



24th
ANNUAL REPORT
2010 - 2011

 **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)

PLANT 3
PLOT NO MUSTTIL NO. 226, KILA NO. 7/1,
VILLAGE - BHORAKALAN,
TEHSIL - FARUKHNAGAR, GURGAON (HARYANA)

AUDITORS

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

**LISTED AT
CHIEF FINANCIAL OFFICER**

BOMBAY STOCK EXCHANGE LIMITED
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 Fourth Annual General Meeting of the members of BHARAT SEATS LIMITED will be held on Thursday, 4th August, 2011 at 11:00 a.m. at Air Force Auditorium, Subroto Park, New Delhi - 110010 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 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. N.D.Relan, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Ravindra Gupta, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. Kishan N.Parikh, 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 a Special Resolution:
Resolved that in accordance with the provisions of Section(s) 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956, and all other applicable provisions, if any, of the Companies Act, 1956, and any other laws prevailing for the time being in force, and subject to the approval of Central Government, if required, Shri Rohit Relan be and is re-appointed as Managing Director of the Company for a period of five years from 1st October, 2011 to 30th September, 2016 on the following terms and conditions, as approved by the Remuneration Committee and the Board of Directors:

DETAILS OF REMUNERATION, INCLUDING PERQUISITES :

SALARY :

- A. BASIC SALARY : Rs. 5,50,000/- per month with the provision of annual increment of Rs.50,000/- per month in the scale of Rs.5,50,000 - Rs.50,000- Rs.7,50,000 per month.
- B. ALLOWANCES & PERQUISITES : Upto a maximum of Rs. 2,00,000/- per month
- C. In addition to the above, Managing Director shall also be entitled to :
 - i) Company's contribution to Provident Fund and Pension Fund as per the rules of the Company.
 - ii) Gratuity as per Payment of Gratuity Act, 1972.

D. OTHER TERMS AND CONDITIONS

In the event of absence or inadequacy of profits in any financial year, the Managing Director shall be entitled to the minimum remuneration as mentioned herein above without any variation.

Resolved further that the Board of Directors of the Company be and are hereby authorized to alter or vary the above terms and conditions so as not to exceed the limits prescribed in Schedule XIII to the Companies Act, 1956 in case the company has adequate profits or within the limits approved by the Central Government, if required, as the case may be.

8. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:
"Resolved that in supersession of the Resolution passed in the General meeting of the Company held on 16th July, 2009, and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money on such terms and conditions as the Board may deem fit, which together with the monies already borrowed by the Company (apart from temporary loans obtained/ to be obtained

from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the maximum amount so borrowed by the Board shall not at any time exceed Rs Two Hundred Crores."

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 and 8 above and the relevant details in respect of item nos.3, 4, 5 and 8 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, 29th July, 2011 to Thursday, 4th August, 2011, both days inclusive.
(b) The Dividend on Equity Shares, if declared at the meeting, will be paid on or after 4th August, 2011 to those shareholders whose names appear in the Register of Members on 4th August, 2011; 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, 2003 to the Investor Education and Protection Fund(the IEPF) established by the Central Government.
12. Dividend for the financial year ended 31st March, 2004 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, 2004 is due for transfer to IEPF on 25th June, 2011.
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 and 8 of the accompanying Notice dated 13th April, 2011:

Item No.7

Mr.Rohit Relan, Managing Director was re-appointed as Managing Director on 1st October, 2006 for a term of five years. His term in office would expire on 30th September, 2011. He is presently paid remuneration aggregating to Rs. 6,13,550/- per month under various heads as approved by Central Government vide their letter no.12/59/2006-CL.VII dt. 19.10.2006.

The Remuneration Committee and the Board of Directors in their meetings held on 13.4.2011 approved the appointment and remuneration of Mr.Rohit Relan, Managing Director. In view of inadequate profits during the year ended 31st March, 2011, the appointment and remuneration payable to Mr.Rohit Relan, Managing Director is subject to the approval of Central Government.

Your directors recommend the special resolution as set out in item no.7 for your approval.

Mr.Rohit Relan, Managing Director of the Company is interested in the resolution to the extent of remuneration payable to him. Further, Mr.N.D.Relan, Chairman and Mr.Ajay Relan, Director are also interested in the resolution, being related to the said director.

STATEMENT GIVING INFORMATION REQUIRED UNDER PART II, SECTION II(C) TO THE SCHEDULE XIII OF THE COMPANIES ACT FOR PAYMENT OF REMUNERATION TO MR. ROHIT RELAN, MANAGING DIRECTOR

I. General Information:

1. Nature of Industry
The Company is engaged in manufacture of Seating System and moulded carpets for Car market leader, Maruti Suzuki India Limited as well as seats for Suzuki Motor Corporation two wheelers, at their plants at Gurgaon in Haryana.
2. Date or expected date of commencement of commercial production
The Company is already in production for more the last twenty three years.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.
Not applicable, as the Company is an existing one.

4. Financial performance based on given indicators

The Financial performance of the Company in relation to various indicators during the years 2009-10 and 2010-11 is given hereunder:

	2009-2010	2010-2011
	(Rs. in lakhs)	
Turnover	36763.72	48903.39
Net Profit after tax	383.97	823.41
Dividend	30%	40%

5. Export performance and net foreign exchange collaborations.

None

6. Foreign investments or collaborators, if any.

Financial Collaboration with M/s Suzuki Motor Corporation, Japan, who holds 14.81% of the total equity of the Company.

Technical Collaboration with M/s Houwa Kogyo Co.Ltd., Japan.

II. Information about the appointee i.e. Mr.Rohit Relan

1. Background details :

Mr. Rohit Relan, Managing Director aged 55 years is a Chartered Accountant and has done Owner/ President Management Programme from Harvard Business School. He is promoter entrepreneur of Bharat Seats Ltd.

2. Past remuneration

The total remuneration paid to Mr.Rohit Relan from 1st April, 2010 to 31st March, 2011 was Rs. 69.23 lakhs.

3. Recognition or awards

An able and successful entrepreneur under whose leadership the Company could achieve and maintain impeccable operational standards. He is a fellow member of the Institute of Chartered Accountants of India. He has done Owner/ President Management Programme from Harvard Business School.

4. Job profile and his suitability

The job profile of the Managing Director of the Company includes overall supervision and control of the Company's activities and in particular to attend to all matters concerning production planning, manufacture, finance, administration and such other duties and services as entrusted by the Board of Directors. Mr.Rohit Relan is performing the same since 6.3.1986.

5. Remuneration proposed

A. BASIC SALARY : Rs. 5,50,000/- per month with the provision of annual increment of Rs.50,000/- per month in the scale of Rs.5,50,000 - Rs.5,00,000- Rs.7,50,000 per month.

B. ALLOWANCES & PERQUISITES : Upto a maximum of Rs. 2,00,000/- per month

C. In addition to the above, Managing Director shall also be entitled to :

- i) Company's contribution to Provident Fund and Pension Fund as per the rules of the Company
- ii) Gratuity as per Payment of Gratuity Act, 1972.

D. OTHER TERMS AND CONDITIONS

In the event of absence or inadequacy of profits in any financial year, the Managing Director shall be entitled to the minimum remuneration as mentioned herein above without any variation.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person(in case of expatriates the relevant details would be w.r.t. the country of his origin)

On a scale of comparison, the remuneration being proposed to be paid to the Managing Director is suitable in view of the vast experience and qualifications of Mr.Rohit Relan.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Except for the remuneration as Managing Director and his shareholding, the appointee has no other pecuniary relationship with the Company.

The appointee is related to Mr.N.D.Relan, Chairman of the Company, who is his father and to Mr.Ajay Relan, Director of the Company who is his brother.

III. Other Information

1. Reason for loss or inadequate profits

The profitability of the Company has improved during the last few years due to expansion of capacity, R&D efforts and other cost saving measures taken by the Company. Still the profitability of the Company is effected due to expenses incurred on expansion and competent market conditions. However, the profitability is expected to further improve in the next 2-3 years.

2. Steps taken or proposed to be taken for improvement.

The Company has taken the following steps to improve the profitability:

- a. Cost reduction and productivity improvement.
- b. Improvement in operating systems through Quality and System Certification, TS16949, Kaizen, TPM(Total productive Maintenance) and SPS.(Suzuki production System)
- c. Upgradation of Seat testing System of International Standard.

3. Expected increase in productivity and profits in measurable terms

With the above measures, the operating efficiencies and profits of the Company are expected to increase.

IV. Disclosures:

- (1) The shareholders of the Company shall be informed of the remuneration package of the managerial person.
- (2) The following disclosures shall be mentioned in the Board of Directors Report under the heading 'Corporate Governance', attached to the annual report:-
 - (i) All elements of remuneration package such as salary, benefits and perquisites etc. of all the directors.

Necessary particulars of remuneration under required heads and sitting fees of all the Directors are given in Corporate Governance Report forming part of the Directors' Report for the year 2010-11,

Item No.8

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in general meeting, borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), in excess of the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

The shareholders in the general meeting held on 16th July, 2009 had accorded their consent to the Board of Directors for borrowing upto Rs. 50 crores.

In view of the Company's fund requirements in the near future for further expansions, growing operations etc., it is considered desirable to enhance this limit to Rs.200 crores.

The Board accordingly commends the proposed Resolution for your approval.

None of the Directors of the Company is 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
Dated : 13th April, 2011

(RITU BAKSHI)
COMPANY SECRETARY

**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.N.D.RELAN	MR RAVINDRA GUPTA	MR KISHAN N. PARIKH	MR ROHIT RELAN
DATE OF BIRTH	31.05.1929	29.04.1942	15.04.1967	2.07.1955
DATE OF APPOINTMENT ON THE BOARD	06.03.1986	31.03.2009	04.06.2008	06.03.1986
EXPERTISE IN SPECIFIC FUNCTIONAL AREA	FINANCE, BUSINESS MANAGEMENT AND CAPITAL MARKET	MANAGEMENT & ADMINISTRATION	BUSINESS MANAGEMENT	BUSINESS MANAGEMENT, FINANCE
QUALIFICATIONS	B.COM	IAS(RETIRED)	B.COM	B.COM(HONS.), FCA, OWNER/ PRESIDENT MANAGEMENT PROGRAMME FROM HARVARD BUSINESS SCHOOL
DETAILS OF SHARES HELD IN THE COMPANY	1042000	NONE	7500	693500
DIRECTORSHIP HELD IN OTHER COMPANIES AS ON 31.3.2011	<ol style="list-style-type: none"> SHARDA MOTOR INDUSTRIES LTD. RELAN INDUSTRIAL FINANCE LTD. PEBCO MOTORS LTD. SHARDA SEJONG AUTO COMPONENTS (INDIA)LTD. PROGRESSIVE ENGINEERING & AUTOMATION (P) LTD. 	JAIN SOLAR ENERGY PVT. LTD.	<ol style="list-style-type: none"> PEBCO MOTORS LTD. PEBCO INDUSTRIES LTD. SHARDA MOTOR IND.LTD. AERSOFT TRADING & MARKETING PVT.LTD. CALCUTTA COMMODITIES (1965)PVT.LTD. BRISCO PRIVATE LIMITED JAMSHEDPUR AIR CONNECT PVT. LTD. 	<ol style="list-style-type: none"> SHARDA MOTOR INDUSTRIES LTD. RELAN INDUSTRIAL FINANCE LTD. SHARDA SEJONG AUTO COMPONENTS (INDIA)LTD. PROGRESSIVE ENGINEERING & AUTOMATION (P) LTD.
CHAIRMAN/ MEMBER OF THE "COMMITTEES OF OTHER COMPANIES" ON WHICH HE IS DIRECTOR AS ON 31.3.2011	<ol style="list-style-type: none"> SHARDA SEJONG AUTO COMPONENTS (INDIA)LTD.(MEMBER - AUDIT COMMITTEE) SHARDA MOTOR INDUSTRIES LIMITED (MEMBER - AUDIT COMMITTEE, SHARE HOLDERS/ INVESTORS GRIEVANCE COMMITTEE) 	NONE	<ol style="list-style-type: none"> SHARDA MOTOR IND.LTD.(MEMBER - REMUNERATION COMMITTEE) PEBCO MOTORS LIMITED (MEMBER - AUDIT COMMITTEE, SHARE HOLDERS/ INVESTORS GRIEVANCE COMMITTEE) 	NONE

DIRECTORS' REPORT

Dear Shareholders

FINANCIAL RESULTS		Rupees in lakhs	
PARTICULARS	2010-11	2009-10	
SALES	48,903.39	36,763.72	
OTHER INCOME	134.19	123.92	
PROFIT BEFORE FINANCIAL CHARGES & DEPRECIATION	1,848.62	900.69	
LESS: FINANCIAL CHARGES	223.89	112.73	
PROFIT BEFORE DEPRECIATION & TAXATION	1,624.73	787.96	
LESS:			
A) DEPRECIATION	480.98	268.03	
B) PROVISION FOR TAXATION			
– CURRENT TAX(LESS: MAT CREDIT ENTITLEMENT)	171.26	11.62	
– DEFERRED TAX	149.08	148.97	
– TAX FOR EARLIER YEARS WRITTEN OFF/(WRITTEN BACK)	–	(24.63)	
NET PROFIT AFTER TAX	823.41	383.97	
ADD: BROUGHT FORWARD FROM PREVIOUS YEAR	50.00	50.00	
PROFIT AVAILABLE FOR APPROPRIATION	873.41	433.97	
APPROPRIATIONS:			
PROPOSED DIVIDEND	251.20	188.40	
CORPORATE DIVIDEND TAX	40.75	31.29	
TRANSFER TO GENERAL RESERVE	531.46	164.28	
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. 49,037.58 lacs as against Rs 36,887.64 lacs, registering an increase of 32.93%. The profit before tax (after interest and depreciation charges) of Rs. 1,143.75 lacs and profit after tax of Rs. 823.41 lacs for the financial year under review as against Rs 519.93 lacs and Rs 383.97 lacs respectively for the previous financial year registering an increase of 120% and 114.45 % respectively.

