

16TH **ANNUAL REPORT** **2002-2003**



BHARAT SEATS LIMITED

BHARAT SEATS LIMITED

BOARD OF DIRECTORS

N. D. RELAN	<i>Chairman</i>
SHINICHI TAKEUCHI	<i>(Nominee-Suzuki Motor Corporation)</i>
C. K. DAVE	<i>(Nominee-Maruti Udyog Ltd.)</i>
ROHIT RELAN	<i>Managing Director</i>
AJAY RELAN	<i>Director</i>
P. K. LAHIRI	<i>Director</i>
G. N. MEHRA	<i>Director</i>

BANKERS

STATE BANK OF TRAVANCORE
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. S. S. KOTHARI & CO.
CHARTERED ACCOUNTANTS
NEW DELHI

LISTED AT

DELHI, MUMBAI & AHMEDABAD STOCK EXCHANG
(LISTING FEES PAID)

**ASSTT. COMPANY SECRETARY
& COMPLIANCE OFFICER**

RITU BAKSHI

**SHARE TRANSFER AGENT
(IN DEMAT & PHYSICAL MODE)**

ALANKIT ASSIGNMENTS LIMITED
205-208, ANARKALI COMPLEX,
JHANDEWALAN EXTENSION,
NEW DELHI - 110 055

BHARAT SEATS LIMITED

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Shareholders of BHARAT SEATS LIMITED will be held on Tuesday, 1st July, 2003 at 1530Hours, at 'Basement Theatre', India Habitat Centre, Lodhi Road, New Delhi to transact the following business:

1. To consider and adopt the Audited Balance Sheet as at 31.03.2003 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. C. K. Dave, 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.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
 "Resolved that Mr. G. N. Mehra, who was appointed as an Additional Director of the Company during the year in accordance with Article 80 of the Articles of Association read with Section 260 and other applicable provisions of the Companies Act, 1956 and who holds office upto the date of this Annual General meeting, be and is hereby appointed as a Director of the Company."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
 "Resolved that Mr. P. K. Lahiri, who was appointed as an Additional Director of the Company during the year in accordance with Article 80 of the Articles of Association read with Section 260 and other applicable provisions of the Companies Act, 1956 and who holds office upto the date of this Annual General meeting, be and is hereby appointed as a Director of the Company."
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
 "Resolved that Mr. Shinichi Takeuchi, who was appointed as an Additional Director of the Company during the year in accordance with Article 80 of the Articles of Association read with Section 260 and other applicable provisions of the Companies Act, 1956 and who holds office upto the date of this Annual General meeting, be and is hereby appointed as a Director of the Company."

REGD. OFFICE :

B-238, OKHLA INDL. AREA
 PHASE- I, NEW DELHI - 110020
 DATED: 23rd April, 2003

By Order of the Board
For BHARAT SEATS LIMITED

(RITU BAKSHI)
 ASSTT. COMPANY SECRETARY

BHARAT SEATS LIMITED

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on poll in the meeting instead of himself and such proxy need not be a member of the Company.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect to Item no. 6 to 8 of the notice set out above is annexed hereto.
3. 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.
4. Register of members and share transfer books of the Company will remain closed from 24th June, 2003 to 1st July, 2003. (both days inclusive).
5. The Dividend on Equity Shares, upon its declaration at this meeting will be paid to those shareholders whose names appear on the Register of members on 1st July, 2003. In case of shares held in dematerialised form, the dividend thereon, upon its declaration shall be paid to beneficial owners, as per details furnished by the Depositories for this purpose.
6. 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.
7. 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.
8. Those members who have not encashed/ received their Dividend warrants for the financial years: 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000, 2000-2001 and 2001-02 may approach the Registered office of the Company for revalidation of the Dividend warrants.
9. 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, Lodi Road, New Delhi.
10. Members desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit the prescribed Form-2B for the purpose to the registered office of the Company.
11. Members are requested to furnish their Bank A/c details including 9 digit MICR Number appearing on the cheque pertaining to the respective Bank A/c to facilitate distribution of dividend through Electronic Clearing System (ECS) to our Company for shares held in physical form and to their respective Depository Participant if the shares are held in Electronic form.

BHARAT SEATS LIMITED

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.****Explanatory Statement to Item no. 6**

Mr. G. N. Mehra, was appointed as an Additional Director of the Company by the the Board w.e.f. 22.1.2003, cease to be a Director at the conclusion of the Annual General meeting. The Company has received notice under section 257 of the Companies Act, 1956 proposing the appointment of Mr. G. N. Mehra as a Director, subject to retirement by rotation.

