

12th

ANNUAL REPORT 1998-99

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BHARAT SEATS LIMITED

BHARAT SEATS LIMITED

BOARD OF DIRECTORS

N.D. RELAN	<i>Chairman</i>
TSUNEO KOBAYASHI	<i>(Nominee-Suzuki Motor Corporation)</i>
M.K. AGARWAL	<i>(Nominee-Maruti Udyog Ltd.)</i>
AJAY RELAN	<i>Director</i>
ROHIT RELAN	<i>Managing Director</i>

BANKERS

STATE BANK OF TRAVANCORE
CANARA BANK
PUNJAB NATIONAL BANK
THE BANK OF TOKYO - MITSUBISHI LTD.

REGD. OFFICE

B-238, OKHLA INDUSTRIAL AREA, PHASE - 1,
NEW DELHI - 110 020

FACTORY

JOINT VENTURE PLOT NO. 1,
MARUTI UDYOG LTD. COMPLEX,
PALAM - GURGAON ROAD,
GURGAON - 122 015 (HARYANA)

AUDITORS

M/S. JOGINDER P. JAIN & CO.
CHARTERED ACCOUNTANTS
NEW DELHI

LISTED AT

DELHI, MUMBAI & AHMEDABAD STOCK EXCHANGES

**ASSTT. COMPANY SECRETARY
& COMPLIANCE OFFICER**

RITU BAKSHI

BHARAT SEATS LIMITED

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the Shareholders of BHARAT SEATS LIMITED will be held on Wednesday, 22nd December, 1999 at 1100 Hours at India Habitat Centre, Lodhi Road, New Delhi to transact the following business:

1. To consider and adopt the Audited Balance Sheet as at 31.03.1999 and the Profit & Loss Account for the year ended on that date and the report of Board of Directors and Auditors thereon.
2. To declare dividend on shares.
3. To appoint a Director in place of Mr. Tsuneo Kobayashi, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Ajay Relan, who retires by rotation and being eligible offers himself for reappointment.
5. To reappoint Auditors of the Company for the period commencing from the conclusion of this Annual General meeting till the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

By Order of the Board
For **BHARAT SEATS LIMITED**

(RITU BAKSHI)
ASSTT. COMPANY SECRETARY

REGD. OFFICE:

B-238, OKHLA INDLAREA
PHASE- I, NEW DELHI - 110020
DATED: 18th November, 1999

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Proxies in order to be valid must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Register of members and share transfer books of the Company will remain closed from **20th December, 1999 to 22nd December, 1999 (both days inclusive)**.
4. Shareholders/ Proxyholders are requested to produce at the entrance the Attendance Slip forwarded to them duly filled and signed in accordance with the signature registered with the Company for admission to the meeting hall.

BHARAT SEATS LIMITED

5. Members desirous of getting any information relating to the accounts of the Company under reference or about operations of the Company, they are requested to write to the Company at least 7 days before the meeting to enable the Company to make it available at the meeting.
6. The Company has already transferred unclaimed dividend declared upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their Dividend upto the aforesaid financial year may claim their Dividend from the Registrar of Companies, Delhi & Haryana, Paryavaran Bhawan, C.G.O. Complex, Lodhi Road, New Delhi

By Order of the Board
For BHARAT SEATS LIMITED

(RITU BAKSHI)
ASSTT.COMPANY SECRETARY

REGD.OFFICE:
B-238, OKHLA INDL.AREA
PHASE- I, NEW DELHI - 110020
DATED: 18th November, 1999

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BHARAT SEATS LIMITED**DIRECTORS' REPORT**

To the members,

The Directors of your Company are pleased to present the Twelfth Annual Report and the Audited Statement of Accounts for the Financial year ended 31st March, 1999

	1998-99	1997-98
	Rs. in lakhs	
FINANCES:		
Sales	8138.52	7809.87
Profit before Depreciation, Financial charges, Lease Rentals & Provisions	170.54	424.43
Less:		
a) Financial Charges & Lease Rentals/ (Financial Income)	(46.47)	16.87
b) Depreciation	117.43	101.21
c) Provision for taxation	35.00	112.94
Net Profit after Tax	64.58	193.41
Add: Profit brought forward from previous year	15.00	15.00
Profit available for appropriation	79.58	208.41
Appropriations :		
Dividend proposed	47.10	62.80
Tax on Dividend	5.18	6.28
Transfer to General Reserve	12.30	124.33
Balance carried forward to Balance Sheet	15.00	15.00

Due to highly competitive scenario in the automobile sector, the auto ancillary units have also come under pressure, resulting in lower profits.

Your Company has endured the situation by providing better quality at competitive cost to our customer, Maruti Udyog Ltd. laying stress on value analysis and value engineering. Our Company is further gearing up with the situation by inhouse development of items, presently procured from elsewhere which will further reduce costs and produce items of International quality. Inspite of squeezed and competitive pricing by our Customer, our Company could still maintain a net profit of Rs.64.58 lakhs.