OPERATIONS

During the year under review, the sale of seat sets surged on robust demand. Additional PU Line for making Head Rest Pads was established during the year, which helped the Company in meeting additional demand. An additional assembly line for making car seats was laid for supplying modified Wagon-R model of Maruti Suzuki India Limited.

Your company started manufacturing Polyurethane Pads with its newly developed technology called "Dual Hardness". This is to bring in more comfort in the seating system.

Due to the flexible production systems, Your company could accommodate the changes in the product mix required by the customers. Your company has developed and started manufacturing of the seating system for the new model of car for Maruti Suzuki India Ltd.

An additional assembly system for Two wheeler seats was installed during the year under review to cater to increased demand. Your company started a new product range involving technology of swaging and boring for the frames used in two wheeler manufacturing. These are from high accuracy machines to cater to the increased quality demand of the customer. This should cater to the demand of various frames for Suzuki Motorcycle India Pvt. Ltd.

EXPANSION AND FUTURE PROSPECTS

Your Company, considering the growth in the Automobile sector, has planned its capacity expansion, to cater to the increased demand.

Your Company is entering into another area of manufacture of extruded components for Maruti range of vehicles. For this purpose, your Company has entered into an Agreement with INOAC of Japan and has started setting up the facility at its plant at Bohrakalan. The production will commence in the ensuing financial year.

DIVIDEND

Your Directors are pleased to recommend for the approval of the shareholders, a dividend of 40% (Re.0.80/- per share) for the financial year ended 31.03.2011.

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. N.D.Relan, Mr.Ravindra Gupta and Mr. Kishan N.Parikh are liable to 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.

FIXED DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet.

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: 2011-12.

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 along with 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, 2011 and of the profit or loss of the Company for the year ending 31st March, 2011;
- (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, 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, 2011

(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, 2011

(A) CONSERVATION OF ENERGY

- (a) Energy Conservation measures taken:
- (i) New technology burner is provided resulting in saving in Diesel consumption.
 - (ii) Heat exchanger drain hot water is being reused in boiler to reduce diesel consumption.
- (b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:
- (i) Turbo wind blower are provided in the roof which eliminates the use of exhaust fans to save the electricity.
 - (ii) Energy Audit of the entire Factory by certified Energy Auditors has been conducted and several areas of energy saving have been identified and are in the process of implementation.
 - (iii) Auto timer is provided to switch light , saving in electricity.
 - (iv) Temperature controller is provided in cooling timer to save electricity.
 - (v) Energy efficient light is provided in plant.
- (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 reducing diesel and electricity consumption and reducing breakdowns and manufacturing cost.
- (d) Total energy consumption as per Form-A of the Annexure in respect of industries specified in schedule thereto:

FORM A

A. POWER AND FUEL CONSUMPTION	2011	2010
Electricity		
Purchased Units(KWH)	3814914	3131096
Total Cost(Rs. in lakhs)	308.94	243.45
Rate per Unit(Rs.)	8.10	7.78
Diesel		
Purchased Units(in LTRS)	549037	484781
Total Cost(Rs. in lakhs)	184.16	142.70
Rate per Unit(Rs.)	33.54	29.44

(B) TECHNOLOGY ABSORPTION
FORM B
RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by your company :-
 - a) Your company has focused on Research and Development activities in particular. Your Company is continuously engaged in developing seating systems, moulded floor carpets and luggage carpet for Maruti Suzuki India Ltd. The vision of your company is to become a 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 an additional Polyurethane Head Rest machine with a higher capacity than the existing Head Rest line.
 - c) Your Company has upgraded the technology in the oldest Polyurethane line to incorporate the robotic pouring system to achieve better quality and has incorporated dual hardness in the machine thereby new having two machines with dual hardness facilities for requirements of the customer.



- d) Your company has applied the new technology of dual hardness in the seating produced in year 2010-11 giving better comfort to the seating system. This is the first time this technology is being used by Maruti Suzuki India Ltd.
- e) Your company has introduced a new technology of swaging and boring of pipes. This has opened up prospects of new business like pipe heads for two wheeler frames. Your Company, with upgraded technology, is now manufacturing the complete frame assembly of two wheeler systems.
- f) Your Company is also establishing systems through R & D centre for better control and cost reduction of fixtures and gauges.
- g) Additional stations for designing added to become more self sufficient in the designing of the products as well as tools.

In line with the customers philosophy to sell the best value for money vehicles, your Company has done various product improvement and innovation through Value Addition/ Value Engineering (VA/ VE). Your Company has done various VA/ VE exercise in the Seating Systems and carpets for Cars of Maruti Suzuki India Ltd and frames 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 customers confidence, making BSL self reliant right from concept to the mass production stage.

3. Future plan of action :-

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

4. Expenditure on R & D :

a) Capital	Rs.53.48 lacs
b) Recurring	Rs.147.48 lacs
c) Total	Rs.200.96 lacs
d) Total R & D expenditure as a percentage of total turnover	0.46%

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. For this purpose, a Seating expert from Japan had come to your Company to give special training on designing of new types of Seats, and also training on welding jigs, fixtures and gauges of the two wheeler frame body to design engineers.

With a full fledged testing laboratory and prototype shop, now your company is prepared for a complete indigenous solution to the seating system requirement right from concept to design to protomaking to design validation(testing) to development(jigs, fixtures, gauges making) to mass production.

BSL has also entered into Technical Assisitance Agreement with Toyo Seat of Japan for localization of Seat Lifting Mechanism, which is presently being imported.

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

- a) Better quality of product and hence higher customer confidence.
- b) Productivity improvement has helped your company to meet the additional requirement of the customer with marginal increase in investment.
- c) Continuous upgradation of technology and other improvements has helped your Company to be cost competitive in an increasingly tough market conditions and strict Government Regulations.
- d) Your Company has become flexible and capable to meet the development requirements of new models at a very short lead time, meeting the changing demand of today's market in automobiles.
- e) Provide complete solution for Seating System and other interiors for four wheelers.
- f) Provide complete solution for seats and frames for two- wheelers.

3. 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 - 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
- For continuous improvement - For manufacture of moulded carpets and seating system for four wheelers - For Manufacture of Two Wheeler Seat Assemblies	2008-09	Yes
- For continuous improvement - For manufacture of moulded carpets and seating system for four wheelers - For Manufacture of Two Wheeler Seat Assemblies	2009-2010	Yes
- For continuous improvement - For manufacture of moulded carpets and seating system for four wheelers	2010-2011	Yes

A. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to exports	No direct export. The value of seats produced by us for use as fitment in export model cars of Maruti Suzuki India Limited is estimated to be Rs. 1429 lakhs (Rs. 803 lakhs).
(b) Total foreign exchange used and earned	Foreign exchange outflow on account of import of Capital Goods and raw materials amounted to Rs.2287.83 lakhs(Rs. 3615.92 lakhs). Other expenditure in foreign currency relating to travelling, training and technical fees amounted to Rs.224.79 lakhs (Rs. 217.10 lakhs). Remittances in foreign currency on account of dividend amounted to Rs.27,90,000/-(Rs.23,25,000/-).

(Figures in bracket pertain to last year)

ANNEXURE II

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

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.69,23,106	B.COM(HONS.) F.C.A., OWNER/ PRESIDENT MANAGEMENT PROGRAMME FROM HARVARD BUSINESS SCHOOL	6.3.1986	32YEARS	55 YEARS	M/S S.P. MARWAH & CO., CHARTERED ACCOUNTANTS	2.21%

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY REVIEW AND MACRO ECONOMY

The economic scenario in India is on a roll. The recent all round growth and development has made people across the globe realize that our country is a powerful economy.

The economic scenario in India has been pretty stable over the last 5 years. Despite the economic slowdown two years back, the Indian economy has managed to remain stable. GDP Growth rate for the financial year 2011-12 is expected to hover around 9 percent.

All the important sectors in India have shown positive signs of growth from the last five years. The vehicles industry in India also witnessed a substantial growth in 2010. Ranging from commercial vehicles to two wheelers to the Passenger vehicles segment, all registered striking growth.

Automobile industry is an engine of India's economic and manufacturing sector growth. Passenger vehicles are projected to be 5 million units by 2015 driven by domestic demand and export market.

The nation's number one Car Manufacturer, Maruti Suzuki India Limited rolled out its Ten millionth Car on 15th March, 2011.

Auto Component industry contribute 2.1% of the total GDP.

Bharat Seats Limited (BSL) was able to close the year with increase of 25% in no. of seat sets supplied to MSIL compared to previous year due to robust increase in production of MSIL.

FUTURE OUTLOOK

As India's growth momentum accelerates, the demand for automobiles is expected to increase as well.

MSIL sold 12,71,005 vehicles in fiscal 2010-2011. MSIL sales grew over segments with a growth of 24.8% over last year fiscal. MSIL plans to build 2 new plants at Manesar, each with a capacity to produce 2.5 lakh units.

BSL is well positioned to exploit this growth opportunity. Company's engineering skills and knowledge helps it in partnering with its customers for new model developments.

Your Company is entering into another area of manufacture of extruded components for maruti range of vehicles and is setting up its production facility at Borakalan in Haryana.

RESEARCH & DEVELOPMENT

The automotive industry is moving through fierce competition enforcing the need for faster new products rollouts at OEM level and the need to enhance design and engineering capabilities at Suppliers level. Keeping in view the growing need of technological upgradation, BSL has been trying to gear up its resources to provide complete solution, from design to start -of -production(SOP), to customer in order to keep abreast with competition.

This initiative has been taken by creation of necessary infrastructure in terms of establishing prototype shop, upgradation of softwares and providing training to human resources.

In process we have created inhouse expertise for product and tool design and development of components in order to remain cost competitive.

OPPORTUNITIES AND THREATS

During the year, your Company focused its attention on long term initiatives despite challenging market situations, with special focus on Research and Development.

Besides, passenger car industry, your Company has focused its attention on design and development of Seating System and components for two wheelers of Suzuki Motor Cycle India P.Ltd. (SMIPL). During the year, BSL has supplied seats and complete frames for a new model of motorcycle launched by SMIPL.

The company has been selected for development of Seating system and moulded carpet for new Models of MSIL.

RISK AND CONCERNS

The management perceives the following as risk and concern for its business :

BUSINESS RISK

The Company is operating in the business of automotive components and the performance of auto component industry is largely dependent on the performance of automobile industry. The automobile industry itself is dependent on several factors such as economy's growth, monsoon, market practices and pricing etc. The global automotive manufacturers are expanding their production capacities in India, leading to global competition which can only be countered by maintaining low cost product development.

The Company is actively exploring all new business opportunities in terms of product diversification.

FINANCIAL RISK

The Company is exposed to the risks associated with fluctuations in foreign currency rates on account of imports and foreign currency loans. The company's sales and margins are subject to the market forces that affect MSIL and SMIPL. Your Company reviews forward exchange contracts / derivative contracts on a regular basis to analyse foreign exchange exposure and confirms that the Company has a policy on foreign exchange risk management in place.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, reported and recorded correctly. Further internal audit has been out sourced to M/s K.S.M.N & Co., Chartered Accountants. The Audit covers all the areas e.g. Finance, Production, HR, Purchase, Statutory Compliance etc. and regular audits are conducted by Internal Auditors. The Audit observations are periodically reviewed by the Audit Committee of the Board of Directors and necessary directions are issued, wherever required.

