



# 35<sup>TH</sup> ANNUAL REPORT 2021-2022



**BHARAT SEATS LIMITED**

**Corporate Information****Board of Directors**

- |                            |   |
|----------------------------|---|
| 1. Mr. Rohit Relan         | Chairman and Managing Director (DIN: 00257572)  |
| 2. Mr. Shigetoshi Torii    | Director-Nominee-Suzuki Motor Corporation, Japan (DIN: 06437336)<br>(appointed w.e.f. 01.06.2022) |
| 3. Mr. Toshiya Miki        | Director-Nominee-Suzuki Motor Corporation, Japan (DIN: 07505339)<br>(resigned w.e.f. 31.05.2022)  |
| 4. Mr. Raman Venkat Challa | Director-Nominee-Maruti Suzuki India Limited (DIN: 07093663)                                      |
| 5. Mr. Girish Narain Mehra | Independent Director (DIN: 00059311)  |
| 6. Mr. Ravindra Gupta      | Independent Director (DIN: 01521168)  |
| 7. Ms. Shyamla Khera       | Independent Director (DIN: 06929439)  |
| 8. Mr. Arvind Varma        | Independent Director (DIN: 02225281)  |
| 9. Ms. Nisha Malhotra      | Independent Director (DIN: 09428727)  |
| 10. Mr. Rishabh Relan      | Whole Time Director (DIN: 07726444)   |
| 11. Mr. Ashwani Aggarwal   | Executive Director (DIN: 03139415)  |

CIN: L34300DL1986PLC023540

**Corporate Identity Number****Bankers**HDFC Bank Ltd.  
ICICI Bank Ltd.  
Yes Bank Ltd.**Registered Office**1, Nelson Mandela Road, Vasant Kunj,  
New Delhi-110070.**Works****Plant 1**Plot No. 1, Maruti Udyog Joint Venture Complex,  
Gurugram - 122 015 (Haryana)**Plant 2**Plot No. Musttil No. 226, Kila No. 7/1,  
Village Borakalan, Tehsil - Farukhnagar,  
Gurugram (Haryana)**Plant 3**Plot No. 26, Sector-3A,  
Maruti Supplier Park, IMT, Manesar, Gurugram(Haryana)**Plant 4**New Survey/ Block No.30 (Old Revenue Survey no. 403/9)  
Moje Naviyani, Taluka Dasada, Distt. Surenderanagar,  
Part of Nihon Industrial Park, Gujarat**Auditors**M/s S.R. Batliboi & Co. LLP  
Chartered Accountants  
Gurugram**Listed at**

BSE Limited

**Chief Financial Officer**

Mr. Sanjeev Kumar

**Company Secretary And Compliance Officer**

Ms. Ritu Bakshi

**Registrar And Share Transfer Agent**Alankit Assignments Limited  
4E/2, Alankit House, Jhandewalan Extension,  
New Delhi - 110 055**E-Mail and Website**

Investor\_relations@bharatseats.net, www.bharatseats.com

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**BHARAT SEATS LIMITED**

(CIN: L34300DL1986PLC023540)

Regd. Office: 1, Nelson Mandela Road, Vasant Kunj, New Delhi-110070

Phones: +91 9643339870-74 Fax: 0124-2341188

E-mail: seats@bharatseats.net Website: www.bharatseats.com

**NOTICE**

**NOTICE is hereby given that the Thirty Fifth Annual General Meeting of the members of BHARAT SEATS LIMITED will be held on Tuesday, 28<sup>th</sup> June, 2022 at 11 a.m. through Video Conferencing (VC) / Other Audio Video means (OAVM) to transact the following businesses:**

**Ordinary Business:**

1. To receive, consider and adopt the audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2022, together with the reports of the Directors and Auditors thereon and in this regard, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT the audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2022 together with the reports of the Directors and Auditors thereon be and are hereby received, considered and adopted.”

2. To declare dividend on equity shares for the financial year ended March 31, 2022 and in this regard, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the recommendation of the board of directors of the Company, dividend at the rate of Re.0.80/- per Equity Share of Rs.2/-each on the paid up equity share capital of the Company be and is hereby declared to be paid to the members of the Company.”

3. To appoint Mr.Raman Venkat Challa (DIN:07093663) who retires by rotation at this meeting as a Director and being eligible offers himself for re-appointment and in this regard, if thought fit, to pass the following resolution as an **Ordinary resolution:**

“RESOLVED THAT Mr. Raman Venkat Challa(DIN:07093663) who retires by rotation at this meeting and being eligible,be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

4. To re-appoint Statutory Auditors for a second term of five years and in this regard, if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Regn. No. 301003E/ E300005) having offered themselves for re-appointment, be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of five years to hold office from the conclusion of the 35th annual general meeting till the conclusion of the 40th annual general meeting of the Company at a remuneration to be fixed by the Board and reimbursement of out of pocket expenses incurred in connection with the audit.”

**Special Business:**

5. **To appoint of Mr. Shigetoshi Torii (DIN 06437336) as a Director of the Company and in this regard, if thought fit, to pass the following resolution as an Ordinary Resolution:**

“Resolved that pursuant to provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies(Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or enactment(s) thereof for the time being in force, Mr. Shigetoshi Torii (DIN: 06437336) be and is hereby appointed as a Director of the Company, liable to retire by rotation.

6. **Related Party Transactions with Maruti Suzuki India Ltd.**

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act,2013 (“Act”) and other applicable provisions, if any, read with Rule 15 of the Companies(Meetings of Board and its Powers)Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the Company’s policy on Related Party transaction(s), approval be and is hereby accorded to the Board of Directors of the Company to entering to any type / nature of transactions as detailed below by way of entering into contract(s)/arrangement(s)/ transaction(s) with Maruti Suzuki India Ltd, being related party within the meaning of Section2(76) of the Act and Listing Regulations, which is exceeding 10% of the turnover of the Company for financial year 2022-23 onwards on such terms and

conditions as the Board of Directors may deem fit:

- I. Transaction of sale or supply of goods, materials, sale of tooling/ job charges/ miscellaneous income/ expenses, up to a maximum aggregate value of Rs.1200 Crores in a Financial Year, and/or
- II. Lease rent, including equalization charges, up to a maximum aggregate value of Rs.3 Crores in a Financial Year, and/or
- III. Electricity/ Utilities purchased/ Factory expenses/ Others, up to a maximum aggregate value of Rs. 30 Crores in a Financial Year, and/or
- IV. Purchase of goods, tools or any asset up to a maximum aggregate value of Rs. 50 Crores in a Financial Year.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.”

#### **7. Related Party Transactions with NDR Auto Components Limited**

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

RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, read with Rule 15 of the Companies(Meetings of Board and its Powers)Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the Company’s policy on Related Party transaction(s), approval be and is hereby accorded to the Board of Directors of the Company to enter in to any type/nature of transactions as detailed below by way of entering into contract(s)/arrangement(s)/transaction(s) with NDR Auto Components Limited, being related party within the meaning of Section 2(76) of the Act and Listing Regulations, which is exceeding 10% of the turnover of the Company for financial year 2022-23 onwards on such terms and conditions as the Board of Directors may deem fit:

- I. Purchase, transfer or receipt of products, goods, tools, materials, assets or services, up to a maximum aggregate value of Rs. 350 Crores in a Financial Year, and/or
- II. Sale of goods, tools or any asset up to a maximum aggregate value of Rs. 50 Crores in a Financial Year.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper, or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.”

#### **8. Related Party Transactions with Suzuki Motorcycle India Private Limited**

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

RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act,2013(“Act”) and other applicable provisions, if any, read with Rule 15 of the Companies(Meetings of Board and its Powers)Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements)Regulations,2015 (“Listing Regulations”) and the Company’s policy on Related Party transaction(s), approval be and is hereby accorded to the Board of Directors of the Company to enter in to any type/nature of transactions as detailed below by way of entering into contract(s)/arrangement(s)/transaction(s) with Suzuki Motorcycle India Private Limited, being related party within the meaning of Section 2(76) of the Act and Listing Regulations, which is exceeding 10% of the turnover of the Company for financial year 2022-23 onwards on such terms and conditions as the Board may deem fit:

- I. Sale or supply of goods/ materials/ tools/ job charges up to a maximum aggregate value of Rs. 200 Crores in a Financial Year.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.”

#### **9. Related Party Transactions with Suzuki Motor Gujarat Private Limited**

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

RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 (“Act”) and other

applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval be and is hereby accorded to the Board of Directors of the Company to enter into any type/nature of transactions as detailed below by way of entering into contract(s)/ arrangement(s)/ transaction(s) with Suzuki Motor Gujarat Private Limited, being related party within the meaning of Section 2(76) of the Act and Listing Regulations, which is exceeding 10% of the turnover of the Company for financial year 2022-23 onwards on such terms and conditions as the Board of Directors may deem fit:

- I. Sale or supply of goods/ materials/ tooling/ job charges up to a maximum aggregate value of Rs. 500 Crores in a Financial Year or/and and/or
- II. Lease rent, including equalization charges up to a maximum aggregate value of Rs. 2 Crores in a Financial Year

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto."

#### **10. Related Party Transactions with Toyo Sharda India Private Limited**

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

"RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval be and is hereby accorded to the Board of Directors of the Company to enter in to any type/nature of transactions as detailed below by way of entering into contract(s)/arrangement(s)/transaction(s) with Toyo Sharda India Private Limited ("TSIPL"), being related party within the meaning of Section 2(76) of the Act and Listing Regulations, which is exceeding 10% of the turnover of the Company for financial year 2022-23 onwards on such terms and conditions as the Board of Directors may deem fit:

- I. Sale or supply of goods, materials sale of tooling/ job charges, including reimbursement of expenses, up to a maximum aggregate value of Rs. 100 Crores in a Financial Year, and/or
- II. Purchase of goods, tool, or any asset, up to a maximum aggregate value of Rs.150 Crores in a Financial Year, and/or
- III. Lease Rent to be received, up to a maximum aggregate value of Rs. 2 Crores in a Financial Year, and/or
- IV. Management Consultancy Fees to be received, up to a maximum aggregate value of Rs. 1 Crore in a Financial Year.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto."

For Bharat Seats Limited

Place : Gurugram  
Date : May 30, 2022

Ritu Bakshi  
Company Secretary  
FCS No.3401

#### **NOTES:**

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 with regard to ordinary business as set out under item no.4 and the special business as set out under item no. 5 to item no.10 and the relevant details pursuant to Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/ re- appointment at this Annual General Meeting ("AGM") are annexed.
2. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs, Government of India ("MCA") issued General Circular Nos. 14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020, 20/2020 dated 5th May 2020, 10/2021 dated 23<sup>rd</sup> June, 2021, 20/2021 dated 8th December 2021, 21/2021 dated 14th December 2021 and 03/2022 dated

5<sup>th</sup> May, 2022, respectively, (“MCA Circulars”) allowing, inter-alia, conduct of AGMs through Video Conferencing/ Other Audio-Visual Means (“VC/ OAVM”) facility on or before 31<sup>st</sup> December, 2022. In accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020 and in compliance with these Circulars, provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the 35<sup>th</sup> AGM of the Company is being conducted through VC/ OAVM facility, which does not require physical presence of members at a common venue. The deemed venue for the 35<sup>th</sup> AGM shall be registered office of the Company.

