590	12,364,166	
Buyers' Credit from Bank	22,995,753	—	
<b>Total</b>	<b>28,250,343</b>	<b>86,389,049</b>	

## 9. Trade Payables

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
Dues of MSME parties(Refer note no.45(1))	72,274,449	20,094,373
Dues of other than MSME parties (Refer Note no. 23)	458,791,720	252,453,408
<b>Total</b>	<b>531,066,169</b>	<b>272,547,781</b>

## 10. Other Current Liabilities

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Current maturities of long-term debt (Refer note 4)	186,174,808	157,971,455
(b) Interest accrued but not due	964,773	943,082
(c) Interest accrued and due	273,032	—
(d) Unpaid dividends	1,133,604	946,869
(e) Other payables		
- Expense Payable	27,264,137	3,851,272
- Accrued salaries & benefits	18,808,705	13,511,371
- Withholding and other taxes payable	17,657,558	7,991,595
- Technical fee payable	4,685,394	2,673,030
- Others	2,730,646	3,154,759
<b>Total</b>	<b>259,692,657</b>	<b>191,043,433</b>

**11. Short Term Provisions***(All amounts in Rs., unless otherwise stated)*

Short Term Provisions	As at 31 March 2012	As at 31 March 2011
<b>(a) Provision for employee benefits (Refer note 42)</b>		
Gratuity (Funded)	1,351,290	1,940,793
Leave Encashment (Unfunded)	1,371,677	1,292,929
<b>(b) Others ( )</b>		
Proposed Dividend	25,120,000	25,120,000
Provision for tax on dividend	4,075,092	4,075,092
Provision for Wealth Tax Payable	193,000	142,100
<b>Total</b>	<b>32,111,059</b>	<b>32,570,914</b>


**12. Tangible Assets - schedule for year 2011-12**
*(All amounts in Rs., unless otherwise stated)*

Particulars	Gross Carrying Value				Depreciation / Impairment		Net Carrying Value	
	Balance as at 1 April 2011	Additions	Acquired through business combinations	Disposals	Other Adjustments	Balance as at 31 March 2012	Balance as at 1 April 2011	Balance as at 31 March 2012
Land Free Hold	21,109,132	-	-	-	-	21,109,132	-	21,109,132
Land Lease Hold	-	3,941,438	-	-	-	3,941,438	-	3,742,972
Buildings (on leased land)	70,112,008	39,799,652	-	-	7,599,274	117,510,934	25,991,193	89,357,314
Buildings (on freehold land)	818,229	110,012,045	-	-	15,712,413	126,542,687	56,530	124,106,627
Plant and Equipment	760,370,458	94,436,151	-	24,214	30,633,375	885,415,770	274,816,023	556,262,794
Furniture and Fixtures	9,475,292	1,876,794	-	-	-	11,352,086	8,313,790	2,839,346
Vehicles	22,151,809	9,572,940	-	2,432,778	-	29,291,971	5,486,348	22,642,831
Office equipment	13,968,733	1,608,535	-	203,650	-	15,373,618	10,108,165	4,570,794
Electrical Fittings	22,369,642	23,621,853	-	-	-	45,991,495	8,838,115	35,668,939
<b>Total</b>	<b>920,375,303</b>	<b>284,869,408</b>	<b>-</b>	<b>2,660,642</b>	<b>53,945,062</b>	<b>1,256,529,131</b>	<b>333,610,164</b>	<b>860,300,749</b>
RESEARCH & DEVELOPMENT								
Building	1,641,948	-	-	-	-	1,641,948	235,657	1,351,300
Plant and Equipment	59,733,373	9,574,743	-	-	-	69,308,116	35,183,739	31,049,088
Furniture and Fixtures	1,655,017	1,995,615	-	-	-	3,650,632	469,222	2,965,002
Office equipment	-	-	-	-	-	-	-	-
Electrical Fittings	1,233,994	-	-	-	-	1,233,994	266,640	908,579
<b>Total</b>	<b>64,264,332</b>	<b>11,570,358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,834,690</b>	<b>36,155,258</b>	<b>36,273,969</b>
<b>Grand Total</b>	<b>984,639,635</b>	<b>296,439,766</b>	<b>-</b>	<b>2,660,642</b>	<b>53,945,062</b>	<b>1,332,363,821</b>	<b>369,765,422</b>	<b>896,574,718</b>

\*\* Includes Rs. 4,68,63,691/- on account of loss due to foreign exchange fluctuation as per Notification issued by the Ministry of Corporate Affairs, Government of India, relating to Accounting Standard (AS-11), dated 31.3.2009.

