

**Independent Auditors' Report  
To The Members of Bharat Seats Limited**

**Report On the Financial Statements**

We have audited the accompanying Financial Statements of Bharat Seats Limited ("the Company") which comprises the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation, and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the



appropriateness of accounting policies used and reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143 of the Act, we give in the Annexure - A statement on the matters specified in paragraphs 3 and 4 of the Order;
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. 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;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - B".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements- Refer Note 20 to the financial statements;
- ii) As there is not any material foreseeable losses, on long term contracts, therefore the Company has not made any provision, required under the applicable law or accounting standards;
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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



**Neeraj Bansal**  
Partner

Membership No. 095960

Place: New Delhi

Date: 15.04.2016

ANNEXURE – A TO THE INDEPENDENT AUDITOR’S REPORT TO THE BHARAT SEATS LIMITED

Referred to in paragraph 1 of report on other legal and regulatory requirement’s paragraph of our report on the financial statement 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, the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) The title deed of immovable property is held in the name of the company.
- (ii) (a) The inventories of the Company have been physically verified by the management during the year.
- (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) As per the information and explanation given to us and on the basis of our examination of the records, the Company had 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 189 of the Companies Act, 2013 , which have been fully recovered during the year.
- (iv) As per the information and explanation given to us and on the basis of our examination of the records, the company does not have any loans, investments, guarantees and security under Section 185 and 186 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company as specified by the Central Government of India under section 148(1) of the Companies Act, 2013 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.



(vii) (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, value added tax, 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, value added tax, 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. in Lacs)	Period to which the amount relates	Forum where the dispute is pending
1	Central Excise Act, 1944	Demand of Excise Duty on account of difference in reconciliation (Including Penalty)	228.20	1997-99	Hon'ble CESTAT , New Delhi
2	Central Excise Act, 1944	SCN for excise duty u/s 11A	27.69	2004-06	First Appellate Authority (With Adjudicating authority)

The Central excise liability for Rs. 3,195 lacs has not been considered by virtue of note no. 20 of financial statements.

- (viii) 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.
- (ix) As per the information and explanation given to us and on the basis of our examination of the records, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purpose for which they were obtained.
- (x) 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 by the company or on the Company by its officers or employees noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) As per the information and explanation given to us and on the basis of our examination of the records, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The company is not Nidhi Company, therefore this clause is not applicable to the company.



- (xiii) As per the information and explanation given to us and on the basis of our examination of the records, the company has transacted with the related parties which are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements – Refer Note 43(b) to the financial statements.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) As per the information and explanations given to us and on the basis of our examination of the records, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore this clause is not applicable to the company.

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



*Neeraj Bansal*

**Neeraj Bansal**  
Partner  
Membership No. 095960

Place: New Delhi

Date: 15.04.2016

**ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BHARAT SEATS LIMITED**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bharat Seats Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

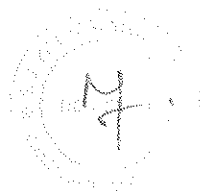
**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion based on summarised observations on Internal Financial Control Report along with annexures, the Company has, in majority of material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were generally operating effectively as at March 31, 2016, based on "the internal control over financial reporting system & procedures established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For S. S. Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration No. 000756N



A handwritten signature in black ink, appearing to read 'Neeraj Bansal'.

Neeraj Bansal  
Partner

Membership No. 95960

Place: New Delhi

Date: 15.04.2016



FORM – 'A'

COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED  
WITH THE STOCK EXCHANGE

1.	NAME OF THE COMPANY	BHARAT SEATS LIMITED
2.	ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED	31 <sup>ST</sup> MARCH, 2016
3.	TYPE OF AUDIT OBSERVATION	UN-QUALIFIED
4.	FREQUENCY OF OBSERVATION	NOT APPLICABLE

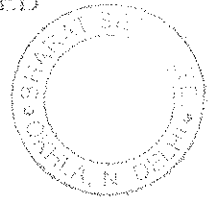
FOR BHARAT SEATS LIMITED

  
(SANJEEV KUMAR)  
CHIEF FINANCIAL OFFICER



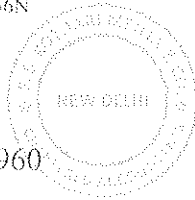
FOR BHARAT SEATS LIMITED

  
(ROHIT RELAN)  
MANAGING DIRECTOR



FOR S.S.KOTHARI MEHTA & CO.  
CHARTERED ACCOUNTANTS  
FIRM'S REGISTRATION NO.000756N

  
(NEERAJ BANSAL)  
PARTNER  
MEMBERSHIP NO.095960



FOR BHARAT SEATS LIMITED

  
(G.N.MEHRA)  
CHAIRMAN – AUDIT COMMITTEE



## BHARAT SEATS LIMITED

Regd. Office : D-188 Okhla Industrial Area, Phase -1, New Delhi-110020

## STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2016

(Rs. in lakhs)

