



# 27<sup>TH</sup> ANNUAL REPORT 2013-2014



**BHARAT SEATS LIMITED**

**BOARD OF DIRECTORS**

NARINDER DEV RELAN	CHAIRMAN (DIN: 00240280)
YOICHI KOJIMA	(NOMINEE-SUZUKI MOTOR CORPORATION) (DIN: 02973263)
INALA VEERABHADRA RAO	(NOMINEE-MARUTI SUZUKI INDIA LTD.) (DIN: 00329370)
ROHIT RELAN	MANAGING DIRECTOR (DIN: 00257572)
AJAY RELAN	DIRECTOR (DIN: 00257584)
GIRISH NARAIN MEHRA	DIRECTOR (DIN: 00059311)
PRATEEP KUMAR LAHIRI	DIRECTOR (DIN: 00039653)
GAUTAM KHAITAN	DIRECTOR (DIN: 00021117)
KISHAN NAGIN PARIKH	DIRECTOR (DIN: 00453209)
RAVINDRA GUPTA	DIRECTOR (DIN: 01521168)

**CORPORATE IDENTITY NUMBER**

CIN: L34300DL1986PLC023540

**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)

PLANT 3  
PLOT NO. 26, SECTOR-3A,  
MARUTI SUPPLIER PARK, IMT, MANESAR  
GURGAON (HARYANA)

**AUDITORS**

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

**LISTED AT**

BSE 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

**E-MAIL & WEBSITE**

Investor\_relations@bharatseats.net, www.bharatseats.com

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## DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Accounts for the year ended 31st March, 2014

### FINANCIAL RESULTS

Rupees in lakhs

PARTICULARS	2013-2014	2012-2013
NET REVENUE FROM OPERATIONS	56003.83	60216.44
OTHER INCOME	24.05	127.86
PROFIT BEFORE FINANCIAL CHARGES & DEPRECIATION	2878.36	2482.48
LESS: FINANCE COSTS	625.84	647.18
PROFIT BEFORE DEPRECIATION & TAXATION	2252.52	1835.30
LESS:		
A) DEPRECIATION	1352.14	1133.39
B) PROVISION FOR TAXATION		
- CURRENT TAX(NET OF MAT CREDIT ENTITLEMENT)	37.05	-
- TAXES PAID FOR EARLIER YEARS	1.85	-
- DEFERRED TAX	190.72	166.89
NET PROFIT AFTER TAX	670.76	535.02
ADD: BROUGHT FORWARD FROM PREVIOUS YEAR	50.00	50.00
PROFIT AVAILABLE FOR APPROPRIATION	720.76	585.02
<b>APPROPRIATIONS:</b>		
PROPOSED DIVIDEND	251.20	251.20
CORPORATE DIVIDEND TAX	42.69	42.69
TRANSFER TO GENERAL RESERVE	376.87	241.13
BALANCE CARRIED FORWARD TO BALANCE SHEET	50.00	50.00

### PERFORMANCE REVIEW

The gross revenue from operations and other income for the financial year under review was Rs. 63,199.95 lacs as against Rs 68,294.40 lacs for the previous financial year. The profit before finance costs, depreciation and taxation is Rs. 2878.36 lacs for the financial year under review as against Rs 2482.48 lacs for the previous financial year, i.e. an increase by 16%. The profit after tax increased to Rs. 670.76 lacs, as compared to Rs.535.02 lacs for the previous financial year, i.e. an increase by 25%. This is mainly due to better utilization of capital expenditure and other cost saving measures taken by the Company.

### OPERATIONS

Your Company is well on the way to growth. Your Company has already been awarded business of seat sets for the next domestic as well as export model of Maruti Suzuki India Limited (MSIL), the production of which will start in 2014 and 2015 at the Company's new plant at Manesar and Gurgaon.

Your Company is presently manufacturing and supplying extruded components for the prestigious top selling models of MSIL. It has received further orders for extruded components of MSIL's new models, the production of which shall start in 2015-2016 at the Borakalan Plant.

As regards the two wheeler business, your Company has been awarded the order from Suzuki Motorcycle India Ltd. for the Seats and frames of the new model of Motorcycle, the production of which will commence in 2014 at its Gurgaon and Borakalan plant respectively.

**EXPANSION AND FUTURE PROSPECTS**

You would be happy to know that your Company has been awarded the business for manufacture of Recliner for 'Ertiga' model and 'Lifter' for various models, from MSIL. For this purpose, your company is entering into a Joint venture with Toyo Seat Co. Ltd., Japan.

**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 31.03.2014.

**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, 2013, Mr. N. D. Relan and Mr. Ajay Relan are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr. Girish Narain Mehra, Mr. Prateep Kumar Lahiri, Mr. Ravindra Gupta and Mr. Kishan Nagin Parikh as Independent Directors for a term upto 31st March, 2019. Details of the proposal for appointment of abovesaid directors are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the Twenty Seventh Annual General Meeting

**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, or Section 2(31), read with section 73 of the Companies Act, 2013 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: 2014-15.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- (b) 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, 2014 and of the profit or loss of the Company for the year ending 31st March, 2014;
- (c) 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;
- (d) 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 139 of the Companies Act, 2013.

**COST AUDITORS**

As per Section 233B of the Companies Act, 1956 and the MCA General Circular dt. 11th April 2011, (as amended vide General Circular No.36/2012 dated 6th Nov., 2012), subject to the approval of Central Government, the Board approved the appointment of Mr. S.N. Balasubramanian, Cost Accountant, New Delhi (Regn. no.102023) being eligible and having sought re-appointment as Cost Auditor under Section 148 of the Companies Act 2013, to carry out the Cost Audit of the products manufactured by the Company for the year ending 31st March, 2015.

**ENVIRONMENT**

The Company is committed to the protection of environment and 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., Suzuki Motorcycle India Limited, Toyo Seat Co.Ltd., Japan, Houwa Kogyo Co Ltd, Japan, Inoac Corporation, Japan, State Bank of Travancore, Bank of Tokyo- Mitsubishi UFJ Ltd., Yes Bank Ltd., 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 : 16th April, 2014

(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, 2014

**(A) CONSERVATION OF ENERGY**

(a) Energy Conservation measures taken:

- i. Daily monitoring of electricity and diesel is being carried out for its maximum utilisation.
- ii. Auto timers provided to switch off power during idle time to save electricity.
- iii. Separate air liner provided for Carpet line to run small compressor, to save electricity.
- iv. Small compressor is used during preventive maintenance work to save electricity.
- v. Wind Blower and transparent sheets are provided in Manesar Plant to save electricity.
- vi. Electric steam generator and steam press is provided at Manesar Plant for optimisation of diesel consumption.

(b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

More electric meters shall be installed to monitor so as to further save power.

(c) Impact of measures at (a) and (b) above for reduction of energy, consumption and consequent impact on the cost of production of goods:

Reduction in energy consumption and subsequent reduction in cost.

(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**

<b>A. POWER AND FUEL CONSUMPTION</b>	<b>2014</b>	<b>2013</b>
Electricity		
Purchased Units (KWH)	5235168	5537261
Total Cost (Rs. in lakhs)	727.99	734.55
Rate per Unit (Rs.)	13.91	13.27
Diesel		
Purchased Units (in LTRS)	552580	603648
Total Cost (Rs. in lakhs)	305.14	258.92
Rate per Unit (Rs.)	55.22	42.89

**(B) TECHNOLOGY ABSORPTION****FORM B****RESEARCH AND DEVELOPMENT (R & D)**

1. Specific areas in which R & D carried out by your company :-

- a) Your Company has focused on Research and Development activities in particular. Your Company is continuously engaged in developing seating systems, moulded floor carpets, luggage carpets and Extrusion products for Maruti Suzuki India Ltd. Your Company is also developing the Seats and the complete frame assembly for Suzuki Motorcycle India Ltd.

The vision of your Company is to become a complete interior systems' supplier and to achieve this goal, your Company is laying immense emphasis on the activities in the R&D.

The employees are continuously engaged in developing and improving the existing products and are also working on expanding the range of products.

- b) Earlier, the Extruded Roof Mould for the 'Ritz' and 'WagonR' models of MSIL was being imported. We are very happy to inform you that we have indigenized this product and your Company is now manufacturing it, maintaining the International Quality standard norms.
- c) Your Company has developed the new motorcycle frame, sub assembly for Suzuki Motorcycle India Ltd. for their new model.
- d) Your Company has set up a new plant in the Maruti Suzuki Supplier Park at Manesar for producing 4-Wheeler seating system, with a present capacity to produce two lac units annually. This plant has the



latest state-of-art equipment for seating system assembly and Poly Urethane pads. This plant has started supply seating system to Maruti Suzuki India Ltd. at their Manesar Plant.

- e) Your Company has installed new seat assembly line in its plant at Manesar. Our technical collaborator, M/s Toyo Seat Co. Ltd., Japan has provided the conveyer design, seat unloading and inspection system and noise control system for inspection, for the same.
- f) Your Company has developed a new seat for the the 'Swift' model and has started its supply to MSIL Manesar Plant.
- 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) in the Seating systems, Carpets, Motorcycle frames, Extrusion products for Maruti Suzuki India Ltd and Suzuki Motorcycle India 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. 1,91,09,228
b) Recurring	Rs. 85,26,844
c) Total	Rs. 2,76,36,072
d) Total R&D expenditure as a percentage of total turnover	0.49%.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Bharat Seats Limited 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 Toyo Seats, Japan had frequent visits to your Company to give special training on designing the process of new type of seats and also the possibility of adding new product type seat mechanism.

### 2. Benefits derived as a result of the above efforts e.g. Product improvement. Cost reduction, product development, import substitution.