\*\* includes Rs. 70,81,371/- capitalised on account of borrowing cost.

## 12. Tangible Assets - schedule for year 2010-11

(All amounts in Rs., unless otherwise stated)

Particulars	Gross Carrying Value				Depreciation / Impairment				Net Carrying Value			
	Balance as at 1 April 2010	Additions	Acquired through business combinations	Disposals	Other Adjustments	Balance as at 31 March 2011	Balance as at 1 April 2010	Depreciation for the period	Impairment during the period	Other Adjustment	Balance as at 31 March 2011	Balance as at 31 March 2010
Land	21,109,132	–	–	–	–	21,109,132	–	–	–	–	21,109,132	21,109,132
Buildings (on leased land)	52,183,293	18,746,944	–	–	–	70,930,237	24,495,927	1,551,796	–	–	26,047,723	27,687,366
Plant and Equipment	638,043,889	144,615,510	–	11,727,017	–	770,932,382	250,179,823	41,204,469	–	8,518,851	282,865,441	387,864,066
Furniture and Fixtures	12,699,017	183,084	–	–	–	12,882,101	10,010,848	361,689	–	–	10,372,537	2,688,169
Vehicles	12,942,008	12,699,208	–	3,489,407	–	22,151,809	5,144,455	1,246,327	–	904,434	5,486,348	7,797,553
Office equipment	–	–	–	–	–	–	–	–	–	–	–	–
Electrical Fittings	15,117,323	7,252,319	–	–	–	22,369,642	8,186,692	651,423	–	–	8,838,115	6,930,631
Total	752,094,662	183,497,065	–	15,216,424	–	920,375,303	298,017,745	45,015,704	–	9,423,285	333,610,164	454,076,917
RESEARCH & DEVELOPMENT												
Building	1,641,948	–	–	–	–	1,641,948	180,816	54,841	–	–	235,657	1,461,132
Plant and Equipment	54,558,290	5,175,083	–	–	–	59,733,373	32,314,953	2,868,786	–	–	35,183,739	22,243,337
Furniture and Fixtures	1,482,017	173,000	–	–	–	1,655,017	369,055	100,167	–	–	469,222	1,112,962
Office equipment	–	–	–	–	–	–	–	–	–	–	–	–
Electrical Fittings	1,233,994	–	–	–	–	1,233,994	208,025	58,615	–	–	266,640	1,025,969
Total	58,916,249	5,348,083	–	–	–	64,264,332	33,072,849	3,082,409	–	–	36,155,258	25,843,400
Grand Total	811,010,911	188,845,148	–	15,216,424	–	984,639,635	331,090,594	48,098,113	–	9,423,285	369,765,422	479,920,317

\*\* Includes Rs. 42,58,15/- on account of loss due to foreign exchange fluctuation as per Notification issued by the Ministry of Corporate Affairs, Government of India, relating to Accounting Standard (AS-11), dated 31.3.2009.

### 13. Capital Work - in - Progress

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
Capital Work in Progress		
Opening Cost	42,949,280	30,441,310
Addition during the year	241,511,815	42,949,280
Deduction & Adjustment	(42,949,280)	(30,441,310)
<b>Total</b>	<b>241,511,815</b>	<b>42,949,280</b>

### 14. Long Term Loans and Advances (Unsecured, considered good)

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Capital Advances</b>		
Unsecured, considered good	68,432,035	50,285,372
<b>Security Deposits</b>	3,508,782	2,456,310
<b>MAT Tax credit entitlement</b>	26,132,002	14,920,506
Prepaid Income Tax	19,255,239	37,170,787
Less: Provision for taxation	14,488,552	22,795,618
	<b>4,766,687</b>	<b>14,375,169</b>
<b>Advances Recoverable in cash or In Kind or for Value to be received</b>	320,468	529,517
	<b>103,159,974</b>	<b>82,566,874</b>

