



23rd
ANNUAL REPORT
2009 - 2010



BHARAT SEATS LIMITED

**BOARD OF DIRECTORS**

N. D. RELAN	<i>Chairman</i>
YOICHI KOJIMA	<i>(Nominee-Suzuki Motor Corporation)</i>
I. V. RAO	<i>(Nominee-Maruti Suzuki India 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>
GAUTAM KHAITAN	<i>Director</i>
KISHAN N. PARIKH	<i>Director</i>
RAVINDRA GUPTA	<i>Director</i>

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
58 K.M. MILE STONE, DELHI JAIPUR HIGHWAY,
VILLAGE BINOLA, GURGAON (HARYANA)

AUDITORS

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

LISTED AT

BOMBAY STOCK EXCHANGE 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

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NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of BHARAT SEATS LIMITED will be held on Thursday, 15th July, 2010 at 11 a.m. at FICCI Golden Jubilee Auditorium, Tansen Marg, New Delhi - 110001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit & Loss Account for the year ended on that date together with the report of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. G.N.Mehra, 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 appoint a Director in place of Mr. Gautam Khaitan, who retires by rotation and being eligible offers himself for reappointment.
6. To consider and, if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution :

"RESOLVED THAT M/s S.S. Kothari Mehta & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

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

"Resolved that Mr. Yoichi Kojima, who was appointed as an additional director of the Company by the Board of Directors, w.e.f. 15th March, 2010 and who holds office upto the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act and Article 80 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. A proxy to be effective shall be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business as set out in item nos. 7 above and the relevant details in respect of item nos. 3, 4 and 5 pursuant to Clause 49 of the Listing Agreement executed with the Stock Exchange be transacted at the Meeting are annexed hereto.
3. A member or his proxy is requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 9:30 a.m. to 11:30 a.m. upto the date of Annual General Meeting.
7.
 - (a) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 9th July, 2010 to Thursday, 15th July, 2010, both days inclusive.
 - (b) The Dividend on Equity Shares, if declared at the meeting, will be paid on or after 15th July, 2010 to those shareholders whose names appear in the Register of Members on 15th July, 2010; in case of shares held in dematerialised form, the dividend thereon, will be paid to Beneficial Owners, as per details furnished by the Depositories, as on that date.
8.
 - (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s Alankit Assignments Limited, under the signature of the Sole/ First Joint holder, the following information to be incorporated on dividend warrants:
 - a. Name of the Sole/ First joint holder and the Folio Number.
 - b. Particulars of Bank Account, viz.:
 - Name of the Bank
 - Name of the Branch
 - Complete Address of the Bank with Pin Code Number
 - Account Type, whether Saving Account (SA) or Current Account(CA)
 - Bank Account Number
 - (b) Members who hold shares in dematerialised form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.
9. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
10. All unclaimed dividends declared upto the financial year ended 31st March, 1995 have been transferred 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.
11. Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the Unclaimed or unpaid dividends for the financial years ended 31st March, 1996 to 31st March, 2002 to the Investor Education and Protection Fund (IEPF) established by the Central Government.
12. Dividend for the financial year ended 31st March, 2003 and thereafter which remain unpaid or unclaimed for a period of seven years from the date they became due for payment will be transferred to Investor Education & Protection Fund (IEPF). Members who have not encashed their Dividend warrants may approach the Registered office of the Company for revalidation of the Dividend warrants. Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unpaid or unclaimed for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim. The unpaid dividend for the financial year ended March 31, 2003 is due for transfer to IEPF on 31st July, 2010.

13. 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.
14. Members are requested to send their queries, if any, on the accounts and operations of the Company to the Company Secretary at least 7 days before the Annual General Meeting.
15. The Company has designated an exclusive e-mail ID namely, investor_relations@bharatseats.net for receiving and addressing investors' grievances.

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

The following Explanatory Statement set out all material facts relating to the Special Business mentioned under item no.7 of the accompanying Notice dated 13th April, 2010:

Item No. 7

Mr. Yoichi Kojima was appointed as an Additional Director of the Company with effect from 15th March, 2010, pursuant to Section 260 of the Companies Act, 1956, read with Article 80 of the Articles of Association of the Company. Mr. Yoichi Kojima holds the office of Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing the candidature of Mr. Yoichi Kojima for the office of Director alongwith a deposit of Rs.500/- under the provisions of Section 257 of the Companies Act, 1956.

The Board of Directors commends acceptance of the Resolution set out in Item No.7 of the convening Notice.

Mr. Yoichi Kojima is interested in the proposed resolution.

None of the other directors of the Company are concerned or interested in the resolution.