FINANCIAL PERFORMANCE

The details of the financial performance of the company are appearing in the Balance Sheet, Profit & Loss Account and other financial statements forming part of this Annual report. For financial highlights please refer heading 'FINANCIAL RESULTS' of Directors' Report.

HUMAN RESOURCES AND DEVELOPMENT

Industrial relations have continued to be harmonious throughout the year. BSL believes that success of any organization depends on its ability to recruit, train, deploy and retain good people. The company takes care of employee motivation and skill upgradation.

CAUTIONARY STATEMENT

Statements in the 'Management Discussion and Analysis' describing the company's objective, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable laws and regulations. The actual results could differ materially from those expressed or implied. The important factors that may effect the company's operations include demand & supply situation, input prices and their availability, change in Government policies/ regulations, tax laws and other statute. Therefore, all concerned should bear all above factors in their mind.

**CORPORATE GOVERNANCE
(FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR
ENDED 31ST MARCH, 2011)**

A. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. As stakeholders across the globe show keen interest in the practices and performance of companies, Corporate Governance has emerged on the centre stage.

Bharat Seats recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders.

As reported earlier, the Company has Audit Committee, Shareholder Grievance Committee and Remuneration Committee and these Committees report to the Board of Directors about the tasks assigned to them.

B. BOARD OF DIRECTORS

1. Composition of the Board

As on 31st March, 2011, the Board of Directors consisted of ten directors. The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors. Four Directors, including the Chairman are non-executive and five Directors are Non-Executive and Independent Directors.

During 2010-11, the Board of Directors met five times on 13th April, 2010, 8th June, 2010, 15th July, 2010, 18th October, 2010 and 19th January, 2011.

The details of the composition of the existing Board of Directors as under:

NAME OF DIRECTOR	DESIGNATION	CATEGORY	NO.OF OUTSIDE DIRECTORSHIP		NUMBER OF OUTSIDE COMMITTEES	
			PUBLIC	PRIVATE	MEMBER	CHAIRMAN
MR. N.D.RELAN	CHAIRMAN	NON-EXECUTIVE/ NON-INDEPENDENT	4	1	3	-
MR.ROHIT RELAN	MANAGING DIRECTOR	EXECUTIVE / NON-INDEPENDENT	3	1	-	-
MR .YOICHI KOJIMA	DIRECTOR	NON-EXECUTIVE/ NON-INDEPENDENT	2	1	-	-
MR AJAY RELAN	DIRECTOR	NON-EXECUTIVE/ NON-INDEPENDENT	3	1	1	-
MR. I.V.RAO	DIRECTOR	NON-EXECUTIVE / NON-INDEPENDENT	-	-	-	-
MR G.N.MEHRA	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	6	-	2	4
MR P.K.LAHIRI	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	4	-	-	1
MR GAUTAM KHAITAN	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	12	14	8	1
MR KISHAN N.PARIKH	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	3	4	2	-
MR RAVINDRA GUPTA	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	-	1	-	-

NOTES:

1. THE COMMITTEES CONSIDERED FOR THE PURPOSE ARE THOSE PRESCRIBED UNDER CLAUSE 49(I)(C) OF THE LISTING AGREEMENT

BOARD MEETING ATTENDANCE RECORD OF THE DIRECTORS IN 2010-2011 IS AS UNDER :

NAME OF DIRECTOR	NO. OF BOARD MEETINGS ATTENDED	ATTENDANCE AT LAST AGM HELD
MR. N.D.RELAN	5	YES
MR. ROHIT RELAN	5	YES
MR. YOICHI KOJIMA	4	YES
MR. AJAY RELAN	4	YES
MR. I.V. RAO	4	YES
MR. G.N. MEHRA	5	YES
MR. P.K. LAHIRI	5	YES
MR. GAUTAM KHAITAN	3	YES
MR. KISHAN N. PARIKH	1	YES
MR. RAVINDRA GUPTA	5	YES

2. Pecuniary Relationship

Independent Directors do not have any pecuniary relationships or transactions with the Company except for the Sitting fees, drawn for attending the meetings of the Board and Committee(s) thereof.

3. Board's Functioning & Procedures

The Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have always had complete freedom to express their opinion and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of setting corporate goals and monitoring corporate performance, it directs and guides the activities of the management towards the set goals and seeks accountability with a view to ensure that the corporate philosophy and mission viz., to create long term sustainable growth that translates itself into progress, prosperity and the fulfillment of stakeholders' aspirations, is accomplished. It also sets standards of corporate behaviour and ensures ethical behaviour at all times and strict compliance with Laws and Regulations.

The items placed at the Meetings of the Board include the following:

- Managing Director's report on operations of all businesses including progress on ongoing projects.
- Opportunities for expansion, modernization, new projects.
- Financial plans and budgets and updates/reviews thereof.
- Strategic and business plans and updates/reviews thereof.
- Corporate performance against strategic and business plans.
- The unaudited quarterly financial results and the audited annual accounts of the company.
- Financial statements such as cash flow, inventories, sundry debtors, and/or other liabilities or claims of substantial nature.
- Status of borrowings and details of material foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if any.

- Delegation of powers to the management.
- Any material default in financial obligations to and by the company.
- Review compliance of all laws applicable to the company including the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the company to rectify instances of non-compliances, if any.
- Information on senior appointments below the Board level, if any.
- Material communications from Government including show cause notices, demand and penalty notices, if any, which are materially important.
- Communication to the Stock exchanges, the Shareholders and the press regarding Company's performance, future plans and other decision/changes of significant importance or of price sensitive nature.

All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

The minutes of the meetings of the Board are individually given to all directors and confirmed at the subsequent Board Meeting. The Minutes of the various Committees of the Board are also individually given to the Board Directors and thereafter tabled for discussion at the subsequent Board Meeting.

C. COMMITTEES OF THE BOARD

The Board of Directors has constituted the following Committees with adequate delegation of powers to discharge day-to-day affairs of the Company as well as to meet the exigencies of the business of the Company.

1. Audit Committee

The Audit Committee is in conformity with Section 292A of the Companies Act, 1956 and with Clause 49 of the Listing Agreement. The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements/ other management information, adequacy of provisions for liabilities, and whether the audit tests are appropriate and scientifically carried out and that they are aligned with the realities of the business, adequacy of disclosures, compliance with all relevant statutes and other facets of Company's operation that are of vital concern to the Company. In particular, the role of Audit Committee includes the following:

- Oversight of the company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Review and Recommendation to the Board, the appointment, reappointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.

- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- Further, in compliance with revised listing agreement, audit committee has been directed to review, with the management, quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditor into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with the statutory auditor before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any in payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors.
- Review any other area, which may be specified under the Listing Agreement, Companies Act, other statutes, rules and regulations as amended from time to time.
- To carry out any other function as mentioned in the terms of reference of the audit committee.

The meetings of Audit Committee were held on 13th April, 2010, 15th July, 2010, 18th October, 2010 and 19th January, 2011. The composition of the Audit Committee and the meetings attended by the members during the year are as follows:

S. No.	Name	Category	Status	No. of meetings held	No. of meetings attended
1	Mr. G.N. Mehra	Non-Executive/ Independent Director	Chairman	4	4
2	Mr. P.K. Lahiri	Non-Executive/ Independent Director	Member	4	4
3	Mr. Ravindra Gupta	Non-Executive/ Independent Director	Member	4	4
4	Mr. N.D. Relan	Non-Executive/Non-Independent Director	Member	4	4

Ms. Ritu Bakshi, Company Secretary acts as the Secretary of the Committee.

2. Remuneration Committee

The remuneration committee comprises Mr. P.K. Lahiri (Chairman), Mr. N.D. Relan, Mr. G.N. Mehra and Mr. Ravindra Gupta. The composition of Remuneration Committee is as follows:

S.No	NAME	CATEGORY	Status
1.	Mr. P.K. Lahiri	Non-Executive/Independent Director	Chairman
2.	Mr. N.D. Relan	Non-Executive/Non-Independent Director	Member
3.	Mr. G.N. Mehra	Non-Executive/ Independent Director	Member
4.	Mr. Ravindra Gupta	Non-Executive/ Independent Director	Member

The Remuneration Committee of the Company reviews the remuneration of Managing Director.

During the year ended March 31, 2011, no meeting of this Committee was held.

Remuneration policy

The Managing Director is paid salary and perquisites within the overall limits, as approved by the Central Government.

The remuneration paid to the Managing Director, is as approved by the shareholders in the Annual General meeting held on 25th May, 2006.

For revising the Remuneration of Managing Director on his reappointment from 1.10.2011 to 30.09.2016, the Remuneration Committee and the Board of Directors in their respective meetings held on 13.04.2011, have approved the remuneration of Mr. Rohit Relan, Managing Director, subject to the approval of shareholders in general meeting.

The Non-Executive Director do not draw any remuneration from the company except the sitting fees which were paid at a rate of Rs. 10,000/- upto 8th June, 2010 and at a rate of Rs.20,000/- for each meeting of the Board/Committee of the board attended by them after 8th June, 2010.

The details of salary, perquisites (including contribution to Provident Fund) and sitting fees paid to directors are given as under:

Name	Position	Gross Remuneration (Rs.)		Sitting Fee (Rs.)
Mr. N.D. Relan	Chairman	-	-	2,20,000
Mr. Rohit Relan	Managing Director	Salary	54,60,000	-
		Allowances & Perquisites	7,20,000	-
		Contribution to P.F.	7,43,106	-
		Total	69,23,106	-
Mr. Y. Kojima	Director	-	-	70,000
Mr. I.V. Rao	Director	-	-	60,000
Mr. Ajay Relan	Director	-	-	60,000
Mr. G.N. Mehra	Director	-	-	2,20,000
Mr. P.K. Lahiri	Director	-	-	2,20,000
Mr. Gautam Khaitan	Director	-	-	70,000
Mr. Ravindra Gupta	Director	-	-	1,50,000
Mr. Kishan N. Parikh	Director	-	-	20,000

3. Shareholders'/ Investor Grievance Committee

The Shareholders'/Investors' Grievance Committee deals with various matters relating to: -

- Transfer/Transmission of shares.
- Issue of duplicate share certificate
- Review of shares dematerialized and all other related matters
- Monitors expeditious redressal of investors' grievances
- Non receipt of Annual Report and declared dividend
- All other matters related to shares.

The meetings were held on 13th April 2010, 15th July, 2010, 18th October 2010 and 19th January 2011.

The composition of the committee and the details regarding meetings held and attended are given as under:

S. No.	Name	Category	Chairmanship/ Membership	No. of meetings held	No. of meetings attended
1.*	Mr. Gautam Khaitan	Non-executive/ Independent Director	Chairman	4	1
2.	Mr. N.D. Relan	Non-executive/ Non-Independent Director	Member	4	4
3.	Mr. G.N. Mehra	Non-Executive/ Independent Director	Member	4	4
4.	Mr. P.K. Lahiri	Non-Executive/ Independent Director	Member	4	4

- In the absence of Mr. Gautam Khaitan, Mr. N.D. Relan acted as the Chairman of the Shareholders'/ Investors' Grievance Committee.

Details of the status of the Complaints received during the year in the following statement:

SI.No.	Nature of Complaint	Received	Resolved	Pending
1	Non-receipt of dividend	-	-	-
2.	Short Receipt of Dividend	-	-	-
3	Non-receipt of Demat Credit	-	-	-
4	Loss of Share Transfer Deeds	-	-	-
5	SEBI	-	-	-
6	Delay in Transfer of shares and non- receipt of share certificates	-	-	-
7	Non-receipt of Annual Report	-	-	-

Ms. Ritu Bakshi, Company Secretary is the Compliance Officer.

There are no shares pending for transfer as on 31st March 2011.

D. GENERAL BODY MEETINGS

Details of Annual General Meetings held during the last three years:

Year	Date	Time	Venue	Whether Special Resolution passed
2010	15.07.2010	11 a.m.	FICCI Golden Jubilee Auditorium, N.Delhi	No
2009	16.07.2009	12 Noon	India Habitat Centre, N. Delhi	No
2008	04.06.2008	12 Noon	India Habitat Centre, N.Delhi	No

E. RESOLUTION THROUGH POSTAL BALLOT

During the year under review, no resolution was passed through Postal ballot.

F. DISCLOSURES

The particulars of transactions between the company and its related parties as per the Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India (ICAI) are disclosed in Note No. 11 of Schedule 18 (Significant Accounting Policies and Notes to Accounts) of the Financial Statement. However, these transactions are not likely to have any conflict with the Company's interest.

No Strictures/Penalties have been imposed on the company by the Stock Exchange or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies, which are consistently applied, have been set out in the Notes to the Accounts.