### 15. Current Investments

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
Investments in Mutual Funds		
SBI PSU Fund 50000 units @ Rs.10.00 per unit	500,000	500,000
Less : Provision for diminution in the value of Investments	(78,500)	(8,000)
<b>Total</b>	<b>421,500</b>	<b>492,000</b>

\* The valuation is based on the cost less Provision i.e, at Market Value

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
Aggregate book value of quoted investments	—	—
Aggregate market value of quoted investments	—	—
Aggregate book value of unquoted investments	500,000	500,000
Provision for diminution in value of investments	(78,500)	(8,000)
	<b>421,500</b>	<b>492,000</b>

## 16. Inventories

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
(As taken, valued and certified by the Management)		
Raw Materials and components	71,995,587	44,404,383
Raw Material in transit	20,828,426	48,543,747
Work-in-progress	5,888,225	3,078,551
Finished goods	9,188,468	6,374,867
Stock-in-trade	368,463	384,483
Stores and spares	24,834,825	1,050,139
Scrap	30,000	30,000
<b>Total</b>	<b>133,133,994</b>	<b>103,866,170</b>

For basis of valuation refer Note no. 1(x)

## 17. Trade Receivables

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	246,535,242	115,421,326
( Refer Note no. 23)	246,535,242	115,421,326
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2,163,967	2,112,809
(Refer Note no. 23)	2,163,967	2,112,809
<b>Total</b>	<b>248,699,209</b>	<b>117,534,135</b>

## 18. Cash and Bank Balances

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
a. Cash & Cash Equivalents		
Cash in hand	522,071	447,064
Bank Balances in:		
- Current Account	20,418,802	48,872,905
- Fixed Deposit Account	10,026,888	42,978,832
b. Balances with banks		
- Fixed Deposit Account	5,034,736	13,946,031
- Current Account*	1,133,604	946,869
Cash Credit Account	3,942,694	-
<b>Total</b>	<b>41,078,795</b>	<b>107,191,701</b>

\* Unpaid Dividend balance lying in current account



**19. Short Term Loans and Advances (unsecured, considered good)**
*(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2012	As at 31 March 2011
Balance with Excise & Customs Authorities	28,713,821	15,729,137
Advances Recoverable in cash or In Kind or for Value to be received-others	3,249,061	4,884,995
<b>Total</b>	<b>31,962,882</b>	<b>20,614,132</b>

**20. Other Current Assets**
*(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2012	As at 31 March 2011
Interest accrued but not due	245,207	—
Other Current Assets	—	101,129
<b>Total</b>	<b>245,207</b>	<b>101,129</b>

**21. Contingent Liabilities & Commitments**
*(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2012	As at 31 March 2011
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt		
- Disputed Excise Matters <sup>1</sup>	346,256,646	333,146,000
- Disputed Custom Duty Matters <sup>2</sup>	1,166,957	1,166,957
- Disputed ESI Demands	—	539,000
- Disputed Service Tax Demands	1,147,470	1,146,000
- Disputed Income Tax Demands	3,523,811	3,523,811
	<b>352,094,884</b>	<b>339,521,768</b>
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	403,042,266	331,758,000
	<b>403,042,266</b>	<b>331,758,000</b>
	<b>755,137,150</b>	<b>671,279,768</b>

- On the matter of Rs. 31.95 crores including penalty of Rs. 6.5 crores, which had been decided in favour of the Company by Customs, Excise and Service Tax Appellate Tribunal, New Delhi (CESTAT), the department had sought the intervention of the Hon'ble Delhi High Court which had then issued directions to CESTAT to clarify certain points of law arising out of that Order. The matter is still pending for final decision. Further for other matters-Rs 136.46 lacs.
- The amount has been deposited under protest.

## 22. Dividends

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
Dividends proposed to be distributed to equity shareholders	Total	Per share	Total	Per share
	25,120,000	0.80	25,120,000	0.80

## 23. Statement Of Realization Of Assets Other Than Fixed Assets And Non - Current Investments

In the opinion of the management, current assets, loans and advances have a value on realisation in the ordinary course of business, at least equal to the amount shown in the Balance Sheet. In respect of Trade & other receivables, there is no major difference or dispute pending reconciliation/settlement. In respect of Trade & other payables, management is in the process of reconciliation.