- a. Better quality product and hence higher confidence level. Your Company has scored better confidence with customer for quality product. Your Company has received 'No Delivery Failure' award from Suzuki Motorcycle India Ltd. for 2-wheeler frames and seats.
- b. Productivity improvement has helped your Company to meet additional requirements of the Customer. The company with the cooperation of the Collaborators, designed assembly lines giving a much higher output through better productivity. Your Company also has one of the longest and fastest lines for the manufacture of the Polyurethane pads production.
- c. Continuous upgradation of technology and other improvements has helped your company to be cost competitive in an increasing tough market situation and strict Government regulations. Your Company has received Certificate of Appreciation and awards from Maruti Suzuki India Ltd. at their Annual Vendor conference.
- d. To meet the development requirements of new models at a very short lead time, your Company has installed flexible lines to keep pace with the customer requirement and avoiding additional expenditure.
- e. Your Company has gained the know-how to provide complete solutions for Interiors of four wheelers and seat and frame of two wheelers and now also the exterior of four wheelers through Extrusion product range added this year.

### 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>	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> <li>- For Manufacture of extruded components for automobiles.</li> </ul>	2011-2012	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> <li>- For Manufacture of extruded components for automobiles.</li> </ul>	2012-2013	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> <li>- For Manufacture of extruded components for automobiles.</li> </ul>	2013-2014	Yes

#### 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. 1282 lakhs (Rs. 1783 lakhs).
(b) Total foreign exchange used and earned	Foreign exchange outflow on account of import of Capital Goods and raw materials amounted to Rs.1128.57 lakhs (Rs. 3282.86 lakhs). Other expenditure in foreign currency relating to travelling, training and technical fees amounted to Rs. 270.66 lakhs (Rs. 291.80 lakhs). Remittances in foreign currency on account of dividend amounted to Rs.37,20,000/- (Rs. 37,20,000/-).

(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 : 2013-2014:

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. 84,00,000/-	B.COM(HONS.) F.C.A., OWNER/ PRESIDENT MANAGEMENT PROGRAMME FROM HARVARD BUSINESS SCHOOL	6.3.1986	35 YEARS	58 YEARS	M/S S.P. MARWAH & CO., CHARTERED ACCOUNTANTS	2.07%

#### 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, MR. AJAY RELAN, DIRECTOR AND MR. RISHABH RELAN, CHIEF OPERATING OFFICER OF THE COMPANY



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY REVIEW AND MACRO ECONOMY

Emerging from the chaos of crises, the global economy becomes stronger and smaller. Globalization has led to a more prosperous and integrated world. The 2014 growth outlook has improved significantly, as compared to 2013.

Among the other emerging markets, India is to witness a slight growth improvement in 2014, up from weaker growth performance over 2013.

Car sales in India declined for a second straight year, with March sales also ending in the negative zone. Overall industry volumes slumped nearly 5%. Market leader Maruti managed a marginal rise, but most others saw sales dips.

Automobiles sector foresees global growth in 2014 with new and upgraded vehicles.

Indian automobile sector is one of the largest automobile markets in the world. The recent excise cuts in various segments of vehicles is a welcome move by the Indian Government, but other factors like high interest rate, falling rupee and unstable fuel pricing still loom large in the market. This sector is also getting affected due to price rise, inflation, high cost of capital and stubborn slowdown.

Presently, the modest increase in automobile sector is due to growth in Maruti's domestic sales. Maruti's growth is attributable to higher localisation, favourable foreign exchange and cost reduction initiatives by the Company.

### FUTURE OUTLOOK

MSIL rides ahead on trust and gains market share amid slump.

Bharat Seats Limited (BSL) is well positioned to exploit the growth opportunity. Your Company has been awarded business for various upcoming models of MSIL, the production of which will start this year and the following year, at the Company's plants at Gurgaon, BhoraKalan and Manesar. Your Company has received further orders for extruded components for new Models of MSIL for production at BhoraKalan Plant. Your Company has received further orders of Seats and frames for new model of Motorcycle, from Suzuki Motorcycle India Ltd., the production of which shall start this year at BhoraKalan and Gurgaon Plant.

### RESEARCH & DEVELOPMENT

Indian auto suppliers' credit profiles would largely remain stable in 2014, 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.

Your Company and MSIL are jointly validating the Test lab of your Company with the help of Suzuki Motor Corporation, Japan which will help in seat validation indigenously hence reducing development time for the various iterations during the process of design of seat for the new vehicle.

### 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 Motorcycle India Ltd. Your Company has been awarded the order for seating system for the new model of Motorcycle the production of which will commence in 2014.

### 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, 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 Suzuki Motorcycle India Ltd. 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, IT, 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 mind.



**CORPORATE GOVERNANCE**  
**(FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED**  
**31ST MARCH, 2014)**

**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 Ltd. 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.

The Company has Audit Committee, Stakeholders Relationship Committee and Nomination 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, 2014, the Company has a Non-Executive Chairman and the number of Independent Directors is fifty percent of the total number of Directors. The Board of Company consisted of ten directors, comprising 1 (one) Executive director and 9 (nine) Non-Executive Directors (NEDs) of which 5(five) are independent. The Company is in compliance with the Clause 49 of the Listing Agreements pertaining to compositions of 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.

During 2013-14, the Board of Directors met four times on 25th April, 2013, 29th July, 2013, 24th October, 2013 and 20th Jan, 2014.

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	3	3	2	1
2.	MR.ROHIT RELAN	MANAGING DIRECTOR	EXECUTIVE / NON-INDEPENDENT	2	3	-	-
3.	MR .YOICHI KOJIMA	DIRECTOR	NON-EXECUTIVE/ NON-INDEPENDENT	2	1	-	-
4.	MR AJAY RELAN	DIRECTOR	NON-EXECUTIVE/ NON-INDEPENDENT	2	3	-	-
5.	MR. I.V.RAO	DIRECTOR	NON-EXECUTIVE / NON-INDEPENDENT	1	-	-	-
6.	MR G.N.MEHRA	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	4	-	3	2
7.	MR P.K.LAHIRI	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	2	-	-	-
8.	MR GAUTAM KHAITAN	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	6	7	4	1
9.	MR KISHAN N.PARIKH	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	3	4	4	-
10.	MR RAVINDRA GUPTA	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	-	-	-	-

**NOTES:**

The committees considered for the purpose are those prescribed under clause 49(i)(c) of the listing agreement.

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees (as specified in clause 49 of the Listing Agreement) across all Public Limited Companies in which he is a Director.

All the relevant information, required to be placed before the Board of Directors as per Clause 49 of the Listing Agreement are duly considered and taken on record / approved by the Board. Further, the Board periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

BOARD MEETING ATTENDANCE RECORD OF THE DIRECTORS IN 2013-2014 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	3	No
MR. I.V.RAO	4	YES
MR. G.N.MEHRA	4	No
MR. P.K.LAHIRI	4	YES
MR. GAUTAM KHAITAN	1	No
MR. KISHAN N.PARIKH	-	No
MR. RAVINDRA GUPTA	4	YES

The Chairman of the Audit Committee did not attend the Annual general Meeting.

**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.
- Review of appointment, removal and terms of remuneration of Internal 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 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 25th April, 2013, 29th July, 2013, 24th October, 2013 and 20th Jan, 2014.

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. Lahiri	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. Nomination And Remuneration Committee

The Nomination And Remuneration Committee comprises Mr. P.K. Lahiri (Chairman), Mr. N.D. Relan, Mr. G.N. Mehra and Mr. Ravindra Gupta. The composition of Nomination And Remuneration Committee is as follows:

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

There was no meeting of Nomination And Remuneration Committee held during the year.

### 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 a period of three years, upto 30.09.2014.

For approving the Remuneration of Managing Director from 1.10.2014 to 30.09.2016, the Nomination And Remuneration Committee and Board of Directors in their respective meetings on 16.4.14, have approved the remuneration of Mr. Rohit Relan, Managing Director w.e.f. 1.10.2014, subject to the approval of shareholders in general meeting. The Interested Directors did not participate/vote in the meeting.

The Remuneration Committee was reconstituted and renamed as Nomination And Remuneration Committee. The terms of reference include:

- Formulation of policy for determining qualifications, positive attributes and independence of a Director & Remuneration for the Directors, Key Managerial Personnel and Senior Management and recommending the same to the Board and
- Identification of person who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria as per the policy approved by the Board. The policy of the company is to remain competitive in the industry, to attract and retain the best talent and appropriately reward employed for their individual performance and contribution to the business.

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	-		2,40,000
Mr. Rohit Relan	Managing Director	Salary	66,00,000	
		Allowances & Perquisites	9,01,740	
		Contribution to P.F.	8,98,260	
		Total	84,00,000	
Mr. Y.Kojima	Director	-		80,000
Mr. I.V.Rao	Director	-		80,000
Mr. Ajay Relan	Director	-		60,000
Mr. G.N.Mehra	Director	-		2,40,000
Mr. P.K.Lahiri	Director	-		2,40,000
Mr. Gautam Khaitan	Director	-		40,000
Mr. Ravindra Gupta	Director	-		160,000
Mr. Kishan N. Parikh	Director	-		-

### 3. Stakeholders Relationship Committee

The Shareholders'/Investors' Grievance Committee was reconstituted and renamed as Stakeholders Relationship Committee.

Stakeholders Relationship Committee is primarily responsible 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 25th April, 2013, 29th July, 2013, 24th October, 2013 and 20th Jan, 2014.



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	1
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 Stakeholders Relationship 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	2	2	-
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 2014

#### D. GENERAL BODY MEETINGS

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

Year	Date	Time	Venue	Whether Special Resolution passed
2013	29.07.2013	11 a.m.	Air Force Auditorium, New Delhi	Yes
2012	26.07.2012	11 a.m.	Air Force Auditorium, New Delhi	No
2011	04.08.2011	11 a.m.	FICCI Golden Jubilee Auditorium, New Delhi	Yes

#### E. RESOLUTION THROUGH POSTAL BALLOT

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

There is a resolution proposed to be passed by Postal ballot this year, to seek the approval of shareholders by passing a Special Resolution under Section 180(1)(a) and Section 180(1)(c) of the Companies Act, 2013. The Notice alongwith explanatory statement is being sent to the shareholders shortly. The results of the Postal Ballot shall be published in the next Annual Report.



**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. 43 of Part C of Notes to Financial Statements. However, these transactions are not likely to have any conflict with the Company's interest. All related party transactions are negotiated on arms length basis, and are intended to further the Company's interests.

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 Accounts.