3. Corporate members are requested to send at vijayps1@alankit.com or investor\_relations@bharatseats.net before e-voting/ attending annual general meeting, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> June, 2022 to 28<sup>th</sup> June, 2022 both days inclusive, for determining the entitlement of the shareholders to the Dividend for 2021-2022, if declared.
5. The Dividend on Equity Shares, as recommended by the Board of Directors, if declared at the meeting, will be credited/ dispatched between 28<sup>th</sup> June, 2022 and 27<sup>th</sup> July, 2022 to those shareholders whose names appear in the Register of Members on 21<sup>st</sup> June, 2022. In case of shares held in dematerialised form, the dividend thereon, will be paid to Beneficial Owners, as per details furnished by the Depositories, i.e. National Securities Depository Limited and Central Depository Services (India) Limited as on the close of business hours on 21<sup>st</sup> June, 2022.
6. Members who hold shares in dematerialised form may kindly note that their Bank Account details, registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Alankit Assignments Ltd. cannot act on any request received directly from the members holding shares in dematerialised form, 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.
7. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend, are requested to notify the Company/ Alankit Assignments Ltd.
8. The Company has transferred the unpaid or unclaimed dividends declared up to the financial years 2013-2014, from time to time on due dates to the Investor Education and Protection Fund (IEPF) established by the Central Government.
9. Pursuant to the provisions of the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 31<sup>st</sup> March, 2021, on the website of the IEPF Authority viz. [www.iepf.gov.in](http://www.iepf.gov.in) and on the website of the Company and the same can be accessed through the link: [www.bharatseats.com/unclaimed-dividend-31-03-2020/](http://www.bharatseats.com/unclaimed-dividend-31-03-2020/).
10. Members are requested to note that, dividends if not encashed for a period of seven years from the date of transfer to Unpaid dividend account of the Company, are liable to be transferred to the IEPF. The shares in respect of such unclaimed dividend if not encashed for a consecutive period of 7 (seven) years are also liable to be transferred to the demat account of the IEPF Authority. In view of this, members are requested to claim their dividends from the Company within the stipulated time line.

Due dates for transfer of unclaimed/ unpaid dividends for the financial year 2014-15 and thereafter to IEPF are as follows:

<b>F.Y. Ended</b>	<b>Declaration Date</b>	<b>Due Date</b>
March 31, 2015	July 17, 2015	August 14, 2022
March 31, 2016	July 20, 2016	August 17, 2023
March 31, 2017	September 21, 2017	October 19, 2024
March 31, 2018	September 25, 2018	October 24, 2025
March 31, 2019	September 19, 2019	October 16, 2026
March 31, 2020	September 21, 2020	October 20, 2027
March 31, 2021	September 21, 2021	October 19, 2028

- 11 (a) Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during the financial year 2021-2022, transferred to the IEPF Authority, all shares in respect of which dividend has remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer i.e. 03.09.2021. Details of shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: <https://bharatseats.com/unclaimed-dividend-for-transfer-of-shares-to-iepf-account/>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).
- (b) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/ investors are advised to visit the weblink: <http://www.iepf.gov.in/IEPF/corporates.html> or contact Alankit Assignments Limited for lodging claim for refund of shares and/ or dividend from the IEPF Authority. Members can file only one consolidated claim in a financial year as per the IEPF Rules.
12. Members may note that, in terms of the Listing Regulations equity shares of the Company can only be transferred in dematerialised form.
13. The Securities and Exchange Board of India (SEBI) has recently mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by holders of securities. Effective from 1st January 2022, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. On or after 1st April 2023, in case any of the above cited documents/details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at <https://www.bharatseats.com/investor-service-request>.
14. To prevent fraudulent transactions, members are requested to notify any change in address or demise of any member, as soon as possible.
15. Members holding shares in electronic mode:
  - a. are requested to submit their PAN and Bank account details to their respective DPs with whom they are maintaining their demat accounts.
  - b. are advised to contact their respective DPs for registering the nomination.
  - c. are requested to register/ update their email address with their respective DPs for receiving all communications from the Company electronically.
16. Electronic copy of the Notice of the Thirty Fifth Annual General Meeting and Annual Report for 2021-2022 is being sent to all the members whose email IDs are registered with the Company/Depository Participant.
17. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode. Members can inspect the same by sending an email to [investor\\_relations@bharatseats.net](mailto:investor_relations@bharatseats.net).
18. 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 Registrar 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
19. 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. The Company has designated an exclusive e-mail ID namely, [investor\\_relations@bharatseats.net](mailto:investor_relations@bharatseats.net) for receiving and addressing investors' grievances.
20. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased

to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on the cutoff date i.e. 21<sup>st</sup> June, 2022, i.e. the date prior to the commencement of book closure, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). The remote e-voting period will commence at 9.00 a.m. (IST) on 24<sup>th</sup> June, 2022 and will end at 5.00 p.m. (IST) on 27<sup>th</sup> June, 2022. In addition, the facility for voting through electronic voting system shall also be made available at the AGM and the Members who are present in the AGM through video conferencing facility and have not cast their vote by remote e-voting shall be eligible to vote at the AGM through e-voting system. (Refer serial no. 22 for detailed procedure to vote through e-voting). Members whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e- voting for the resolutions are requested to refer the instructions provided at serial no. 22.

21. The Company has appointed Mr. R.S. Bhatia, Company Secretary in Practice, (Membership Number: FCS 2599, CP No. 2514) and failing him, Mr. Hardev Singh, Company Secretary in Practice, (Membership Number: FCS 6673, CP No.3317) to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner.
22. The facility of casting the votes by the members using an electronic voting system will be provided by Central Depository Services (India) Limited (CDSL).

#### **CDSL e-Voting System – For Remote e-voting and e-voting during AGM**

- a. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 22/2020 dated June 12, 2020, 33/2020 dated September 9, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021 and 20/2021 dated December 8, 2021. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
- b. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
- c. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- d. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- e. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
- f. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.bharatseats.com](http://www.bharatseats.com). The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).



**I. THE INSTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM/ AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**

- (i) The voting period begins on 24<sup>th</sup> June, 2022 at 9:00 a.m. and ends on 27<sup>th</sup> June, 2022 at 5:00 p.m. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21<sup>st</sup> June, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

<p>Individual Shareholders holding securities in demat mode with <b>NSDL</b></p>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
<p>Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b></p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.



- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	<b>For Shareholders holding shares in Demat Form other than individual and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN of “Bharat Seats Limited”.
- (x) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) **Facility for Non – Individual Shareholders and Custodians –Remote Voting**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.



- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investor\_relations@bharatseats.net (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**II. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

- (i) The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- (ii) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
- (iii) Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- (iv) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- (v) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- (vi) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (vii) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **two days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **at least two days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at investor\_relations@bharatseats.net. These queries will be replied to by the company suitably by email.
- (viii) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.
- (ix) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- (x) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**III. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders - please update your email id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders - please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 1800225533.

If you have any queries or issues regarding attending AGM, you may contact Mr. Abhinav Kumar Agrawal or Mr. Vijay Pratap (011-42541234) or write an email to [abhinavka@alankit.com](mailto:abhinavka@alankit.com) or [vijays1@alankit.com](mailto:vijays1@alankit.com) and for e-Voting from

the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

By Order of the Board  
For Bharat Seats Limited

Registered Office:  
1, Nelson Mandela Road, Vasant Kunj,  
New Delhi 110070

Ritu Bakshi  
Company Secretary  
FCS No. 3401

Place : Gurugram  
Date : May 30, 2022

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

### **Item No.4**

In accordance with Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Registration No.: 301003E/E300005) (“M/s. SRB”), Statutory Auditors of the Company shall retire at the conclusion of the 35th AGM of the Company. The Board of Directors of the Company at their meeting held on 6<sup>th</sup> May, 2022, on the recommendation of the Audit Committee, have recommended the re-appointment of M/s. SRB as the Statutory Auditors of the Company, by the members at the 35th AGM of the Company for a term of five consecutive years from the conclusion of 35th AGM till the conclusion of 40th AGM of the Company to be held in the year 2027, at an annual remuneration of Rs.32.03 lakhs for the year ending 31st March 2023, plus out of pocket expenses and applicable taxes. The remuneration for the subsequent year(s) of their term shall be determined based on the recommendation of the Audit Committee and as mutually agreed between the Board of Directors of the Company and the Statutory Auditors. There is no material change in the remuneration paid to M/s. SRB, the Statutory Auditors, for the statutory audit conducted for the year ended 31st March, 2022 and the remuneration proposed to be paid to M/s. SRB for the year ending 31st March, 2023. After evaluating the proposal and considering various factors such as independence, industry experience, technical skills, geographical presence, audit team, audit quality reports, etc., M/s. SRB has been recommended to be appointed as the Statutory Auditors of the Company. M/s. SRB, is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. M/s. SRB was established in the year 1949 and is a Limited Liability Partnership Firm (“LLP”) incorporated in India. It has its registered office at 22, Camac Street, Kolkata apart from 7 other branch offices in various cities in India. M/s. SRB part of S.R. Batliboi & Affiliates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients. Pursuant to Section 139 of the Companies Act, 2013 and the rules framed thereunder, the Company has received written consent from M/s. SRB and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the re-appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed there under. As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. SRB, has confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI. None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the accompanying Notice of the 35th AGM. Accordingly, the Board of Directors recommends aforesaid re-appointment to the members for their approval by way of an Ordinary Resolution as set out at Item No. 4 of the accompanying Notice of the 35<sup>th</sup>AGM.

### **Item no.5**

Mr. Shigetoshi Torii (DIN 06437336) was appointed on the Board, as an Additional Director, as a nominee of Suzuki Motor Corporation, Japan, with effect from 1<sup>st</sup> June, 2022, in place of Mr. Toshiya Miki, to hold office upto the date of this Annual General Meeting, pursuant to the provisions of Section 161 of the Companies Act, 2013. Mr. Shigetoshi Torii is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 nor debarred from holding the office of director by virtue of any SEBI order or any other such authority and has given his consent to act as a Director of the Company. A copy of notice is available for inspection by the members at the registered office of the Company and on the website of the Company.

Except Mr. Shigetoshi Torii, none of the Directors or Key Managerial personnel of the Company or their relatives is concerned or interested in the Resolution.

### **Experience**

Mr. Torii has experience of more than 35 years in supply chain management and operations including procurement, production, logistics, distribution and stakeholders’ relations.

- He has a long career association with automobile giant, Suzuki Motor Corporation, Japan. Mr. Torii joined Suzuki Motor Corporation in 1984, Production Engineering Department
- 2008: He was assigned Production Engineering Department in SMC and also appointed as Department General Manager
- 2012: He joined Maruti Suzuki India Limited as General Manager, Manesar Plant
- 2014: He was appointed as Director (Production) of MSIL.
- 2017: He was transferred back to Japan and appointed as Deputy Director of Manufacturing Division
- 2019: He was promoted as Managing Officer, Executive General Manager of Purchase Division
- 2021: He was appointed as Joint Managing Director (Production and Supply Chain) of MSIL.

#### **Educational Background**

He is a Graduate from Department of Mechanical Engineering, Osaka University, Japan.

#### **Other Board membership**

- Maruti Suzuki India Limited
- Suzuki Motor Gujarat Private Limited
- Machino Plastics Limited
- Manesar Steel Processing (India) Private Limited

The Board on the recommendation of Nomination and Remuneration Committee, considers it desirable to avail the expertise and guidance of Mr. Shigetoshi Torii, therefore, recommended the Ordinary Resolution set out at item no. 5 of the accompanying notice for approval of the shareholders.

