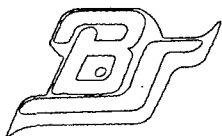




21st

ANNUAL REPORT

2007 - 2008



BHARAT SEATS LIMITED

BHARAT SEATS LIMITED

BOARD OF DIRECTORS	N. D. RELAN	<i>Chairman</i>
	HIROFUMI NAGAO	<i>(Nominee-Suzuki Motor Corporation)</i>
	I. V. RAO	<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 UFJ LTD. IDBI BANK LTD.	
REGD. OFFICE	D-188, OKHLA INDUSTRIAL AREA, PHASE - 1, NEW DELHI - 110 020	
FACTORY	PLOT NO. 1, MARUTI UDYOG JOINT VENTURE COMPLEX, GURGAON - 122 015 (HARYANA)	
AUDITORS	M/S. S. S. KOTHARI MEHTA & CO. CHARTERED ACCOUNTANTS NEW DELHI	
LISTED AT	BOMBAY STOCK EXCHANGE LIMITED	
CHIEF FINANCIAL OFFICER	SANJEEV KUMAR	
DEPUTY COMPANY SECRETARY & COMPLIANCE OFFICER	RITU BAKSHI	
REGISTRAR & SHARE TRANSFER AGENT	M/S ALANKIT ASSIGNMENTS LIMITED 2E/21, ALANKIT HOUSE, JHANDEWALAN EXTENSION, NEW DELHI - 110 055	

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BHARAT SEATS LIMITED

NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of BHARAT SEATS LIMITED will be held on Wednesday, 4th June, 2008 at 12 noon at 'Auditorium', India Habitat Centre, Lodhi Road, New Delhi to transact the following business:

1. To receive and adopt the Audited Balance Sheet as at March 31, 2008 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. H.Nagao, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. P.K.Lahiri, 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.

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. 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. The Register of members and share transfer books of the Company will remain closed from 29th May, 2008 to 4th June, 2008, both days inclusive.
4. 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 4th June, 2008. 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.
5. Members are requested to forward their change of address notifications, Bank Account details including 9 digit MICR number appearing on the cheque pertaining to the respective bank account to facilitate distribution of dividend through Electronic Clearing Service (ECS) to the Company/ Registrar and Transfer Agent-Alankit Assignments Limited, 2E/21, Alankit House, Jhandewalan Extension, New Delhi, in respect of shares held in physical form and to their respective Depository Participants if the shares are held in electronic form.
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. Members who have not encashed their Dividend warrants for the financial year ended 31st March, 2001 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.

BHARAT SEATS LIMITED

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. The Company has transferred the Unclaimed dividend for the year ended 31st March, 1996 to 31st March, 2000 to Investor Education and Protection Fund.
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.

By Order of the Board
For BHARAT SEATS LIMITED

REGD. OFFICE:
D-188, OKHLA INDL. AREA
PHASE- I, NEW DELHI - 110020

(RITU BAKSHI)
DY. COMPANY SECRETARY

Dated : 12TH APRIL, 2008

**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. H. NAGAO	MR. P. K. LAHIRI
DATE OF BIRTH	10.06.1953	28.04.1937
DATE OF APPOINTMENT ON THE BOARD	08.08.2005	22.01.2003
QUALIFICATIONS	GRADUATE IN FOREIGN STUDIES FROM OSAKA UNIVERSITY	IAS (RETD.)
LIST OF COMPANIES IN WHICH OUTSIDE DIRECTORSHIP HELD ON 31 ST MARCH, 2008	1. MARUTI SUZUKI INDIA LIMITED 2. SKH METALS LTD. 3. CLIMATE SYSTEMS INDIA LTD.	1. TATA SPONGE IRON LTD. 2. INDIAN SCHOOL OF MINES, DHANBAD

BHARAT SEATS LIMITED**DIRECTORS' REPORT****Dear Shareholders****FINANCIAL RESULTS**

Rupees in lakhs

PARTICULARS	2007-08	2006-07
SALES	23328.48	20505.53
OTHER INCOME	142.89	144.76
PROFIT BEFORE FINANCIAL CHARGES & DEPRECIATION	791.98	723.83
LESS: FINANCIAL CHARGES	75.67	81.56
PROFIT BEFORE DEPRECIATION & TAXATION	716.31	642.27
LESS:		
1. DEPRECIATION	235.97	265.90
2. PROVISION FOR TAXATION		
- CURRENT TAX	50.11	35.25
- FRINGE BENEFIT TAX	9.47	8.99
- DEFERRED TAX	89.69	38.47
- TAX FOR EARLIER YEARS	7.77	0.77
NET PROFIT AFTER TAX	323.30	292.89
ADD: BROUGHT FORWARD FROM PREVIOUS YEAR	15.00	15.00
PROFIT AVAILABLE FOR APPROPRIATION	338.30	307.89
APPROPRIATIONS:		
DIVIDEND PROPOSED	157.00	94.20
TAX ON DIVIDEND	26.68	16.01
TRANSFER TO GENERAL RESERVE	139.62	182.68
BALANCE CARRIED FORWARD TO BALANCE SHEET	15.00	15.00

During the year under review, the Gross Sales of the Company increased 13.77%, from Rs. 20,505.53 Lakhs in the previous year to Rs. 23,328.48 lakhs this year. Operating profit increased 21.78%, from Rs. 148.14 lakhs in the previous year to Rs. 180.41 lakhs this year.