The Management Discussion and Analysis Report is an outgoing process within the Organization. An exercise on Business Risk was carried out covering the entire gamut of Business operations and the Board was informed of the same.

Adoption of Non Mandatory requirements under Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

G. CODE OF CONDUCT

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The said Code has been communicated to the Directors and the Members of the Senior Management. A copy of code of conduct has been made available to stock exchange for its wide circulation.

H. MEANS OF COMMUNICATION

- The unaudited quarterly results are announced within forty-five days of the end of the quarter and the audited annual results within sixty days from the end of the last quarter as stipulated under the Listing Agreement with the Stock Exchange. The aforesaid financial results are taken on record by the Board of Directors and are communicated to the Stock Exchange where the company's securities are listed.
- Once the Stock Exchange has been intimated, these results are given by way of a Press Release to various news agencies/analysts and are also published within 48 hours in English newspaper: Pioneer, Free Press Journal-Mumbai and Hindi newspaper Veer Arjun-Delhi.
- All the data required to be filled electronically, such as quarterly financial results, shareholding pattern are being regularly filed through Corporate Filing and Dissemination System(CFDS) pursuant to Clause 52 of the Listing Agreement with the Stock Exchange

I. GENERAL SHAREHOLDERS INFORMATION

1. Appointment/ Re-appointment of Directors

Brief Resume of the Directors seeking appointment/ reappointment in the 24th Annual General Meeting to be held on 4th August, 2011.

- a. Mr. N.D. Relan, aged 81 years, was appointed on the Board with effect from 6.3.1986. Mr. N.D. Relan is an industrialist with expertise in Finance, Business Management and Capital

Market. He is the Chairman of M/s Sharda Motor Industries Ltd., Relan Industrial Finance Limited and PEBCO Motors Ltd. He is director of Sharda Sejong Auto Components (India) Ltd. and Progressive Engineering & Automation Private Limited. He is a member of Audit Committee of Sharda Sejong Auto Components (India) Ltd. and he is a member of Audit Committee and Share Holders / Investors' Grievance Committee of Sharda Motor Industries Ltd.

- b. Mr.Kishan N.Parikh, aged 43 years, was appointed on the Board with effect from 4.6.2008. Mr.Kishan Parikh has wide experience in the field of Business Management. He is Managing Director of Pebco Motors Ltd.. He is a director of Pebco Industries Ltd., Sharda Motor Industries Ltd., Calcutta Commodities (1956) Pvt.Ltd., Aersoft Trading & Marketing Pvt.Ltd., Brisco Pvt.Ltd. and Jamshedpur Airconnect Pvt. Ltd. He is a member of Remuneration Committee of Sharda Motor Industries Ltd. and he is member of Audit Committee and Investors' Grievance Committee of Pebco Motors Ltd.
- c. Mr. Ravindra Gupta, aged 68 years, was appointed on the Board on 31.3.2009. He has retired from the prestigious Indian Administrative Services. He has served on several prestigious posts of Government of India, such as Chairman, Board of Industrial and Financial Reconstruction; Secretary, Ministry of Heavy Industries and Public Enterprises; Secretary, Department of Defence Production. He is Director of Jain Solar Energy Pvt.Ltd.
- d. Mr.Rohit Relan, aged 55 years, was appointed on the Board with effect from 6th March, 1986. An industrialist, Mr.Rohit Relan is Managing Director of Bharat Seats Limited. He is a director in Sharda Motor Industries Ltd., Relan Industrial Finance Ltd., Sharda Sejong Auto Components(India)Ltd. and Progressive Engineering & Automation (P) Ltd. He is not a member of any Board Committee.

2. Annual General Meeting

Number of Annual General Meeting	24th Annual General Meeting
Date & Time	4th August, 2011 at 11:00 A.M.
Venue	Air Force Auditorium, Subroto Park, New Delhi - 110010

3. Financial Calendar 2011-2012

Financial Calendar	1st April 2011 to 31st March 2012
Results for Quarter Ended June, 2011	Will be announced before 15th August, 2011
Results for Quarter Ended September, 2011	Will be announced before 15th November, 2011
Results for Quarter Ended December, 2011	Will be announced before 15th February, 2012
Annual Results for the year ended March, 2012	Will be announced before 30th May, 2012
Book Closure Dates	29th July, 2011 to 4th August, 2011
Dividend Payment date	11th August, 2011

4. As on 31st March 2011, the Equity Shares of the company are listed on:
 Bombay Stock Exchange Limited.
 25th Floor, P.J. Towers
 Dalal Street,
 Mumbai - 400 001

Listing fee has been paid to the stock exchange.

5. Stock Code

Name of the Stock Exchange	Code
Bombay Stock Exchange Limited	523229

International Securities Identification Number (ISIN) for NSDL & CDSL: INE415D01024.

6. Market Price data:

Monthly High & Low quotations as well as the volume of the equity shares of the company traded for the year 2010-11 based upon BSE Price data is given below:

MONTH	BSE - HIGH	BSE - LOW	VOLUMES	BSE SENSEX
APRIL, 2010	22.40	17.65	629961	17559
MAY, 2010	18.95	14.80	235742	16945
JUNE, 2010	20.75	16.10	309769	17701
JULY, 2010	22.40	16.70	639176	17868
AUGUST, 2010	21.90	16.55	1854416	17971
SEPTEMBER, 2010	22.50	18.00	795833	20069
OCTOBER, 2010	25.20	18.20	2684395	20032
NOVEMBER, 2010	25.40	18.50	878618	19521
DECEMBER, 2010	27.50	19.35	1247094	20509
JANUARY, 2011	22.90	18.50	236090	18328
FEBRUARY, 2011	20.50	16.25	178964	17823
MARCH, 2011	17.75	16.25	145517	19445

7. Registrar & Transfer Agents:

(For Demat Shares and for Physical Shares)

M/s Alankit Assignments Ltd.
 2E/21, Alankit House
 Jhandewalan Extn. New Delhi
 Ph: 42541234
 Fax: 42541967
 E-Mail: alankit@alankit.com

8. Share Transfer System

The Share Transfers (pertains to shares in Physical Mode) are registered and returned within the stipulated time, if documents are clear in all respects.

9. Distribution of Shareholding as on 31.03.2011:

S.NO.	NO.OF SHARES HELD	NO. OF HOLDERS	PERCENTAGE OF HOLDERS (%)	HOLDING	PERCENTAGE OF HOLDING (%)
1.	UPTO 500	6350	70.87	783892	2.49
2.	501 TO 1000	1422	15.87	1343308	4.28
3.	1001 TO 5000	927	10.35	2261397	7.20
4.	5001 TO 10000	110	1.23	887487	2.83
5.	10001 TO 20000	66	0.74	950774	3.03
6.	20001 TO 30000	23	0.26	578535	1.84
7.	30001 TO 40000	10	0.11	366123	1.17
8.	40001 TO 50000	12	0.13	541543	1.73
9.	50001 TO 100000	19	0.21	1267559	4.04
10.	100001 TO 500000	16	0.18	3541382	11.27
11.	500001 & ABOVE	4	0.05	18878000	60.12
	TOTAL	8959	100.00	31400000	100.00

10. Shareholding pattern as on 31.03.2011

S. No.	Category	No. of Shareholders	% Of Shareholders	No. of Equity Shares	% Of Shares
1.	Promoters & Associate Companies :				
a.	Indian	47	0.52	18695500	59.55
b.	Foreign	1	0.01	4650000	14.81
2.	Non-Promoter Shareholding:				
a.	Indian Companies	183	2.04	668471	2.12
b.	Mutual Funds	5	0.06	36484	0.11
c.	Financial Institutions	1	0.01	34000	0.11
d.	NRIs	47	0.52	91817	0.30
e.	Trust	1	0.01	99000	0.32
f.	Public	8674	96.83	7121728	22.68
	TOTAL	8959	100.00	31400000	100.00

Shares held by Non Executive Directors

S. No	Name of Non Executive Director	No. of Shares held as on 31.03.11
1	Mr. N.D. Relan	1042000
2	Mr. Ajay Relan	550500
3	Mr. G.N. Mehra	20000
4	Mr. Kishan N. Parikh	7500

11. Dematerialisation of Shares and liquidity

39.27% of the Equity Shares of the Company have been dematerialized as at 31st March'2011. The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) whereby shareholders have an option to dematerialize their shares with either of the Depositories.

No GDRs/ ADRs/ Warrants or any convertible instruments have been issued by the Company.

12. Plant Location:

- a) Bharat Seats Limited
Joint Venture Plot No.1,
Maruti Complex, Gurgaon - 122015(Haryana)
Ph : 0124 - 2341258, 0124 - 2341087
Fax : 0124 - 2341188
E-Mail : seats@vsnl.net
Investor_relations@bharatseats.net
- b) Bharat Seats Limited - Plant II
58Km Stone, Delhi-Jaipur Highway Road
Village Binola, Gurgaon (Haryana)
- c) Bharat Seats Limited - Plant III
Plot No Musttil No. 226, Kila No. 7/1,
Village - Borakalan,
Tehsil - Farukhnagar, Gurgaon (Haryana)

13. Registered Office :

Bharat Seats Limited
D-188, Okhla Indl. Area,
Phase I, New Delhi - 110020
Ph : 011 - 26815592, 011-47334100

14. Investor Relation Cell/ address for Correspondence

The Company's Secretarial Department is functioning at the works of the Company at Gurgaon, headed by Ms.Ritu Bakshi, Company Secretary - Compliance officer and as already mentioned, its Registrar for electronic and physical mode are Alankit Assignments Ltd.

DECLARATIONS

CERTIFICATE OF CODE OF CONDUCT FOR THE YEAR: 2010-11

Bharat Seats Limited is committed to conducting its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics.

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, I hereby certify that all the Board members and Senior Management personnel have affirmed the compliance with the Code of Ethics and Business Conduct for the year ended 31st March, 2011.

For Bharat Seats Limited

**(Rohit Relan)
Managing Director**

CEO / CFO Certification

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchange, we have certified to the Board that for the financial year ended March 31, 2011, the Company has complied with the requirements of the said sub clause.

For Bharat Seats Limited

Rohit Relan
Managing Director

DATED : 13TH APRIL, 2011

For Bharat Seats Limited

Rajat Bhandari
V.P.(Strategic Planning)

For Bharat Seats Limited

Sanjeev Kumar
Chief General Manager (Finance)

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Bharat Seats Limited
New Delhi

We have examined the compliance of conditions of Corporate governance by BHARAT SEATS LIMITED for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the company has substantially complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. S. KOTHARI MEHTA & CO.
Chartered Accountants

CA K. K. TULSHAN
Partner
Membership No. 85033

PLACE : NEW DELHI
DATED : 13TH APRIL, 2011

AUDITORS' REPORT

TO THE MEMBERS OF BHARAT SEATS LIMITED

1. We have audited the attached balance sheet of BHARAT SEATS LIMITED, as at 31st March, 2011, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 {as amended by the Companies (Auditor's Report) (Amendment) Order, 2004} issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956, nor has it issued any rules under the said section, prescribed the manner in which such cess is to be paid, no cess is due and payable by the Company.
 - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2011;
 - b) In the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants
(Firm Registration No. 000756 N)

(CA K. K. Tulshan)

Partner

Membership No. 85033

PLACE : NEW DELHI
DATE : 13TH APRIL, 2011

Re : Bharat Seats Limited

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventories of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) As informed to us, the Company has given interest-free unsecured mobilization advance against procurement of materials/tooling over a period of time to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such advance was Rs. 394.30 lacs and Rs. 200.00 lacs respectively.
 - (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the aforesaid mobilisation advance are not, prima facie, prejudicial to the interest of the Company, being of business nature.
 - (c) As explained to us, the aforesaid mobilization/tooling advance is being regularly adjusted against the supplies which are being procured from the above party.
 - (d) There is no overdue amount outstanding at the end of the year in respect of the above said advance.
 - (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 therefore the clauses 4(iii) (e) to (f) of the order are not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of a continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that all the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered into the register in pursuance to section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 lacs in respect of any party during the year, have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices available at the relevant time except in case of certain transactions of purchase and sale of goods being materials of special nature for which alternate quotations are not always available.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government of India for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate and complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, custom duty, wealth tax, excise duty, service tax and cess, which have not been deposited on account of any dispute, are as follows: -