DISTRIBUTABLE PROFITS :- DIVIDEND

Your Directors recommend a Dividend of Rs.1.50/- per share @15% for the year ended 31.03.1999.

OPERATIONS :

		1998-99	1997-98	% DECREASE
Production	(No. of Seat Sets)	132366	132979	0.46%
Sales	(No. of Seat Sets)	132253	133064	0.61%
Profit after tax	(Rs.in lakhs)	64.58	193.41	66.61%

BHARAT SEATS LIMITED

RESERVES

Total Reserves of the Company have increased to Rs.1074.15 Lakhs as on 31.03.99 from Rs.1061.85 lakhs as on 31.03.98, giving an increase of Rs.12.30 Lakhs during the year.

NEW PROJECT

Your Company has set up a manufacturing Unit for PU Headrests within its existing plant with a capacity to produce 4 lakh sets per annum on two shift basis. The commercial production of headrests commenced in May, 1999, producing Headrests of International standards of quality, leading to better utilisation of existing manpower.

PRODUCT UPGRADATION/ QUALITY IMPROVEMENT :

Quality is no longer an issue of discussion – it is a prerequisite to successful business operations. Quality Standards are no longer what a Company can produce, rather what the customer expects.

To achieve and accede customer requirements of quality, your Company has already received ISO9002/QS-9000 quality system certification. It has now embarked on a journey of excellence through the introduction of Total Productive Maintenance(TPM). Maruti Udyog Ltd.(MUL) chose your Company as one of its five vendors to represent the MUL vendor cluster with Confederation of Indian Industry(CII) and Japan Institute of Plant Maintenance(JIPM) to go through the TPM. The Company is being guided by none other than Prof. S.Yamaguchi. TPM is an effective method of productivity improvement and an effective tool for raising efficiency. It is a journey towards making profitable Company constitution in pursuit of economical efficiency, zero-accidents, zero-defects and zero-failures.

Y2K COMPLIANCE

The Company has taken necessary steps to ensure that all hardware, software and other equipments are Y2K ready. The company has sufficient internal resources to address any system disruption due to Year 2000 issues. The company has received the Y2K compliance confirmation from the respective vendors in respect of equipments which may be prone to Y2K problem.

The Company has not allocated any expenses separately for Y2K Compliance.

ENTERPRISE-WIDE RESOURCE PLANNING (ERP) SYSTEM

Your Company is installing an ERP system which has an integrated software encompassing all business operations through which we hope to bring about a qualitative cultural change in the way people work. This would eventually lead to quicker responses to changing situations, improved decision making and eventually the consequent cost reductions in our business operations.

CONSERVATION OF ENERGY

Your company is not covered by the Schedule of Industries which are required to furnish information in Form 'A' under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies(Disclosure of particulars in the report of Board of Directors)Rules, 1988. However, it recognises the need to conserve this scarce resource which results in consequent cost saving. From simple solutions of providing natural lighting in work areas to complex audits of generation and consumption patterns are an ongoing part of our efforts in this direction.

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TECHNOLOGY ABSORPTION

1. Efforts, in brief, made towards Technology absorption, adaptation and innovation : The Company has imported Non-Ozone depleting / equipment technology from its Collaborator M/s Houwa Kogyo for the manufacture of Head Rest inhouse which were hitherto being outsourced.

The 100% supply is to MUL, which commenced in July, 1999.

Our Managers, staff and workmen have been trained and have been able to successfully absorb this technology.
2. Benefits derived as a result of the above efforts : The manufacturing of Headrest In-house has resulted in a better Product quality, better utilisation of manpower and increased value addition for the Company.
3. In case of imported technology:
 - (a) Technology imported : Non-Ozone depleting Technology from Houwa Kogyo Co. Ltd. Japan
 - (b) Year of import : 1999
 - (c) Has technology been fully absorbed : Yes
 - (d) If not fully absorbed, areas where this has not taken place : N.A.
Reasons therefor and future plans of action

FOREIGN EXCHANGE EARNINGS AND OUTGO

The value of seats produced by us for use as fitment in export model cars of Maruti Udyog Limited are estimated to Rs.9.32 Crores. However, Foreign Exchange expenditure as shown in the Notes to Accounts forming part of this Annual Report is for import of Raw materials/ Spares/ Capital equipments/ Technical fees/ Training fees etc.

DIRECTORS

Shri Tsuneo Kobayashi and Shri Ajay Relan retire by rotation and being eligible offer themselves for reappointment.

HUMAN RESOURCES

Harmonious industrial relations continued to prevail in the Company throughout the year. The company continued its focus on training and development through internal and external development programme including training and skill upgradation at Houwa Kogyo Co.Ltd., Japan - our Technical Collaborators.

PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT, 1956

The particulars of employees covered under the provisions of Sec 217(2A) of the Companies Act, 1956 are enclosed as Annexure 'A'.