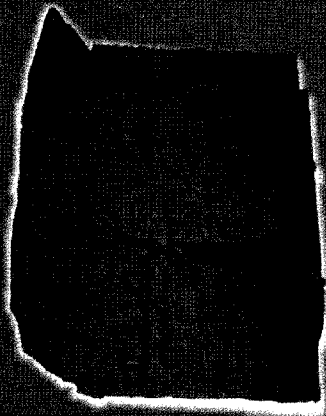


20th Annual Report 2006-2007

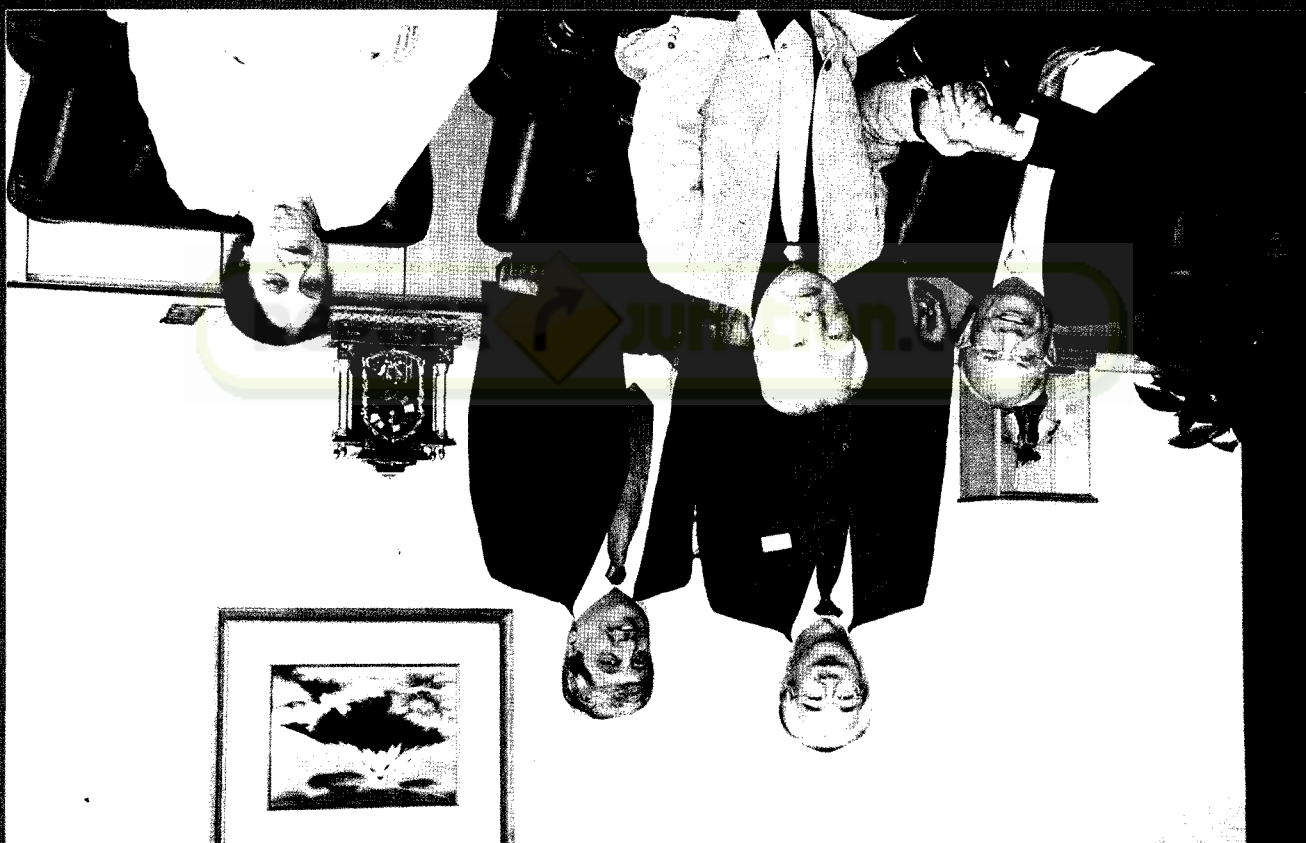


Bharat Seats Limited

STRENGTHENING TWO DECADES OF RELATIONSHIP FOR A PROSPEROUS FUTURE

From Bottom Left : Mr. N. D. Relan - Chairman, Bharat Seats Ltd, Mr. O. Suzuki, Chairman - Suzuki, Motor Corporation, Japan & Mrs. Sharda Relan

From Top Left : Mr. Nakanishi - Chairman, Maruti Udyog Ltd. & Mr. Rohit Relan, Managing Director, Bharat Seats Ltd.