S. No	Name of the Statute	Nature of Dues	Amount (Rs. Lacs)	Period to which the amount relates	Forum where the dispute is pending
1	Central Excise Act, 1944	Recovery of Modvat Credit availed on Input and Penalty. Case was already decided in favour of the Company by CEGAT, New Delhi	3,195	1989-90 and 1991-93	Honorable Delhi High Court
2	Central Excise Act, 1944	Demand of Excise Duty on account of difference in reconciliation	101.60	1997-99	Commissioner of Central Excise, Delhi - III
3	Central Excise Act, 1944	SCN for excise duty u/s 11A	27.67	2004-06	First Appellate Authority
4	Central Excise Act, 1944	Denial of cenvat credit in respect of service tax paid on plant house keeping service	2.19	2005-06 to 2009-10	First Appellate Authority
5	Cenvat Credit Rules, 2002	Penalty - Recovery of cenvat credit of AED (GSI) taken & utilized for payment of BED	5.00	Upto 31.3.2000	CESTAT - New Delhi
6	Customs Act, 1962	Customs duty on CNC Tube Bending Machine imported under project imports	11.66 *	1994-95	Commissioner of Central Excise and Customs (Appeals) Kandla
7	Service Tax under Finance Act, 1994	SCN for non- payment of Service Tax on Technical Know-How Services	11.46	2002-05	First Appellate Authority
8	ESI Act, 1948	ESI Contribution and Interest	5.39 **	1994-95, 1997-99 & 1999-2000	Regional Director, ESI Corporation, Faridabad
8	Income Tax Act, 1961	Disallowance of expenditure under section 14A	34.31 0.92	2007-08 2008-09	Income Tax Appellate Tribunal, New Delhi Commissioner of Income Tax (Appeals) New Delhi

* The full amount is deposited

** Includes Rs 1.22 lacs deposited under protest.

- (x) The Company does not have any accumulated losses as at the close of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company has not defaulted in repayment of its dues to banks. The Company has not taken any loans from financial institutions or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit fund or a society.
- (xiv) The Company has maintained proper records of transactions and contracts for purchase and sale of units / securities during the year under review and timely entries were made therein. All shares, securities and other investments have been held by the Company in its own name.
- (xv) As per the information and explanations given to us and on the basis of our examination of the records, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) As per the information and explanations given to us and on the basis of our examination of the records, in our opinion, the term loans taken by the Company have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on the basis of an overall examination of the balance sheet of the Company, in our opinion, generally, there are no funds raised by the Company on short-term basis, which have been used for long-term investment
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by the management.

For **S.S.KOTHARI MEHTA & CO.**
Chartered Accountants
(Firm Registration No. 000756 N)

PLACE : NEW DELHI
DATE : 13TH APRIL, 2011

(CA K. K. Tulshan)
Partner
Membership No. 85033

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	AS AT 31.3.2011 Rs.	AS AT 31.3.2010 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	62,800,000	62,800,000
Reserves and Surplus	2	264,403,453	211,257,243
Loan Funds			
Secured Loans	3	223,280,374	88,994,632
Unsecured Loans	4	141,606,938	128,358,637
Net Deferred Tax Liability		51,629,116	36,721,553
Total		<u>743,719,881</u>	<u>528,132,065</u>
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	5	984,639,635	811,010,911
Less : Depreciation Reserve		<u>369,765,422</u>	<u>331,090,594</u>
Net Block		614,874,213	479,920,317
Capital Work in Progress (including Capital Advances)		93,234,652	30,441,310
Investments	6	492,000	41,938,068
Current Assets, Loans and Advances			
Inventories	7	103,866,170	80,459,406
Sundry Debtors	8	117,635,264	128,888,320
Cash & Bank Balances	9	107,191,701	52,006,871
Loans & Advances	10	<u>52,895,633</u>	<u>40,331,903</u>
		381,588,768	301,686,500
Less : Current Liabilities	11	308,591,626	298,460,695
Provisions		<u>37,878,126</u>	<u>27,393,435</u>
Net Current Assets		35,119,016	(24,167,630)
Total		<u>743,719,881</u>	<u>528,132,065</u>
Significant Accounting Policies & Notes to Accounts	18		
As per our report of even date For S.S.KOTHARI MEHTA & CO. CHARTERED ACCOUNTANTS (Firm Registration No. 000756 N)		For and on behalf of the Board	
K.K Tulshan Partner Membership No. 85033	RAJAT BHANDARI V.P.(Strategic Planning)	N.D.RELAN Chairman	
	SANJEEV KUMAR Chief General Manager (Finance)	ROHIT RELAN Managing Director	
PLACE : NEW DELHI DATE : 13TH APRIL, 2011	RITU BAKSHI Company Secretary		

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	YEAR ENDED 31.3.2011 Rs.	YEAR ENDED 31.3.2010 Rs.
INCOME			
Gross Sales		4,890,338,914	3,676,371,798
Less : Excise Duty		<u>479,379,776</u>	<u>315,744,051</u>
Net Sales		4,410,959,138	3,360,627,747
Other Income	12	13,419,551	12,391,677
Increase(+)/ Decrease (-) in Stock	13	<u>3,158,953</u>	<u>(2,169,301)</u>
Total		<u>4,427,537,642</u>	<u>3,370,850,123</u>
EXPENDITURE			
Raw Materials Consumed	14	3,863,120,776	2,978,960,821
Cost of goods traded in		5,106,305	2,694,914
Power & Fuel		50,689,847	39,664,947
Payment to & Provisions for employees Manufacturing, Administrative & Other expenses	15	85,310,108	64,663,334
Total	16	<u>238,448,083</u>	<u>194,796,948</u>
Total		<u>4,242,675,119</u>	<u>3,280,780,964</u>
Profit before financial charges & depreciation		184,862,523	90,069,159
Financial Charges	17	<u>22,389,009</u>	<u>11,272,895</u>
Profit before Depreciation & Tax		162,473,514	78,796,264
Depreciation		<u>48,098,113</u>	<u>26,802,497</u>
Profit before Tax		114,375,401	51,993,767
Less : Taxation			
– Current Tax (including Wealth Tax)	22,795,618		8,768,374
Less : MAT Credit Entitlement	<u>5,669,082</u>	17,126,536	<u>7,606,739</u> 1,161,635
– Deferred Tax		14,907,563	14,897,273
– Excess Provision for Taxation for earlier years written off/ (written back)		<u>–</u>	<u>(2,462,575)</u>
Profit for the Year		<u>82,341,302</u>	<u>38,397,434</u>
Balance brought forward from last year		<u>5,000,000</u>	<u>5,000,000</u>
Profit available for appropriation		87,341,302	43,397,434
Transfer to General Reserve		53,146,210	16,428,487
Proposed Dividend		25,120,000	18,840,000
Corporate Dividend Tax		<u>4,075,092</u>	<u>3,128,947</u>
Balance carried to Balance Sheet		<u>5,000,000</u>	<u>5,000,000</u>
Basic and Diluted earning per share		2.62	1.22
Significant Accounting Policies and Notes to Accounts	18		

As per our report of even date
For S.S.KOTHARI MEHTA & CO.
 CHARTERED ACCOUNTANTS
 (Firm Registration No. 000756 N)

For and on behalf of the Board

K.K Tulshan
 Partner
 Membership No. 85033

RAJAT BHANDARI
 V.P.(Strategic Planning)

N.D.RELAN
 Chairman

SANJEEV KUMAR
 Chief General Manager (Finance)

ROHIT RELAN
 Managing Director

PLACE : NEW DELHI
 DATE : 13TH APRIL, 2011

RITU BAKSHI
 Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	YEAR ENDED 31.3.2011 (Rs.)	YEAR ENDED 31.3.2010 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	114,375,401	51,993,767
Adjustments for :		
Depreciation	48,098,113	26,802,497
Loss(+)/Profit (-) on sale of Fixed assets/Assets w/o	1,824,411	3,016,712
Loss(+)/Profit (-) on sale of investments	(1,744,825)	(310,361)
Dividend received	(712,835)	(675,875)
Interest expense	21,073,662	9,624,830
Interest received on FDR	(3,453,165)	(2,809,907)
Provision for Diminution in Investments	8,000	-
Accrued Income on Investments	-	(2,657,610)
Operating Cash Flow before Working Capital Changes	179,468,762	84,984,053
Adjustments for changes in Working Capital :		
(Increase)/Decrease in Inventories	(23,406,764)	(19,912,443)
(Increase)/Decrease in Sundry Debtors	11,253,056	42,823,535
(Increase)/Decrease in Other Current Assets	(4,513,022)	85,537,283
Increase/(Decrease) in Current Liabilities	12,920,019	72,584,230
Cash Generated from Operating Activities	175,722,051	266,016,658
Direct Taxes Paid	(25,204,792)	(16,668,482)
Net Cash from Operating Activities	150,517,259	249,348,176
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(247,659,762)	(274,427,893)
Purchase of Investments	(1,212,835)	(29,832,015)
Sale of Investments	44,395,727	18,156,140
Dividend Received	712,835	675,875
Interest received on FDR	3,453,165	2,809,907
Net Cash from/(used in) Investing Activities	(200,310,870)	(282,617,986)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Loan	154,159,318	86,118,720
Repayment of Long Term Loan	(36,215,170)	(26,600,051)
Proceeds from Short Term Loan (Net)	29,589,895	24,219,169
Dividend Paid	(18,739,414)	(14,853,717)
Corporate Dividend Tax	(3,128,947)	(2,668,215)
Interest Paid	(20,687,241)	(9,068,169)
Net Cash from Financing Activities	104,978,441	57,147,737
Net Increase(+)/Decrease (-) in cash and cash equivalents (A+B+C)	55,184,830	23,877,927
Cash and Bank balances as at 1st April 2010	52,006,871	28,128,944
Cash and Bank balances as at 31st March 2011	107,191,701	52,006,871

As per our report of even date
For S.S.KOTHARI MEHTA & CO.
 CHARTERED ACCOUNTANTS
 (Firm Registration No. 000756 N)

For and on behalf of the Board

K.K Tulshan
 Partner
 Membership No. 85033

RAJAT BHANDARI
 V.P.(Strategic Planning)

N.D.RELAN
 Chairman

SANJEEV KUMAR
 Chief General Manager (Finance)

ROHIT RELAN
 Managing Director

PLACE : NEW DELHI
 DATE : 13TH APRIL, 2011

RITU BAKSHI
 Company Secretary

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	AS AT 31.3.2011 Rs.	AS AT 31.3.2010 Rs.
SCHEDULE 1: SHARE CAPITAL		
Authorised Share Capital		
3,50,00,000 Equity Shares of Rs. 2/- each (Previous Year 3,50,00,000 Equity Shares of Rs. 2/- each)	<u>70,000,000</u>	<u>70,000,000</u>
Issued Subscribed and Paid Up		
31,400,000 Equity Shares of Rs.2/- each, fully Paid up (Previous year 31,400,000 Equity Shares of Rs. 2/- each, fully Paid up)	62,800,000	62,800,000
Of the above:		
1,57,00,000 (Previous Year 1,57,00,000) Equity Shares of Rs. 2/- each, fully paid up have been issued as Bonus Shares by capitalisation of General Reserve		
Total	<u>62,800,000</u>	<u>62,800,000</u>
SCHEDULE 2: RESERVES & SURPLUS		
Capital Reserve :		
Grant from World Bank	18,416,620	18,416,620
General Reserve		
As per last Balance Sheet	187,840,623	171,412,136
Add : Transfer from Profit & Loss Account	<u>53,146,210</u>	<u>16,428,487</u>
	240,986,833	187,840,623
Profit & Loss Account	5,000,000	5,000,000
Total	<u>264,403,453</u>	<u>211,257,243</u>

	AS AT 31.3.2011 Rs.	AS AT 31.3.2010 Rs.
SCHEDULE 3 : SECURED LOANS		
From Bank - Working Capital		
- Cash Credit	86,389,049	76,799,154
From Bank - Term Loan FCNR (B)	86,891,325	12,195,478
- Term Loan	50,000,000	-
Total	223,280,374	88,994,632

Notes:

- The working capital loan from Banks, except overdraft are secured against hypothecation of stocks of raw materials, semifinished & finished goods, consumable stores, book debts and first charge on the whole of the movable Plant & Machinery, machinery spares, tools & accessories and other moveables both present & future whether installed or not.
- The Term Loan from Bank is secured against specific first hypothecation charge over Plant & Machinery and other miscellaneous fixed assets to be purchased out of Bank finance and collateral security of extension of charge on the remaining fixed assets of the Company, subsisting in favour of State Bank of Travancore and Bank of Tokyo - Mitsubishi UFJ Ltd. on pari passu basis.
- Instalments of term loan due within one year Rs. 220.58 lacs (Previous year Rs.97.56 lacs)

SCHEDULE 4 : UNSECURED LOANS

Short -term Loan from YES Bank Limited.	70,000,000	50,000,000
From Bank of Tokyo (External Commercial Borrowing)	71,606,938	78,358,637
	141,606,938	128,358,637