## 24. Revenue From Operations

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Sale of products</b>		
Car Seats Assemblies	3,899,556,962	4,106,133,158
Carpet Sets for Automobiles	160,497,847	146,709,734
Motorcycle Seats	146,557,808	111,909,932
Others Sales & Traded Goods	105,188,158	40,997,647
Gypsy Hoods for seats	4,107,066	5,208,668
<b>Total</b>	<b>4,315,907,841</b>	<b>4,410,959,139</b>
<b>Other operating revenues</b>		
Sale Scrap	4,593,628	4,898,819
<b>Total</b>	<b>4,320,501,469</b>	<b>4,415,857,958</b>

## 25. Other Income

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
"Interest Income on Fixed Deposits (gross) (Current) includes TDS Rs. 3.98 lacs (Previous year Rs. 3.53 lacs)	3,640,610	3,453,165
Dividend Income on investments (Current)	—	712,835
Net gain on sale of investments (Current)	—	1,744,825
Other non-operating income (net of expenses )	1,971,373	2,609,906
<b>Total</b>	<b>5,611,983</b>	<b>8,520,731</b>

**26. Cost Of Material Consumed**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Opening Stock	44,404,383	36,419,159
Add: purchases	3,789,201,218	3,871,106,000
	3,833,605,601	3,907,525,159
Less: Closing Stock	71,995,587	44,404,383
Raw material & Component consumed ( Refer note 40)	<b>3,761,610,014</b>	<b>3,863,120,776</b>

**27. Purchases Of Stock-In-Trade:**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Gypsy Hoods for Seats	3,988,822	5,428,996
Total	<b>3,988,822</b>	<b>5,428,996</b>

**28. Changes In Inventories Of Finished Goods Work-In-Progress And Stock-In-Trade**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Opening stock:</b>		
Finished goods	6,374,867	3,326,810
Less: Excise duty	699,796	352,530
	5,675,071	2,974,280
<b>Work-in-progress</b>	3,078,551	2,620,389
Stock in trade	384,483	61,792
Scrap	30,000	30,000
	9,168,105	5,686,461
<b>Closing stock:</b>		
Finished goods	9,188,468	6,374,867
Less: Excise duty	1,067,462	699,796
	8,121,006	5,675,071
<b>Work-in-progress</b>	5,888,225	3,078,551
Stock in trade	368,463	384,483
Scrap	30,000	30,000
	14,407,694	9,168,105
<b>Excess of closing stock over opening stock</b>	<b>(5,239,589)</b>	<b>(3,481,644)</b>

**29. Employee Benefit Expense**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
(a) Salaries and incentives	80,711,737	70,829,734
(b) Contributions to - Provident fund & other funds	4,537,403	4,344,157
(c) Gratuity fund contributions	1,351,290	3,406,901
(d) Staff welfare expenses	9,534,017	6,729,316
<b>Total</b>	<b>96,134,447</b>	<b>85,310,108</b>

**30. Finance Costs**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Interest expense	31,859,700	21,073,662
Other borrowing costs	1,867,221	1,315,348
Applicable net gain/loss on foreign currency transactions and translation	(243,356)	316,398
<b>Total</b>	<b>33,483,565</b>	<b>22,705,408</b>

**31. Depreciation And Amortization Expense:**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Depreciation on tangible assets	67,119,272	48,098,113
<b>Total</b>	<b>67,119,272</b>	<b>48,098,113</b>