#### **Itemno.6 to 10**

In accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Related Party Transactions require prior approval of the Audit Committee and all material Related Party Transactions require approval of the shareholders through Ordinary Resolution. A transaction with a related party shall be considered material if the transaction/ transactions to been tied into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or Rupees one thousand crores, whichever is less. Section 188 of the Companies Act, 2013 deals with Related party Transactions and Subsection (1) of Section 188 of the Companies Act,2013 provides that nothing in this sub section shall apply to any transactions entered into by the Company with Related party, which are in its ordinary course of business, other than transactions which are not on arm's length basis. In Bharat Seats Ltd., all the related party transactions are in the ordinary course of business and at arm's length basis. Therefore, the approval under section188 of the Companies Act is not required. Keeping in view the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015 and intent of the Companies Act,2013, the Audit Committee and the Board of Directors of the Company have approved in their respective meetings held on 14<sup>th</sup> March,2022 and recommended for seeking the approval of the shareholders for the financial year 2022-23 and onwards for the following transaction(s):

#### **DETAILS OF CONTRACT(S)/ARRANGEMENT(S)**

Sr. no.	Description				
a.	Type, material terms and particulars of the proposed transaction	Sale or supply of Goods, materials, sale of tooling/ job charges/ miscellaneous income/ expenses	Purchases of goods, tools or any asset	Lease Rent, including equalization charges	Electricity/ Utilities purchased/ Factory expenses/ Others
b.	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	<b>Maruti Suzuki India Ltd., an Associate Company</b>	<b>Maruti Suzuki India Ltd., an Associate Company</b>	<b>Maruti Suzuki India Ltd., an Associate Company</b>	<b>Maruti Suzuki India Ltd., an Associate Company</b>
c.	Tenure of the proposed transaction (particular tenure shall be specified)	Ongoing and perpetual transaction	Ongoing and perpetual transaction	Ongoing and perpetual transaction	Ongoing and perpetual transaction
d.	Value of the proposed transaction	Rs.1200 crores	Rs.50 crores	Rs.3 crore	Rs.30 crores

e.	The percentage of the listed entity's annual consolidated turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction	147%	6%	0.37%	4%
f.	Justification as to why the RPT is in the interest of the listed entity	The Company, being a joint venture with Maruti Suzuki India Limited (MSIL) is doing transactions with MSIL since its inception in ordinary course of business and on arm's length basis, based on transfer pricing study conducted by external agency, within the limits approved by Audit Committee and shareholders in their respective meetings/ postal ballot held on 21 <sup>st</sup> October, 2014 and 27 <sup>th</sup> December, 2014 and subsequently by Audit Committee in its meeting held on 28 <sup>th</sup> January, 2022 and 14 <sup>th</sup> March, 2022. Now, there are enhanced limits to be approved by shareholders			
g.	A copy of the valuation or other external party report, if any such report has been relied upon	Not required			
h.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	-	-	-	-
i.	Any other information that may be relevant	-	-	-	-

Sr. no.	Description		
a.	Type, material terms and particulars of the proposed transaction	Purchase, transfer or receipt of products, Goods, tools, materials, assets or services	Sale of goods, tools or any asset
b.	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	<b>NDR Auto Components Limited, an Associate Company</b>	<b>NDR Auto Components Limited, an Associate Company</b>
c.	Tenure of the proposed transaction (particular tenure shall be specified)	Ongoing and perpetual transaction	Ongoing and perpetual transaction
d.	Value of the proposed transaction	Upto a maximum of Rs. 350 crores	Upto a maximum of Rs. 50 crores
e.	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	43%	6%
f.	Justification as to why the RPT is in the interest of the listed entity	The Company, being an associate of NDR Auto Components Limited(NDR)is doing transactions with NDR since inception of NDR in ordinary course of business and on arm's length basis, based on transfer pricing study conducted by external agency, within the limits approved by Audit Committee and shareholders in their respective meetings held on 27 <sup>th</sup> July, 2021 and 21 <sup>st</sup> September, 2021 and subsequently by Audit Committee in its meeting held on 14 <sup>th</sup> March, 2022. Now, there are enhanced limits to be approved by shareholders	
g.	A copy of the valuation or other external party report, if any such report has been relied upon	Not required	Not required
h.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	151%	22%
i.	Any other information that may be relevant	-	-

Sr. no.	Description			
a.	Type, material terms and particulars of the proposed transaction	Sale or supply of Goods/ materials/tools/job charges	Sale or supply of Goods/ materials/tooling/job charges	Lease Rent, including equalization charges
b.	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	<b>Suzuki Motorcycle India Private Limited</b>	<b>Suzuki Motor Gujarat Private Limited</b>	<b>Suzuki Motor Gujarat Private Limited</b>
c.	Tenure of the proposed transaction (particular tenure shall be specified)	Ongoing and perpetual transaction	Ongoing and perpetual transaction	Ongoing and perpetual transaction
d.	Value of the proposed transaction	Upto a maximum of Rs. 200 crores	Upto a maximum of Rs.500 crores	Upto a maximum of Rs.2 crores
e.	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	24%	61%	0.24%
f.	Justification as to why the RPT is in the interest of the listed entity	The Company, being related party of Suzuki Motorcycle India Private Limited (SMIPL) as defined under Ind AS 24 is doing transactions with SMIPL in ordinary course of business and on arm's length basis, based on transfer pricing study conducted by external agency, within the limits approved by Audit Committee and shareholders in their respective meetings held on 23rd July, 2019 and 19 <sup>th</sup> September 2019. and subsequently by Audit Committee in its meeting held on 14 <sup>th</sup> March, 2022. Now, there are enhanced limits to be approved by shareholders	The Company, being related party of Suzuki Motor Gujarat Private Limited (SMG) as defined under Ind AS 24 is doing transactions with SMG in ordinary course of business and on arm's length basis, based on transfer pricing study conducted by external agency, within the limits approved by Audit Committee and shareholders in their respective meetings held on 23rd July, 2019 and 19 <sup>th</sup> September 2019. and subsequently by Audit Committee in its meeting held on 14 <sup>th</sup> March, 2022. Now, there are enhanced limits to be approved by shareholders	The Company, being related party of Suzuki Motor Gujarat Private Limited (SMG) as defined under Ind AS 24, the transactions are proposed with SMG in ordinary course of business and on arm's length basis, based on transfer pricing study conducted by external agency, within the limits approved by Audit Committee in its meeting held on 28 <sup>th</sup> January, 2022 and 14 <sup>th</sup> March, 2022. Now, there are enhanced limits to be approved by shareholders
g.	A copy of the valuation or other external party report, if any such report has been relied upon	Not required	Not required	Not required
h.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	-	-	-
i.	Any other information that may be relevant	-	-	-



Sr. no.	Description				
a.	Type, material terms and particulars of the proposed transaction	Sale or supply of Goods, materials Sale of Tooling/ Job Charges, including reimbursement of expenses	Purchase of goods, tool or any asset	Lease Rent to be received	Management consultancy Fees to be received
b.	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	<b>Toyo Sharda India Private Limited, an Associate Company</b>	<b>Toyo Sharda India Private Limited, an Associate Company</b>	<b>Toyo Sharda India Private Limited, an Associate Company</b>	<b>Toyo Sharda India Private Limited, an Associate Company</b>
c.	Tenure of the proposed transaction (particular tenure shall be specified)	Ongoing and perpetual transaction	Ongoing and perpetual transaction	Ongoing and perpetual transaction	Ongoing and perpetual transaction
d.	Value of the proposed transaction	Upto a maximum of Rs.100 crores crores	Upto a maximum of Rs.150 crores crores	Upto a maximum of Rs.2 crores	Upto a maximum of Rs.1 crore
e.	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	12%	18%	0.24%	0.12%
f.	Justification as to why the RPT is in the interest of the listed entity	The Company, being an associate of Toyo Sharda India Private Limited (TSIL) is doing transactions with TSIL since inception of TSIL in ordinary course of business and on arm's length basis, based on transfer pricing study conducted by external agency, the limits were earlier approved by Audit Committee and shareholders in their respective meetings held on 27 <sup>th</sup> July, 2021 and 21 <sup>st</sup> September, 2020 and subsequently by audit Committee in its meeting held on 14 <sup>th</sup> March, 2022. Now, there are enhanced limits to be approved by shareholders			
g.	A copy of the valuation or other external party report, if any such report has been relied upon	Not required	Not required	Not required	Not required
h.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	181%	272%	4%	2%
i.	Any other information that may be relevant	-	-	-	-

(For Item 6, 8 and 9) None of the Directors, Key Managerial Personnel and / or their relatives, is/are interested or concerned, financially or otherwise in the resolution except may be deemed to be concerned or interested in the proposed resolution to the extent of their shareholding in the Company, if any.

(For Item 7) Except Mr. Rohit Relan, Mr. Rishabh Relan and Ms. Shyamla Khara, none of the Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution. However, they may be deemed to be concerned or interested in the proposed resolution to the extent of their shareholding in the Company, if any.

(For Item 10) Except Mr. Rohit Relan, none of the Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution. However they may be deemed to be concerned or interested in the proposed resolution to the extent of their shareholding in the Company, if any.

Pursuant to Regulation 23(4) of SEBI (LODR) Regulations, all entities falling under the definition of related parties shall not vote to approve the relevant resolution irrespective of whether the entity is a party to the particular transaction or not.

Relevant details pursuant to Regulation 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/ re-appointment at this Annual General Meeting

NAME OF THE DIRECTOR	Mr .Raman Venkat Challa	Mr. Shigetoshi Torii
DIRECTOR IDENTIFICATION NUMBER	07093663	06437336
AGE	61 years	62 years
DATE OF JOINING THE BOARD	18 <sup>th</sup> July, 2015	1 <sup>st</sup> June, 2022
QUALIFICATION	A graduate from Delhi College of Engineering with BE in Mechanical Engineering	A Graduate from Department of Mechanical Engineering, school of Engineering Science of Osaka University.
EXPERIENCE INCLUDING EXPERTISE IN SPECIFIC FUNCTIONAL AREA	He has 37 years of experience and presently heads the Maruti Suzuki Engineering and R&D function. He has Expertise in Product Development, Vehicle Testing and Homologation Cost Management.	He has a long career association with automobile giant, Suzuki Motor Corporation, Japan, in Production Engineering Department, manufacturing and purchase Department. Presently, he is Joint Managing Director (Production and Supply Chain) of MSIL. Mr. Torii's area of specialization is manufacturing and purchasing.
TERMS & CONDITIONS OF APPOINTMENT/ RE-APPOINTMENT	As per the resolution at item no. 3 of the Notice convening Annual General meeting on 28-06-2022	As per the resolution at item no. 5 of the Notice convening Annual General meeting on 28-06-2022
REMUNERATION LAST DRAWN, INCLUDING SITTING FEES IF ANY	Rs. 2,40,000 (Sitting fees only)	Nil
REMUNERATION PROPOSED TO BE PAID	As per existing terms and conditions	-
RELATIONSHIP WITH OTHER DIRECTORS/ KMP	No relation with any Directors and KMPs	No relation with any Directors and KMPs
NUMBER OF MEETINGS OF THE BOARD ATTENDED DURING THE YEAR	6	None
CHAIRMANSHIPS/ DIRECTORSHIPS HELD IN OTHER COMPANIES AS ON 31.03.2022	a. Krishna Maruti Limited b. Machino Polymers Limited c. Machino Polymers India Private Limited	a. Maruti Suzuki India Limited b. Suzuki Motor Gujarat Private Limited c. Machino Plastics Limited d. Manesar Steel Processing (India) Private Limited
CHAIRMANSHIPS/ MEMBERSHIPS OF COMMITTEES OF OTHER COMPANIES AS ON 31.03.2022	None	None
NO. OF SHARES HELD IN THE COMPANY	Nil	Nil
CONFIRMATION PURSUANT TO BSE CIRCULAR DATED 20.06.2018	Mr. C.V. Raman has confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority	Mr. Shigetoshi Torii has confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority

#### COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION

The Company is required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend paid does not exceed Rs. 5,000/-. The withholding tax rate would vary depending on the residential status of the shareholder and documents registered with the Company.

**RESIDENT SHAREHOLDERS:**
**A.1 Tax Deductible at Source for Resident Shareholders**

S. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Valid PAN updated in the Company's Register of Members	10%	No document required (if no exemption is sought)
2	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought)
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

**A.2 No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit and register following documents as mentioned in column no.4 of the below table with the Company / Alankit Assignments Limited**

S. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Submission of form 15G/15H	nil	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions.
2	Shareholders to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc.	nil	Documentary evidence that the said provisions are not applicable.
3	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	nil	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961
4	Category I and II Alternative Investment Fund NIL SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961	nil	SEBI registration certificate to claim benefit under section 197A(1F) of Income Tax Act, 1961
5	Recognised provident funds <ul style="list-style-type: none"> <li>• Approved superannuation fund</li> <li>• Approved gratuity fund</li> </ul>	nil	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
6	National Pension Scheme	nil	No TDS as per section 197A (1E) of Income Tax Act, 1961

**B. NON-RESIDENT SHAREHOLDERS:**

Withholding tax on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following document as mentioned in column no.4 of the below table with the Company / Alankit Assignments Limited.

S. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number / certificate.