Note : Instalments of term loan due within one year Rs. 166.33 lacs (Previous year Rs.148.30 lacs)

SCHEDULE 5 : FIXED ASSETS

(Figures in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST UPTO 31.3.2010	ADDITIONS DURING THE YEAR	DEDUCTION & ADJUSTMENT	COST UPTO 31.3.2011	AS AT 31.3.2010	FOR THE YEAR	DEDUCTION & ADJUSTMENT	TOTAL	AS AT 31.3.2011	AS AT 31.3.2010
LAND	21,109,132	-	-	21,109,132	-	-	-	-	21,109,132	21,109,132
BUILDING (ON LEASED LAND)	52,183,293	18,746,944	-	70,930,237	24,495,927	1,551,796	-	26,047,723	44,882,514	27,687,366
ELECTRICAL FITTINGS	15,117,323	7,252,319	-	22,369,642	8,186,692	651,423	-	8,838,115	13,531,527	6,930,631
PLANT, MACHINERY & EQUIPMENT	638,043,889	144,615,510**	11,727,017	770,932,382	250,179,823	41,204,469	8,518,851	282,865,441	488,066,941	387,864,066
FURNITURE, FIXTURE & OFFICE EQUIPMENT	12,699,017	183,084	-	12,882,101	10,010,848	361,689	-	10,372,537	2,509,564	2,688,169
VEHICLES	12,942,008	12,699,208	3,489,407	22,151,809	5,144,455	1,246,327	904,434	5,486,348	16,665,461	7,797,553
Total (a)	752,094,662	183,497,065	15,216,424	920,375,303	298,017,745	45,015,704	9,423,285	333,610,164	586,765,139	454,076,917
Previous year	503,859,187	265,963,244	17,727,769	752,094,662	278,716,115	23,658,513	4,356,883	298,017,745	454,076,917	225,143,072
RESEARCH & DEVELOPMENT										
BUILDING	1,641,948	-	-	1,641,948	180,816	54,841	-	235,657	1,406,291	1,461,132
ELECTRICAL FITTING	1,233,994	-	-	1,233,994	208,025	58,615	-	266,640	967,354	1,025,969
PLANT, MACHINERY & EQUIPMENT	54,558,290	5,175,083	-	59,733,373	32,314,953	2,868,786	-	35,183,739	24,549,634	22,243,337
FURNITURE, FIXTURE & OFFICE EQUIPMENT	1,482,017	173,000	-	1,655,017	369,055	100,167	-	469,222	1,185,795	1,112,962
TOTAL (b)	58,916,249	5,348,083	-	64,264,332	33,072,849	3,082,409	-	36,155,258	28,109,074	25,843,400
Previous year	58,105,807	810,442	-	58,916,249	29,928,865	3,143,984	-	33,072,849	25,843,400	28,176,942
Total Fixed Assets										
Total (a)+(b)	811,010,911	188,845,148	15,216,424	984,639,635	331,090,594	48,098,113	9,423,285	369,765,422	614,874,213	479,920,317
Previous year	561,964,994	266,773,686	17,727,769	811,010,911	308,644,980	26,802,497	4,356,883	331,090,594	479,920,317	253,320,014
Capital Work in Progress*	30,441,310	93,234,652	30,441,310	93,234,652	-	-	-	-	93,234,652	30,441,310
Previous year	12,432,929	30,441,310	12,432,929	30,441,310	-	-	-	-	30,441,310	12,432,929

* Includes capital advances of Rs. 5,02,85,372 (Previous year Rs.1,48,60,289/-)

** Includes Rs. 42,58,155 on account of loss due to foreign exchange fluctuation as per Notification issued by the Ministry of Corporate Affairs, Government of India, relating to Accounting Standard (AS-11), dated 31.3.2009.

	AS AT 31.3.2011 Rs.	AS AT 31.3.2010 Rs.
SCHEDULE 6 : INVESTMENTS		
Non -Trade, Unquoted :		
Current Investments (at cost or fair value, whichever is lower) :		
Reliance Short Term Retail Plan Dividend Plan 532880.53 units @ Rs.10.64 per unit	—	5,673,153
Reliance Short Term Retail Plan Dividend Plan 1238555.10 units @ Rs.10.64 per unit	—	13,150,987
Birla Sunlife MIP 11 Saving 5 Plan Growth 340283.36 units @ Rs.16.16 per unit	—	5,500,000
Birla Sunlife MIP 11 Saving 5 Plan Growth 340327.58 units @ Rs.16.16 per unit	—	5,500,000
BSL International Equity Fund Dividend Plan B Dividend Payout 487804.87 units @ Rs.8.90 per unit	—	4,346,244
ING Global Real Estate Fund Retail Dividend 292682.92 units @ Rs.9.20per unit	—	2,692,684
Benchmark Portfolio Management Agreement (26 Months PMS)	—	5,075,000
SBI PSU Fund 50000 units @ Rs.10.00 per unit	500,000	—
Less : Diminution in value of Investments	8,000	—
Total	492,000	41,938,068
Aggregate Book value of unquoted Investments (Rs.)	492,000	41,938,068
Aggregate Book value of quoted Investments (Rs.)	—	—
Aggregate Market value of quoted Investments (Rs.)	—	—

Note : During the year there were no Investments purchased and sold except as disclosed above.

SCHEDULE 7: INVENTORIES

(As taken, valued and certified by the management)

Scrap	30,000	30,000
Finished Goods	6,374,867	3,326,810
Work in Progress	3,078,551	2,620,389
Raw material and components	44,404,383	36,419,159
Raw Materials in Transit	48,543,747	36,935,237
Trading Goods	384,483	61,792
Consumable Stores	1,050,139	1,066,019
Total	103,866,170	80,459,406

	AS AT 31.3.2011 Rs.	AS AT 31.3.2010 Rs.
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured - Considered good)		
Debts outstanding for a period exceeding six months	2,394,376	3,513,389
Other Debts	115,240,888	125,374,931
Total	117,635,264	128,888,320
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash in Hand	447,064	458,154
Balances with Scheduled Banks in :		
Current Accounts :	48,872,905	1,666,333
Fixed Deposit Account	57,871,732	49,882,384
Total	107,191,701	52,006,871
SCHEDULE 10 : LOANS & ADVANCES		
(Unsecured - Considered good)		
Advances and Other amounts recoverable in cash or in kind or for value to be received	7,870,821	7,635,137
Advance tax & tax deducted at source :	52,169,667	33,779,095
Less : Provision for tax	37,794,498	14,375,169
Balance with Excise & Customs Authorities	15,729,137	21,785,552
MAT Tax credit entitlement	14,920,506	9,251,424
Total	52,895,633	40,331,903
SCHEDULE 11 : CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities :		
Sundry Creditors :		
Owed to Micro & Small Enterprises	20,094,373	14,123,154
Others	249,953,408	247,963,250
Security Deposit Received	2,971,868	854,397
Other Liabilities	33,682,026	34,116,950
Unpaid Dividend #	946,869	846,283
Interest accrued but not due on loans	943,082	556,661
Total	308,591,626	298,460,695
b) Provisions for :		
- Leave Encashment	6,600,141	5,167,622
- Gratuity	1,940,793	200,366
- Wealth Tax	142,100	56,500
- Proposed Dividend including Corporate Dividend Tax	29,195,092	21,968,947
Total	37,878,126	27,393,435

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund

	Year Ended 31.3.2011 Rs.	Year Ended 31.3.2010 Rs.
SCHEDULE 12 : OTHER INCOME		
Dividend Income on Investments :		
- Current	712,835	675,875
- Long Term	-	-
Miscellaneous Income	7,508,726	4,461,908
Profit on Sale of Investments :		
- Current	1,744,825	318,236
- Long Term	-	-
Profit on foreign exchange fluctuation	-	1,468,141
Interest received on fixed deposits (gross) includes TDS Rs. 3.53 lacs (Previous year Rs. 3.56 lacs)	3,453,165	2,809,907
Accrued Income on Investments	-	2,657,610
Total	<u>13,419,551</u>	<u>12,391,677</u>

SCHEDULE 13 : INCREASE(+)/ DECREASE(-) IN STOCK

Opening Stock				
Finished Goods	3,326,810		4,840,969	
less : Excise Duty	<u>352,530</u>	2,974,280	<u>469,814</u>	4,371,155
Work in Progress		2,620,389		3,392,815
Scrap		30,000		30,000
Total		<u>5,624,669</u>		<u>7,793,970</u>
Closing Stock				
Finished Goods	6,374,867		3,326,810	
Less : Excise Duty	<u>699,796</u>	5,675,071	<u>352,530</u>	2,974,280
Work in Progress		3,078,551		2,620,389
Scrap		30,000		30,000
Total		<u>8,783,622</u>		<u>5,624,669</u>
Increase(+)/Decrease(-) in Stock		3,158,953		(2,169,301)

SCHEDULE 14 : RAW MATERIALS CONSUMED

Opening Stock	36,419,159	51,079,424
Add : Purchases	<u>3,871,106,000</u>	2,964,300,556
	3,907,525,159	3,015,379,980
Less: Closing Stock	<u>44,404,383</u>	36,419,159
Raw Materials Consumed	<u>3,863,120,776</u>	<u>2,978,960,821</u>

**SCHEDULE 15 : PAYMENT TO & PROVISIONS
FOR EMPLOYEES**

Salaries, Wages and Allowances	64,210,700	49,352,808
Gratuity	3,406,901	200,366
Staff Welfare Expenses	6,729,316	5,961,224
Directors Remuneration	6,923,106	6,514,110
Contribution to Provident & Other employee's funds	<u>4,040,085</u>	2,634,826
Total	<u>85,310,108</u>	<u>64,663,334</u>

	Year Ended 31.3.2011 Rs.	Year Ended 31.3.2010 Rs.
SCHEDULE 16 : MANUFACTURING, ADMINISTRATIVE & OTHER EXPENSES		
Consumable stores	5,922,125	3,627,259
Rent, Rates & Taxes	6,026,380	6,307,263
Postage and Telecommunication	2,986,925	2,617,317
Printing and Stationery	1,925,960	1,428,617
Travelling and Conveyance	26,501,597	22,062,736
Repairs & Maintenance :		
Building	5,765,675	2,423,167
Plant	12,006,582	9,329,726
Others	<u>13,597,586</u>	<u>9,782,448</u>
Research & Development Expenses	14,748,416	12,789,838
Donation	1,153,600	600,000
Freight & Cartage	7,943,336	5,916,703
Legal & Professional Expenses	15,145,810	21,667,153
Auditors' Remuneration	726,429	744,874
Other Miscellaneous & Production overheads	65,333,972	47,681,986
Vehicle Running and Maintenance Expenses	2,805,185	2,341,468
Insurance	1,799,067	1,676,148
Advertisement	275,500	252,500
Technical know how Fees	10,410,611	11,612,349
Foreign Technician Expenses	8,459,694	1,587,857
Training Expenses	827,050	2,557,521
Loss on Sale of Investments	-	7,875
Loss on Sale/Discard of Fixed Assets	1,824,411	3,016,712
Discount on Sales	31,937,774	24,765,431
Provision for Diminution in Investments	8,000	-
Foreign Exchange Fluctuation	316,398	-
Total	<u>238,448,083</u>	<u>194,796,948</u>

SCHEDULE 17 : FINANCIAL CHARGES

Interest on		
– Term Loan	9,805,670	3,443,492
– Working Capital	8,437,724	4,115,300
– Others	2,830,268	2,066,038
Bank Charges	1,315,347	1,648,065
Total	<u>22,389,009</u>	<u>11,272,895</u>

SCHEDULE - 18**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****i) Basis for Preparation of Financial Statements**

The financial statements have been prepared in accordance with the historical cost convention, the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

ii) Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect reportable amounts of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the year in which the results are known / materialised.

iii) Recognition of Income/Expenditure

All income & expenditure having a material bearing on the financial statements is accounted for on an accrual basis and provision is made for all known losses and liabilities.

Further, sales include revision in prices received from customers with retrospective effect. Similarly, price revision for material purchased has also been included in purchases. Further adjustments, if any, are made in the year of final settlement.

Dividend Income is recognized when the right to receive the dividend is established by the balance sheet date.

Interest Income is recognized on time proportion basis.

iv) Fixed Assets

Fixed Assets are stated at cost (net of CENVAT, wherever applicable) less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

v) Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date to ascertain if there is any indication of impairment based on internal / external factors.