### 32. Other Expenses

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Power & Fuel	64,685,803	50,689,847
Rent (net)	6,446,984	6,022,574
Repairs to building	—	5,765,675
Repairs to plant and machinery	4,683,379	12,006,582
Repairs to Others	826,140	13,597,586
Insurance	2,069,465	1,799,067
Rates and taxes (Including wealth tax)	316,745	3,806
Research and development expenses (Refer note 45(2))	12,817,397	14,748,416
Consumption of stores & spare parts	9,828,687	5,922,125
Payment to auditors for statutory audit	447,700	407,000
Payment to auditors for taxation matters	90,750	82,500
Payment to auditors for certification & other matters	202,750	187,500
Payment to auditor for reimbursement of expenses	24,630	49,429
Loss on Sale/Discard of fixed assets	481,203	1,824,411
Provision for Diminution in value of Investments	70,500	8,000
Donations	711,000	1,153,600
Factory Expenses	60,489,685	52,588,547
Discount on Sales	34,485,734	31,937,774
Legal & Professional Expenses	14,885,287	15,145,810
Technical know how Fees	5,930,237	10,410,611
Foreign Technician Expenses	450,527	8,459,694
Travelling and Conveyance	31,974,194	26,501,597
Miscellaneous expenses	44,683,427	29,509,380
<b>Total</b>	<b>296,602,224</b>	<b>288,821,531</b>

### 33. Current Tax

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Current Tax	14,488,552	22,795,618
MAT Credit Entitlement	(11,211,496)	(5,669,082)
<b>Total</b>	<b>3,277,056</b>	<b>17,126,536</b>

### 34. Deferred Tax

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Deferred Tax	12,293,002	14,907,563
<b>Total</b>	<b>12,293,002</b>	<b>14,907,563</b>

### 35. Earnings Per Equity Shares

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Weighted Average number of Equity Shares outstanding	31,400,000	31,400,000
Profit after tax as per Profit & Loss A/c	56,844,639	82,341,302
Basic & Diluted Earning per share	1.81	2.62
Nominal value per share	2.00	2.00

### 36. Transfer To / From Reserves

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Transfer to general reserve	27,649,547	53,146,210
<b>Total</b>	<b>27,649,547</b>	<b>53,146,210</b>

### 37. Transfer to / from provisions

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Proposed dividend on equity shares	25,120,000	25,120,000
Corporate tax on dividend	4,075,092	4,075,092
<b>Total</b>	<b>29,195,092</b>	<b>29,195,092</b>

### 38. Value Of Imports On Cif Basis

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Raw materials	206,079,043	215,680,453
Capital goods	65,337,769	13,103,301
<b>Total</b>	<b>271,416,812</b>	<b>228,783,754</b>

### 39. Expenditure In Foreign Currency

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Technical Know-how fees (net of TDS)	8,656,980	8,202,609
Travelling expenses	9,833,981	8,605,665
Training Fees (net of TDS)	4,056,322	5,670,629
<b>Total</b>	<b>22,547,283</b>	<b>22,478,903</b>

#### 40. Analysis Of Consumption Of Imported & Indigenous Raw Materials, Spare Parts & Components

(All amounts in Rs., unless otherwise stated)

Particulars	Unit	For the year ended 31 March 2012		For the year ended 31 March 2011	
		Quantity	Value	Quantity	Value
Trims	Nos.	3,876,628	755,034,004	4,173,005	784,959,618
PU Raw Materials	Kgs	4,413,525	651,230,210	4,844,818	636,195,090
Reclining Assembly	Nos.	3,822,457	833,433,363	4,303,917	944,557,461
Others			1,521,912,437		1,497,408,607
<b>Total</b>			<b>3,761,610,014</b>		<b>3,863,120,776</b>

#### Analysis of Consumption of Imported & Indigenous Raw Materials

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Imported	213,380,979	219,447,376
% thereof	6	6
Indigenous	3,548,229,035	3,643,673,400
% thereof	94	94
<b>Total</b>	<b>3,761,610,014</b>	<b>3,863,120,776</b>
<b>Total %</b>	<b>100</b>	<b>100</b>

#### Production, Sales, stocks:

(All amounts in Rs., unless otherwise stated)