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 and is being posted at the website of the Company. All Board members and senior management personnel affirm their compliance with the Code on annual basis. A declaration to this effect signed by the Managing Director of the Company, forms part of the Annual Report of the Company.

**H. REPORT ON CORPORATE GOVERNANCE**

A report on Corporate Governance forms part of the Annual Report of the Company and is sent to the shareholders accordingly. The Company also submits a quarterly compliance report on Corporate Governance to the Stock Exchanges within 15 days from the close of the quarter.

**I. CEO/CFO CERTIFICATION**

In compliance with Clause 49(V) of the Listing Agreement, the Company duly places a Certificate signed by Managing Director and Chief Financial Officer of the Company before the Board of Directors.

**J. COMPLIANCE**

The Company obtains a certificate from our Statutory Auditors regarding compliance of conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement and the said certificate is attached to the Directors Report and forms a part of the Annual Report. The said certificate is sent to the shareholders and Stock Exchanges along with the Annual Report of the Company.

**K. 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.

**L. GENERAL SHAREHOLDERS INFORMATION****1. Appointment/ Re-appointment of Directors**

As required, a brief profile and other particulars of the Directors seeking appointment/ re-appointment are given in the Notice of the 27th Annual general meeting and forms part of the Corporate governance Report.


**2. Annual General Meeting**

Number of Annual General Meeting	27th Annual General Meeting
Date & Time	21st July, 2014 at 11:00 a.m.
Venue	Air Force Auditorium, Subroto Park, New Delhi - 110010

**3. Financial Calendar 2014-2015**

Financial Calendar	1st April 2014 to 31st March 2015
Results for Quarter Ended June, 2014	Will be announced before 15th August, 2014
Results for Quarter Ended September, 2014	Will be announced before 15th November, 2014
Results for Quarter Ended December, 2014	Will be announced before 15th February, 2015
Annual Results for the year ended March, 2015	Will be announced before 30th May, 2015
Book Closure Dates	15th July, 2014 to 21st July, 2014
Dividend Payment date	24th July, 2014

**4. As on 31st March 2014, the Equity Shares of the company are listed on:**

BSE Limited.

25th Floor, P.J. Towers

Dalal Street,

Mumbai – 400 001

Listing fee for 2014-2015 has been paid to the stock exchange.

**5. Stock Code**

Name of the Stock Exchange	Code
BSE 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 2013-2014 based upon BSE Price data is given below:

MONTH	BSE – HIGH	BSE - LOW	VOLUMES	BSE SENSEX
APRIL, 2013	14.60	12.50	44475	19504
MAY, 2013	13.99	12.30	62822	19760
JUNE, 2013	14.75	12.07	44939	19396
JULY, 2013	14.25	11.61	49300	19346
AUGUST, 2013	13.00	10.61	49456	18620
SEPTEMBER, 2013	12.95	11.10	25231	19380
OCTOBER, 2013	14.40	11.35	72950	21165
NOVEMBER, 2013	13.98	12.25	44335	20792
DECEMBER, 2013	14.87	12.35	117402	21171
JANUARY, 2014	14.45	12.80	115361	20514
FEBRUARY, 2014	14.00	12.52	51791	21120
MARCH, 2014	16.11	13.25	225346	22386

**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

**7. 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.

**8. Distribution of Shareholding as on 31.03.2014:**

S.NO.	NO. OF SHARES HELD	NO. OF HOLDERS	PERCENTAGE OF HOLDERS(%)	HOLDING	PERCENTAGE OF HOLDING (%)
1.	UPTO 500	17552	88.08	732015	2.33
2.	501 TO 1000	1274	6.39	1194030	3.80
3.	1001 TO 5000	858	4.31	2085999	6.64
4.	5001 TO 10000	106	0.53	821084	2.62
5.	10001 TO 20000	63	0.32	907018	2.89
6.	20001 TO 30000	27	0.14	676881	2.16
7.	30001 TO 40000	12	0.06	414582	1.32
8.	40001 TO 50000	9	0.04	400878	1.28
9.	50001 TO 100000	8	0.04	534205	1.70
10.	100001 TO 500000	15	0.07	4276308	13.62
11.	500001 & ABOVE	4	0.02	19357000	61.64
	<b>TOTAL</b>	<b>19928</b>	<b>100</b>	<b>31400000</b>	<b>100</b>

**9. Shareholding pattern as on 31.03.2014**

S. No.	Category	No. of Shareholders	% of Shareholders	No. of Equity Shares	% of Shares
1.	<b>Promoters &amp; Associate Companies :</b>				
a.	Indian	17	0.09	18651000	59.40
b.	Foreign	1	0.01	4650000	14.81
2.	<b>Non-Promoter Shareholding:</b>				
a.	Indian Companies	162	0.81	594788	1.89
b.	Mutual Funds	2	0.01	35000	0.11
c.	Financial Institutions				
d.	NRIs	43	0.21	165968	0.53
e.	Trust	1	0.01	56097	0.18
f.	Public	19702	98.86	7247147	23.08
	<b>TOTAL</b>	<b>19928</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 31.03.14
1	Mr. N.D. Relan	1103500
2	Mr. Ajay Relan	598200
3	Mr. G.N.Mehra	20000
4	Mr.Kishan N.Parikh	7500

**10. Dematerialisation of Shares and liquidity**

98.25 % of the Equity Shares of the Company have been dematerialized as at 31st March'2014. 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

Pursuant to Clause 5A of the Listing Agreement, the Company has opened a Demat Account named: "Bharat Seats Limited – Unclaimed Suspense Account" with Alankit Assignments Limited. The details of shares held in Unclaimed Suspense Account are as below:

Type of Securities	As on the date of Credit of shares in the Account		No. of shareholders who approached for transfer from Suspense Account	No. of shareholders to whom shares were transferred from Suspense Account	Balance As on 31st March, 2014	
	No. of records	No. of shares			No. of records	No. of shares
Equity Shares	84	105020	2	2	82	103020

### 11. Plant Location:

- 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](mailto:seats@vsnl.net)  
[investor\\_relations@bharatseats.net](mailto:investor_relations@bharatseats.net)  
Website : [www.bharatseats.com](http://www.bharatseats.com)
- Bharat Seats Limited - Plant II  
Plot No.Mustill No.226, Kila No.7/1,  
Village Bhoralakan, Gurgaon(Haryana)
- Bharat Seats Limited - Plant III  
Plot No. 26, Sector-3A, Maruti Supplier Park,  
IMT, Manesar, Gurgaon (Haryana)

### 12. Registered Office :

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

### 13. 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: 2013-14**

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, 2014.

**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, 2014, the Company has complied with the requirements of the said sub clause.

**For Bharat Seats Limited**

**Rohit Relan**  
**Managing Director**

**For Bharat Seats Limited**

**Rajat Bhandari**  
**Sr. Vice President**

**For Bharat Seats Limited**

**Sanjeev Kumar**  
**Chief Financial Officer**

**DATED : 16th April, 2014**

## **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, 2014 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)

**(Neeraj Bansal)**  
Partner  
Membership No. 095960

Place : New Delhi  
Date : 16th April, 2014



## Independent Auditors' Report

To The Members of Bharat Seats Limited

### Report On the Financial Statements

We have audited the accompanying Financial Statements of Bharat Seats Limited ("the Company") which comprises the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and Notes to the Financial Statements comprising of a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (read with clarification issued wide General Circular No.15/2013 dated 13.09.2013, for applicability of Section 133 of Companies Act, 2013 in regard to applicability of existing Accounting Standards notified under Companies Act-1956 till the time Accounting Standards are prescribed by Central Government in consultation & recommendation of National Financial Reporting Authority). This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- ii) In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order;



2. As required by section 227(3) of the Act, we report that:
- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 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;
  - 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;
  - In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (read with clarification issued wide General Circular No.15/2013 dated 13.09.2013, for applicability of Section 133 of Companies Act, 2013 in regard to applicability of existing Accounting Standards notified under Companies Act-1956 till the time Accounting Standards are prescribed by Central Government in consultation & recommendation of National Financial Reporting Authority).
  - On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : New Delhi  
Date : 16th April, 2014

**(Neeraj Bansal)**  
Partner  
Membership No. 95960



**ANNEXURE TO THE AUDIT REPORT TO THE BHARAT SEATS LIMITED**

Referred to in paragraph 1 of report on other legal and regulatory requirement's paragraph of our report on the financial statement 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. 783.00 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 & interest free mobilization advance against procurement of materials/tooling over a period of time from parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year & year end balance both for loans & advance for tooling is Rs. 1,572.46 lacs.
- (f) In our opinion the rate of interest and other terms & conditions on which these loans have been taken, and advance for tooling being business nature, are not prime facie prejudicial to the interest of the Company.
- (g) The Company is regular in payment of interest and there is no overdue amount in respect of these loans. Advance for tooling being business nature and are regularly adjusted against the supplies being regularly made to the above party.
- (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. in 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	3,195.00	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)	228.20	1997-99	Hon'ble CESTAT , New Delhi
3	Central Excise Act, 1944	SCN for excise duty u/s 11A	27.69	2004-06	First Appellate Authority(With Adjudicating authority)
4	Central Excise Act, 1944	Recovery of Cenvat Credit of addl. Excise duty (GSI) taken & utilized for payment of basic excise duty on final products.	5.00	Upto 31.03.2000	Hon'ble CESTAT- New Delhi



S. No	Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where the dispute is pending
5	Service Tax under Finance Act, 1994	SCN for non- payment of Service Tax on Technical Know-How Services.	11.46	2002-05	Hon'ble CESTAT , New Delhi
6	Income Tax Act, 1961	Disallowance of expenditure under section 14A	1.31 0.54	2003-04 2007-08	Dy. Commissioner of Income Tax, New Delhi

- (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. 4362.11 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 : 16th April, 2014

**(Neeraj Bansal)**  
Partner  
Membership No. 95960

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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 Central Government vide the Companies (Accounting Standard), Rules 2006, the relevant provisions of the Companies Act, 1956 (refer General Circular 08/2014 dated 04.04.2014 of Ministry of Corporate Affairs that in respect of financial years that commenced earlier than 1st April, 2014, the financial statements and documents required to be attached thereto etc., shall be governed by relevant provisions/ schedules/rules of the Companies Act, 1956), and provisions of the Companies Act, 2013 (to the extent notified).