## PART I

Sr.No.	Particulars	Three Months ended on 31.3.2016 (Audited)	Three Months ended on 31.12.2015 (Unaudited)	Three Months ended on 31.3.2015 (Audited)	Current Year ended on 31.3.2016 (Audited)	Previous Year ended on 31.3.2015 (Audited)
1	Income from operations					
	a) Net Sales/ Income from operations (Net of excise duty)	17526.21	17231.22	19055.13	69972.88	69332.98
	b) Other Operating income	1.36	4.66	2.33	10.71	9.33
	Total income from operations (net)	17527.57	17235.88	19057.46	69983.59	69342.31
2	Expenses					
	a) Cost of materials consumed	15163.18	15032.31	16545.06	60784.09	60289.33
	b) Purchases of stock-in-trade	7.84	14.98	19.12	31.24	65.99
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	-4.87	-87.99	53.25	-101.82	-30.81
	d) Employee benefit expense	490.81	482.61	426.76	1835.35	1478.26
	e) Depreciation and amortisation expense	417.50	415.61	425.44	1670.22	1642.24
	f) Other expenses	1093.55	1143.01	1123.33	4488.20	4304.57
	Total expenses	17168.01	17000.53	18592.96	68707.28	67749.58
3	Profit from operations before other income, finance costs and exceptional items (1 - 2)	359.56	235.35	464.50	1276.31	1592.73
4	Other income	133.88	29.74	64.94	219.87	166.23
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	493.44	265.09	529.44	1496.18	1758.96
6	Finance costs	143.26	131.25	190.30	537.97	620.91
7	Profit from ordinary activities after finance costs but before exceptional items (5 - 6)	350.18	133.84	339.14	958.21	1138.05
8	Exceptional items	-	-	-	-	-
9	Profit from ordinary activities before Tax (7 + 8)	350.18	133.84	339.14	958.21	1138.05
10	Tax expense	74.74	15.98	90.88	253.89	326.05
11	Net Profit from Ordinary activities after tax (9 - 10)	275.44	117.86	248.26	704.32	812.00
12	Extra ordinary items	-	-	-	-	-
13	Net Profit (11 - 12)	275.44	117.86	248.26	704.32	812.00
14	Paid-up Equity Share Capital (Face value of Rs.2/- per share)	628.00	628.00	628.00	628.00	628.00
15	Reserves & Surplus				4,364.92	4,000.73
16	Basic and diluted EPS for the period /for the year	0.88	0.38	0.79	2.24	2.59

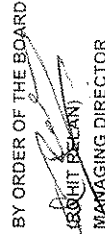
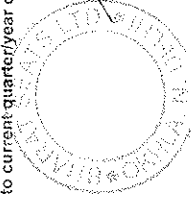
## NOTES:

- The above results are audited by the Statutory Auditors and reviewed by the Audit Committee and were taken on record by the Board in its meeting held on 15th April, 2016
- Tax expense includes provision for Current tax (Net of MAT Credit entitlement) & Deferred Tax.
- The figures of quarter ended March 31, 2016 are the balancing figures between audited figures in respect of the full financial year 2015-2016 and the published year to date figures upto the third quarter of the financial year 2015-2016.
- The Board of Directors have recommended a dividend @45%, i.e. Rs.0.90/- per share for the year ended on 31st March, 2016
- The previous year figures have been regrouped & reclassified wherever necessary to confirm to current quarter/year classification.

PLACE: NEW DELHI

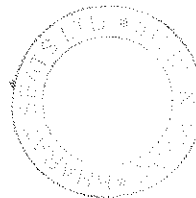
DATED: 15.4.2016

BY ORDER OF THE BOARD


  
MANAGING DIRECTOR


STATEMENT OF ASSETS AND LIABILITIES		ANNEXURE	
		AS AT 31.03.2016	AS AT 31.03.2015
		(Audited)	(Audited)
		Amount/Rs.	Amount/Rs.
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
1	SHAREHOLDERS' FUNDS :		
	(a) Share Capital	62800000	62800000
	(b) Reserves and Surplus	436491816	400072562
	(c) Money received against share warrants	-	-
	Sub-total-Shareholders' funds	499291816	462872562
2	SHARE APPLICATION MONEY PENDING ALLOTMENT		
3	MINORITY INTEREST		
4	NON-CURRENT LIABILITIES		
	(a) Long Term borrowings	221331176	380335910
	(b) Deferred Tax liabilities(net)	110589128	108329279
	(c) Other long term liabilities	2150000	80874777
	(d) Long term provisions	10285563	7744498
	Sub-total-Non-current liabilities	344355867	577284464
5	Current liabilities		
	(a) Short term borrowings	315233800	300150428
	(b) Trade payables	998262412	917411591
	(c) Other Current Liabilities	354898549	352542844
	(d) Short term Provisions	38890566	36068913
	Sub-total-Current liabilities	1707285327	1606173776
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>2550933010</b>	<b>2646330802</b>
<b>B</b>	<b>ASSETS</b>		
1	Non-Current Assets		
	(a) Fixed Assets		
	(i) Tangible Assets	1437673903	1494860890
	(ii) Intangible Assets	4214686	5520561
	(iii) Capital work in progress	11908418	30958465
	(b) Deferred tax assets(net)		
	(c) Long term loans and advances	67371543	165966706
	(d) Other non-current assets		
	Sub-total-Non-current assets	1521168550	1697306622
2	Current Assets		
	(a) Current investments	-	-
	(b) Inventories	144127055	115782640
	(c) Trade receivables	828139262	767551353
	(d) Cash and Cash equivalents	9368302	9069633
	(e) Short term loans Loans and Advances	48129841	56620554
	(f) Other current assets	-	-
	Sub-total-Current assets	1029764460	949024180
	<b>TOTAL - ASSETS</b>	<b>2550933010</b>	<b>2646330802</b>

PLACE: NEW DELHI  
DATED 15.04.2016



BY ORDER OF THE BOARD

*(Signature)*  
(ROHIT RELAN)  
MANAGING DIRECTOR