Particulars		For the year ended 31 March 2012		For the year ended 31 March 2011	
		Quantity	Value	Quantity	Value
In respect of manufactured items:					
Car Seats Assemblies	Opening Stock	564	4,019,088	300	1,834,000
	Production	466,944	3,901,120,952	524,332	4,108,318,246
	Closing Stock	621	5,583,078	564	4,019,088
	Sale & Others	466,887	3,899,556,962	524,068	4,106,133,158
Carpet Sets for Automobiles	Opening Stock	1,684	545,227	1,673	605,824
	Production	378,712	160,900,510	422,679	146,649,137
	Closing Stock	2,136	947,890	1,684	545,227
	Sale & Others	378,260	160,497,847	422,668	146,709,734
Motorcycle Seats	Opening Stock	2,276	639,088	706	260,470
	Production	346,001	146,194,142	285,002	112,287,471
	Closing Stock	698	275,422	2,276	639,088
	Sale & Others	347,579	146,557,808	283,432	111,908,853
Others Sales & Traded Goods	Opening Stock	–	471,669	–	213,000
	Production	–	106,031,105	–	41,257,394
	Closing Stock	–	1,314,616	–	471,669
	Sale & Others	–	105,188,158	–	40,998,725
In respect of goods traded in:					
Gypsy Hoods for seats	Opening Stock	171*	384,483	25	61,792
	Production	1,705	4,091,046	2321	5,428,000
	Closing Stock	161	368,463	171*	384,483
	Sale & Others	1,715	4,107,066	2,175	5,208,668

\* Includes 3 sets rejected/ reworking during the year.

**41. Details of Dividend Remitted In Foreign Currency***(All amounts in Rs., unless otherwise stated)*

Particulars	Total Number of non-resident shareholders	Total Number of shares held by NR shareholders	Amount of Dividend Remitted	Year to which it pertains
<b>Period ended 31 March 2012</b>				
Suzuki Motor Corporation. Japan	1	4,650,000	3,720,000	2010-11 - Final
<b>Period ended 31 March 2011</b>				
Suzuki Motor Corporation. Japan	1	4,650,000	2,790,000	2009-10 - Final



Part C :

**Note No. 42 - GRATUITY AND EARNED LEAVE BENEFIT PLANS**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with "The Life Insurance Corporation of India" in the form of a qualifying insurance policy. The Company has also provided for Leave Encashment which is unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans (as per actuarial valuation as on March 31, 2012).

Net employee benefit expense (recognized in the Statement of Profit & Loss for the year ended March 31, 2012)

(Amount in Rs.)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Current Service Cost	13,56,473	11,77,943	10,91,623	10,64,790
Interest Cost on benefit obligation	5,28,011	4,13,410	10,72,003	7,24,902
(Expected return on plan assets)	—	—	(10,59,980)	(9,34,784)
Past Service Cost	—	—	—	21,49,482
Actuarial (gain) / loss recognized in the year	4,39,241	7,74,123	2,47,644	4,02,511
Net benefit expense	23,23,725	23,65,476	13,51,290	34,06,901
Actual return on Plan Assets	—	—	—	—

Net Asset / (Liability) recognized in the Balance Sheet as on March 31, 2012

(Amount in Rs.)

Particulars	Leave Encashment		Gratuity	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Present Value of Defined Benefit Obligation	69,14,959	66,00,141	1,37,86,273	1,34,00,041
Fair Value of Plan Assets	—	—	1,24,34,983	1,14,59,248
Net Asset / (Liability) recognized in the Balance Sheet	(69,14,959)	(66,00,141)	(13,51,290)	(19,40,793)

Changes in the present value of Defined Benefit Obligation are as follows:

(Amount in Rs.)

Particulars	Leave Encashment		Gratuity	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Opening defined benefit obligation	66,00,141	51,67,622	1,34,00,041	90,61,273
Interest Cost	5,28,011	4,13,410	10,72,003	7,24,902
Current Service Cost	13,56,473	11,77,943	10,91,623	10,64,790
Benefits Paid	(20,08,907)	(9,32,957)	(14,07,845)	(34,615)
Actuarial (gain) / loss on obligation	4,39,241	7,74,123	(3,69,549)	4,34,209
Closing defined benefit obligation	69,14,959	66,00,141	1,37,86,273	1,34,00,041

Changes in the Fair value of Plan Assets are as follows:

(Amount in Rs.)