2	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required: <ol style="list-style-type: none"> <li>1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received</li> <li>2. PAN</li> <li>3. Form 10F filled &amp; duly signed</li> <li>4. Self-declaration for non-existence of permanent establishment/ fixed base in India</li> </ol> (Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non- Resident shareholder and review to the satisfaction of the Company)
3	Indian Branch of a Foreign Bank	Nil	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority Self- declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank
4	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority

- (i) Shareholders will be able to download the TDS certificate from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).
- (ii) The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be emailed at [rta@alankit.com](mailto:rta@alankit.com) or [vijayps1@alankit.com](mailto:vijayps1@alankit.com) on or before June 13, 2022 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post June 13, 2022 shall not be considered.
- (iii) Application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members as on the Record Date, and other documents available with the Company / Alankit Assignments Limited.
- (iv) In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.
- (v) In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings
- (vi) This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

## BOARD'S REPORT

Your Directors have pleasure in presenting the 35th Annual Report together with the Audited Accounts for the year ended 31st March, 2022.

### Financial Results

Rupees in Lakhs		
Particulars	2021-22	2020-21
Revenue from Operations	81,763.17	54,766.05
Other Income	526.86	204.96
Profit before Financial Charges & Depreciation	3,743.34	2890.11
Less: Finance Costs	390.46	427.31
Profit before Depreciation & Taxation	3,352.88	2462.80
Less:		
A) Depreciation	1,761.44	1,798.31
B) Provision for Taxation		
- Current Tax	452.11	286.38
- Deferred Tax	(42.89)	(102.46)
- Adjustment of tax relating to earlier years	(9.12)	-
<b>Net Profit after Tax</b>	<b>1,191.34</b>	<b>480.57</b>
Add: Other Comprehensive Income, Net of Taxes	17.23	7.92
Total Comprehensive Income for the year	1,208.57	488.49
Transfer to General Reserve	-	-
Balance Carried Forward to Balance Sheet	1,208.57	488.49

### FINANCIAL HIGHLIGHTS AND OPERATIONS

The revenue from operations and other income for the financial year under review was Rs.82,290.03 lakhs as against Rs. 54,971.01 lakhs for the previous financial year, showing an increase of 50%. The profit before finance costs, depreciation and taxation is Rs. 3,743.34 lakhs for the financial year under review as against Rs. 2,890.11 lakhs for the previous financial year, an increase by 30%. The profit after tax increased to Rs. 1,191.34 lakhs, as compared to Rs. 480.57 lakhs for the previous financial year, i.e. an increase by 148%. Total comprehensive income for the year increased to Rs.1,208.57 lakhs as compared to Rs. Rs.488.49 lakhs for the previous financial year, an increase by 147%. This was due to increase in sales of Car Seats to Maruti Suzuki India Limited and cost saving measures taken by the Company in spite of adverse affect on our Company as a result of Covid and frequent changes in the production plans by our customer due to global semiconductor related issues.

#### **Gujarat Plant**

Maruti Suzuki India Limited (MSIL) had shifted the manufacture of certain models to Suzuki Motor Gujarat Private Limited (SMG) in Gujarat. Accordingly, your Company also started the manufacturing of seats and carpets of a certain model in our Gujarat plant, which were earlier manufactured at our Manesar/ Gurugram plants.

#### **Total Productive Maintenance (TPM) Activity**

Bharat Seats Limited first started the TPM Activities in the year 1999 at Gurugram Plant & BSL Gurugram has won the Award for Excellence, Category A, in 2006.

The excellence award paved the path for practicing TPM and gaining substantial gains and thus further encouraged us to challenge the prestigious Consistency award in 2021.

Bharat Seats Limited Gurugram Plant has successfully won the **“Award for Excellence in Consistent TPM Commitment” 2021**, from Japan Institute of Planned Maintenance, Japan.

During the consistency award journey, the TPM pillar teams and shop floor team worked with tremendous zeal to enhance the Gemba activities through –

- Low-Cost Automation Kaizens for Quality Improvement

- KARAKURI Kaizens to eliminate manual activities
- Poka-Yoke implementation for Quality Improvement
- Several compact kaizens for productivity improvement
- Theme kaizens to reduce spare parts.

The point of interest stays on quality, improving capacity utilization, optimizing performance, increase productivity enhance efficiency and that is executed with team involvement, rigorous education & training along with classroom sessions & Gemba training. This is making the workplace even safer, with reduced product lead time, smarter workforce, fast, flexible, and more economical processes.

#### **TRANSFER TO GENERAL RESERVE**

During the Financial Year 2021-22, the Company has not transferred any amount to General Reserves.

#### **DIVIDEND**

Your Directors are pleased to recommend for the approval of the shareholders at the 35<sup>th</sup> Annual General Meeting, a dividend of 40% (Re 0.80/- per equity share) for the financial year ended 31.03.2022.

#### **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

- a. The members of the Company are informed that the dividends that remain unpaid/unclaimed for a period of 7 (seven) years from the date of transfer to the Unpaid / Unclaimed dividend account are required to be transferred to the account of the Investor Education & Protection Fund (IEPF) Authority established by the Central Government.

Accordingly, during the financial year under review, the Company has transferred Unclaimed dividend amounting to Rs. 2,78,853/- lying with the Company for a period of seven years pertaining to the financial year ended on 31<sup>st</sup> March 2014.

- b. The members of the Company are also informed that as per the provisions introduced in the year 2016, underlying equity shares on which dividend remain Unpaid/Unclaimed for a period of 7 (seven) consecutive years are required to be transferred to the Investor Education & Protection Fund (IEPF) Authority established by the Central Government.

Accordingly, during the financial year under review, the Company has transferred the following shares to IEPF Authority:

16,620 equity shares in respect of which dividend have not been claimed by the members for seven consecutive years pertaining to the financial year ended on 31<sup>st</sup> March, 2014, upto financial year ended 31<sup>st</sup> March, 2020.

#### **SHARE CAPITAL**

There is no change in the capital structure of the Company.

#### **CHANGE IN THE NATURE OF BUSINESS**

There was no change in the nature of business during the financial year 2021-22 under review.

#### **RECLASSIFICATION OF SOME OF THE PROMOTERS/ PROMOTER GROUP AS PUBLIC**

Pursuant to Memorandum of Family Settlement, there was a change in the management and control of the Company. Some of the promoters, namely Mr. Ajay Relan, Ms. Sharda Relan, Ms. Mala Relan, Mr. Aashim Relan, Ms. Aashita Relan, Sharda Motor Industries Limited and Relan Industrial Finance Limited intended to get themselves reclassified from promoter group to general public category as these entities neither hold any share nor have any control over management/ hold any key managerial position in the Company.

On 27<sup>th</sup> January, 2022, the Company received request for reclassification from the said promoters. After taking the approval from the Board, the application was filed with BSE for reclassification of the said promoters from promoter group to general public category. This application is pending.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this report, and forms part of the Annual Report.

#### **CREDIT RATING**

ICRA has assigned its short term credit rating of A2+ and long term credit rating of A- stable, indicating the outlook on the long term rating as 'Stable'.

## RELATED PARTY TRANSACTIONS

All contracts/ transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and are at arm's length basis.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at the web link: <https://bharatseats.com/wp-content/uploads/2020/05/policy-on-related-party-trasactions-REVISED-2022-MAY6-1.pdf>

The information relating to particulars of contracts or arrangements with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 in Form AOC-2 is annexed as Annexure I, forming part of this Report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules, 2014 is annexed hereto as Annexure II, forming part of this Report.

## BOARD ANNUAL EVALUATION

In compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and guidance note dt. 5<sup>th</sup> January, 2017 issued by SEBI, performance evaluation was carried out of the Board, its Committees and individual Directors, including the Chairman of the Board.

Nomination & Remuneration Committee reviews the evaluation criteria for the Board, its Committees, Executive and non-executive Directors and Chairman of the Company, considering qualification, expertise, attributes and various parameters based on which evaluation of the Board has to be carried out by the Company.

A meeting of the independent directors was held, which reviewed the performance of the Board (as a whole), Committees of the Board, the non-independent directors and the Chairman.

The evaluation of Independent Directors was carried out by the Board.

This exercise was carried out through structured evaluation process covering various aspects of the Board such as composition of the Board/ Committees, experience, competencies, performance of specific duties etc. Separate exercise was carried out to evaluate the performance of individual directors, including Board Chairman who were evaluated on the parameters such as attendance, contribution at the meeting, independent judgment etc. and was found to be satisfactory.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### Retirement by rotation

In accordance with the Articles of Association of the Company and relevant provisions of the Companies Act, 2013, Mr. Raman Venkat Challa (DIN: 07093663) is liable to retire by rotation at the ensuing Annual General Meeting.

The Board recommends his re-appointment.

### Declaration from Independent Directors

The Company has received declaration from all the Independent Directors confirming that they meet the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 read with the schedules and rules made there under along with declaration for compliance with clause 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Appointments

The shareholders, on the recommendation of Nomination and Remuneration Committee and Board of Directors, approved the appointment of Mr. Rishabh Relan and Mr. Ashwani Aggarwal as Whole time Directors w.e.f. 4<sup>th</sup> February, 2021 for a term of three years.

The shareholders, on the recommendation of Nomination and Remuneration Committee and Board of Directors, approved the appointment of Ms. Nisha Malhotra as Non-Executive Independent Director w.e.f. 28<sup>th</sup> January, 2022 for a term of five years.

### Demise

Mr. Prateep Kumar Lahiri, Non-Executive Independent Director passed away on 9<sup>th</sup> October, 2021. Your Directors express their heartfelt condolence at his demise.

Your Board places on record the valuable contribution made by Shri Lahiri to the company during his long tenure as a Director.

### **KEY MANAGERIAL PERSONNEL (KMP)**

Mr. Rohit Relan, Chairman and Managing Director, Mr. Rishabh Relan, Whole time Director, Mr. Ashwani Aggarwal, Whole time Director, Mr. Sanjeev Kumar, CFO and Ms. Ritu Bakshi, Company Secretary are the KMPs of the Company in terms of Section 203 of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

### **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements as set out by the Regulators/ applicable laws.

The report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 been included in this Annual Report as a separate section, along with the certificate of Mr. R S Bhatia, Company Secretary in Practice.

### **DETAILS OF DEPOSIT AS PROVIDED UNDER CHAPTER V OF THE COMPANIES ACT, 2013**

Your Company has not accepted any deposits under Chapter V of the Companies Act, 2013. There was an outstanding loan of Rs. 2260 Lacs as at 31.03.2022 from Mr. Rohit Relan, Chairman and Managing Director of the Company which is exempted as deposit under Rule 2(c)(viii) of Companies (Acceptance of Deposit) Rules, 2014.

### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE**

There are no significant and material orders passed by the Regulators, Courts or Tribunals which would impact the going concern status of the Company and its operations in future.

### **DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Directors had laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company 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. The Audit Committee evaluates the internal financial control system periodically.

### **LISTING**

The Equity shares of the Company are listed at Bombay Stock Exchange. The Company has paid listing fees due to the Stock Exchange.

Further to improve the liquidity of shares and in the interest of shareholders of the Company, in addition to BSE, the Board approved the proposal for listing of Company's equity shares at National Stock Exchange (NSE) and application for listing at NSE was filed on March 3, 2022 which is pending for approval.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company believes in giving back to society and we have taken steps for that. Alongside our business priorities, the Company is committed to society as well and this is apparent through our CSR activities.

During the beginning of the financial year, the whole country was vigorously affected by the second wave of COVID 19. The country suffered a massive cases of human deaths. Also in this bad times, there was a huge shortage of Oxygen cylinders and concentrators. Your Company at the request of its Joint Venture Company, Maruti Suzuki India Limited, contributed Rs. 29.65 lakhs towards oxygen plant manufactured by Airox Nigen Equipment Private Limited, to support of oxygen to Government Hospital in Mehsana, Gujarat.

Further, Bharat Seats continues to empower women as it is an essential for social change. This empowerment comes through education. For the girl child we took the call of "Beti Bachao, Beti Padhao" and contributed to "SHEF" a school in Lucknow for girls from the under privileged and marginalized section of society. The school provides education and makes them culturally ready to mix and mingle with all strata of society.

The CSR Policy is uploaded on the Company's website at the web link: <https://bharatseats.com/wp-content/uploads/2020/05/CSR-Policy-bsl-Final2021for-website.doc.pdf>

During the financial year 2021-22, the Company has contributed an amount of ₹32 lakhs towards CSR, which is 2% of its average net profits for preceding 3 financial years. There is no amount which is lying unspent in respect of the financial year under review.