BHARAT SEATS LIMITED

BOARD OF DIRECTORS	N. D. RELAN HIROFUMI NAGAO I. V. RAO ROHIT RELAN AJAY RELAN P. K. LAHIRI G. N. MEHRA	<i>Chairman</i> <i>(Nominee-Suzuki Motor Corporation)</i> <i>(Nominee-Maruti Udyog Ltd.)</i> <i>Managing Director</i> <i>Director</i> <i>Director</i> <i>Director</i>
BANKERS	STATE BANK OF TRAVANCORE THE BANK OF TOKYO - MITSUBISHI UFJ LTD. IDBI BANK LTD.	
REGD. OFFICE	D-188, 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 MEHTA & CO. CHARTERED ACCOUNTANTS NEW DELHI	
LISTED AT	BOMBAY STOCK EXCHANGE LIMITED	
DEPUTY COMPANY SECRETARY & COMPLIANCE OFFICER	RITU BAKSHI	
SHARE TRANSFER AGENT (IN DEMAT & PHYSICAL MODE)	ALANKIT ASSIGNMENTS LIMITED 2E/21, ALANKIT HOUSE, JHANDEWALAN EXTENSION, NEW DELHI - 110 055	

C O N T E N T S

Notice	1-6
Directors' Report	7-12
Corporate Governance	13-23
Management Discussion & Analysis Report	24-25
Auditors' Report	26-30
Balance Sheet	31
Profit & Loss Account	32
Schedules (1-20)	33-49
Cash Flow Statement	50
Balance Sheet Abstract	51

BHARAT SEATS LIMITED

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of BHARAT SEATS LIMITED will be held at 'Auditorium', India Habitat Centre, Lodhi Road, New Delhi on Thursday, 24th May, 2007 at 12 noon to transact the following business:

1. To receive and adopt the Audited Balance Sheet as at March 31, 2007 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 a dividend on shares.
3. To appoint a Director in place of Mr. I.V. Rao, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. G.N. Mehra, who retires by rotation and being eligible offers himself for reappointment
5. To reappoint M/s S.S. Kothari Mehta & Co., Chartered Accountants, the retiring Auditors of the Company, as 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 pursuant to the provisions of Section 94(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, and subject to Articles of Association of the Company and subject to such approvals as may be required from appropriate authorities, the consent of the shareholders be and is hereby accorded to sub-divide each of the existing Equity share of nominal value of Rs.10/- (Rupees Ten) each fully paid in the capital of the Company into 5 (Five) Equity Shares of Rs. 2/- (Rupees Two) each fully paid.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to issue new share certificates representing the sub-divided shares with new distinctive numbers in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960, as amended, with an option either to exchange the new share certificates in lieu of cancellation of the old share certificates or without physically exchanging the share certificates, by treating the old certificates as deemed to be cancelled and also to inform the Registrar and share transfer agent of the company and the Depositories to take the necessary action to give effect to the above.

RESOLVED FURTHER that for the purposes of giving effect to the sub-division of the face value of equity shares resolved hereinbefore, the Board and other designated officers of the Company be and are hereby authorized on behalf of the company to do all acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, filing of documents with the Securities and Exchange Board of India and Listing of additional Equity Shares on the Bombay Stock Exchange Ltd.

7. **To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

RESOLVED that pursuant to the provisions of Clause (d) of sub section (1) of section 94 and other applicable provisions, if any, of the Companies Act, 1956, the existing Authorised Share Capital of the Company of Rs. 7,00,00,000 (Rupees Seven Crores) divided into 70,00,000 (Seventy Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each be and is hereby subdivided into 3,50,00,000 (Three Crores Fifty lakhs) Equity shares of Rs 2 /- (Rupees Two) each.

BHARAT SEATS LIMITED

8. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of section 16 and Clause (d) of sub section (1) of section 94 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting with the following as new Clause V :

V. The authorized share capital of the Company is Rs. 7,00,00,000 (Rupees Seven Crores) divided into 3,50,00,000 (Three Crores Fifty lakhs) Equity shares of Rs. 2/- (Rupees Two) each."

9. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Clause 3 of the Articles of Association be and is hereby altered by deleting the same and substituting in the place thereof the following as new Clause 3 :

3. The Authorised Share Capital of the Company is Rs. 7,00,00,000 (Seven Crores) divided into 3,50,00,000 (Three Crores Fifty lakhs) Equity shares of Rs. 2 /- (Rupees Two) each with the power to subdivide, consolidate and increase or decrease and with power from time to time issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be fit, and upon the subdivision of shares, to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division."

FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorized to do all acts, deeds, matters and so as to give effect to the aforesaid resolutions.

10. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

Option 1 : If the Resolution for Sub-division as proposed in Item No. 6 of this Notice is not passed by the members.

RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956, provisions of the Memorandum and Articles of Association of the Company and subject to the Guidelines prescribed by the Securities and Exchange Board of India (SEBI), and such other consents or approvals as may be required or applicable in this regard, the consent of the shareholders be and is hereby accorded for capitalization of a sum of Rs. 3,14,00,000/- (Rupees Three Crores, Fourteen Lakhs only) out of Reserve and Surplus of the company and be distributed amongst the members registered in the Books of the Company at the close of business on the record date to be specified by the Board of Directors by way of issuing 31,40,000 (Thirty One Lakhs, Forty Thousand) Equity Share of Rs. 10 /- (Rupees Ten) each to be credited as fully paid Bonus Shares to the holders of the existing Equity Shares of the Company, in proportion of 1 (one) Equity Share of every 1 (One) Equity Share held by them.

or

Option 2 : If the Resolution for Sub-division as proposed in Item No. 6 of this Notice is passed by the members.

RESOLVED that in accordance with the applicable provisions of the Companies Act, 1956, provisions of the Memorandum and Articles of Association of the Company and subject to the Guidelines prescribed by the Securities and Exchange Board of India (SEBI), and such other consents or approvals as may be required or applicable in this regard, the consent of the shareholders be and is hereby accorded for capitalization of a sum of Rs. 3,14,00,000/- (Rupees Three Crores, Fourteen Lakhs only) out of Reserve and Surplus of the company and be distributed amongst the members registered in the Books of the Company at the close of business on the record date to be specified by the Board of Directors by way of issuing 1,57,00,000 (One Crore, Fifty Seven Lakhs) Equity Share of Rs. 2 /- (Rupees Two) each to be credited as fully paid Bonus Shares to the holders of the existing Equity Shares of the Company, in proportion of 1 (one) Equity Share of every 1 (One) Equity Share held by them.

BHARAT SEATS LIMITED

RESOLVED FURTHER that the shareholders so eligible for bonus shares, become entitled thereto as Capital and not as income and that such new shares, as and when issued and fully paid, shall rank pari-passu with the existing issued Equity Shares of the Company, save and except that they shall be entitled for dividend, proportionate to their shareholding, only from the date of allotment of Bonus shares.

RESOLVED FURTHER that the issue and allotment of the said bonus shares to the extent they relate to Non-Resident Indians, Overseas Bodies Corporate and other foreign investors of the Company will be subject to the approval of the Reserve Bank of India (RBI), as may be required.

RESOLVED FURTHER that no allotment letters shall be issued to the allottees for Bonus Shares and for the shareholders who hold their existing equity shares in electronic form, Bonus Shares shall be credited to their respective demat accounts. For the shareholders who hold their existing equity shares in physical form, the share certificate(s) for the Bonus Shares shall be prepared and dispatched within the period prescribed or that may be prescribed in this behalf, from time to time.

RESOLVED FURTHER that for the purposes of giving effect to the Bonus issue of equity shares resolved hereinbefore, the Board and other designated officers of the Company be and hereby authorized on behalf of the company to do all acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, filing of documents with the Securities and Exchange Board of India, Listing of additional Equity Shares on the Bombay Stock Exchange Ltd.

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 of Item no. 6 to 10 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. The Register of members and share transfer books of the Company will remain closed from 18th May, 2007 to 24th May, 2007. (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 24th May, 2007. 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. The Company provides an option to the shareholders to receive the Sub-Divided and Bonus Share Certificates or credit in their demat account. Members who wish to get the Sub-Divided and Bonus Shares credited in their Demat account or in physical form must take action as stated hereunder so as to reach before 31st May, 2007 to the Registrar & Share Transfer Agents of the Company i.e. M/s. Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055.