Particulars	Gratuity	
	As at 31.03.2012	As at 31.03.2011
Opening fair value of Plan Assets	1,14,59,248	1,03,86,486*
Expected return on Plan Assets	10,59,980	9,34,784
Contribution by employer	19,40,793	1,40,895
Benefits paid	(14,07,845)	(34,615)
Actuarial Gain / (Loss) on Plan Assets	(6,17,193)	31,698
Closing fair value of Plan Assets	1,24,34,983	1,14,59,248

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity
Insured with LIC	100.00%

The principal assumptions used in determining gratuity and leave liability for the Company's plans are shown below:

Particulars	Leave Encashment		Gratuity	
	2011-12	2010-11	2011-12	2010-11
Discount Rate	8.60%	8.00%	8.60%	8.00%
Rate of increase in Compensation	6.00%	6.00%	6.00%	6.00%
Rate of Return on Plan Assets	—	—	9.25%	9.25%
Average Outstanding Service of Employees upto Retirement (years)	17.51	17.54	17.66	17.51

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Classification of liability into current and non current liability**

(Amount in Rs.)

Particulars	Leave Encashment		Gratuity	
	2011-12	2010-11	2011-12	2010-11
Current Liability	13,71,677	12,92,929	20,60,493	16,74,638
Non Current Liability	55,43,282	53,07,212	1,17,25,780	1,17,25,403

**Contribution to Defined Contribution Plans:**

(Amount in Rs.)

Particulars	2011-12	2010-11
Provident Fund/ other employee's Fund	45,37,403	43,44,157

**Note No 43: Segment Reporting**

The Company has only one reportable business segment as it manufactures and deals only in different seating systems, carpet etc. in terms of AS 17 "Segment Reporting" issued by "The Institute of Chartered Accountants of India" and therefore, the disclosure requirements of the Standard are not applicable. Further, the Company operates only in one geographical segment – "India". All the assets of the company are located in India. Further the entire revenue is also derived from customers in India.

**Note No 44: Related Party Disclosure (In pursuance of AS-18)**

- a) **Names of parties** :
- Where control exists (i.e. holding companies subsidiaries and fellow subsidiaries) : None
  - Parties in respect of which Bharat Seats Ltd. is an Associate : Maruti Suzuki India Ltd.  
Suzuki Motor Corporation, Japan.  
Sharda Motor Industries Limited
  - Key management persons and their relatives : Mr.N.D.Relan - Chairman  
Mr. Rohit Relan - Managing Director  
Relatives :  
Mrs. Ritu Relan  
Mr. Rishabh Relan  
Mr. Pranav Relan  
Mr. Ayush Relan  
Mr. Ajay Relan  
Mrs. Sharda Relan
  - Other enterprises over which person(s) referred to in (iii) above is able to exercise significant influence : N.D.Relan (HUF)  
Rohit Relan (HUF)  
Ajay Relan (HUF)  
Sharda Enterprises

**b) Transactions with related parties:**

(Amount in Rs.)

Particulars	Parties in respect of which Bharat Seats Limited is an associate	Key Management Persons	Relatives of Key Management Persons	Enterprises over which persons referred to in (iii) above is able to exercise significant influence
Sale of Material (Gross including Excise & Cess)	4,51,38,98,882 (4,72,53,43,384)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Purchases	1,86,77,48,111 (1,89,74,39,973)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Sale of Tooling	16,56,16,610 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Dividend paid	1,46,40,000 (1,09,80,000)	13,88,400 (10,41,300)	25,30,800 (18,98,100)	81,600 (63,898)
Director's Remuneration	Nil (Nil)	77,63,802 (69,23,106)	Nil (Nil)	Nil (Nil)
Rent Paid	53,78,022 (5,48,174)	Nil (Nil)	Nil (Nil)	49,50,000 (54,00,000)
Other Expenses	3,97,80,115 (2,98,92,729)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Discount on sales	3,44,85,734 (3,19,37,774)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Loan from Directors	Nil (Nil)	4,05,00,000 (Nil)	1,95,00,000 (Nil)	Nil (Nil)
Interest Paid	Nil (Nil)	14,64,986 (Nil)	7,31,178 (Nil)	Nil (Nil)
Mobilisation / Tooling Advance recoverable as on 31.3.2012	8,89,00,000 (2,00,00,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Mobilisation/Tooling Advance Paid during the year	6,89,00,000 (2,00,00,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Net Outstanding receivable on account of sales of goods as on 31.03.2012	20,32,22,137 (9,26,74,536)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Net Outstanding payable on account of purchases as on 31.03.2012	10,55,94,585 (3,90,50,050)	Nil (Nil)	Nil (Nil)	Nil (Nil)

**Note no. 45 – Additional Notes to the Accounts**

- Under the Micro, Small and Medium Enterprises Development Act, 2006, the Company is in process of identifying such parties. However, to the extent they already been identified, necessary disclosures have been made as required under the said Act. Further, in case the parties already identified, there are no Micro, Small and Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at 31st March 2012.