**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 recognized 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 exists or has 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.
- c) On Plant and Machinery purchased/put to use on or after 1st April 2010, depreciation has been provided on straight line method based on average estimated useful life of such assets as determined below:
  - Tools & dies - 5 years
  - Other Plant & Machinery - 8 years
- d) Fixed assets costing upto Rs. 5000/- per item are fully depreciated in the year of acquisition.

#### 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 capitalized 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

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. Cost includes the purchase price as well as the incidental expenses.

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 recognized using prevailing enacted or substantively enacted tax rates. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognized 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) Earnings Per Share**

Basic Earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. For the purpose of calculating Diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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

Contingent liabilities, if material, are disclosed by way of notes and contingent assets are not recognized or disclosed in the financial statements. A provision is recognized, 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.

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



**BALANCE SHEET AS AT 31ST MARCH 2014**

Particulars	Note No.	AS AT 31ST MARCH, 2014 Rs.	AS AT 31ST MARCH, 2013 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	353,852,860	316,165,806
		<b>416,652,860</b>	<b>378,965,806</b>
2 Non-current liabilities			
(a) Long-term borrowings	4	526,083,241	594,914,697
(b) Deferred tax liabilities (Net)	5	99,684,190	80,611,459
(c) Other Long term liabilities	6	1,013,280	13,390,893
(d) Long-term provisions	7	5,027,406	6,790,461
		<b>631,808,117</b>	<b>695,707,510</b>
3 Current liabilities			
(a) Short-term borrowings	8	296,059,406	276,960,586
(b) Trade payables	9	800,534,125	605,330,047
(c) Other current liabilities	10	265,969,919	224,274,277
(d) Short-term provisions	11	30,676,068	31,133,895
		<b>1,393,239,518</b>	<b>1,137,698,805</b>
<b>TOTAL</b>		<b>2,441,700,495</b>	<b>2,212,372,121</b>
<b>II. ASSETS</b>			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	1,502,253,316	1,120,713,238
(ii) Capital work-in-progress	13	39,349,272	315,727,951
(b) Long-term loans and advances	14	172,628,987	69,821,414
		<b>1,714,231,575</b>	<b>1,506,262,603</b>
2 Current assets			
(a) Current investments	15	387,605	378,300
(b) Inventories	16	110,482,543	143,225,963
(c) Trade receivables	17	568,582,422	506,769,651
(d) Cash and bank balances	18	8,316,348	7,774,252
(e) Short-term loans and advances	19	39,700,002	47,961,352
		<b>727,468,920</b>	<b>706,109,518</b>
<b>TOTAL</b>		<b>2,441,700,495</b>	<b>2,212,372,121</b>

**SIGNIFICANT ACCOUNTING POLICIES****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

Neeraj Bansal  
 Partner  
 Membership No. 095960

RITU BAKSHI  
 Company Secretary

N. D. RELAN  
 Chairman & Director

SANJEEV KUMAR  
 Chief Financial Officer

ROHIT RELAN  
 Managing Director

RAJAT BHANDARI  
 Sr. Vice President

Place : New Delhi  
 Dated : 16th April, 2014



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014**

Particulars		Note No.	YEAR ENDED 31ST MARCH, 2014 Rs.	YEAR ENDED 31ST MARCH, 2013 Rs.
I.	Revenue from operations, Gross		6,317,589,029	6,816,653,933
	Less: Excise Duty		717,205,903	795,009,753
	Revenue from operations, Net	23	5,600,383,126	6,021,644,180
II.	Other income	24	2,405,587	12,786,233
III.	<b>Total Revenue (I + II)</b>		<b>5,602,788,713</b>	<b>6,034,430,413</b>
IV.	Expenses:			
	Cost of materials consumed	25	4,845,557,401	5,330,898,606
	Purchases of Stock-in-Trade	26	2,324,496	3,683,190
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	27	4,018,708	(7,388,980)
	Employee benefits expense	28	114,701,842	105,252,133
	Finance costs	29	62,583,956	64,718,360
	Depreciation and amortization expense	30	135,213,525	113,339,324
	Other expenses	31	348,350,294	353,736,489
	<b>Total expenses</b>		<b>5,512,750,222</b>	<b>5,964,239,122</b>
V.	<b>Profit before tax (III-IV)</b>		<b>90,038,491</b>	<b>70,191,291</b>
VI	Tax expense:			
	Current Tax	32	18,705,497	14,092,656
	Less: MAT Credit Entitlement		(15,000,566)	(14,092,656)
	Net Current Tax Expense		3,704,931	-
	Taxes paid for earlier years		184,631	-
	Deferred Tax	33	19,072,731	16,689,341
			<b>22,962,293</b>	<b>16,689,341</b>
VII	<b>Profit after tax for the period (V - VI)</b>		<b>67,076,198</b>	<b>53,501,950</b>
VIII	Earnings per equity share of Rs. 2 each:			
	(1) Basic	34	2.14	1.70
	(2) Diluted	34	2.14	1.70

**SIGNIFICANT ACCOUNTING POLICIES****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

Neeraj Bansal  
 Partner  
 Membership No. 095960

RITU BAKSHI  
 Company Secretary

N. D. RELAN  
 Chairman & Director

SANJEEV KUMAR  
 Chief Financial Officer

ROHIT RELAN  
 Managing Director

RAJAT BHANDARI  
 Sr. Vice President

Place : New Delhi  
 Dated : 16th April, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

	FOR THE YEAR ENDED 31ST MARCH, 2014 Rs.	FOR THE YEAR ENDED 31ST MARCH, 2013 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	90,038,491	70,191,291
<b>Adjustments for :</b>		
Depreciation	135,213,525	113,339,324
Loss(+)/Profit (-) on sale of Fixed assets/Assets w/o	819,027	504,725
Interest expense	62,583,956	64,718,360
Interest received on Fixed Deposits	(77,863)	(830,465)
Provision for Diminution in Investments	(9,305)	43,200
<b>Operating Cash Flow before Working Capital Changes</b>	<b>288,567,831</b>	<b>247,966,435</b>
<b>Adjustments for changes in Working Capital :</b>		
(Increase)/Decrease in Inventories	32,743,420	(10,091,969)
(Increase)/Decrease in trade & other receivables	(61,812,771)	(257,825,236)
(Increase)/Decrease in loans & advances	(78,119,708)	32,433,786
Increase/(Decrease) in trade & other payables	197,683,508	57,135,664
Increase/(Decrease) in provisions	(2,220,882)	75,963
<b>Cash Generated from Operating Activities</b>	<b>376,841,398</b>	<b>69,694,643</b>
Direct Taxes Paid	(20,316,077)	(15,093,696)
<b>Net Cash from Operating Activities</b>	<b>356,525,321</b>	<b>54,600,947</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(171,236,747)	(375,320,581)
Interest received on Fixed Deposits	77,863	830,465
<b>Net Cash from/(used in) Investing Activities</b>	<b>(171,158,884)</b>	<b>(374,490,116)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long term borrowings & its current maturity	50,000,000	385,523,700
Repayment of Long Term Loan	(161,970,554)	(253,125,692)
Proceeds from Short Term borrowings	19,098,820	248,710,243
Dividend Paid	(25,120,000)	(25,120,000)
Corporate Dividend Tax	(4,269,144)	(4,075,092)
Interest Paid	(62,717,939)	(65,477,123)
<b>Net Cash from Financing Activities</b>	<b>(184,978,817)</b>	<b>286,436,036</b>
<b>Net Increase(+)/Decrease (-) in cash and bank balances (A+B+C)</b>	<b>387,620</b>	<b>(33,453,133)</b>
<b>Cash and Bank balances as at 1st April 2013</b>	<b>6,492,058</b>	<b>39,945,191</b>
<b>Cash and Bank balances as at 31st March 2014</b>	<b>6,879,678</b>	<b>6,492,058</b>
<b>Reconciliation</b>		
Cash and Bank balances as per Balance Sheet	8,316,348	7,774,252
Less: Unpaid dividend current account with Banks	1,436,670	1,282,194
<b>Net Cash &amp; Bank Balances as at 31st March 2014</b>	<b>6,879,678</b>	<b>6,492,058</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

Neeraj Bansal  
 Partner  
 Membership No. 095960

RITU BAKSHI  
 Company Secretary

N. D. RELAN  
 Chairman & Director

SANJEEV KUMAR  
 Chief Financial Officer

ROHIT RELAN  
 Managing Director

RAJAT BHANDARI  
 Sr. Vice President

Place : New Delhi  
 Dated : 16th April, 2014

**NOTES TO FINANCIAL STATEMENTS****PART-B****2. Share Capital***(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number	Amount	Number	Amount
<b>Authorised</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>Issued, Subscribed &amp; Fully Paid up</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 capital are as under:****Equity Shares**

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 31st March 2014, the amount of per share dividend recognized as distributions to Equity Shareholders was Re 0.80/- (31st March 2013 : Re 0.80). The total dividend appropriation for the year ended 31st March 2014 amounted to Rs 29,389,144/- (Rs 29,389,144) including corporate dividend tax of Rs 4,269,144/- (Rs 4,269,144).