The annual report on CSR activities, composition of the CSR committee and other prescribed details are given in the report format provided under the Companies (Corporate Social Responsibility Policy) Rules, 2014 in Annexure III

#### **ANNUAL RETURN**

Pursuant to Sec 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the copy of Annual Return can be accessed at Company's website at <https://bharatseats.com/wp-content/uploads/2020/05/mgt7-for-website-1.pdf>

#### **MEETINGS OF THE BOARD**

Six meetings of the Board of Directors were held during the financial year. For further details, please refer the Report on Corporate Governance given separately in the Annual Report.

#### **AUDIT COMMITTEE**

The Audit Committee comprises of three Independent Non- executive Directors, namely Mr. G.N. Mehra, Mr. Ravindra Gupta and Ms. Shyamla Khera. Mr. G.N. Mehra, is the Chairman of the committee.

During the year, Mr. P.K.Lahiri, who was member of Audit Committee passed away on October 9, 2021.

Further, details on the Committee reference, meetings held are given in the Corporate Governance Report. Powers and Role of the Audit Committee are included in the Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- (b) 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, 2022 and of the Profit of the Company for the year ending 31st March, 2022.
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis.
- (e) Internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively.
- (f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### **PARTICULARS OF EMPLOYEES**

Disclosure as required under Sub Rule 2 of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto as Annexure IV.

The ratio of the remuneration of each Director to the median employees' remuneration and other details in terms of Sub Section 12 of Section 197 of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as part of the report as Annexure V.

#### **COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS AS PROVIDED UNDER THE COMPANIES ACT, 2013**

The Company has formulated a Nomination and Remuneration Policy which is available on the website of the company. The link of the same is <https://bharatseats.com/wp-content/uploads/2020/05/NRCPolicy2020.pdf>. Other details are provided in Corporate Governance Report.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

There was no transaction falling under the provision of Section 186 of the Companies Act, 2013 during the financial year under review.

## RISK MANAGEMENT

The Company has in place the Risk Management Policy to identify and assess the key risk areas and monitor the same. The Board periodically reviews the risks and suggests steps to be taken to control the risks.

## VIGIL MECHANISM

The Company has in place an established Whistle Blower Policy. The Audit Committee and the Board periodically reviews the policy and its implementation. The purpose of this policy is to provide a framework to promote responsible whistle blowing by employees.

The Whistle Blower Policy may be accessed at the Company's website at weblink:<https://bharatseats.com/wp-content/uploads/2020/05/whistle-blower-policy2020.pdf>

## HUMAN RESOURCES

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

## AUDITORS AND AUDITORS' REPORT

### (a) Statutory Auditors

M/s S.R. Batliboi & Co. LLP, Chartered Accountants, LLP, (ICAI Firm Registration No. 301003E/E300005) will complete their tenure of five years as the Statutory Auditors of the Company at this 35<sup>th</sup> Annual General Meeting (AGM) of the Company.

The Statutory Auditors showed their willingness for re-appointment for a further term of 5 years i.e. from the conclusion of this AGM till the conclusion of 40<sup>th</sup> AGM. On the recommendation of the Audit Committee, the Board, in its meeting held on May 6, 2022 has recommended the re-appointment of S.R. Batliboi & Co. LLP, Chartered Accountants, Chartered Accountants, (ICAI Firm Registration No. 301003E/E300005) as the Statutory Auditors of the Company to the shareholders of the Company.

### Auditors' Report

Further, the Auditors' Report given by M/s S.R. Batliboi & Co. LLP, Statutory Auditors on the financial statements of the Company for the year ended March 31, 2022 is part of the Annual Report. The Auditors' Report does not contain any qualification, reservation or adverse remark. During the year under review, the Auditors had not reported any matter under Section 143(12) of the Act, therefore, no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

### (b) Secretarial Auditor

In accordance with the provisions of the Section 204 read with the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit was carried out by Mr. R. S. Bhatia, Company Secretary in Practice for the financial year 2021-22. The report of Secretarial Auditor for the financial year 2021-22 is annexed herewith marked as Annexure VI to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Pursuant Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has obtained annual secretarial compliance report from Mr. R S Bhatia (CP No. 2514), Company Secretary in Practice and the same has been submitted to stock exchange within the prescribed time limit. The annual secretarial compliance report does not contain any adverse remarks and qualifications.

## SAFETY

Safety first is our motto. While the laws make it mandatory for us to adopt benchmark practices, our values drive us towards this objective.

With the regular guidance from the Safety Team of Maruti Suzuki India Limited, the Company is now among the leading companies which have made safety its culture.

Well trained staff, focus on best practices & aided with installation of state-of-the-art Aerosol fire Detection & Suppression system across locations have worked at force multipliers in our journey.

Besides this the environmentally friendly practices, fire extinguishers, thermography test, adherence to NBC 2016, NOC from fire office & regular third-party inspections speaks of the commitment.

The review mechanism monitoring & mock drills happen periodically & monitored at APEX level. Last but not the least SHE (Safety, Health & Environment) training is regularly imparted to all the employees.

Various initiatives taken are,

- Monthly zone wise safety audit system implemented, to ensure zero accident.
- Advanced LOTO system with DOJO room training implemented, to ensure full safety of human being on the shop floor.

### **EFFECTIVE MANAGEMENT SYSTEMS**

The company is system certified for IATF (International Automotive Task Force) 16949 for quality management systems, ISO 14001 for environment management and OHSAS for occupational health and safety. BSL is also accredited with ISO/IEC 17025:2017 "General Requirements for the competence of Testing & Calibration Laboratories". Our Manesar, Gurgaon and Bharakalan Plants have been certified as Comprehensive Excellence "Green" Plants by Maruti Suzuki India Limited.

Your Company's focus on safety and effective mitigation of all the likely risks involved, has led to safe and healthy working environment for all employees thus helping them to perform at their optimum level of competence.

### **ENVIRONMENT**

Through OHSAS (Occupational Health and Safety Assessment Series) & ISO 14001, we are committed to work on continuously improving both Human Safety and Plant safety & Environment through: -

- Management of Safety & Environmental Risks through proactive risk mitigation planning. (Hazard Identification & Risk Assessment (HIRA) and Operation Control Procedure (OCP) Compliance to all safety & Environmental Regulations
- Focus on optimum use of Energy and Reduction of waste.
- Effective handling and waste disposal.
- Implemented Solar system to use renewable resources.
- Various Energy saving kaizens implemented on the shop floor to save energy.

### **DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has constituted Internal Complaints Committee (ICC) known as Prevention of Sexual Harassment (POSH) Committee to enquire into complaints of Sexual Harassment and recommend appropriate action. The Company has received and disposed off one complaint of sexual harassment during the financial year 2021-22.

### **SHARES**

a. Buy Back of Securities

The Company has not bought back any of its securities during the year under review.

b. Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

c. Bonus Shares

No Bonus Shares were issued during the year under review.

d. Issue of Shares with differential voting rights

The Company has not issued any shares with differential rights during the year under review.

e. Issue of Shares under Employee Stock Option Scheme

No such issue of shares under employee stock option scheme was made.

f. Issue of shares through private placement – Nil

g. Issue of Shares without differential voting rights – Nil.

**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., Suzuki Motor Gujarat Private Limited, Suzuki Motorcycle India Private Limited, Toyo Seat Co. Ltd., Japan, Inoac Corporation, Japan, Hayashi Telemu (Thailand) Co. Ltd., HDFC Bank Ltd., ICICI Bank Ltd., Yes Bank Ltd., various departments of Central Government and Government of Haryana. The directors convey their deep appreciation to each and every employee for her/his efficient service, 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

(Rohit Relan)

Chairman and Managing Director

Place : Gurugram

Date : May 6, 2022

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis: -NONE-**

Sl. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general
NONE								

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Sl. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or Transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
1.	Maruti Suzuki India Limited	Associate Company	Sale, Purchase or Supply of Goods, Materials	Transaction repetitive in nature	Upto a max. of Rs. 1200 crores per annum		NIL	27.12.2014
2.	Maruti Suzuki India Limited	Associate Company	Sale of tooling, job charges	Transaction repetitive in nature	Upto a max. of Rs. 50 crores per annum		NIL	27.12.2014
3.	Maruti Suzuki India Limited	Associate Company	Payment of Lease Rent	Transaction repetitive in nature	Upto a max. of Rs. 50 lakhs per annum		NIL	27.12.2014
4.	Maruti Suzuki India Limited	Associate Company	Purchase of Electricity	Transaction repetitive in nature	Upto a max. of Rs. 30 crores per annum		NIL	27.12.2014
5.	Sharda Motor Industries Limited	Associate Company	Purchase of Goods, materials	Transaction repetitive in nature	Upto a max. of Rs. 500 crores per Annum		NIL	27.12.2014
6.	Sharda Motor Industries Limited	Associate Company	Purchase of Tooling, job charges	Transaction repetitive in nature	Upto a max. of Rs. 100 crores per Annum		NIL	27.12.2014
7.	Toyo Sharda India Pvt. Ltd.	Associate Company	Sale, purchase or supply of Goods, materials, net of reimbursement	Transaction repetitive in nature	Upto a max. of Rs. 100 crores per annum		NIL	21.09.2020
8.	Toyo Sharda India Pvt. Ltd.	Associate Company	Lease Rent to be received	Transaction repetitive in nature	Upto a max. of Rs. 75 lakhs per Annum		NIL	21.09.2020
9.	Toyo Sharda India Pvt. Ltd.	Associate Company	Management Fees to be received	Transaction repetitive in nature	Upto a max. of Rs. 100 Lakhs per Annum		NIL	21.09.2020
10.	NDR Auto Components Ltd.	Associate Company	Sale, purchase, transfer or receipt of products, goods, materials, assets or services, including reimbursement of expenses	Transaction repetitive in nature	Upto a max. of Rs. 350 crores per Annum		NIL	21.09.2021
11.	NDR Auto Components Ltd.	Associate Company	Sale, purchase, of tools or any asset	Transaction repetitive in nature	Upto a max. of Rs. 50 crores per Annum		NIL	21.09.2021

Information pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, forming part of Board of Directors' Report for the year ended 31st March, 2022.

**(A) CONSERVATION OF ENERGY****(i) the steps taken or impact on conservation of energy**

The following steps have been implemented to save electricity:

**Gurugram Plant**

LED lights provided in plant & office to save the electrical energy.

Energy saving 4372 kwh/Year.

**Manesar Plant**

Energy saving through elimination of idle running of roller crusher unit, conveyor motor, lights & fans, etc. by providing sensors.

Energy saving 23662 kwh/Year

**Bhorakalan Plant**

Energy saving through reduction of cooling motors from 02 nos. to 01 nos. on Roof Molding Extrusion line by technology upgradation.

Energy saving 5610 Kwh / Year

**(ii) the steps taken by the Company for utilizing alternate sources of energy.****Gurugram Plant**

Implementation of solar power generation plant of 273 KWp.

Total solar power generated units 164178 kwh / Year

**(iii) the capital investment on energy conservation equipment's –**

Investment Nil

Project was implemented under Operational Expenses.

**(B) TECHNOLOGY ABSORPTION****I. RESEARCH AND DEVELOPMENT(R&D)****1) Specific areas in which Research & Development work is carried out by your company is:**

- a) In developing Seating Systems for Hatch-Backs, Sedans and SUV segment vehicles.
- b) Moulded floor carpets for 4-wheelers.
- c) Extrusion components for vehicle roof and windshield installation for Maruti Suzuki India Limited.
- d) In developing the Seats and the frame sub-assembly for Suzuki Motorcycle India Private Ltd. Major accomplishments in the year under review are as below:

**(i) New Part Development****Four Wheeler Seats:**

- Design Proto Types (DPT) completed for Front seat & Rear seat both new models.
- New product Production Proto Trials (PPT) & Mass Production trials (MPT) level Seats side air bag (SAB) Trials Development done. New SAB Juki Machine and Process established in BSL which enhances our capabilities for new safety features. It also gives edge to us in competition with other competitor.
- Weld frame line, trim cutting & stitching line, seat assembly line further Upgradation on already commissioned Gujarat Plant to increase capacity and capabilities. New models Supply of Seats at PPT level started from Gujarat plant to Suzuki Motors Gujarat.
- Few More Weld lines will be implemented in Gujarat plant to increase supply capacities as per customer requirement.