Distributable Profits :- DIVIDEND

Your Directors are pleased to recommend for the approval of the shareholders, a dividend of 25% (Re. 0.50/- per share) on nominal value of Rs.2/- per share for the financial year ended 31.03.2008.

BONUS SHARES & SUB-DIVISION OF SHARES

Pursuant to the recommendation of the Board of Directors in its meeting held on 13th April, 2007, the shareholders of the Company, in their meeting held on 24th May, 2007 has approved the Bonus issue of 1,57,00,000 equity shares of Rs. 2/- each, in the ratio of 1:1, after sub-division of one equity share of nominal value of Rs. 10/- each, into 5 Equity shares of Rs. 2/- each.

BHARAT SEATS LIMITED

The Bonus shares, after sub-division were allotted to the members whose names appeared in the Register of Members as on the record date i.e. 5th July, 2007 and the share capital of the Company increased from Rs. 3,14,00,000, divided into 31,40,000 equity shares of Rs. 10 each, to Rs. 6,28,00,000, divided into 3,14,00,000 equity shares of Rs. 2/- each.

These shares have since been listed on the Bombay Stock Exchange.

PRODUCT UPGRADATION/ NEW PRODUCT INTRODUCTION

During the year under review, your Company has started supplying seats for 'Scooter' to our customer, Suzuki Motor Cycle India Pvt. Ltd.

Your Company is meeting all the Seating requirements for the 'two wheelers' of Suzuki Motor Cycle India Pvt. Ltd. In addition to the seats, your Company is also supplying sheet metal frame components for their new model of two-wheelers.

Your Company has commissioned an indigenously made P.U. Foaming machine for making pads for two wheeler seats and head rest for four wheelers, with a capacity to make seven lakh pads per annum.

To meet the increased demand of moulded carpets for Maruti Suzuki India Ltd., your Company has successfully commissioned a Second carpet moulding line, which was designed and manufactured indigenously.

Your Company has successfully completed the proto samples for new model car seats, Moulded floor Carpet and luggage carpet for Maruti Suzuki India Ltd. and frame and Seats for the new model of two-wheeler for Suzuki Motor Cycle India Pvt. Ltd.

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, Mr. H. Nagao and Mr. P.K. Lahiri retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

CORPORATE GOVERNANCE

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

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: 2008-09.

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, 2008 and of the profit or loss of the Company for the period ending 31st March, 2008.

BHARAT SEATS LIMITED

(III) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(IV) The annual accounts have been prepared on a going concern basis.

HUMAN RESOURCES

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

PARTICULARS OF EMPLOYEES

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

AUDITORS

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

ENVIRONMENT

The Company is not involved in any type of activity hazardous to environment. The Company strictly adheres to the provisions of environmental laws. There is no trade effluent generated by the Company, which may cause pollution. Our Company is a 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 from Suzuki Motor Corporation, Japan, Maruti Suzuki India Ltd., Suzuki Motor Cycle India Pvt. Ltd., Houwa Kogyo Co Ltd, Nagoya, Japan, State Bank of Travancore, Bank of Tokyo- Mitsubishi UFJ 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 : 12TH APRIL, 2008

(N.D.RELAN)
CHAIRMAN

BHARAT SEATS LIMITED

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, 2008

FORM A

CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

- (i) Kaizen and Suzuki Production System (SPS) are pursued and implemented vigorously for effective controls and optimum utilization of energy sources.
- (ii) Total Productive Maintenance (TPM) activities for elimination of losses.

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

AC Drive was provided in air compressor in utilities to reduce electricity consumption.

Energy efficient tube lights were provided in Shop Floor.

Energy meters were provided in each area for monitoring and controlling electricity consumption.

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

The impact of the measures at (a) and (b) has helped in improving quality and efficiency, reducing diesel and electricity consumption and reducing breakdowns and manufacturing 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:

The Company is not covered under the list of specified industries.