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 2014		As at 31 March 2013	
	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 2014	As at 31 March 2013
<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	292,749,186	268,636,380
(+) Current Year Transfer from Profit & Loss A/c	37,687,054	24,112,806
Closing Balance	<b>330,436,240</b>	<b>292,749,186</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	67,076,198	53,501,950
Amount available for appropriation	72,076,198	58,501,950
(-) Proposed Dividends	25,120,000	25,120,000
(-) Corporate Dividend Tax	4,269,144	4,269,144
(-) Transfer to General Reserve	37,687,054	24,112,806
Closing Balance	<b>5,000,000</b>	<b>5,000,000</b>
<b>Total</b>	<b>353,852,860</b>	<b>316,165,806</b>

### 4. Long Term Borrowings

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2014		As at 31 March 2013	
	Secured	Unsecured	Secured	Unsecured
Term loans -from banks	408,072,890	52,010,351	448,007,905	80,906,792
Loans and advances from related parties		66,000,000		66,000,000
Total	408,072,890	118,010,351	448,007,905	146,906,792
<b>Grand Total</b>		<b>526,083,241</b>		<b>594,914,697</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 2014	As at 31 March 2013	Particulars of security / guarantees / terms of repayment / default
- FCNR(B) Loan from State Bank of Travancore			
Loan - 1			<b>Particulars of Security:</b>
Balance outstanding	4,554,214	26,154,214	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.  <b>Terms of Repayment:</b> The period of loan is 5 years, originally sanctioned in USD on 31.05.2010 now converted in Rs. w.e.f. 23.06.2012 with balance amount due on that date repayable in monthly installments as per details given below: Rs. 1,800,000*42 months Rs. 249,318*1 month Rs. 954,214*1 month Rate of Interest- 12.5% per annum.
Current Maturity	4,554,214	21,600,000	
Non - current amount	-	4,554,214	
Loan - 2			<b>Particulars of Security:</b>
Balance outstanding	125,952,448	146,346,283	Primary Security-Exclusive first charge on specific machineries/ equipments valued Rs. 39,31,00,000/-, 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 had been converted into FCNR(B) term loan on 11.10.2012 with following repayment schedule for balance amount on that date: USD 61,238.84 * 48 months USD 61,238.91 * 01 month Rate of interest 550 bps above six month USD LIBOR
Current Maturity	47,232,166	39,858,891	
Non - current amount	78,720,282	106,487,392	


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

Particulars	As at 31 March 2014	As at 31 March 2013	Particulars of security / guarantees / terms of repayment / default
Loan - 3			<b>Particulars of Security:</b> Primary Security- First charge on Building, Machinery, tools and dyes valued at Rs. 61,13,00,000, 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 installment falling due for payment in December,2012 as per detail given below: USD 214,014.49*3 quarters USD 403,415.33*4 quarters USD 473,492.15*12 quarters USD 111,755.68*1 quarters Rate of interest is 550 bps above 6month USD LIBOR Initial Rupee loan had been converted in FCNR(B) Term loan w.e.f. 11.10.2012 for USD 6,536,196.08 & 22.10.2012 for USD 1,513,170.19.
Balance outstanding	398,064,759	414,378,088	
Current Maturity	117,156,291	77,411,789	
Non - current amount	280,908,468	336,966,299	
<u>Foreign Currency Term</u> <u>Loan from Yes Bank Ltd.</u>			
Loan - 4			<b>Particulars of Security:</b> First pari passu charge on all the fixed assets (excluding those which are exclusively charge to other lenders) both present and future. First pari passu charge on the land with factory located at Borakalan. <b>Terms of Repayment:</b> Period of loan is 48 months, sanctioned 10.02.2014 Repayable in 12 equal quarterly installments commencing from 18.05.2015 as per detail given below: USD 67,171.80*12 quarters Rate of interest 425 bps above 3 months USD LIBOR.
Balance outstanding	48,444,140	-	
Current Maturity	-	-	
Non - current amount	48,444,140	-	
Total	408,072,890	448,007,905	

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

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2014	As at 31 March 2013	Particulars of security / 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	25,841,081	43,942,621	The period of loan is 6 years, sanctioned on 15.09.2009, Repayable in 24 equal quarterly installments commencing from 15.12.2009 upto 15.09.2015 amounting to JPY 73,20,833 each. Rate of Interest- 400 BPS p.a over 3 months JPY LIBOR.
Current Maturity	17,227,384	19,022,452	
Non - current amount	8,613,697	24,920,169	
Loan - 2			
Balance outstanding	33,671,899	42,134,256	The period of loan is 6 years (approx.), sanctioned on 19.08.2011, repayable in 24 equal quarterly installments, starting from 15.06.2012 upto 15.03.2018 amounting to JPY 35,77,246 each. Rate of interest-JPY LIBOR+250 BPS
Current Maturity	8,417,975	9,295,116	
Non - current amount	25,253,924	32,839,140	
Loan - 3			
Balance outstanding	23,725,109	29,311,537	The period of loan is 6 years, sanctioned on 13.03.2012, Repayable in 24 equal quarterly installments commencing from 15.09.2012 upto 15.06.2018 amounting to JPY 23,72,250 each. Rate of Interest- JPY LIBOR+250 BPS
Current Maturity	5,582,379	6,164,054	
Non - current amount	18,142,730	23,147,483	
<b>Loans &amp; advances from related parties</b>			
- <u>Loan From Directors</u>			
Balance outstanding	66,000,000	66,000,000	Repayable as per agreed terms. Rate of interest is 12% p.a.
Current Maturity	-	-	
Non - current amount	66,000,000	66,000,000	
<b>Total</b>	<b>118,010,351</b>	<b>146,906,792</b>	

## 5. Deferred tax liabilities (net)

(All amounts in Rs., unless otherwise stated)

Particulars	As on 31 March 2014	Charge/(Credit) during the year	As on 31 March 2013	Charge/(Credit) during the year	As on 31st March 2012
<b>Deferred Tax Assets on account of :</b>					
Expense allowed on payment basis					
- Brought Forward Losses	-	(7,516,108)	7,516,108	7,516,108	-
- Leave Encashment	1,991,461	(721,237)	2,712,698	469,140	2,243,558
- Bonus Payable	144,582	137	144,445	(5,451)	149,896
<b>Total Deferred tax Assets</b>	<b>2,136,043</b>	<b>(8,237,208)</b>	<b>10,373,251</b>	<b>7,979,797</b>	<b>2,393,454</b>



Particulars	As on 31 March 2014	Charge/(Credit) during the year	As on 31 March 2013	Charge/(Credit) during the year	As on 31st March 2012
<b>Deferred Tax Liabilities on account of :</b>					
Difference between Book and tax depreciation	101,820,233	10,835,523	90,984,710	24,669,138	66,315,572
<b>Total Deferred tax liabilities</b>	<b>101,820,233</b>	<b>10,835,523</b>	<b>90,984,710</b>	<b>24,669,138</b>	<b>66,315,572</b>
<b>Total Deferred Tax (Net)</b>	<b>99,684,190</b>	<b>19,072,731</b>	<b>80,611,459</b>	<b>16,689,341</b>	<b>63,922,118</b>

**6. Other Long Term Liabilities***(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2014	As at 31 March 2013
Security Deposit	1,013,280	13,390,893
<b>Total</b>	<b>1,013,280</b>	<b>13,390,893</b>

**7. Long Term Provisions***(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Provision for employee benefits (Refer Note 41)</b>		
Leave Encashment (unfunded)	5,027,406	6,790,461
<b>Total</b>	<b>5,027,406</b>	<b>6,790,461</b>

**8. Short Term Borrowings***(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2014		As at 31 March 2013	
	Secured	Unsecured	Secured	Unsecured
Loan repayable on demand from banks	296,059,406	-	276,960,586	-
<b>Total</b>	<b>296,059,406</b>	<b>-</b>	<b>276,960,586</b>	<b>-</b>
<b>Grand Total</b>	<b>296,059,406</b>		<b>276,960,586</b>	

**The requisite particulars in respect of secured borrowings are as under:***(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2014	As at 31 March 2013	Particulars of security / guarantees / terms of repayment / default
<b>Working Capital Loan from banks</b>			
- Loan from State Bank of Travancore with rate of interest @11.25% P.A.	57,547,061	63,802,558	First pari passu 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, Yes Bank Limited. State Bank of Travancore - Rs 28,00,00,000 Bank of Tokyo Mitsubishi UFJ, Ltd.- Rs 3,80,00,000 YES Bank- Rs.25,00,00,000
- Loan from Bank of Tokyo with rate of interest @11.75%	-	-	
- Loan from Yes Bank with rate of interest @12.25%	238,512,345	213,158,028	
<b>Total</b>	<b>296,059,406</b>	<b>276,960,586</b>	



## 9. Trade Payables

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2014	As at 31 March 2013
Dues of MSME parties (Refer note No. 44 (1))	90,395,257	61,785,787
Dues of other than MSME parties	710,138,868	543,544,260
<b>Total</b>	<b>800,534,125</b>	<b>605,330,047</b>

## 10. Other Current Liabilities

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2014	As at 31 March 2013
(a) Current maturities of long-term debt	200,170,409	173,352,302
(b) Interest accrued but not due	158,533	-
(c) Interest accrued and due	186,526	479,042
(d) Unpaid dividends	1,436,670	1,282,194
(e) Other payables		
- Expense Payable	19,758,036	13,253,941
- Accrued salaries & benefits	20,170,099	18,408,902
- Withholding and other taxes payable	6,874,911	5,687,298
- Technical fee payable	13,065,359	7,199,918
- Others	4,149,376	4,610,680
<b>Total</b>	<b>265,969,919</b>	<b>224,274,277</b>

## 11. Short Term Provisions

(All amounts in Rs., unless otherwise stated)

Short Term Provisions	As at 31 March 2014	As at 31 March 2013
<b>(a) Provision for employee benefits (Refer note 41)</b>		
Gratuity (Funded)	-	-
Leave Encashment (Unfunded)	1,110,554	1,570,451
<b>(b) Others</b>		
Proposed Dividend	25,120,000	25,120,000
Provision for tax on dividend	4,269,144	4,269,144
Provision for Wealth Tax Payable	176,370	174,300
<b>Total</b>	<b>30,676,068</b>	<b>31,133,895</b>