None of the Directors, except Mr. G. N. Mehra himself, is interested in resolution no.6.

Explanatory Statement to Item no. 7

Mr. P. K. Lahiri , was appointed as an Additional Director of the Company by the the Board w.e.f. 22.1.2003, cease to be a Director at the conclusion of the Annual General meeting. The Company has received notice under section 257 of the Companies Act, 1956 proposing the appointment of Mr. P. K. Lahiri as a Director, subject to retirement by rotation.

None of the Directors, except Mr. P. K. Lahiri himself, is interested in resolution no.7.

Explanatory Statement to Item no. 8

Mr. Shinichi Takeuchi was appointed as an Additional Director of the Company, as a nominee of Suzuki Motor Corporation, Japan by the the Board w.e.f. 23.4.2003, in place of Mr.Yuichi Nakamura and cease to be a Director at the conclusion of the Annual General meeting. The Company has received notice under section 257 of the Companies Act, 1956 proposing the appointment of Mr. Shinichi Takeuchi as a Director, subject to retirement by rotation.

None of the Directors, except Mr. Shinichi Takeuchi himself, is interested in resolution no. 8.

REGD. OFFICE :

B-238, OKHLA INDL. AREA
PHASE- I, NEW DELHI - 110020
DATED: 23rd April, 2003

By Order of the Board
For BHARAT SEATS LIMITED

(RITU BAKSHI)
ASSTT. COMPANY SECRETARY

BHARAT SEATS LIMITED**DIRECTORS' REPORT**

To the members,

The Directors of your Company are pleased to present the Sixteenth Annual Report and the Audited Statement of Accounts for the Financial year ended 31st March, 2003

	2002-2003	2001-2002
	Rs. in lakhs	
Finances :		
Sales	9888.88	8315.72
Profit before Financial charges & Depreciation	548.41	386.74
Less: Financial Charges	47.36	32.42
Profit before Depreciation & Taxation	501.05	354.32
Less:		
a) Depreciation	293.81	133.94
b) Provision for taxation - Current tax	16.32	77.46
- Deferred Tax	45.25	-10.68
Net Profit after Tax	145.67	153.60
Add: Brought forward from previous year	15.00	15.00
Profit available for appropriation	160.67	168.60
Appropriations :		
Dividend proposed	62.80	62.80
Tax on Dividend	8.04	-
Transfer to General Reserve	74.83	90.80
Balance carried forward to Balance Sheet	15.00	15.00

During the year under review, the quantitative sales increased to 138775 Seat Sets in comparison to 126722 Seat Sets sold in last financial year i.e. an increase by 9.51%.

During the year, the new state-of-art PU Machine was imported from Japan in order to upgrade our machine and equipment, which resulted in substantial increase in Depreciation and increase in financial charges. Inspite of this, your Company was able to maintain the net profits of Rs.1.46 crores due to increase in productivity, automation, reduction in overheads etc.

Distributable Profits : DIVIDEND

Your Directors recommend a Dividend of Rs. 2/- per share @20% for the year ended 31.03.2003.

BHARAT SEATS LIMITED

OPERATIONS :

	2002-2003	2001-2002	% INCREASE↑/DECREASE↓
Production (No. of Seat Sets)	138770	126902	9.35 ↑
Sales (No. of Seat Sets)	138775	126722	9.51 ↑
Profit before Depreciation & Taxation	501.05	354.32	41.41 ↑
Profit after tax (Rs. in lacs)	145.67	153.60	5.16 ↓

PRODUCT UPGRADATION/ QUALITY IMPROVEMENT

One of the major achievements of your Company under Kaizen activities, during the year under review, was the installation of Automatic Conveyor for Alto-Assembly line which has doubled the production capacity.

The installation of new automated PU Line has resulted in productivity increase and improvement in quality, with minimum rejections.

Your Company already has one CAD Station and is in the process of adding two more CAD Stations for enhancement of Design capability and speedy new development. Also, a Technical Library has been set up to keep uptodate with the latest technology.

As an addition to our range of products, your Company has also developed Seating Systems for Car Model 'Omni'. This will further enhance our product range as a regular supply to our customer, Maruti Udyog Limited.

Your Company has been recommended for Quality & System Certification, TS 16949/ 2002 in March, 2003 through DNV(Holland), which will further improve our operating systems.

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. Your Company is continuously involved in elimination of wastages and saving energy in all fields as a result of continuous improvement through autonomous maintenance and planned maintenance(Jishu Hozen).

There was a major saving in Electricity by installation of Air Vent (Venturi System) in place of normal Exhaust fans in the factory shed roofing.