	Shares held in	Want to receive sub-divided/Bonus shares in	Action to be taken by the Shareholder
1.	Demat	Demat	No Action
2.	Demat	Physical	Write to RTA to that effect under the signatures of all joint holders.
3.	Physical	Physical	No Action
4.	Physical	Demat	Write to RTA with Folio No, Name of Depository Participant, DP ID, Client ID and a copy of Client Master Sheet under the Signatures of all joint holders

BHARAT SEATS LIMITED

8. 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.
9. Members who have not enclosed their Dividend warrants for the financial year ended 31st March, 2000 and thereafter may approach the Registered office of the Company for revalidation of the Dividend warrants as the amount of dividend remaining unpaid for a period of seven years shall be transferred to Investor Education & Protection Fund as per the provisions of Section 205A of the Companies Act, 1956. It may be noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof.
10. 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. The Company has transferred the Unclaimed dividend for the year ended 31st March, 1996 to 31st March, 1999 to Investor Education and Protection Fund.
11. 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

EXPLANATORY STATEMENT TO ITEM NO. 6

Sub-division of Equity shares

At present, the Company has a small capital base and the number of its floating shares in stock market is quite minimal. With a view to increase the number of floating shares and to increase the liquidity of stock, the Board has recommended sub-division of the nominal value of the Equity shares from Rs.10/- (Rupees Ten) each to Rs. 2/- (Rupees Two) each.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of new Equity shares that may be allotted in respect of the existing Equity shares held by them or by Companies, Bodies Corporate or Trusts of which the directors of the Company are directors, members or beneficiaries.

The Members, holding Equity shares in physical form, are requested to dematerialize their shares at the earliest so that the effect of sub division of their shares could be given in their demat account, quickly and economically.

The Board recommends the resolution for the approval of shareholders.

ITEM NO. 7 to 9

Sub-division of Equity Shares in authorized Share Capital and Alteration in Memorandum and Articles of Association

Consequent to the sub-division of Equity shares of the Company (as per item no.6 of this notice), it is necessary to alter the capital Clause of the Memorandum and Articles of Association of the Company. Section 16, Section 31 read with Section 94(1)(d) of the Companies Act, 1956 provides inter alia that, subject to the provisions of the Companies Act, 1956 and the conditions contained in its Memorandum, the Company may alter its Memorandum and Articles of Association by passing Ordinary and Special resolutions respectively, at the general meeting. Accordingly, the ordinary resolution at item no. 8 and Special resolution at item no. 9 are placed before the meeting to approve the corresponding amendments in Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company, respectively.

A copy of the Memorandum and Articles of Association of the Company showing proposed alterations is available for inspection at the registered office of the Company between 11 a.m. and 1 p.m. on any

BHARAT SEATS LIMITED

working day prior to the date of this meeting and at the venue of the Annual General meeting, during the meeting hours.

The Directors recommend the resolutions set out at item Nos 7 to 9 for approval of shareholders.

None of the Directors of the Company is concerned or interested in the said resolutions.

EXPLANATORY STATEMENT TO ITEM NO. 10

Bonus Issue

As the Gross Block of Fixed assets of the Company have increased to Rs. 44.94 crores, since inception, whereas the Share Capital of the Company has remained stagnant at Rs. 3.14 crores, for the last fifteen years, your Directors in their meeting held on 13th April, 2007 has recommended issue of Bonus Shares in the ratio of 1:1 i.e. one new Equity Share for each existing Equity Share held by the members as on the record date to be decided by the Board of Directors after approval of the resolution by the shareholders in this Annual General meeting.

Your directors have proposed that a sum of Rs. 3,14,00,000/- (Rupees Three Crores, Fourteen lakhs only) be drawn from the 'Reserves and Surplus' of the Company and capitalized and transferred to Share Capital Account towards issue and allotment of bonus Equity Shares.

Pursuant to the provisions in the Articles of Association of the Company and in terms of the guidelines issued by the Securities And Exchange Board of India (SEBI), the capitalization of Rs. 3.14 crores out of General Reserves and issue of Bonus Shares in the ratio of 1:1 equity share of the Company require approval of the members in general meeting.

Further, it is necessary to authorize the Board of Directors of the Company to complete all the regulatory formalities prescribed by SEBI, RBI, The Bombay Stock Exchange Limited and any other regulatory authority in connection with issue and allotment of the Bonus shares.