**12. Tangible Assets - Schedule for year 2013-14**
*(All amounts in Rs., unless otherwise stated)*

Particulars	Gross Carrying Value					Depreciation / Impairment			Net Carrying Value	
	Balance as at 1 April 2013	Additions	Disposals	Other Adjustments**	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation for the period	Disposals	Balance as at 31 March 2014	Balance as at 31 March 2013
Land Free Hold	21,109,132	-	-	-	21,109,132	-	-	-	21,109,132	21,109,132
Land Lease Hold	3,941,438	-	-	-	3,941,438	538,612	340,146	-	878,758	3,402,826
Buildings (on leased land)	127,074,937	261,987,464	-	65,094,302	454,156,703	31,663,840	8,832,764	-	40,496,604	95,411,097
Buildings (on freehold land)	147,291,951	769,692	-	15,644,545	163,706,188	7,138,802	5,263,940	-	12,402,742	140,153,148
Plant and Equipment	1,161,221,182	89,116,103	-	28,394,259	1,278,731,544	422,620,644	107,460,423	-	530,081,067	738,600,538
Furniture and Fixtures	12,371,269	1,610,190	-	-	13,981,459	8,820,111	539,837	-	9,359,948	3,551,158
Vehicles	29,775,047	5,545,506	3,646,945	-	31,673,608	8,504,823	2,575,976	972,934	10,107,865	21,270,224
Office equipment	27,454,689	3,621,153	282,718	-	30,793,124	13,499,026	2,899,927	282,668	16,116,285	13,955,663
Electrical Fittings	61,511,183	28,474,802	-	-	89,985,985	12,746,534	3,357,753	-	16,104,287	48,764,649
<b>Total</b>	<b>1,591,750,828</b>	<b>391,124,910</b>	<b>3,929,663</b>	<b>109,133,106</b>	<b>2,088,079,181</b>	<b>505,532,392</b>	<b>131,270,766</b>	<b>1,255,602</b>	<b>635,547,556</b>	<b>1,086,218,436</b>
RESEARCH & DEVELOPMENT										
Building	1,641,948	-	-	-	1,641,948	345,489	54,841	-	400,330	1,296,459
Plant and Equipment	70,952,513	18,075,490	60,424	1,061,153	90,028,732	41,342,185	3,601,347	60,420	44,883,112	29,610,328
Furniture and Fixtures	3,650,632	-	-	-	3,650,632	912,581	226,766	-	1,139,347	2,738,051
Office equipment	-	-	-	-	-	-	-	-	-	-
Electrical Fittings	1,233,994	33,009	-	-	1,267,003	384,030	59,805	-	443,835	849,964
<b>Total</b>	<b>77,479,087</b>	<b>18,108,499</b>	<b>60,424</b>	<b>1,061,153</b>	<b>96,588,315</b>	<b>42,984,285</b>	<b>3,942,759</b>	<b>60,420</b>	<b>46,866,624</b>	<b>34,494,802</b>
<b>Grand Total</b>	<b>1,669,229,915</b>	<b>409,233,409</b>	<b>3,990,087</b>	<b>110,194,259</b>	<b>2,184,667,496</b>	<b>548,516,677</b>	<b>135,213,525</b>	<b>1,316,022</b>	<b>682,414,180</b>	<b>1,120,713,238</b>

\*\* Foreign Exchange Fluctuation capitalised Rs. 76,418,744/- includes 70,423,963 incurred during the year and Rs. 5,994,781 recognised in capital work in progress in the earlier years as per Notification issued by the Ministry of Corporate Affairs, Government of India, relating to Accounting Standard (AS-11), dated 29th December, 2011.

\*\* Borrowing Cost capitalised Rs.33,775,515/- as per Accounting Standard 16 includes Rs. 11,627,828 incurred during the year and Rs. 22,147,687/- recognised in Capital work in Progress in the earlier years.


**12. Tangible Assets - Schedule for year 2012-13**
*(All amounts in Rs., unless otherwise stated)*

Particulars	Gross Carrying Value				Depreciation / Impairment			Net Carrying Value	
	Balance as at 1 April 2012	Additions	Disposals	Other Adjustments**	Balance as at 31 March 2013	Depreciation for the period	Disposals	Balance as at 31 March 2013	Balance as at 31 March 2012
Land Free Hold	21,109,132	-	-	-	21,109,132	-	-	21,109,132	21,109,132
Land Lease Hold	3,941,438	-	-	-	3,941,438	340,146	-	3,402,826	3,742,972
Buildings (on leased land)	117,510,934	7,058,132	-	2,505,871	127,074,937	3,510,220	-	95,411,097	89,357,314
Buildings (on freehold land)	126,542,687	12,710,466	-	8,038,798	147,291,951	4,702,742	-	140,153,149	124,106,627
Plant and Equipment	885,415,770	246,708,139	-	29,097,273	1,161,221,182	93,467,668	-	738,600,538	556,262,794
Furniture and Fixtures	11,352,086	1,019,183	-	-	12,371,269	307,371	-	3,551,158	2,839,346
Vehicles	29,291,971	2,326,552	1,843,476	-	29,775,047	2,467,434	611,751	21,270,224	22,642,831
Office equipment	15,373,618	11,885,913	-	195,158	27,454,689	2,696,202	-	13,955,663	4,570,794
Electrical Fittings	45,991,495	15,519,688	-	-	61,511,183	2,423,978	-	48,764,649	35,668,939
<b>Total</b>	<b>1,256,529,131</b>	<b>297,228,073</b>	<b>1,843,476</b>	<b>39,837,100</b>	<b>1,591,750,828</b>	<b>109,915,761</b>	<b>611,751</b>	<b>1,086,218,436</b>	<b>860,300,749</b>
RESEARCH & DEVELOPMENT									
Building	1,641,948	-	-	-	1,641,948	54,841	-	1,296,459	1,351,300
Plant and Equipment	69,308,116	417,729	-	1,226,668	70,952,513	3,083,157	-	29,610,328	31,049,088
Furniture and Fixtures	3,650,632	-	-	-	3,650,632	226,951	-	2,738,051	2,965,002
Office equipment	-	-	-	-	-	-	-	-	-
Electrical Fittings	1,233,994	-	-	-	1,233,994	58,615	-	849,964	908,579
<b>Total</b>	<b>75,834,690</b>	<b>417,729</b>	<b>-</b>	<b>1,226,668</b>	<b>77,479,087</b>	<b>3,423,564</b>	<b>-</b>	<b>42,984,285</b>	<b>36,273,969</b>
<b>Grand Total</b>	<b>1,332,363,821</b>	<b>297,645,802</b>	<b>1,843,476</b>	<b>41,063,768</b>	<b>1,669,229,915</b>	<b>113,339,324</b>	<b>611,751</b>	<b>1,120,713,238</b>	<b>896,574,718</b>

\*\* Includes Rs. 3,08,83,342/- 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 29th December, 2011.

\*\* Borrowing Cost capitalised Rs. 1,01,80,426/- as per Accounting Standard 16 includes Rs. 6,24,545 incurred during the year and Rs. 95,55,881/- recognised in Capital work in Progress in the earlier years.

### 13. Capital Work - in - Progress

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2014	As at 31 March 2013
Capital Work in Progress		
Opening Cost	315,727,951	241,511,815
Addition during the year*	39,349,272	315,727,951
Deduction & Adjustment	(315,727,951)	(241,511,815)
<b>Total</b>	<b>39,349,272</b>	<b>315,727,951</b>

\*Current year addition includes deduction of Rs. 466,758/- (previous year addition Rs. 5,994,781) on account of foreign exchange fluctuation & addition of Rs. 3,412,798/- (previous year Rs. 21,173,232) on account of borrowing cost.

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

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2014	As at 31 March 2013
a) Capital Advances	105,649,848	20,856,291
b) Security Deposits	4,560,238	2,972,738
c) Other Loans & Advances		
- MAT Tax credit entitlement	55,225,224	40,224,658
- Prepaid Income Tax	39,991,830	19,860,383
- Less: Provision for taxation	(32,798,153)	(14,092,656)
	<b>7,193,677</b>	<b>5,767,727</b>
<b>Advances Recoverable in cash or In Kind or for Value to be received</b>	<b>-</b>	<b>-</b>
	<b>172,628,987</b>	<b>69,821,414</b>

### 15. Current Investments

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Unquoted, Non-Trade:</b>		
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	(112,395)	(121,700)
<b>Total</b>	<b>387,605</b>	<b>378,300</b>

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

(All amounts in Rs., unless otherwise stated)

Particulars	As at 31 March 2014	As at 31 March 2013
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	(112,395)	(121,700)
	<b>387,605</b>	<b>378,300</b>

**16. Inventories**
*(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2014	As at 31 March 2013
(As taken, valued and certified by the Management)		
Raw Materials and components	73,753,632	77,764,130
Raw Material in transit	-	21,069,802
Work-in-progress	5,011,098	6,488,339
Finished goods	14,362,918	17,075,370
Stock-in-trade	21,060	189,540
Stores and spares	17,288,835	20,608,782
Scrap	45,000	30,000
<b>Total</b>	<b>110,482,543</b>	<b>143,225,963</b>

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

**17. Trade Receivables (Unsecured, considered good)**
*(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2014	As at 31 March 2013
Trade receivables outstanding for a period less than six months from the date they are due for payment	568,201,247	506,491,881
	568,201,247	506,491,881
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	381,175	277,770
	381,175	277,770
<b>Total</b>	<b>568,582,422</b>	<b>506,769,651</b>

**18. Cash and Bank Balances**
*(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2014	As at 31 March 2013
a. Cash & Cash Equivalents		
Cash in hand	284,364	289,728
Bank Balances with Scheduled banks:		
- Current Account	827,505	723,662
- Fixed Deposit Account	-	-
b. Balances with scheduled banks		
- Fixed Deposit Account	5,767,809	5,379,802
- Current Account*	1,436,670	1,282,194
- Cash Credit Account	-	98,866
<b>Total</b>	<b>8,316,348</b>	<b>7,774,252</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 2014	As at 31 March 2013
Balance with Excise & Customs Authorities	25,387,963	27,018,629
Prepaid Expenses*	5,324,522	6,859,963
Prepaid Insurance	3,301,788	2,829,504
Advances Recoverable in cash or In Kind or for Value to be received-others	5,685,729	11,253,256
<b>Total</b>	<b>39,700,002</b>	<b>47,961,352</b>

\*Prepaid expenses includes advance gratuity premium - refer note no. 41.