If the carrying amount of the asset exceeds its estimated recoverable amount, an impairment loss is recognised in the profit & loss account to the extent the carrying amount exceeds the recoverable amount.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment, recognized for the assets, no longer exist or have decreased.

vi) Depreciation :

a) On fixed assets purchased upto 31st March 2005, depreciation has been provided on the written down value method at the following rates :

1. Building	-	10%
2. Electrical Fittings	-	15%
3. Plant & Machinery	-	25%
4. Computers	-	60%
5. Furniture, Fixtures & Office equipments	-	18.10%
6. Vehicles	-	25.89%

b) On fixed assets purchased / put to use on or after 1st April 2005, depreciation has been provided on the straight line method as per the rates prescribed under Schedule XIV to the Companies Act, 1956.

c) On Plant and Machinery purchased/put to use on or after 1st April 2010, depreciation has been provided on straight line method based on average estimated useful life of such assets as determined below :

- Tools & dies - 5years
- Other Plant & Machinery - 8 years

d) Fixed assets costing upto Rs. 5000/- per item are fully depreciated in the year of acquisition.

vii) Foreign Exchange Transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of the transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange difference arising on the settlement of monetary items or on reporting these items at rates different from the rates at which these were initially recorded / reported in previous financial statements are recognized as income / expense in the period in which they arise. Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in the previous financial statements in so far as they relate to the acquisition of depreciable capital assets by addition to/deduction from the cost of the assets.

Non-monetary items are carried at cost.

viii) Investments

Long term investments are stated at cost and current investments are carried at lower of cost and fair value. Provision for diminution in the value of long term Investments is made only if such a decline is other than temporary.

ix) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

x) Valuation of Inventories

i) Valuation of Inventories is done as under :

Raw Material, Packing Material and Consumable Stores	At lower of 'Cost' and 'Net Realisable Value'
Work-in-Progress and Finished Goods.	At lower of 'Cost' (raw material cost and appropriate proportion of overheads) and 'Net Realisable Value'.
Tooling - WIP	At lower of 'Cost' and ' Net Realisable Value'.
Scrap	At 'Net Realisable Value'

Note: a) Cost is determined on the basis of FIFO method.

b) Valuation of Finished Goods includes Excise Duty thereon.

ii) Cost of spares and components purchased during the year have been charged to the Profit and Loss Account.

xi) Employees Retirement Benefits

a) Retirement benefits in the form of Provident fund / Pension Schemes are defined contribution schemes and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds become due.

- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year. However, the Company through its Trust has taken a policy with LIC to cover the gratuity liability of the employees. The difference between the actuarial valuation of gratuity for employees at the year-end and the balance of funds with LIC is provided for as liability in the books.
- c) Provision for leave encashment is accrued for and provided for on the basis of an actuarial valuation made at the end of each financial year.
- d) Actuarial gains / losses are immediately taken to the Profit & Loss Account.
- e) Expenses incurred on voluntary retirement of employees are charged off to the Profit & Loss Account in the year of occurrence.

- xii)** Income Tax expense comprises of current tax and deferred tax charge or credit . Provision for current tax is made with reference to taxable income computed for the financial year for which the financial statements are prepared by applying the tax rates as applicable.

Deferred income tax charge reflects the impact of current period timing differences between taxable income and accounting income. The deferred tax charge or credit is recognised using prevailing enacted or substantively enacted tax rates. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case laws, to reassess realizations/liabilities.

xiii) Research and Development

In accordance with Accounting Standard (AS) - 26, revenue expenditure on Research & Development is charged to the Profit & Loss Account in the year in which it is incurred. Capital expenditure on research and development is shown as an addition to fixed assets and depreciated accordingly.

xiv) Contingent Liabilities, Contingent Assets & Provisions

Contingent liabilities, if material, are disclosed by way of notes and contingent assets are not recognised or disclosed in the financial statements. A provision is recognised, when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made for the amount of obligation.

- xv)** Technical know-how fees is accounted for to the extent it has become due during the year.

B. Notes to Accounts

- 1.** Contingent Liabilities not provided for (being disclosed in terms of AS-29 issued by ICAI):

(i) Disputed Excise Duty Matters

- a) On the matter of Rs.31.95 crores including penalty of Rs. 6.5 crores (previous year Rs.31.95 crores), which had been decided in favour of the Company by Customs, Excise and Service Tax Appellate Tribunal, New Delhi (CESTAT), the department had sought the intervention of the Hon'ble Delhi High Court which had then issued directions to CESTAT to clarify certain points of law arising out of that Order. The matter is still pending for final decision.
- b) Other matters - Rs. 136.46 lacs (previous year- Rs.146.20 lacs).

- (ii) Disputed Customs Duty matter - Rs.11.66 lacs which has been deposited under protest and shown under Schedule 10" Loans & Advances".

- (iii) Disputed ESI demands - Rs 5.39 lacs (previous year-Rs.5.39 lacs). Against these, the Company has deposited Rs.1.22 lacs (previous year Rs.1.22 lacs) under protest.

- (iv) Disputed Service Tax demands - Rs. 11.46 lacs (previous year-Rs.11.46 lacs).

- (v) Disputed Income Tax demands - Rs.35.23 lacs (previous year - Rs.200.57 lacs)

- 2.** Estimated value of contracts remaining to be executed on capital account and not provided for in the accounts, net of advance is Rs.3317.58 lacs (Previous year Rs.624.92 lacs)

3. Under the Micro, Small and Medium Enterprises Development Act, 2006, the Company is in the process of identifying such parties. However, to the extent they have already been identified, necessary disclosures have been made as required under the said Act. Further, in case of the parties already identified, there are no Micro, Small and Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at 31st March, 2011.

4. Research & Development expenses include:

(Amount in Rs.)

Particulars	2010-11	2009-10
Salary	67,23,538	61,96,637
Development & other expenses	80,24,878	65,93,201

5. During the year, the following Deferred Tax Liabilities and Assets are recognised on account of timing difference in accordance with AS-22 , "Accounting for Taxes on Income":

(Amount in Rs.)

Particulars	Amount as on 1.4.2010	Amount for Current Period	Amount as on 31.3.2011
Deferred Tax Assets on account of :			
Expenses allowed on payment basis	19,54,831	4,02,197	23,57,028
Total Deferred Tax Assets	19,54,831	4,02,197	23,57,028
Deferred Tax Liabilities on account of :			
Depreciation	3,86,76,384	1,53,09,760	5,39,86,144
Total Deferred Tax Liabilities	3,86,76,384	1,53,09,760	5,39,86,144
Net Deferred Tax Asset/(Liability)	(3,67,21,553)	(1,49,07,563)	(5,16,29,116)
Previous Year	(2,18,24,280)	(1,48,97,273)	(3,67,21,553)

*Rs. 1,49,07,563 /- in respect of Current Year (Rs. 1,48,97,273/- in respect of previous year) has been routed through the Profit and Loss Account.

6. Earning per Share (EPS):

Particulars	2010-11	2009-10
Weighted average number of Equity Shares outstanding	3,14,00,000	3,14,00,000
Profit after tax as per P & L A/c (Rs.)	8,23,41,302	3,83,97,434
Basic & Diluted Earning per share (Rs.)	2.62	1.22
Nominal Value per Share (Rs.)	2.00	2.00

7. Current Assets, Loans and Advances

In the opinion of the management, current assets, loans and advances have a value on realisation in the ordinary course of business, at least equal to the amount shown in the Balance Sheet.

In respect of debtors, there is no major difference or dispute pending reconciliation/settlement. In respect of creditors, management is in the process of reconciliation.

8. Borrowing cost capitalized during the year - Nil (Rs. 5.38 Lacs)

9. Company has been providing depreciation on Plant & Machinery purchased/put to use on or after 1st April 2005 on the straight line method as per the rates prescribed under Schedule XIV to the Companies Act, 1956. However it has been decided that on Plant & Machinery purchased/put to use on or after 1st April 2010, depreciation is provided on straight line method based on average estimated useful life of such Plant & Machinery as determined below :

- Tools & Dies - 5 years
- Other Plant & Machinery - 8 years

Had the Company provided depreciation on Plant & Machinery purchased/put to use on or after 1st April 2010 as per the straight line method followed earlier as per rates prescribed by Schedule XIV to the Companies act, 1956, depreciation for the year would have lower by Rs. 69.85 lakhs and Consequently profit would have been higher by that amount.

10. (i) Particulars of Un-hedged Foreign Currency Exposure as at Balance Sheet Date :

Foreign Currency Term Loan	Rs. 8,68,91,324 (USD 19,46,054.28) [P.Y. - Rs. 1,21,95,478 (USD 2,70,170.06)]
Foreign Currency ECB	Rs.5,93,20,714 (Japanese Yen 10,98,12,503) [P.Y.Rs.6,38,31,811 (Japanese Yen 13,17,75,002)].
Creditors	Rs.28,15,148 (Euro 44,827.20) [P.Y.- Rs.20,03,650 (Euro 33,234)] Rs. 26,73,030 (USD 59,164) [P.Y. - Rs 32,79,046 (USD 72,181)] Rs. 19,05,901 (Japanese Yen 34,40,584) [P.Y. Nil]
Advances recoverable in cash or kind	Rs.15,94,630 (USD 35,714) [P.Y. Rs.17,91,697 (USD 39,692)]

(ii) Particulars of Hedged Foreign Currency Exposure as at Balance Sheet Date :

Foreign Currency ECB	Rs. 1,22,86,222 (Japanese Yen 2,19,62,499) [P.Y. Rs.1,45,26,826 (JapaneseYen 2,92,83,332)]
----------------------	--

11. Disclosure in pursuance of AS-18 (Related Party Disclosure)

a) Names of parties

- | | | |
|---|---|---|
| i) Where control exists (i.e. holding companies subsidiaries and fellow subsidiaries) | : | None |
| ii) Parties in respect of which Bharat Seats Ltd. is an Associate | : | Maruti Suzuki India Ltd.
Suzuki Motor Corporation, Japan.
Sharda Motor Industries Limited |
| iii) Key management persons and their relatives | : | Mr.N.D.Relan - Chairman
Mr. Rohit Relan - Managing Director |
| | | Relatives : |
| | | Mrs. Ritu Relan |
| | | Mr. Rishabh Relan |
| | | Mr. Pranav Relan |
| | | Mr. Ayush Relan |
| | | Mr. Ajay Relan |
| | | Mrs. Sharda Relan |
| iv) Other enterprises over which person(s) referred to in (iii) above is able to exercise significant influence | : | N.D.Relan (HUF)
Rohit Relan (HUF)
Ajay Relan (HUF)
Sharda Enterprises |

b) Transactions with related parties:

(Amount in Rs.)

Particulars	Parties in respect of which Bharat Seats Limited is an associate	Key Management Persons	Relatives of Key Management Persons	Enterprises over which persons referred to in (iii) above is able to exercise significant influence
Sale of Material (Gross including Excise & Cess)	4,72,53,43,384 (3,55,62,48,338)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Purchases	1,89,74,39,973 (1,40,06,78,512)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Dividend paid	1,09,80,000 (91,50,000)	10,41,300 (8,67,750)	18,98,100 (15,81,750)	63,898 (51,750)
Director's Remuneration	Nil (Nil)	69,23,106 (65,14,110)	Nil (Nil)	Nil (Nil)
Rent Paid	5,48,174 (4,91,400)	Nil (Nil)	Nil (Nil)	54,00,000 (54,00,000)
Other Expenses	2,98,92,729 (2,31,43,530)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Discount on sales	3,19,37,774 (2,47,65,431)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Interest paid on Mobilisation/Tooling Advance	Nil (30,682)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Mobilisation/Tooling Advance amortised during the year	Nil (20,84,645)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Mobilisation /Tooling Advance recoverable as on 31.3.2011	2,00,00,000 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Mobilisation/Tooling Advance Paid during the year	2,00,00,000 (2,74,00,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Net Outstanding receivable on account of sales of goods as on 31.03.2011	9,26,74,536 (10,96,17,494)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Net Outstanding payable on account of purchases as on 31.03.2011	3,90,50,050 (4,58,20,980)	Nil (Nil)	Nil (Nil)	Nil (Nil)

12. CIF Value of Imports

(Rs. in Lacs)

S. No.	Particulars	2010-2011	2009-2010
i)	Raw Material	2,156.80	2,655.38
ii)	Capital Goods	131.03	960.54

13. Foreign Currency Transactions (accrual basis)

(Rs. in Lacs)

S. No.	Particulars	2010-2011	2009-2010
	Expenditure in Foreign Currency		
i)	Travelling Expenses	86.06	87.35
ii)	Technical Know-how Fees (net of TDS)	82.02	107.03
iii)	Training Fees (net of TDS)	56.70	22.72
	Foreign Exchange Earnings	Nil	Nil

14. Remuneration to Managing Director

(Amount in Rs.)