FORM B

TECHNOLOGY ABSORPTION:

RESEARCH AND DEVELOPMENT(R&D)

1. Specific areas in which R&D carried out by the Company :

The Company has focussed on Research & Development activities in particular. Your Company is continuously engaged in developing seating systems and moulded floor carpets for Maruti Suzuki India Limited. The vision of your company is to become complete Interior Suppliers for automobiles and it is continuously developing Seating System, carpet moulding and other car interiors for automobiles.

Currently, your Company is developing Seats and Carpets for new models of cars to be launched by Maruti Suzuki India Ltd., shortly.

Your Company has also focussed its attention in design and development of components for two wheelers. Your Company has successfully designed and developed Seating System and sheet metal components for Suzuki Motor Cycle India Pvt. Ltd. Your Company is in the process of development of two wheeler Sheet metal frame assembly and Swing Arm Assembly for new models of two wheeler of Suzuki Motor Cycle India Pvt. Ltd.

The R&D Centre is also engaged in continuous development of jigs, fixtures, toolings and gauges for the manufacture of new seating system and moulded floor carpets. As a result of this development, Car Seat assembly fixtures, which were earlier imported, are now being designed and manufactured

BHARAT SEATS LIMITED

indigenously. Also, the second moulding line for four wheeler carpet and PU Foaming Machine for two wheeler seat PU pads, earlier imported from Japan, have been developed and manufactured indigenously and are in full production.

There is product improvement and innovation through Value Addition/ Value Engineering(VA/VE). Your Company has successfully developed modified Seats and Carpets for the new model cars of Maruti Suzuki India Ltd. and various components for two wheelers of Suzuki Motor Cycle India Pvt. Ltd.

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

The above has resulted in enhanced customer's confidence, making BSL self reliant in design and development and making the products cost competitive.

3. Future plan of action :

Your Company is undertaking Research and development activities for development of new products, toolings and testing equipments as per the requirement of the customer.

4. Expenditure on R & D :

(b) Capital	Rs.121.88 lakhs
(c) Recurring	Rs.54.04 lakhs
(d) Total	Rs. 175.92 lakhs
(e) Total R & D expenditure as a percentage of total turnover	0.88 %

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

BSL is continuously undertaking product development/ improvement for existing as well as new products with the help of inhouse resources as well as through technical assistance from technical collaborators. BSL has established a full-fledged inhouse Technical Centre. The objective of this Technical Centre is to take up projects from concept to mass production. Your Company has successfully completed the proto samples for the new model car seats, Moulded Floor Carpet and luggage carpet for Maruti Suzuki India Ltd. and frame and seat for the new model of two wheelers for Suzuki Motor Cycle India Pvt.Ltd.

Testing Laboratory is continuously upgraded with the addition of new equipments, keeping in view the customer requirements and statutory regulations.

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

- Being Cost competitive.
- Reduction in dependence on vendors and catering to the changing needs of customer by development of inhouse capability for manufacturing moulds, dies, gauges and fixtures for Carpets and other products.
- Improvement in product quality performance.
- Productivity improvement
- Increasing Customer satisfaction and confidence in our products.

BHARAT SEATS LIMITED

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
For continuous improvement	2003-04	Yes
- For continuous improvement - For manufacture of moulded Floor Carpets for Four wheeler 'Alto'	2004-05	Yes
- For continuous improvement - For manufacture of moulded Carpets and Seating Systems for Four wheelers - For Manufacture of Two Wheeler Seat Assemblies	2005-06	Yes
- For continuous improvement - For Manufacture of Two Wheeler Seat Assemblies	2006-07	Yes
- For continuous improvement - For manufacture of moulded carpets and seating system for four wheelers - For manufacture of Two Wheeler Seat Assemblies	2007-08	Yes

FORM C

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange outflow on account of import of Capital Goods and raw materials amounted to Rs. 2958.35 lakhs (Rs. 2965.17 lakhs). Other expenditure in foreign currency relating to travelling, training and technical fees amounted to Rs.127.44 lakhs (Rs.119.83 lakhs). Remittances in foreign currency on account of dividend amounted to Rs. 13,95,000/- (Rs. 13,95,000/-).

The value of seats produced by us for use as fitment in export model cars of Maruti Suzuki India Limited are estimated to be Rs. 20.64 crores (Rs. 11.74 crores).

(Figures in bracket pertain to previous year)

ANNEXURE II

STATEMENT UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, FORMING PART OF DIRECTORS' REPORT

EMPLOYED FOR FULL FINANCIAL YEAR : 2007-08 :

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. 56,96,117/-	B.COM(HONS.) F.C.A., OWNER/ PRESIDENT MANAGEMENT PROGRAMME FROM HARVARD BUSINESS SCHOOL	6.3.1986	29 YEARS	53 YEARS	M/S.S.P. MARWAH & CO., CHARTERED ACCOUNTANTS	2.03%

NOTES:

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