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

Particulars	As at 31 March 2014	As at 31 March 2013
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt		
- Disputed Excise Matters	345,668,355	346,034,541
- Disputed Service Tax Demands	1,147,470	1,147,470
- Disputed Income Tax Demands	185,241	-
(b) Bank guarantee furnished to custom authorities	2,800,000	
	349,801,066	347,182,011
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance)	83,818,325	209,030,505
	83,818,325	209,030,505
	<b>433,619,391</b>	<b>556,212,516</b>

**21. Dividends***(All amounts in Rs., unless otherwise stated)*

Particulars	As at 31 March 2014		As at 31 March 2013	
Dividends proposed to be distributed to equity shareholders	Total	Per share	Total	Per share
	25,120,000	0.80	25,120,000	0.80

**22. 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.

**23. Revenue From Operations**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Sale of products</b>		
Car Seats Assemblies	5,031,335,195	5,429,611,955
Carpet Sets for Automobiles	218,019,086	211,514,166
Motorcycle Seats	174,968,477	182,771,475
Other Sales	168,898,452	188,500,384
Gypsy Hoods for seats	2,492,976	3,927,455
<b>Total</b>	<b>5,595,714,186</b>	<b>6,016,325,435</b>
<b>Other operating revenues</b>		
Scrap Sale	4,668,940	5,318,745
<b>Total</b>	<b>5,600,383,126</b>	<b>6,021,644,180</b>

**24. Other Income**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest Income on Fixed Deposits (gross) (includes TDS Rs. 7,787 (Previous year Rs. 59,000))	77,863	830,465
Other non-operating income (net of expenses )	2,327,724	11,955,768
<b>Total</b>	<b>2,405,587</b>	<b>12,786,233</b>

**25. Cost of material consumed**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Opening Stock	77,764,130	71,995,587
Add: purchases	4,841,546,903	5,336,667,149
	4,919,311,033	5,408,662,736
Less: Closing Stock	73,753,632	77,764,130
Raw material & Component consumed ( Refer note 39)	<b>4,845,557,401</b>	<b>5,330,898,606</b>

**26. Purchase of stock-in-trade**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Gypsy Hoods for Seats	2,324,496	3,683,190
<b>Total</b>	<b>2,324,496</b>	<b>3,683,190</b>

**27. 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 2014	For the year ended 31 March 2013
<b>Opening stock:</b>		
Finished goods	17,075,370	9,188,468
Less: Excise duty	1,986,575	1,067,462
	15,088,795	8,121,006
<b>Work-in-progress</b>	6,488,339	5,888,225
Stock in trade	189,540	368,463
Scrap	30,000	30,000
	21,796,674	14,407,694
<b>Closing stock:</b>		
Finished goods	14,362,918	17,075,370
Less: Excise duty	1,662,110	1,986,575
	12,700,808	15,088,795
<b>Work-in-progress</b>	5,011,098	6,488,339
Stock in trade	21,060	189,540
Scrap	45,000	30,000
	17,777,966	21,796,674
<b>Excess of closing stock over opening stock</b>	<b>4,018,708</b>	<b>(7,388,980)</b>

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

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
(a) Salaries and incentives	98,550,415	89,500,975
(b) Contributions to - Provident fund & other funds	5,560,092	5,397,514
(c) Gratuity fund contributions - Refer note No. 41	913,480	-
(d) Staff welfare expenses	9,677,855	10,353,644
<b>Total</b>	<b>114,701,842</b>	<b>105,252,133</b>

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

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest expense		
- Interest under income Tax of earlier years	46,158	188,514
- Other Interest	60,916,925	61,747,660
Other borrowing costs	1,240,251	1,282,190
Applicable net gain/loss on foreign currency transactions and translation	380,622	1,499,996
<b>Total</b>	<b>62,583,956</b>	<b>64,718,360</b>



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

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Depreciation	135,213,525	113,339,324
Total	135,213,525	113,339,324

**31. Other Expenses***(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Power & Fuel	103,312,345	99,347,954
Rent (non cancellable lease)	1,985,702	1,783,852
Repairs to building	699,601	1,579,543
Repairs to plant and machinery	23,314,699	24,556,750
Repairs to Others	1,966,270	1,519,374
Insurance	3,294,990	2,746,266
Rates and taxes (Including wealth tax)	256,390	211,146
Research and development expenses	8,526,844	11,599,481
Consumption of stores & spare parts	9,717,214	9,738,106
Payment to auditors for statutory audit	490,000	490,000
Payment to auditors for taxation matters	98,000	98,000
Payment to auditors for certification & other matters	450,750	325,750
Payment to auditor for reimbursement of expenses	69,065	19,066
Loss on Sale/Discard of fixed assets	819,027	504,725
Provision for Dimuntion in value of Investments	(9,305)	43,200
Donations	810,000	1,900,000
Factory Expenses	90,638,750	89,330,203
Discount on Sales	751,761	23,005,708
Legal & Professional Expenses	13,052,519	13,019,081
Technical know how Fees & Royalty	16,482,119	8,782,910
Foreign Technician Expenses	1,149,511	904,091
Travelling and Conveyance	27,579,517	20,960,013
Miscellaneous expenses	42,894,525	41,271,270
Total	348,350,294	353,736,489

### 32. Current Tax

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Current Tax	18,705,497	14,092,656
MAT Credit Entitlement	(15,000,566)	(14,092,656)
<b>Total</b>	<b>3,704,931</b>	<b>-</b>

### 33. Deferred Tax

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Deferred Tax	19,072,731	16,689,341
<b>Total</b>	<b>19,072,731</b>	<b>16,689,341</b>

### 34. Earnings Per Equity Shares

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Weighted Average number of Equity Shares outstanding	31,400,000	31,400,000
Profit after tax as per Profit & Loss A/c	67,076,198	53,501,950
Basic & Diluted Earning per share	2.14	1.70
Nominal value per share	2.00	2.00

### 35. Transfer To / From Reserves

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Transfer to general reserve	37,687,054	24,112,806
<b>Total</b>	<b>37,687,054</b>	<b>24,112,806</b>

### 36. Transfer to / from provisions

(All amounts in Rs., unless otherwise stated)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Proposed dividend on equity shares	25,120,000	25,120,000
Corporate tax on dividend	4,269,144	4,269,144
<b>Total</b>	<b>29,389,144</b>	<b>29,389,144</b>

**37. Value Of Imports On CIF Basis**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Raw materials	77,660,888	291,206,896
Capital goods	35,196,370	37,079,431
<b>Total</b>	<b>112,857,258</b>	<b>328,286,327</b>

**38. Expenditure In Foreign Currency**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Technical Know-how fees & royalty (net of TDS)	13,926,292	7,050,031
Travelling expenses	10,325,518	10,057,347
Training Fees (net of TDS)	2,813,820	12,072,872
<b>Total</b>	<b>27,065,630</b>	<b>29,180,250</b>

**39. 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 2014		For the year ended 31 March 2013	
		Quantity	Value	Quantity	Value
Trims	Nos.	5,010,534	902,288,301	5,318,789	994,720,357
PU Raw Materials	Kgs	4,734,567	777,091,012	5,163,545	837,575,157
Reclining Assembly	Nos.	4,253,938	1,408,910,971	4,164,958	1,539,712,353
Others			1,757,267,117		1,958,890,739
<b>Total</b>			<b>4,845,557,401</b>		<b>5,330,898,606</b>

**Analysis of Consumption of Imported & Indigenous Raw Materials**
*(All amounts in Rs., unless otherwise stated)*

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Imported	105,756,737	285,084,400
% thereof	2	5
Indigenous	4,739,800,664	5,045,814,206
% thereof	98	95
<b>Total</b>	<b>4,845,557,401</b>	<b>5,330,898,606</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 2014		For the year ended 31 March 2013	
		Quantity	Value	Quantity	Value
In respect of manufactured items:					
Car Seats Assemblies	Opening Stock	1,043	10,657,559	621	5,583,078
	Production	473,416	5,029,773,228	492,806	5,434,686,436
	Closing Stock	952	9,095,592	1,043	10,657,559
	Sale & Others	473,507	5,031,335,195	492,384	5,429,611,955
Carpet Sets for Automobiles	Opening Stock	2,538	1,173,467	2,136	947,890
	Production	373,541	217,936,497	380,459	211,739,743
	Closing Stock	2,059	1,090,878	2,538	1,173,467
	Sale & Others	374,020	218,019,086	380,057	211,514,166
Motorcycle Seats	Opening Stock	1,489	613,919	698	275,422
	Production	362,253	175,113,273	418,374	183,109,972
	Closing Stock	1,377	758,715	1,489	613,919
	Sale & Others	362,365	174,968,477	417,583	182,771,475
Others Sales & Traded Goods	Opening Stock	-	2,643,850	-	1,314,616
	Production	-	167,989,165	-	189,829,618
	Closing Stock	-	1,734,563	-	2,643,850
	Sale & Others	-	168,898,452	-	188,500,384
In respect of goods traded in:					
Gypsy Hoods for seats	Opening Stock	81	189,540	161	368,463
	Production (Purchase)	969	2,324,496	1560	3,748,532
	Closing Stock	9	21,060	81	189,540
	Sale & Others	1,041	2,492,976	1,640	3,927,455

**40. 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 Non Resident shareholders	Amount of Dividend Remitted	Year to which it pertains
<b>Period ended 31 March 2014</b>				
Suzuki Motor Corporation. Japan	1	4,650,000	3,720,000	2012-13 - Final
<b>Period ended 31 March 2013</b>				
Suzuki Motor Corporation. Japan	1	4,650,000	3,720,000	2011-12 - Final

Part C :

**Note no. 41 - 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 statement and the funded status and amounts recognized in the balance sheet for the respective plans (as per actuarial valuation as on March 31, 2014).

Net employee benefit expense (recognized in the Statement of Profit & Loss for the year ended March 31, 2014)

(Amount in Rs.)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Current Service Cost	844,609	1,885,455	1,327,579	1,269,469
Interest Cost on benefit obligation	668,873	594,686	1,201,578	1,185,619
(Expected return on plan assets)	-	-	(1,492,075)	(1,334,098)
Past Service Cost	-	-	-	-
Actuarial (gain) / loss recognized in the year	730,201	1,173,714	(263,849)	(762,185)
<b>Net benefit expense</b>	<b>2,243,683</b>	<b>3,653,855</b>	<b>773,233</b>	<b>358,805 *</b>
Actual return on Plan Assets	-	-	-	-

\*Note: This net benefit expenses of Rs. 358,805/- has been adjusted with net asset/ (Liability) of Rs. 1,534,643.