By Order of the Board
For BHARAT SEATS LIMITED

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

(RITU BAKSHI)
COMPANY SECRETARY

DATED : 13TH APRIL, 2010

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. G.N.MEHRA	MR. P.K.LAHIRI	MR GAUTAM KHAITAN	MR.YOICHI KOJIMA
DATE OF BIRTH	24.11.1932	28.04.1937	06.05.1965	5.11.1964
DATE OF APPOINTMENT ON THE BOARD	22.01.2003	22.01.2003	04.06.2008	15.03.2010
EXPERTISE IN SPECIFIC FUNCTIONAL AREA	FINANCE	FINANCE	LAW	LEGAL, HR, MARKETING
QUALIFICATIONS	RETD.I.A.S	RETD.I.A.S	B.COM, LL.B	GRADUATE - LAW, CHUO UNIVERSITY
DETAILS OF SHARES HELD IN THE COMPANY	20,000	NONE	NONE	NONE
DIRECTORSHIP HELD IN OTHER COMPANIES AS ON 31.3.2010	<ol style="list-style-type: none"> 1. AMRIT CORP. LTD. 2. SUBROS LTD. 3. U.P.HOTELS LTD. 4. USHA BRECO LTD. 5. ACTION CONSTRUCTION EQUIPMENT LTD. 6. ABC PAPER LTD. 	<ol style="list-style-type: none"> 1. TATA SPONGE IRON LTD. 2. INDIAN SCHOOL OF MINES, DHANBAD 3. SHIV VANI OIL & GAS EXPLORATION SERVICES LTD. 4. VISHWAKRIYA HOUSING FINANCE LTD. 	<ol style="list-style-type: none"> 1. J.K.SUGAR LTD. 2. SALORA INTERNATIONAL LTD. 3. ARAVALI SECURITIES & FINANCE LTD. 4. KRBL LTD. 5. FACOR ALLOYS LTD. 6. ILPEA PARAMOUNT LTD. 7. MEDSAVE HEALTHCARE LTD. 8. ARCOTECH LTD. 9. ZAMBON (INDIA) PVT. LTD. 10. FASTER HYDRAULICS P.LTD. 11. CLICK CONSULT & DESIGN INDIA PVT. LTD. 12. VASUDHA COMMERCIAL PVT.LTD. 13. NIPSHILL BUILDERS PVT. LTD. 14. JEEVAN VIHAR PROPERTIES PVT. LTD. 15. HOWDEN INSURANCE BROKERS INDIA PVT.LTD. 16. EMAAR MGF LAND LTD. 17. TINNA OILS & CHEMICALS LTD. 18. TINNA AGRO INDUSTRIES LTD. 19. WASSERSTEIN ADVISORS INDIA P. LTD. 20. AEROMATRIX INFO SOLUTIONS PVT. LTD. 21. ELETTROMECCANICA INDIA P.LTD. 	<ol style="list-style-type: none"> 1. J.J. IMPEX (DELHI) PRIVATE LIMITED. 2. CLIMATE SYSTEMS INDIA LIMITED.
CHAIRMAN/ MEMBER OF THE "COMMITTEES OF OTHER COMPANIES" ON WHICH HE IS DIRECTOR AS ON 31.3.2010	<ol style="list-style-type: none"> 1. ABC PAPER LTD. (CHAIRMAN - AUDIT COMMITTEE) 2. ACTION CONSTRUCTION EQUIPMENTS LTD. (MEMBER- AUDIT COMMITTEE , REMUNERATION COMMITTEE) 3. AMRIT CORP. LTD. (CHAIRMAN - AUDIT COMMITTEE, REMUNERATION COMMITTEE, MEMBER - SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE) 4. SUBROS LTD. (CHAIRMAN - AUDIT COMMITTEE, MEMBER REMUNERATION COMMITTEE, SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE) 5. USHA BRECO LTD. (CHAIRMAN - AUDIT COMMITTEE) 	<ol style="list-style-type: none"> 1. TATA SPONGE IRON LTD. (CHAIRMAN - AUDIT COMMITTEE, REMUNERATION COMMITTEE) 	<ol style="list-style-type: none"> 1. SALORA INTERNATIONAL LTD. (MEMBER - AUDIT COMMITTEE) 2. J. K. SUGAR LTD. (MEMBER - AUDIT COMMITTEE, SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE) 3. ARCOTECH LTD. (MEMBER - AUDIT COMMITTEE, REMUNERATION COMMITTEE) 4. ARAVALI SECURITIES & FINANCE LTD. (MEMBER - AUDIT COMMITTEE, SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE) 5. KRBL LTD. (MEMBER AUDIT COMMITTEE, SHAREHOLDERS' / INVESTORS GRIEVANCE COMMITTEE) 6. EMAAR MGF LAND LTD. (MEMBER - AUDIT COMMITTEE) 	NONE