S. No.	Particulars	2010-2011	2009-2010
i)	Salaries	54,60,000	51,00,000
ii)	Perquisites & Allowances	7,20,000	7,20,000
iii)	Contribution to Provident Fund	7,43,106	6,94,110
	Total	69,23,106	65,14,110

Note: Since no commission has been paid to any director, the computation of profit under section 349 of the Companies Act, 1956 has not been given.

15. Payment to Auditors

(Amount in Rs.)

S. No.	Particulars	2010-2011	2009-2010
i)	Audit fees	4,07,000	3,70,000
ii)	Tax Audit Fee	82,500	75,000
iii)	Certification and Other Matters	1,87,500	2,30,000
iv)	Out of Pocket Expenses	49,429	69,874
	Total	7,26,429	7,44,874

16. The Company has only one reportable business segment as it manufactures and deals only in different seating systems, carpet etc. in terms of AS 17 "Segment Reporting" issued by "The Institute of Chartered Accountants of India" and therefore, the disclosure requirements of the Standard are not applicable. Further, the Company operates only in one geographical segment - "India". All the assets of the company are located in India. Further the entire revenue is also derived from customers in India.

17. GRATUITY AND EARNED LEAVE BENEFIT PLANS

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with "The Life Insurance Corporation of India" in the form of a qualifying insurance policy. The Company has also provided for Leave Encashment which is unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans (as per actuarial valuation as on March 31, 2011).

Net employee benefit expense (recognized in the Statement of Profit & Loss for the year ended March 31, 2011)

(Amount in Rs.)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Current Service Cost	11,77,943	8,56,425	10,64,790	6,69,516
Interest Cost on benefit obligation	4,13,410	3,39,605	7,24,902	6,20,263
(Expected return on plan assets)	–	–	(9,34,784)	(7,61,841)
Past Service Cost	–	–	21,49,482	–
Actuarial (gain) / loss recognized in the year	7,74,123	2,49,122	4,02,511	(3,27,572)
Net benefit expense	23,65,476	14,45,152	34,06,901	2,00,366
Actual return on Plan Assets	–	–	–	–

Net Asset / (Liability) recognized in the Balance Sheet as on March 31, 2011

(Amount in Rs.)

Particulars	Leave Encashment		Gratuity	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Present Value of Defined Benefit Obligation	66,00,141	51,67,622	1,34,00,041	90,61,273
Fair Value of Plan Assets	–	–	1,14,59,248	1,03,86,486
Net Asset / (Liability) recognized in the Balance Sheet	(66,00,141)	(51,67,622)	(19,40,793)	–*

* Taking a conservative view, the excess of Assets over Liabilities in respect of Gratuity has not been recognized by the management.

Changes in the present value of Defined Benefit Obligation are as follows:

(Amount in Rs.)

Particulars	Leave Encashment		Gratuity	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Opening defined benefit obligation	51,67,622	45,28,068	90,61,273	82,70,173
Interest Cost	4,13,410	3,39,605	7,24,902	6,20,263
Current Service Cost	11,77,943	8,56,425	10,64,790	6,69,516
Benefits Paid	(9,32,957)	(8,05,598)	(34,615)	(2,41,479)
Actuarial (gain) / loss on obligation	7,74,123	2,49,122	4,34,209	(2,57,200)
Closing defined benefit obligation	66,00,141	51,67,622	1,34,00,041	90,61,273

Changes in the Fair value of Plan Assets are as follows:

(Amount in Rs.)

Particulars	Gratuity	
	As at 31.03.2011	As at 31.03.2010
Opening fair value of Plan Assets	1,03,86,486 *	83,26,129 *
Expected return on Plan Assets	9,34,784	7,61,841
Contribution by employer	1,40,895	14,69,623
Benefits paid	(34,615)	(2,41,479)
Actuarial Gain / (Loss) on Plan Assets	31,698	70,372
Closing fair value of Plan Assets	1,14,59,248	1,03,86,486

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity
Insured with LIC	100.00%

The principal assumptions used in determining gratuity and leave liability for the Company's plans are shown below:

(Amount in Rs.)

Particulars	Leave Encashment		Gratuity	
	2010-11	2009-10	2010-11	2009-10
Discount Rate	8.00%	8.00%	8.00%	8.00%
Rate of increase in Compensation	6.00%	5.00%	6.00%	5.00%
Rate of Return on Plan Assets	-	-	9.25%	9.00%
Average Outstanding Service of Employees upto Retirement (years)	17	17	17	17

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Contribution to Defined Contribution Plans:

(Amount in Rs.)

Particulars	2010-11	2009-10
Provident Fund/ other employee's Fund	40,40,085	26,34,826

18. Details of Raw Materials Consumption:

i) Raw Materials and Components consumed

Particulars	Unit	Qty.		Value (Rs.in Lacs)	
		Current Year	Previous Year	Current Year	Previous Year
Trims	Nos.	41,73,005	36,59,952	7,849.60	6,282.29
PU Raw Materials	Kgs	48,44,818	39,75,355	6,361.95	4,994.89
Reclining Assembly	Nos	43,03,917	28,61,877	9,445.57	6,118.04
Others				14,974.08	12,394.38
Total				38,631.20	29,789.60

ii) Imported & Indigenous Raw Materials (including Components) :

Particulars	Current Year		Previous Year	
	Rs.in Lacs	%	Rs.in Lacs	%
a) Imported	2,194.47	5.70	3,886.33	13.04
b) Indigenous	36,436.73	94.30	25,903.27	86.96
Total	38,631.20	100.00	29,789.60	100.00

iii) Licensed capacity, Installed capacity, Production, Stock and Turnover :

(1) The Company is operating in a delicensed industry and therefore, the information regarding licenced capacity have not been given.

(2) Installed Capacity (as certified by the management and relied upon by the auditors, being a technical matter)

- (i) Seats Assembly : 700,000 sets per annum
- (ii) Carpets for Automobiles : 750,000 sets per annum
- (iii) Motorcycle Seats : 500,000 per annum
- (iv) Two Wheeler Frames : 200000 Nos per annum.

(3) Production, Sales, Stocks:

Particulars	Current Year		Previous Year		
	No.	Rs. (in lacs)	No.	Rs. (in lacs)	
In respect of manufactured items:					
(i) Car Seats Assemblies	Opening Stock	300	18.34	511	33.09
	Production	5,24,332	–	4,19,051	–
	Closing Stock	564	40.19	300	18.34
	Sales & Others	5,24,068	41,061.33	4,19,262	30,913.22
(ii) Carpet Sets for Automobiles	Opening Stock	1,673	6.06	1,920	4.81
	Production	4,22,679	–	4,45,423	–
	Closing Stock	1,684	5.45	1,673	6.06
	Sales	4,22,668	1,467.10	4,45,670	1,560.84
(iii) Motorcycle Seats	Opening Stock	706	2.60	579	2.06
	Production	2,85,002	–	1,90,985	–
	Closing Stock	2,276	6.39	706	2.60
	Sales	2,83,432	1,119.09	1,90,858	765.25
(iv) Others Sales & Traded Goods	Opening Stock	–	2.13	–	0.55
	Production	–	–	–	–
	Closing Stock	–	4.71	–	2.13
	Sales	–	409.98	–	339.32
In respect of goods traded in:					
Gypsy Hoods for seats	Opening Stock	25	0.61	137	3.20
	Purchases	2,321	54.28	1,042	24.36
	Closing Stock	*171	3.84	25	0.61
	Sales	2,175	52.09	1,154	27.64

Note : *Includes 3 sets rejected/reworking during the year.

19. Amount remitted in foreign currency on account of Dividend

(Amount in Rs.)

Pertaining to the year	Current Year			Previous Year		
	Name of Non-resident Shareholder	No. of Equity Shares held	Dividend remitted (Rs.)	Name of Non-resident Shareholder	No. of Equity Shares held	Dividend remitted (Rs.)
2008-09- Final	–	–	–	Suzuki Motor Corporation, Japan	46,50,000	23,25,000
2009-10 - Final	Suzuki Motor Corporation, Japan	46,50,000	27,90,000	–	–	–

20. Previous year figures have been regrouped and /or reclassified, wherever necessary.

21. Figures have been rounded off to the nearest rupee (except where stated otherwise) and previous year figures have been shown in bracket.

22. Schedules 1 to 17 to the Balance Sheet and Profit and Loss Account and Schedule 18 on Notes to Accounts form an integral part of the accounts.

As per our report of even date
For S.S.KOTHARI MEHTA & CO.
 CHARTERED ACCOUNTANTS
 (Firm Registration No. 000756 N)
 K.K.TULSHAN
 Partner
 Membership No. 85033

RAJAT BHANDARI
 V.P.(Strategic Planning)

SANJEEV KUMAR
 Chief General Manager (Finance)

RITU BAKSHI
 Company Secretary

For and on behalf of the Board

N.D.RELAN
 Chairman

ROHIT RELAN
 Managing Director

PLACE : NEW DELHI
 DATE : 13TH APRIL, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details			
	CIN L34300DL1986PLC023540	State Code	55	
	Balance Sheet Date 31.03.2011			
II.	Capital raised during the year (Amount in Rs. Thousands)			
	Public Issue	NIL	Rights Issue	NIL
	Bonus Issue	NIL	Private Placement	NIL
III.	Position Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
	Total Liabilities	743720	Total Assets	743720
	Sources of Funds			
	Paid-up Capital	62800	Reserves & Surplus	264403
	Secured Loans	223280	Unsecured Loans	141607
			Net Deferred Tax Liability	51629
	Application of Funds			
	Net Fixed Assets	614874	Investments	492
	Capital Work Progress (Including Capital Advance)	93235		
	Net Current Assets	35119	Miscellaneous Expenditure	NIL
	Accumulated Losses	NIL		
IV.	Performance of Company (Amount in Rs. Thousands)			
	Turnover	4890338	Total Expenditure	4789383
	(including Excise duty and excludes other income)		Profit/(Loss) before tax	114375
	Other Income	13420	Profit/(Loss) after tax	82341
	Earning per Share in Rs.	2.62	Dividend rate %	40
V.	Generic Names of Three Products / Services of Company (as per monetary terms)			
	Item Code No. (ITC Code)	9401 20 00		
	Product Description	SEATS OF A KIND USED FOR AUTOMOBILES		
	Item Code No. (ITC Code)	8708 99 00		
	Product Description	PARTS OF MOTOR VEHICLE & ACCESSORIES - CARPET MOULDING		

RAJAT BHANDARI
V.P.(Strategic Planning)

N.D.RELAN
Chairman

SANJEEV KUMAR
Chief General Manager (Finance)

ROHIT RELAN
Managing Director

PLACE : NEW DELHI
DATE : 13TH APRIL, 2011

RITU BAKSHI
Company Secretary



BHARAT SEATS LIMITED

Registered Office : D-188, Okhla Industrial Area, Phase-I, New Delhi - 110020

ATTENDANCE SLIP

24th Annual General Meeting of the Company at Air Force Auditorium, Subroto Park, New Delhi - 110010 at 11:00 a.m. on Thursday, 4th August, 2011

FOLIO NO. / CLIENT ID NO.	D.P.ID. NO.	NO. OF SHARES HELD	FATHER'S / HUSBAND'S NAME

I hereby record my presence at the 24th Annual General Meeting of the Company at Air Force Auditorium, Subroto Park, New Delhi - 110010 at 11:00 a.m. on Thursday, 4th August, 2011

Members/Proxy's Name in Block Letters

Member's/Proxy's Signature

Note : 1. Please fill the attendance slip and hand it over at the **ENTRANCE OF THE MEETING HALL.**

2. Members are requested to bring their copies of Annual Report to the Meeting as the company is unable to provide another copy in view of the increased cost of paper.



BHARAT SEATS LIMITED

Registered Office : D-188, Okhla Industrial Area, Phase-I, New Delhi - 110020

PROXY

FOLIO NO. / CLIENT ID NO.	D.P.ID. NO.	NO. OF SHARES HELD

I / We.....of.....in the district of
.....being member/members of M/s. BHARAT SEATS LTD., hereby appointof.....in
the district of.....or failing him.....of..... in the district
of as my/our proxy to vote for me/us on my/our behalf at the **24th Annual General Meeting** of the Company to be held at **Air Force Auditorium,
Subroto Park, New Delhi - 110010 on Thursday, 4th August, 2011 at 11:00 a.m.** and at any adjournment thereof.

Signed this.....day of.....2011.

Signature

Address

Note : 1. The proxy need not be member

2. The Proxy to be valid should be duly stamped with a One Rupee revenue stamp and executed by the member and should reach the Company's Registered Office at least 48 hours before the time of the Meeting.

Affix One
Rupee
Revenue
Stamp