There was major saving in Diesel by introduction of new PU Plant Steam heating system in place of Diesel system for heating of PU Moulds.

Also, the numbers of breakdowns in plant have been minimised by application of 'Predictive Maintenance', TBM(Time based Maintenance) and upgradation in Technology.

TECHNOLOGICAL ABSORPTION, ADAPTATION AND INNOVATION

- Efforts, in brief, made towards Technology absorption, adaptation and innovation : There is continuous cost reduction and product improvement and innovation through Value Addition/ Value Engineering. Your Company figures amongst the top vendors for VA/VE contribution in Maruti Udyog Ltd.

BHARAT SEATS LIMITED

Your Company has all the Seat models Certified under the new Government Regulation- 'AIS: 016' which is under purview of the Ministry of Surface Transport.

Your Company is in the process of introducing a 'State of the Art' Seat Testing System of International Standard with inhouse designing.

2. Benefits derived as a result of the above efforts : The manufacturing of latest Seating system has resulted in better quality product, comfort and increased safety and value for money for the customer.
3. In case of imported technology
- (a) Technology imported
 - (b) Year of import : none
 - (c) Has Technology been fully absorbed
 - (d) If not fully absorbed, areas where this has not taken place
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 be Rs. 15.90 Crores. However, Foreign Exchange expenditure as shown in the Notes to Accounts, forming part of this Annual Report is for import of Raw materials/Capital goods/Spares/Technical fees/Training fees etc.

DIRECTORS

Shri Ajay Relan and Mr. C. K. Dave retire by rotation and being eligible offer themselves for reappointment.

Mr. N. D. Relan resigned as an Executive Chairman and became non-executive Chairman w.e.f. 1.4.2003.

During the year, Mr. G. N. Mehra and Mr. P. K. Lahiri were appointed as Additional Directors w.e.f. 22.1.2003. Mr. Shinichi Takeuchi was appointed as an Additional Director as a nominee of Suzuki Motor Corporation, Japan in place of Mr. Yuichi Nakamura w.e.f. 23.4.2003.

The Company express their great appreciation for the valuable services rendered by Mr. Yuichi Nakamura during his tenure as a director of Bharat Seats Ltd.

CORPORATE GOVERNANCE

Bharat Seats Ltd. has made a significant attempt at incorporating the best practices of Corporate Governance as prescribed by the Securities & Exchange Board of India (SEBI). This Annual Report carries a section on Corporate Governance. Your Company's Statutory Auditors' Certificate in line with Clause 49 of the Listing Agreement is annexed to and forms part of Directors' Report.

BHARAT SEATS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (I) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- (II) Appropriate accounting policies have been selected and applied consistently and judgements 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, 2003 and of the profit or loss of the Company for the period ending 31st March, 2003
- (III) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (IV) The annual accounts have been prepared on a going concern basis.

HUMAN RESOURCES

Your Directors would like to place on record their appreciation of the efficient and loyal services rendered by all staff and workforce of the Company, without whose wholehearted efforts, the overall satisfactory performance would not have been possible.

There are no employees covered under the provisions of Sec 217(2A) of the Companies Act, 1956.

AUDITORS

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

ENVIRONMENT

The Company is not involved in any type of activity hazardous to environment and does not discharge any trade effluent causing pollution. As you are already aware, our Company is an ISO14001 certified company.

ACKNOWLEDGEMENTS

The Directors place on record their deep appreciation for the valuable assistance and co-operation extended to the Company from Suzuki Motor Corporation, Japan, Maruti Udyog Ltd., Houwa Kogyo Co Ltd., Nagoya, Japan, State Bank of Travancore, Bank of Tokyo-Mitsubishi 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 look forward to the future with confidence.

For and on behalf of the Board
BHARAT SEATS LIMITED

Place : New Delhi
Date : 23rd April, 2003

(N. D. RELAN)
CHAIRMAN

BHARAT SEATS LIMITED

AUDITORS' REPORT

The Members of Bharat Seats Limited

We have audited the attached Balance Sheet of Bharat Seats Limited as at 31st March, 2003 and also the Profit and Loss Account for the year ended on that date, annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956. we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. 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;
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with this report comply with the Accounting Standards, referred to in sub section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors of the Company as on 31st March, 2003 and taken on record by the Board of Directors, we report that none of the Directors is disqualified, as on 31st March, 2003, from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and Notes give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003;
 - b) In case of the Profit & Loss Account, of the profit for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. S. KOTHARI & CO.
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : 23rd April, 2003

ATUL SEKSARIA
Partner