- Research & Development expenses include:**

(Amount in Rs.)

Particulars	2011-12	2010-11
Salary/Wages	60,44,084	67,23,538
Development & other expenses	67,73,313	80,24,878

- (i) Particulars of Un-hedged Foreign Currency Exposure as at Balance Sheet Date :**

Foreign Currency Term Loan	Rs. 23,95,55,252 (USD 46,82,792.07) [P.Y. –8,68,91,324 (USD19,46,054.28)]
Foreign Currency ECB	Rs.10,27,40,680 (Japanese Yen 16,45,69,406) [P.Y. Rs. 5,93,20,714 (Japanese Yen 10,98,12,503).
Creditors	Rs. 33,91,462 (Euro 52,594.20) [P.Y.– Rs.28,15,148 (Euro 44,827.20)]
	Rs. 7,54,754 (USD 16,275) [P.Y. – Rs 26,73,030 (USD59,164)]
	Rs. 4,54,116 (Japanese Yen 7,27,400) [P.Y. Rs.19,05,901(Japanese Yen 34,40,584)]
Advances recoverable in cash or kind	Rs. 43,85,954 (USD 85,736) [P.Y. Rs.15,94,630 (USD 35,714)]

- (ii) Particulars of Hedged Foreign Currency Exposure as at Balance Sheet Date :**

Foreign Currency ECB	Rs. 66,95,497 (Japanese Yen 1,08,98,079) [P.Y. Rs.1,22,86,222 (JapaneseYen 2,19,62,499 )]
Buyer's credit for Raw Material	Rs. 2,32,75,002 (USD) (P.Y. NIL)

- Remuneration to Managing Director**

(Amount in Rs.)

S. No.	Particulars	2011-12	2010-11
i)	Salaries	61,20,000	54,60,000
ii)	Perquisites & Allowances	8,10,870	7,20,000
iii)	Contribution to Provident Fund	8,32,932	7,43,106
	<b>Total</b>	<b>77,63,802</b>	<b>69,23,106</b>

Note: Since no commission has been paid to any director, the computation of profit under section 349 of the Companies Act, 1956 has not been given.

- The Company has only one reportable business segment as it manufactures and deals only in different seating systems, carpet etc. in terms of AS 17 "Segment Reporting" issued by "The Institute of Chartered Accountants of India" and therefore, the disclosure requirements of the Standard are not applicable. Further, the Company operates only in one geographical segment – " India". All the assets of the company are located in India. Further the entire revenue is also derived from customers in India.



## BHARAT SEATS LIMITED

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6. Borrowing cost capitalized during the year - Rs.1,76,11,707/- includes Rs. 70,81,371/- towards fixed assets and Rs.1,05,30,336/- towards capital work in progress (Previous year Rs. nil)
7. Note no. 1 to 45 pertains to Balance Sheet and Profit and Loss Account form an integral part of the accounts.

**Note No. 46:** Previous year figures have been regrouped and / or reclassified, wherever necessary.

As per our report of even date attached  
**For S. S. KOTHARI MEHTA & CO.**  
CHARTERED ACCOUNTANTS  
Firm's Registration No. 000756N

For and on behalf of the Board of Directors

N. D. RELAN  
Chairman & Director

ROHIT RELAN  
Managing Director

K. K. Tulshan  
Partner  
Membership No. 85033

RITU BAKSHI  
Company Secretary

SANJEEV KUMAR  
Chief General Manager (Finance)

RAJAT BHANDARI  
V. P. (Strategic Planning)

Place : New Delhi  
Dated : 30th April 2012