- New Plant proposed (BSL Gujarat) in Suzuki Motors Gujarat Vendor Park for already acquired new Business supplies from Nov.'2022.
- Appreciation received from MSIL for developing Proto Seats successfully in short period.

**Four Wheeler Floor Carpets (Noise Vibration Harshness-NVH) :**

- Your Company has qualified new RFQs, enabling to win business for MSIL 3 upcoming new models.
- Your company has successfully developed first time 4-layer Carpet (with Ethylene-Vinyl Acetate EVA as a sound barrier) & qualified MSIL stringent testing requirements.
- Customer event samples been submitted as per customer requirement. This enhances our capability to understand & meet increased NVH specifications. Our product is capable to meet both Sound Transmission Loss specs (STL) and Sound Absorption Coefficient specs (SAC).
- Floor Carpet manufacturing is productionized at BSL-Gujarat plant for New Model. New Business supply already started.
- This widens our manufacturing foot print for NVH products.

**Two Wheeler Seats & Welded Frames**

- Productionized 8 Welded Frame assemblies, 3 Seats for various 2W models of Suzuki Motorcycle India Ltd.
- First time Surface Coated Body Parts Supply started for two models.
- Successful start of production ramp up for CTR
- The new line is developed with sensor Poka Yoke to avoid reverse parts welding.

(ii) Value Analysis & Value Engineering

- Extrusion Dies are successfully designed localized and productionized.
- Capability enhanced to set & fine tune the Die and process by ourselves.
- Implemented new Lip Material in Wind Shield for Suzuki Motor Gujarat & MSIL (3 models).

(iii) Continuous improvements in Product Quality & Process Control.

- Developed & installed weld cells for Welding of high strength sheet metal to make Seat frames.
- Kanban traceability implementation under progress for 4 wheeler passenger seats to improve seat processes identifications on production assembly line.
- New Seat Assy lines are equipped with enhanced Safety features for operators and operational efficiency is improved with LM guides.

(iv) Enhancing Design Capabilities

- Your Company has upgraded engineering set up with FEA (Finite Element Analysis) software's & skilled professional is dedicated to the task.
- Your company has correlated the Simulation Test data for homologation tests. This will help in predicting the design capability without physically making and testing the sample. This will save significant time and cost.
- Your Company has invested in upgrading the design workstations to enhance the performance.

(v) Development learnings are captured and retained in form of "Technical Know How" (TKH). A Learning Manual is prepared & is now shared online for the benefit of all R&D team. This helps to strengthen design and development for new models and serves as a reference guide for all.

(vi) We have signed a Technical Assistance agreement with HTT (Hayashi Telempu Thailand) to enhance our NVH business vertical. This technical support has helped to qualify for new Floor Carpet orders from customer.

(vii) Your company has enhanced testing and validation competency. Four additional tests are correlated with Suzuki Motor Corporation (SMC) Japan. Test Lab has qualified re-accredited National Accreditation Board for Testing and Calibration Laboratories (NABL) certification.

(viii) Dedicated Program Management Team is involved that will act as SPOC (Single Point of Contact) between Customers and other CFT (Cross Functional Team) members.

Program Management Team shall support the launch activities and ensure the customer timelines are smoothly met.

**2) Benefits derived as a result of above R&D:** Development of people and products:

- a. Benchmarking activity – Understand processes and technology trends, competitive evaluation
- b. Proto room activity – validation and verification of design concepts, new project trials, innovation projects etc.

Such initiatives will continue to enhance people development, deployment of technologies etc. along with retention of employees for long-term association with the organization.

**3) R&D Future Plans**

Going forward, we are aggressively widening our product range and implementing advanced technologies:

- (a) Road Map for next 5 years is prepared. Adopt new technologies and features for all verticals Seating System, NVH, Body Sealing Parts and 2W Seats.
- (b) Leverage expertise of technology partners and build local capabilities in key areas e.g. high tensile stampings, Side Air Bag Sewing, Heaters & Assembly (assy) line.
- (c) Your company is upgrading with latest digitization technology to design & manufacture Master Trim Templates. It is under progress for supplier reviews for Know-how and implementation.
- (d) Your company plans to develop capability for Trim testing in-house.
- (e) Enhance NVH product capabilities and introduce additional NVH products with Technical Assistance Agreement (TAA) partner support.
- (f) As a technological upgradation, we are going ahead with Robotic Water Jet Trimming. This will facilitate faster sample development. Machine is under trial stage.
- (g) We are creating advanced Testing facilities for NVH products in house.
- (h) Your Company plans to design and develop new extrusion products to increase our product range.
- (i) Your Company plans to establish and co-relate CAE test results for all Homologation tests.

**4) R&D EXPENDITURE**

Your company is engaged in development of new products, tooling and testing fixtures as per the requirement of customers besides internal initiatives as stated which has resulted in capital & other expenditures as follows:

Capital	Rs. 5.15 lakhs
Recurring	Rs. 661.31 lakhs
Total	Rs. 666.46 lakhs
Total R&D expenditure as a percentage of total turnover	0.82%

**II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

(i) Efforts made towards Technology absorption

Your company has developed Supervisory control and data acquisition (SCADA) software for assembly line along with Outsourced technical support. This activity saved some cost and also proves the capability of absorbing the technology and subsequently executing the same.

Your Company has started working on new technology introduction, Such as Heated Seat for comfort options & very high tensile strength metal parts welding as per customer new requirements.





(ii) Capability for Own Product Design

Your R&D team has designed Modular Berth for Indian Railways. We have registered our First Patent. The protos are made and tested. This is a unique design for quick replacement of defective pads / trims rather than replacing complete Berth. It is light - weight & saves significant time in replacing defective berths. The application has qualified 7 stages out of total 9 stages. "Response to First Examination Report (FER)" is filled and awaited for Hearing.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

In terms of actual inflows and actual outflows, foreign exchange outflow on account of import of Capital Goods and raw materials amounted to Rs. 662.56 lakhs (Rs. 441.40 lakhs). Other expenditure in foreign currency relating to travelling, training and technical fees amounted to Rs. 180.57 lakhs (Rs. 164.08 lakhs). Remittances in foreign currency on account of dividend amounted to Rs. 23.25 lakhs (Rs.23.25 lakhs). (Figures in bracket pertain to last year)

**Annual Report on CSR Activities undertaken by the Company in 2021-22**
**1. Brief outline on CSR Policy of the Company**

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013.

**2. Composition of CSR Committee as on 31st March, 2022**

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Ravindra Gupta	Chairman (Independent Director)	2	2
2	Mr. G.N. Mehra	Independent Director	2	2
3	Ms. Shyamla Khera	Independent Director	2	2
4	Mr. Arvind Varma	Independent Director	2	2

**Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company [www.bharatseats.com/investors](http://www.bharatseats.com/investors)**

**3. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

Not Applicable as the average CSR obligations in the three immediately preceding financial years was less than Rs.10 crores.

**4. Details of the amount available for set off in pursuance of sub-rule (3) and rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.**

Rs.0.18 lakhs

**6. Average net profit of the Company as per Section 135(5)**

Rs. 1591 Lakhs

**7. (a) Two percent of average net profit of the Company as per Section 135(5)**

Rs. 31.82 Lakhs

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years**

Nils

**(c) Amount required to be set off for the financial year, if any**

Nil

**(d) Total CSR obligation for the financial year (7a+7b-7c)**

Rs. 31.82 Lakhs

**8 (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (in Rs./Lakhs)	Amount Unspent (in Rs./Lakhs)	
	Total Amount transferred to Unspent CSR Account as per Section 135(6)	Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)
32	-	-

**(b) Details of CSR amount spent against ongoing projects for the financial year: NIL**

1	2	3	4	5	6	7	8	9	10	11	
Sr. No.	Name of the project	Item from the list of activities in Schedule VII of the Act	Local Area (Yes/No)	Location of the project	Project duration	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation – Direct (Yes / No.)	Mode of Implementation Through Implementing Agency	
										Name	CSR Regn. No

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

1	2	3	4	5	6	7	8	
Sr. no.	Name of the project	Item from the list of activities in Schedule VII of the Act	Local Area (Yes/ No)	Location of the project	Amount spent for the project (in lakhs)	Mode of Implementation Direct (Yes / No)	Mode of Implementation Through Implementing Agency	
							Name	CSR Regn. No
1	Education	Education	Yes	Lucknow, Uttar Pradesh	2.35	No	Study Hall Education Foundation	CSR00004810
2	Healthcare	Healthcare	Yes	Mehsana, Gujarat	29.65	No	Referral Hospital and Community health, Government Department of Government	

**(d) Amount spent in Administrative Overheads: Nil**
**(e) Amount spent on Impact Assessment, if applicable: Not Applicable**
**(f) Total amount spent for the Financial Year: Rs.32 lakhs (8b+8c+8d+8e)**
**(g) Excess amount for set off, if any**

Sl. No.	Particulars	Amount (Rs./Lakhs)
i	Two percent of average net profit of the Company as per section 135(5)	31.82
ii	Total amount spent for the Financial Year	32
iii	Excess amount spent for the financial year (ii)-(i)	0.18
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any.	-
v	Amount available for set off in succeeding financial years ((iii)-(iv))	0.18

**9. (a) Details of Unspent CSR amount for the preceding three financial years : NIL**

1	2	3	4	5	6	7	8	9
Sr. no.	Project ID	Name of the project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project – Completed/ Ongoing

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil**
**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset wise details):**
**(a) Date of creation or acquisition of the capital asset(s) NIL**
**(b) Amount of CSR spent for creation or acquisition of capital asset NIL**
**(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NIL**
**(d) Provide details of the capital asset(s) created or acquired NIL (including complete address and location of the capital asset).**
**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) NOT APPLICABLE**

**ROHIT RELAN**  
Chairman and Managing Director

**RAVINDRA GUPTA**  
Chairman-CSR Committee

**DISCLOSURE AS REQUIRED UNDER SUB RULE 2 OF RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**
**EMPLOYED FOR FULL FINANCIAL YEAR: 2021-2022**

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	Chairman and Managing Director	Rs. 225.08 Lakhs	B.Com(hons.), F.C.A., Owner/ President Management Programme from Harvard Business School	6-3-1986	44 Years	66 Years	M/S S.P. Marwah & Co., Chartered Accountants	12.18%
Mr. Rishabh Relan	Whole Time Director	Rs. 59.65 lakhs	BSc in Industrial Engineering & Diploma-6 Sigma in lean manufacturing	16-08-2012	10 Years	31 Years	-	1.17%
Mr. Ashwani Aggarwal	Executive Director	Rs. 136.24 lakhs	B.Tech (Mechanical)	01-12-2017	39 Years	63 Years	Brose India Automotive Systems Private Limited	-
Mr. Ajay Raina	COO	Rs. 81.60 lakhs	B.Tech (Mechanical)	05-01-2021	27 years	53 years	M/s SFC Solutions (M/s Cooper Standard India Pvt. Ltd)	-
Ms. Padma Panikkar	AVP	Rs. 53.28 lakhs	Graduate	01-05-1987	44 Years	68 Years	Oberoi Hotel	0.01%
Mr. M Shariq Qureshi	VP- Operations	Rs. 46.06 lakhs	PGPM Dual specialization in Operation research &	22-03-2010	32 Years	56 Years	Rico Auto Industries Ltd.	-
Mr. Sanjeev Kumar	CFO	Rs. 40.23 lakhs	Chartered Accountant	02-11-1987	36 Years	59 Years	J.P. Jain & Co., Chartered Accountants	-
Mr. Sandeep Chandrakant Shah	CGM	Rs. 39.12 Lakhs	Graduate	15.01.2020	34 Years	56 Years	Varroc Polymers Pvt. Ltd.	-

**EMPLOYED FOR PART OF FINANCIAL YEAR: 2021-22:**

Name	Designation and Nature of Duties	Remuneration Gross (Rs.)	Qualifications	Date of Commencement of Employment	Total Experience	Age in Years	Last Employment	Percentage Equity
Akira Furukawa	Chief Technical Officer	Rs. 86.87 lakhs	B.Tech (Mechanical)	04-08-2021	30 years	55 years	Maruti Suzuki India Limited	-
Md Aslam Hasan	A.V.P.	Rs. 3.66 lakhs	PGDPM (HR)	10-03-2022	22 years	48 years	M/s SFC Solutions (M/s Cooper Standard India Pvt. Ltd)	-

**NOTES:**

1. Remuneration includes perquisites and company's contribution to provident fund.
2. The nature of employment of Mr. Rohit Relan, Mr. Rishabh Relan and Mr. Ashwani Aggarwal is contractual. For the rest of employees, it is other than contractual.
3. Mr. Rohit Relan, Chairman and Managing Director of the Company is related to Mr. Rishabh Relan, Whole time Director of the Company. Other than Mr. Rohit Relan and Mr. Rishabh Relan, none of the above mentioned employee is relative of any other director/ manager.

**THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEES' REMUNERATION AND OTHERS DETAIL IN TERMS OF SUB SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES,**

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Sr. No.	Particulars	Ratio to the median remuneration (times)
i)	Mr. Rohit Relan, Chairman and Managing Director	47
ii)	Mr. Rishabh Relan, Whole time Director	13
iii)	Mr. Ashwani Aggarwal, Executive Director	29

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year

Sr. No.	Particulars	Percentage Increase
i)	Mr. Rohit Relan, Chairman and Managing Director	19%
ii)	Mr. Rishabh Relan, Whole time Director	10%
iii)	Mr. Ashwani Aggarwal, Executive Director	10%
iv)	Mr. Sanjeev Kumar, Chief Financial Officer	11%
v)	Ms. Ritu Bakshi, Company Secretary	16%

3. The percentage decrease in the median remuneration of employees in the financial year is 4.96%

4. Total number of permanent employees on the rolls of company as on March 31, 2022 are 376.

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Particulars	Non-Managerial	Managerial
% Average increase in salaries during 2021-22	12.64 %	13.19 %

Affirmation that the Remuneration is as per the remuneration policy of the company.

Form No. MR-3

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022****[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The Members,  
Bharat Seats Limited,  
1, Nelson Mandela Road,  
Vasant Kunj, New Delhi

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bharat Seats Limited (CIN No. L34300DL1986PLC023540)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to me and the representations made by the Management, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment, and External Commercial Borrowings. Further, neither there was any transaction of Direct Investment, External Commercial Borrowings nor any transaction of Overseas Direct Investment which were required to be reported during the financial year.
  - v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - d) \*The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    - e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review;
    - g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
    - h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
    - i) The Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015 (herein after referred as SEBI LODR);
    - j) Securities and Exchange Board of India (Depository and Participants) Regulations, 2015;
- \* No event took place under these regulations during the audit period.



vi) Laws specifically applicable to the industry to which the Company belongs, as identified by the management:

a) Explosives Act, 1884

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the financial year ended March 31, 2022 complied with the aforesaid laws.

Based on the information received and records made available I further report that;

- i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Directors. The changes in the composition of the Board of Directors that took place during the financial year under review, were carried out in compliance with the provisions of the Act and the SEBI LODR Regulations.
- ii. Adequate notice(s) were given to all directors regarding holdings of Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance to all Directors. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- iii. All the decisions at the Board Meetings and Committee meetings were carried through with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be. The dissenting members' views, if any, were captured and recorded as part of the minutes.
- iv. As per the records, the Company filed all the forms, returns, documents and resolutions as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is in compliance with the Act.
- v. There are adequate systems & processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations & guidelines.

I have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. I believe that the Audit evidence which I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Except elsewhere mentioned in this report, in my opinion and to the best of my information and according to explanations given to me, I believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

I further report that during the audit period, there no major events/ actions have taken place having a major bearing on the Company's affairs in pursuance to the above referred laws, rules, regulations, guidelines, standards etc., except that :

- i) On 27<sup>th</sup> January, 2022, the Company received request for reclassification from Mr. Ajay Relan, Ms. Sharda Relan, Ms. Mala Relan, Mr. Aashim Relan, Ms. Aashita Relan, Sharda Motor Industries Limited and Relan Industrial Finance Limited, all together holding NIL shares. After taking the approval from the Board, the application was filed with BSE for reclassification of the said promoters from promoter group to general public category. This application is pending for approval from BSE. The said application for reclassification was made subsequent to Memorandum of family settlement between Mr. Rohit Relan and Mr. Ajay Relan, (main promoters of the Company), the brief about which has already been given on the website of the company and was also disseminated on the BSE as per requirements of Regulation 30 of SEBI (LODR) Regulations. As a part of this settlement Sharda Motor Industries Limited (Company belonging to Mr. Ajay Relan), which was a part of promoter group, has transferred its entire holding of 90,00,000 equity shares held in Bharat Seta Ltd to NDR Auto Components Limited w.e.f. 11th April, 2020. The said transfer falls under the exempted category as per provisions of SEBI (SAST) Regulations. As NDR Auto Components Limited also falls in the category of promoter group, therefore, there is no change in the overall promoter holding of the Company.
- ii) The Company filed an application for listing at National Stock Exchange (NSE) on March 3, 2022 , which is pending for approval from NSE.



The shareholders of the company at its last Annual General Meeting held on September 21, 2021 has passed following major decisions :-

- i) Approved the re-appointment of Mr. Rohit Relan as Managing Director of the Company.
- ii) Granted approval under section 188 of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for doing transactions with NDR Auto Components Limited.
- iii) Approved the appointment of Mr. Rishabh Relan as a director and whole time director of the Company.
- iv) Approved the appointment of Mr. Ashwani Aggarwal as a director and whole time director, designated as Executive Director of the Company.

**R. S. Bhatia**  
**Practicing Company Secretary**  
**CP No: 2514**  
**UDIN: F002599D000274851**

**Date : 05.05.2022**

**Place : New Delhi**

Note: This report is to be read with our letter of even date which is annexed as '**ANNEXURE A**' and forms an integral part of this report.



The Board of Directors  
BHARAT SEATS LIMITED,  
Regd Off.: 1, Nelson Mandela Road,  
Vasant Kunj, New Delhi 110070  
CIN No:

My Secretarial Audit Report of even date is to be read along with this letter.

My report of even date is to be read along with this letter.

1. Maintenance of record is the responsibility of the management of the Company. Our responsibility is to express an opinion on those records based on our audit.
2. I have followed the audit practices, and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on text basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. Wherever required, we have obtained the Management representation about the compliance of laws; rules and regulations and happening of events etc.
4. The compliance of the provisions of SEBI laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. As regards the books, papers, forms, reports and returns filed by the Company under these regulations, the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examinations was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company under the said regulations. We have verified the correctness and coverage of the contents of such forms, returns and documents.

Place : New Delhi  
Date : May 05, 2022

**R.S. Bhatia**  
**Practicing Company Secretary**  
**CP No. 2514**  
**UDIN: F002599D000274851**

## REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

The global economic activity has shown signs of rebound and world over as the impact of COVID-19 pandemic diminishes, several other global uncertainties have influenced the economic activity. Global supply chain was significantly impacted in 2021 from factors like shortage of semiconductors, surge in oil and energy prices, availability of shipping containers resulting in high transportation costs, steep increase in input costs and availability of key commodities. The global macroeconomic uncertainties have further increased due to geo-political conflict between Russia and Ukraine. However, India's current macroeconomic situation is better than what it was earlier mainly due to strong economic fundamentals and domestic consumption. The country will need to be watchful due to prevailing global uncertainties and situation prevailing in many Asian countries.

The Indian market also witnessed an impact due to shortage of semiconductors, non-availability of essential commodities, steep increase of inputs costs etc. The Indian market in many ways is also influenced by Government policies and regulations notified from time to time. Favorable government policies and improved incentives will provide support and impetus to the industrial growth. Other enabling factors in the growth of the industry include domestic market demand, FDI, JVs, and competitive strategies by the corporations.

The Indian automotive industry has entered the year with a positive outlook, and it hopes to reach pre-pandemic levels of sales. The industry looks to build on a solid foundation laid in 2021 amid the semiconductor shortage and uncertainty due to the Omicron variant. Large-scale digitization, the rapid recovery of the economy, and learnings from the past two years of the pandemic are expected to come in handy as demand continues to remain resilient – notably in the passenger vehicle segment. Several automobile manufacturers are open to incorporating new technologies, especially in electric mobility, which is expected to result in numerous launches in both four- and two-wheeler in 2022. Adoption of automation and robotics in recent times has helped the industry to significantly improve quality, productivity, delivery outcomes and reduce costs. It has also been observed that global demand for India-made auto components and the focus on electric vehicles has resulted in several opportunities that the component manufacturers can harness.

Although there has been an increased demand for used cars as customers look for more affordable means of personal transport during the pandemic, the setting up of scrappage centers and inspection and certification facilities would cause the withdrawal of vehicles that are not roadworthy, thereby adding to the market demand of new vehicles.

The underlying demand for Passenger Vehicles appears robust, partly helped by the increased need for personal mobility due to the covid-19 pandemic. However, the effect of sharp rise in fuel prices may have dampening effect on the demand of passenger vehicles in 2022-23. As the supply situation of electronic components continues to be unpredictable, it might have some impact on the production volume in FY 2022-23 as well. Demand is growing but the costs of transition to Electric Vehicle (EV) are significant. These changes are giving rise to intense competition that is undermining existing brand strategies and have given huge new opportunities for both existing Original Equipment Manufacturer (OEM) and new brands alike. Despite these head winds, there is a huge opportunity in EVs that most of the OEMs are seizing strongly.

Innovation is continuing at a strong pace, investment in new capacity, particularly for EVs is soaring and the customer demand is increasing. Despite the pressure, the outlook for the industry is positive. Our main customer, Maruti Suzuki India Limited has exported record units in FY 2021-22, the highest in any financial year. This demonstrates Maruti Suzuki's commitment to the Government of India's Make-in-India initiative. These export numbers reflect India's manufacturing potential and the acceptance of India-manufactured vehicles, all over the world.

Due to shortage of semi-conductors the demand from our customer also changed several times, which your Company met with dedicated efforts of whole team. Our team managed to run supply chain without any disruption. Bharat Seats Limited (BSL) works keeping customer focus in mind, performance goal of first time right - every time right, use innovative and continuous improvement methodologies, encourage KAIZEN activities etc. Your Company's goal is to achieve zero defects with implementation of comprehensive excellence across all locations and functions. Customers demands and expectations are increasing year on year and our endeavor is to exceed those expectations by encouraging teamwork, passion for excellence, increased focus on execution and responsiveness within our employees. Employees are and continue to remain our most valuable assets. We will continue to invest in our employees to further build up the capability and enhance competency to achieve improved business results.

### INDUSTRY STRUCTURE AND DEVELOPMENT

The automotive industry hopes for a smooth ride after a bumpy 2021. In a decade when India is eying the electronic vehicle eco system, the budget of R&D will further enhance its development and localization.

The flow of FDI has shown a sharp spike in FY 2021-22. The uptick in FDI coincides with an increase in capex by domestic players.

In FY 2021-22, the government approved the 'Production linked incentive'(PLI) scheme for automobile and auto component industry. The focus of PLI scheme is on emerging industry capabilities as it aims to push forward India's transition to clean energy along with accelerating the country's share in the global automotive trade. The PLI scheme will incentivize cost efficient manufacturing of high value advanced automotive technology vehicles. According to recently released reports by credit rating agency ICRA, the PLI scheme will not only boost localization, but also accelerate investments towards developing a local EV eco system and has the potential to make India an export hub in the global auto supply chain.

Government's intervention to boost this industry has come at a time when the global economy is facing an acute shortage of semiconductors due to severe disruptions. The comprehensive interventions by the government will aid in the establishment of an ecosystem that boosts semiconductor production in India.

### **OPPORTUNITIES AND THREATS**

The rapidly globalizing world is opening newer opportunities for the automobile industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe, and reliable mode of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt change via systematic R&D. India is emerging as the world's hub of choice when it comes to manufacturing quality auto components. The industry has over 600 manufacturers who exceed the world's most stringent quality standard.