Net Asset / (Liability) recognized in the Balance Sheet as on March 31, 2014

(Amount in Rs.)

Particulars	Leave Encashment		Gratuity	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Present Value of Defined Benefit Obligation	6,137,960	8,360,912	15,487,217	15,019,726
Fair Value of Plan Assets	-	-	18,173,922	16,554,369
Net Asset / (Liability) recognized in the Balance Sheet	(6,137,960)	(8,360,912)	2,686,705	1,534,643

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

(Amount in Rs.)

Particulars	Leave Encashment		Gratuity	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Opening defined benefit obligation	8,360,912	6,914,959	15,019,726	13,786,273
Interest Cost	668,873	594,686	1,201,578	1,185,619
Current Service Cost	844,609	1,885,455	1,327,579	1,269,469
Benefits Paid	(4,466,635)	(2,207,902)	(1,759,040)	(514,002)
Actuarial (gain) / loss on obligation	730,201	1,173,714	(302,626)	(707,633)
<b>Closing defined benefit obligation</b>	<b>6,137,960</b>	<b>8,360,912</b>	<b>15,487,217</b>	<b>15,019,726</b>

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

(Amount in Rs.)

Particulars	Gratuity	
	As at 31.03.2014	As at 31.03.2013
Opening fair value of Plan Assets	16,554,369	12,434,983
Addition due to difference identified in the plan assets at the beginning of the period	24,247	1,987,703
<b>Correct fair value of plan assets at the beginning of the period</b>	<b>16,578,616</b>	14,422,686
Expected return on Plan Assets	1,492,075	1,334,098
Contribution by employer	1,901,048	1,257,035
Benefits paid	(1,759,040)	(514,002)
Actuarial Gain / (Loss) on Plan Assets	(38,777)	54,552
<b>Closing fair value of Plan Assets</b>	<b>18,173,922</b>	16,554,369

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	
	2013-14	2012-13	2013-14	2012-13
Discount Rate	8.90%	8.00%	8.90%	8.00%
Rate of increase in Compensation	6.00%	6.00%	6.00%	6.00%
Rate of Return on Plan Assets	-	-	9.00%	9.00%
Average Outstanding Service of Employees upto Retirement (years)	17.82	17.34	18.09	17.72

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 & Non Current Liability

(Amount in Rs.)

Particulars	Leave Encashment		Gratuity	
	2013-14	2012-13	2013-14	2012-13
Current Liability	1,110,554	1,570,451	Nil	Nil
Non-Current Liability	5,027,406	6,790,461	15,487,217	15,019,726

#### Contribution to Defined Contribution Plans:

(Amount in Rs.)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Provident Fund/ other employee's Fund	5,560,092	5,397,514	4,537,403	4,040,085	2,634,826

#### Note No. 42: 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" notified by Central Government under Companies



(Accounting Standards), Rules 2006 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. 43: Related Party Disclosure (In pursuance of AS-18)**
**a) Names of parties**

- i) Where control exists (i.e. holding companies : None  
subsidiaries and fellow subsidiaries)
- ii) Parties in respect of which Bharat Seats : Maruti Suzuki India Ltd.  
Ltd. is an Associate Suzuki Motor Corporation, Japan.  
Sharda Motor Industries Limited
- iii) Key management persons and their : Mr. N.D. Relan - Chairman  
relatives Mr. Rohit Relan - Managing Director  
Mr. Rishabh Relan – Chief Operating Officer  
Mr. Sanjeev Kumar - Chief Financial Officer  
Ms. Ritu Bakshi-Company Secretary  
Relatives :  
Mrs. Sharda Relan -Wife of Mr. N.D. Relan  
Mrs. Ritu Relan -Wife of Mr. Rohit Relan  
Mr. Pranav Relan-Son of Mr.Rohit Relan  
Mr. Ayush Relan -Son of Mr. Rohit Relan  
Mr. Ajay Relan- son of Mr. N.D. Relan  
Mrs. Mala Relan-Wife of Mr. Ajay Relan  
Ms. Aashita Relan-Daughter of Mr. Ajay Relan  
Mr. Aashim Relan –Son of Mr. Ajay Relan
- iv) Other enterprises over which person(s) : N.D. Relan (HUF)  
referred to in (iii) above is able to exercise Rohit Relan (HUF)  
significant influence Ajay Relan (HUF)  
Sharda Enterprises  
Relan Industrial Finance Limited  
Progressive Engineering & Automation Pvt. Ltd.  
Sharda Inoac Pvt. Ltd.  
Pebco Motors Ltd.  
Toyota Boshoku Relan India Pvt. Ltd.

**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 to Maruti Suzuki India Ltd. (Gross including Excise & Cess)	5,958,844,652 (6,412,985,336)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Purchases of Material (Including all taxes)	2,163,729,295 (2,456,624,430)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Purchase of Tooling from Sharda Motors Industries Limited (Including all taxes)	Nil (103,184,307)	Nil (Nil)	Nil (Nil)	Nil (Nil)



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 Tooling/ Job Charges to Maruti Suzuki India Limited (Including all taxes)	6,915,309 (103,739,125)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Dividend paid:- Maruti Suzuki India Ltd.	3,720,000 (3,720,000)			
Suzuki Motor Corporation, Japan,	3,720,000 (3,720,000)			
Sharda Motor Industries Limited.	7,200,000 (7,200,000)			
Others	-	1,682,000 (1,714,800)	2,284,400 (2,251,600)	34,400 (81,600)
Remuneration	Nil (Nil)	13,447,105 (12,018,463)	Nil (Nil)	Nil (Nil)
Sitting Fees	160,000 (140,000)	240,000 (240,000)	60,000 (80,000)	Nil (Nil)
Rent Paid	1,772,002 (1,772,002)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Other Expenses	60,447,722 (67,478,085)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Discount on sales to Maruti Suzuki India Ltd.	751,761 (23,005,708)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Loan from Directors	Nil (Nil)	Nil (6,000,000)	Nil (Nil)	Nil (Nil)
Interest Paid	Nil (Nil)	5,580,000 (5,084,876)	2,340,000 (2,337,040)	Nil (Nil)
Mobilisation/Tooling Advance received during the year	91,245,800 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Mobilisation/Tooling Advance Paid during the year	78,300,000 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Unsecured Loan as on 31.03.2014	Nil (Nil)	46,500,000 (46,500,000)	19,500,000 (19,500,000)	Nil (Nil)
Net Outstanding receivable as on 31.03.2014	524,769,271 (451,091,120)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Net Outstanding payable as on 31.03.2014	171,712,862 (116,731,685)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Figures in bracket pertain to last year)



**Note No. 44 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.

Based on the responses received from the vendors the Company has determined the required disclosures as given below:

(Amount in Rs.)

	Particulars	2013-14	2012-13
A	Principal amount remaining unpaid as on 31st March, 2014	90,395,257	6,17,85,787
B	Interest due thereon as on 31st March, 2014	Nil	Nil
C	Interest paid by the Company in term of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year.	Nil	Nil
D	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
E	Interest accrued and remaining unpaid as on 31st March, 2014	Nil	Nil
F	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	Nil	Nil

- Research & Development expenses referred in note no. 32 includes:

(Amount in Rs.)

Particulars	2013-14	2012-13
Salary/Wages	7,050,288	4,986,732
Development & other expenses	1,476,556	6,612,749
Total	8,526,844	11,599,481

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

Foreign Currency Term Loan	NIL [P.Y. – Rs. 278,870,461 (USD 5,127,303.74)]
Foreign Currency ECB	Rs. 83,238,089 (JPY 141,489,188) [P.Y.Rs. 89,389,097 (Japanese Yen 154,759,517)]
Creditors	Rs. 7,713,811 (Euro 97,377.60) [P.Y.– 3,177,351.94 (Euro 44,827.20)] NIL [P.Y. – 215,547 (USD 770)] Rs. 1,1070,785 (JPY 18,118,166) [P.Y. Rs. 880,992 (JPY 1,311,000)]
Advances recoverable in cash or kind	NIL [P.Y. Rs. 3,480,915 (USD 64,000)] Rs. 4,893,502 (Euro 60112.80) (P.Y. NIL)

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

Foreign Currency ECB	NIL [P.Y. 25,999,318 ( Japanese Yen 39,810,987)]
Foreign Currency Term Loan	Rs. 572,461,347 (USD 8,962,779 ) (P.Y. Rs. 281,853,909 (USD 5,188,543)

**4. Remuneration to Managing Director**

(Amount in Rs.)

S. No.	Particulars	2013-14	2012-13
i)	Salaries	6,600,000	6,600,000
ii)	Perquisites & Allowances	901,740	901,740
iii)	Contribution to Provident Fund	898,260	898,260
	<b>Total</b>	<b>8,400,000</b>	<b>8,400,000</b>

Note: Since no commission has been paid to any director, the computation of profit under section 349 of the Companies Act, 1956.

- Borrowing cost capitalized during the year Rs.15,040,626/- (Previous Year Rs. 21,797,777) includes Rs 11,627,828/- towards fixed assets (Previous Year Rs. 624,545) & Rs. 3,412,798 /- towards capital work in progress (Previous year Rs. 21,173,232 /-).
- Note no. 1 to 45 pertaining to Balance Sheet and statement of Profit and Loss Account form an integral part of the accounts.

**Note No. 45: Previous year figures have been regrouped and /or reclassified, wherever necessary.**

As per our report of even date attached

For and on behalf of the Board of Directors

**For S. S. KOTHARI MEHTA & CO.**

CHARTERED ACCOUNTANTS

Firm's Registration No. 000756N

N. D. RELAN  
Chairman & Director

ROHIT RELAN  
Managing Director

Neeraj Bansal

Partner

Membership No. 095960

RITU BAKSHI

Company Secretary

SANJEEV KUMAR

Chief Financial Officer

RAJAT BHANDARI

Sr. Vice President

Place : New Delhi

Dated : 16th April, 2014