DIRECTORS' REPORT

Dear Shareholders

FINANCIAL RESULTS

Rupees in lakhs

PARTICULARS	2009-2010	2008-09
SALES	36,763.72	24,940.73
OTHER INCOME	123.92	69.09
PROFIT BEFORE FINANCIAL CHARGES & DEPRECIATION	900.12	727.90
LESS: FINANCIAL CHARGES	112.73	91.37
PROFIT BEFORE DEPRECIATION & TAXATION	787.39	636.53
LESS:		
A. DEPRECIATION	268.03	213.32
B. PROVISION FOR TAXATION		
- CURRENT TAX (LESS : MAT CREDIT ENTITLEMENT)	11.05	47.02
- FRINGE BENEFIT TAX	--	15.86
- DEFERRED TAX	148.97	77.51
- TAX FOR EARLIER YEARS WRITTEN OFF/(WRITTEN BACK)	(24.63)	6.87
NET PROFIT AFTER TAX	383.97	275.95
ADD: BROUGHT FORWARD FROM PREVIOUS YEAR	50.00	15.00
PROFIT AVAILABLE FOR APPROPRIATION	433.97	290.95
APPROPRIATIONS:		
DIVIDEND PROPOSED	188.40	157.00
TAX ON DIVIDEND	31.29	26.68
TRANSFER TO GENERAL RESERVE	164.28	57.27
BALANCE CARRIED FORWARD TO BALANCE SHEET	50.00	50.00

PERFORMANCE REVIEW

The gross sales and other income for the financial year under review was Rs. 36,887.64 lacs as against Rs. 25,009.82 lacs, registering an increase of 47.50%. The profit before tax (after interest and depreciation charges) of Rs. 519.36 lacs and profit after tax of Rs. 383.97 lacs for the financial year under review as against Rs. 423.20 lacs and Rs. 275.95 lacs respectively for the previous financial year registering an increase of 22.72% and 39.14% respectively.

OPERATIONS

During the year under review, the sale of seat sets and carpets surged on robust demand. The New PU Line, with additional capacity and faster output established during the year helped the Company in meeting the additional demand. Due to flexible production systems, the Company could accommodate the changes in product mix required by the customers. The company has developed seating systems and moulded carpets for a new model of car launched by Maruti Suzuki India Limited and have started its supply during financial year 2009-10. The Company has also started production of Seats of a new model of car to be launched by Maruti Suzuki India Limited during 2010-11.

The Company supply seats and complete frames of the new model of Motorcycle launched by Suzuki Motorcycle India Pvt. Ltd. Your Company has also added one more product in its two-wheeler frame product range, the production of which shall commence in the next financial year.

The Company executed Development Order for Executive Chair Car of Shatabdi Train for the Indian Railways.

DIVIDEND

Your Directors are pleased to recommend for the approval of the shareholders, a dividend of 30% (Re. 0.60/- per share) for the financial year ended 31.03.2010.

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, 1956, Mr.G.N.Mehra, Mr.P.K.Lahiri and Mr.Gautam Khaitan are liable to retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

During the year, Mr. Yoichi Kojima was appointed as an Additional Director as nominee of Suzuki Motor Corporation in place of Mr.Toshiaki Tashiro w.e.f. 15.03.2010.

The Company expresses its appreciation for the valuable services rendered by Mr. Toshiaki Tashiro during his tenure as Director of Bharat Seats Limited.

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: 2009-10.

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 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, 2010 and of the profit or loss of the Company for the year ending 31st March, 2010;
- (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 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., Houwa Kogyo Co Ltd , Nagoya, 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 : 13TH APRIL, 2010

(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, 2010

FORM A**CONSERVATION OF ENERGY**

- (a) Energy Conservation measures taken:
- (i) New capacitors have been provided to improve the power factor resulting in substantial saving in energy consumption.
 - (ii) Use of Energy Efficient Lighting in the entire factory and relying on natural lighting wherever possible has helped in reducing the electricity consumption.
- (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:
- (i) Auto sensors are provided in roller crushers to save energy.
 - (ii) Energy Audit of the entire Factory by certified Energy Auditors is planned to thoroughly understand the areas where energy saving can be implemented.
 - (iii) Replacement of old air compressor by new compressor would bring substantial saving in energy.
 - (iv) New PU Line hot water arrangement is provided for heating the moulds to save Diesel.
 - (v) Wind Blowers are provided in the new PU Line to save energy.
 - (vi) Insulation is provided in Steam lines to reduce the heat loss for Diesel saving.
- (c) Impact of measures at (a) and (b) above for reduction of energy, consumption 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 :
- a) The Company has focused on Research & Development activities in particular. Your Company is continuously engaged in developing seating systems, moulded floor carpets and luggage carpet 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, luggage carpet and other Car interiors for automobiles.
 - b) Your Company has designed and installed the longest Polyurethane line in India, with faster output and facility to manufacture more variants in a single line.
 - c) Your Company has developed technology to produce Polyurethane foam with dual hardness, which will result in more comfort to the passenger and a possibility of having different comfort zones in the same Polyurethane cushion. This technology shall be used in the new models of Car of Maruti Suzuki India Ltd.
 - d) The Company has also focused its design and development capabilities in two new seating systems of car, which have been launched successfully.