Accordingly, the resolution seeks the approval of the members for capitalization of amount standing to the credit of General Reserves and issue of Bonus shares on the terms and conditions set out in the resolution.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of new Equity shares that may be allotted in respect of the existing Equity shares held by them or by Companies, Bodies Corporate or Trusts of which the directors of the Company are directors, members or beneficiaries.

The Members, holding Equity shares in physical form, are requested to dematerialize their shares at the earliest so that the effect of Bonus on their shares could be given in their demat account, quickly and economically.

The Board recommends the resolution for approval of the members.

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

REGD. OFFICE:
D-188, OKHLA INDL AREA
PHASE - I, NEW DELHI - 110020
DATED : 13TH APRIL, 2007

(RITU BAKSHI)
DY. COMPANY SECRETARY

BHARAT SEATS LIMITED

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

NAME OF THE DIRECTOR	MR.I.V.RAO	MR.G.N.MEHRA
DATE OF BIRTH	27.08.1952	24.11.1932
DATE OF APPOINTMENT ON THE BOARD	14.02.2005	22.01.2003
QUALIFICATIONS	GRADUATED IN MECHANICAL ENGG. FROM OSMANIA UNIV. AND POST GRADUATE IN MECHANICAL DESIGN FROM IIT, KANPUR	RETD. I.A.S
LIST OF COMPANIES IN WHICH OUTSIDE DIRECTORSHIP HELD ON 31ST MARCH, 2007	- NONE -	1. AMRIT BANASPATI CO. LTD. 2. SUBROS LTD. 3. U P HOTELS LIMITED 4. USHA BRECO LTD. 5. ACTION CONSTRUCTION EQUIPMENT LTD.

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BHARAT SEATS LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

The Directors of your Company are pleased to present the Twentieth Annual Report and the Audited Statement of Accounts for the Financial year ended 31st March, 2007.

FINANCIAL RESULTS

Rs. in lakhs

Particulars:	2006-07	2005-06
Sales	20505.53	17025.22
Other Income	144.76	195.91
Profit before Financial charges & Depreciation	723.83	753.02
Less: Financial Charges	81.56	62.25
Profit before Depreciation & Taxation	642.27	690.77
Less:		
a) Depreciation	265.90	346.08
b) Provision for taxation - Current tax	35.25	67.57
- Fringe Benefit Tax	8.99	12.42
- Deferred Tax	38.47	5.18
- Tax for earlier years	0.77	-
Net Profit after Tax	292.89	259.52
Add: Brought forward from previous year	15.00	15.00
Profit available for appropriation	307.89	274.52
Appropriations :		
Dividend proposed	94.20	94.20
Tax on Dividend	16.01	13.21
Transfer to General Reserve	182.68	152.11
Balance carried forward to	15.00	15.00
Balance Sheet		

During the year under review, the Company achieved the highest ever turnover. Your Company's turnover (Net of Excise) increased by Rs. 3,069.50 lakhs, from Rs. 14,454.97 lakhs to Rs.17,524.47 lakhs, i.e. an increase by 21.23%. The gross turnover increased by Rs.3,480.31 lakhs, from Rs.17,025.22 lakhs to Rs. 20,505.53 lakhs, i.e. an increase by 20.44%. The main contributors in the growth of turnover has been growth in sales volume of Maruti Udyog Limited and Suzuki Motor Cycle India Pvt.Ltd. The net profit of the Company increased by 12.85%, as compared to the previous year.

Distributable Profits :- DIVIDEND

Your Directors are pleased to recommend Dividend of Rs. 3/- per share (@30%) for the year ended 31.03.2007.

PRODUCT UPGRADATION/ NEW PRODUCT INTRODUCTION/ QUALITY IMPROVEMENT :

During the year under review, your Company has started supplying seats and moulded floor carpets for new models of Maruti Udyog Limited. Your Company has also been selected for supply of luggage carpets and moulded floor carpets for new car model of Maruti Udyog Limited.

Your Company has started supplying sheet metal components for two wheelers of Suzuki Motor Cycle India Pvt. Ltd. and has also been selected for supply of two wheeler seats for two new models of Suzuki Motor Cycle India Pvt. Ltd.

Your Company has been continuously upgrading its Testing facilities to meet the changing norms and specifications of the New Products, for Domestic as well as Export Market.