Our business association with Hayashi Telempu and Toyota Boshoku is adding to capability enhance and growth. Through these associations we can build further capability of our teams and introduce enhanced features in the products that we manufacture thus providing value added solutions to our customers. Additionally, we have plans to introduce new products with the support of our technology partners thereby enhancing BSL product portfolio. These associations will also prepare BSL for future technology readiness such as NVH requirement for Hybrid and Electric Vehicles.

There is need for sustainable development of the industry, considering the challenges on the front of energy security, concern for the environment and reducing carbon footprint. With India declaring to achieve carbon neutrality 2070, the Automotive sector, together with all other verticals of the industry will have to work in unison towards the realization of this national goal.

### **SEGMENT WISE/ PRODUCT WISE PERFORMANCE**

The Company is currently operating primarily under single business segment manufacturing complete seating systems for passenger Cars as well as Utility Vehicles.

### **RESEARCH & DEVELOPMENT (R&D)**

The rapid globalization is opening new opportunities for the automobile industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe, and reliable mode of transportation. Over the next decade, this will lead to new verticals and opportunities for auto-component manufacturers, who would need to adapt change via systematic R&D.

- Your company has successfully developed first time 4-layer Carpet (with Ethylene-Vinyl Acetate EVA as a sound barrier) that successfully qualified MSIL stringent testing requirements.
- Our product is capable to meet specifications for both Sound Transmission Loss (STL) and Sound Absorption Coefficient (SAC).
- In order to Enhance Product Development Capabilities, your Company has upgraded engineering set up with FEA (Finite Element Analysis) software's. Skilled professionals are operating these software's.
- Your company has correlated the Simulation Test data for homologation tests. This will help in predicting the design robustness without physically making and testing the sample. This will save significant time and cost.
- Your Company has invested in upgrading the design workstations to enhance the performance.
- As a technological upgradation, your Company has gone ahead to implement Robotic Water Jet Trimming. This will facilitate faster sample development and support production of low volume variants that were earlier made using manual trimming tools..

### **RISK AND CONCERNS**

The Company is exposed to external and internal risks associated with the business.

### **BUSINESS RISK**

The operations of the Company are directly dependent on the growth of the Indian automotive industry.

“Make in India” is a major national program of the Government of India. This is designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure in the country. Automotive sector plays a very important role in this initiative and is well supported by the Government.

The worldwide supply chain continues to be affected by challenges related to COVID-19 pandemic, shortage of semi-conductors and volatility in energy prices. Organization needs to reimagine and manage its supply chain differently to ensure business continuity and growth.

#### **FINANCIAL RISK**

The company's sales and margins are subject to the market factors that affect Maruti Suzuki India Ltd. and Suzuki Motorcycle India Private Ltd. The Company is exposed to the risks associated with fluctuations in foreign currency rates, import duties and taxes, fluctuation in the price of various inputs including raw material supplies and under-utilized capacity.

Your Company reviews forward exchange contracts/ derivative contracts on a regular basis to analyze foreign exchange exposure and confirms that the Company has a Risk Management policy, with a clause on foreign exchange risk management in place.

Both the operational and financial risks are constantly assessed, and adequate steps are taken from time to time to mitigate them successfully.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate system of internal controls to ensure that transactions are properly authorized, recorded, and reported, apart from safeguarding its assets. The internal control system is supplemented by well-documented policies, guidelines and procedures and reviews carried out by the Company's internal audit function, which submits reports periodically to the Management and the Audit Committee of the Board.

Your Company has a favorable work environment that motivates performance, customer focus and innovation while adhering to the highest degree of quality and integrity.

#### **DISCLOSURE OF ACCOUNTING TREATMENT**

The Company has complied with all the provisions of the accounting standards in accordance with Section 133 of the Companies Act, 2013.

#### **HUMAN RESOURCES/ INDUSTRIAL RELATIONS**

Your Company believes that employees are key for our success, have immense knowledge and power of innovation. Your Company aims to create an environment where every employee can contribute to the company's performance, excel and grow in their respective jobs. Our focus is to recruit employees with right skills and talent, raise competency through training and development, recognize and reward leadership and performance. Several measures are implemented to retain the talent within the organization. At each location, the work force goes through a mandatory training plan including the vision, mission and company values which forms a base for treating everybody with dignity and respect. To further strengthen and motivate our employees, several initiatives are taken on a continuous basis to foster teamwork, trust and communication across the organization. Employees are encouraged to have a passion for excellence and focus on the customer with a performance goal of doing things right first time and every time. Your Company provides challenging and fulfilling opportunities to maximize employee potential so that every employee excels and grows along with Company's growth.

Your Company ensures quality at our suppliers and service providers by horizontal deployment of learnings and training at our supplier partners.

In addition to timely delivery and quality, your Company's utmost focus is on safety of its workforce. As we continue to face the COVID-19 pandemic, our commitment towards safeguarding the health of our people, and efforts to ensure safety at our workplaces has been in greater focus.

Health, Safety and Environment remains our top priority. Periodic audits are carried out both internally as well as through external agencies to identify gaps and to define action items for continuous improvement, ensuring a safe workplace for employees. Total number of permanent employees on the rolls of Company as on 31st March 2022 are 376.

#### **FINANCIAL PERFORMANCE**

In the year under review, there was a rise in expenditure on account of strengthening of R&D Department and Business development. The Company continued its focus on lean operations and cost optimization through several measures. The Company was further taking cost control measures in order to mitigate loss of production due to the shortage of semi-conductor chips and covid impact.

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 Board's Report.

#### KEY FINANCIAL RATIOS

Changes in key financial ratios are as under:

Sr. No.	Ratios	Unit	2021-2022	2020-2021	% change
1	Debtors Turnover	Times	8.46	9.23	-8.34%
2	Inventory Turnover	Times	19.78	21.79	-7.85%
3	Interest Coverage Ratio*	Times	9.59	6.76	41.75%
4	Current Ratio	Times	1.03	0.87	18.39%
5	Debt Equity Ratio	Times	0.29	0.29	-
6	Operating Profit Margin**	%	2.42	1.99	21.59%
7	Net Profit Margin	%	1.46	0.88	65.91%
8	Return on Net worth	%	9.37	4.12	127.40%

\*Earnings before interest, depreciation, tax and amortization (EBIDTA) has been considered for coverage ratio.

\*\*Operating profit is earning before interest and tax (EBIT)

There is an upwards trend, compared to last year due to an overall upswing in sales primarily due to more off take by MSIL.

#### DISCLAIMER

Statements in this Report, particularly those which relate to Management Discussion and Analysis as explained in the Corporate Governance Report, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

## CORPORATE GOVERNANCE REPORT

(FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2022)

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Governance is reflection of the culture and values of a company's board and management. Good governance in a company enhances the confidence, trust and enthusiasm of its stakeholders. For ensuring sound corporate governance practices, the Government of India has put in place a framework based on the stipulations contained under the Companies Act, Securities and Exchange Board of India (SEBI) Regulations, Accounting Standards, Secretarial Standards, etc. Today's market-oriented economy and globalization drive the demand for a high quality of governance practices.

Good governance practices is a norm at Bharat Seats. The Company has established systems, procedures and policies to ensure that its Board of Directors is well informed and well equipped to discharge its overall responsibilities and provide the management with the strategic direction catering to exigency of long-term shareholders value.

### 2. BOARD OF DIRECTORS

#### (a) Composition of the Board

As on 31<sup>st</sup> March, 2022, the Board of Directors comprised of ten Directors, with an Executive Director and Promoter as Chairman.

There were three executive Directors of the Company, viz the Chairman and Managing Director and two Whole Time Directors. The remaining seven Directors were non-executive Directors, out of which five Directors were independent. There were two Independent women Directors. The number of Independent Directors was fifty percent of the total number of Directors.

Maruti Suzuki India Ltd., co-promoter and major customer of the Company, has nominated one non-executive Director on the Board of the Company. Also Suzuki Motor Corporation, co-promoter has nominated one non-executive Director on the Board of the Company.

The Company is in compliance with the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as: LODR Regulations), pertaining to composition of Board.

The day-to-day management of the Company is conducted by the Chairman and Managing Director along with two other Executive Directors, subject to the supervision and control of the Board of Directors.

All directors, other than Independent directors and Chairman and Managing Director, are liable to retire by rotation.

#### (b) Number of Board Meetings and dates on which held

During 2021-22, the Board met six times on 14<sup>th</sup> May, 2021, 27<sup>th</sup> July, 2021, 23<sup>rd</sup> September, 2021, 22<sup>nd</sup> October, 2021, 28<sup>th</sup> January, 2022 and 14<sup>th</sup> March, 2022. The maximum gap between two Board meetings was less than one hundred twenty days.

#### (c) Attendance of Directors at the meeting of the board of directors and the last Annual General meeting

Attendance record of the Directors at the board meetings and at the last annual general meeting is as under:

NAME OF DIRECTOR	AGM held on 21st September, 2021	Date of the Board Meetings held during the year						NO. OF BOARD MEETINGS ATTENDED(TOTAL MEETINGS HELD 6)	% of Attendance
		14/05/2021	27/07/2021	23/09/2021	22/10/2021	28/01/2022	14/03/2022		
MR. ROHIT RELAN	YES	√	√	√	√	√	√	6	100%
MR. TOSHIYA MIKI	YES	√	√	√	√			4	66.67%
MR. C.V. RAMAN	YES	√	√	√	√	√	√	6	100%
MR. G.N. MEHRA	YES	√	√	√	√	√	√	6	100%
MR. P.K. LAHIRI*	NO	√	√	√	-	-	-	3	50%
MR. RAVINDRA GUPTA	YES	√	√	√	√	√	√	6	100%
MRS. SHYAMLA KHERA	YES	√	√	√	√	√	√	6	100%
MR. ARVIND VARMA	YES	√	√	√	√	√	√	6	100%

MR. RISHABH RELAN	YES APPLICABLE	√	√	√	√	√	√	6	100%
MR. ASHWANI AGGARWAL	YES APPLICABLE	√	√	√	√	√	√	6	100%
MRS. NISHA MALHOTRA**	NOT APPLICABLE	-	-	-	-	√	√	2	33.33%

Mr.P.K.Lahiri passed away on 9<sup>th</sup> October, 2021.

\*\*Ms. Nisha Malhotra joined the Board w.e.f.28<sup>th</sup> January, 2022.

Video Conferencing facilities were provided to the Directors to facilitate them to participate in the meetings.

The Chairman of the Audit Committee, Stakeholders Relationship Committee and Mr.Ravindra Gupta, member of Nomination and Remuneration Committee(NRC), on behalf of Chairman of NRC attended the Annual General Meeting.

**(d) Details of Other Directorships/ Committee Memberships**

All the Directors have made necessary disclosures regarding their directorships and other interests as required under section 184 of the Companies Act, 2013 and on the Committee positions held by them in other Companies. None of the directors hold directorship in more than 20 Indian Companies with not more than 10 public limited companies and none of the directors hold directorships in more than 8 listed entities. None of the Independent directors serve as Independent director in more than seven listed entities. Further neither of director serve as member of more than 10 committees nor do any of them serve as Chairperson of more than five Committees across all the public limited companies in which they are directors. The Managing Director and CEO does not serve as Independent Director on any listed company.

Details of Directors, category of Directors, No. of other Directorship/ Committee membership held by them as on 31st March, 2022 are given below:

SR. NO.	NAME OF THE DIRECTORS (DIN)	DESIGNATION	CATEGORY	DETAILS OF DIRECTORSHIP OF OTHER LISTED ENTITIES AND CATEGORY OF DIRECTORSHIP		NO. OF OUTSIDE DIRECTORSHIP		NUMBER OF OUTSIDE COMMITTEE POSITIONS HELD		NO.OF SHARES HELD IN BSL
						PUBLIC	PRIVATE	AS MEMBER	AS CHAIRMAN	
1	MR. ROHIT RELAN DIN:00257572	CHAIRMAN AND MANAGING DIRECTOR	PROMOTER/ EXECUTIVE/ NON- INDEPENDENT	NDR Auto Components Limited	Non-executive Non- Independent	1	2	1	-	38,24,158 Equity shares
2	MR. TOSHIYA MIKI DIN: 07505339	DIRECTOR	NOMINEE – SUZUKI MOTOR CORPORATION/ NON-EXECUTIVE/ NON- INDEPENDENT	JTEKT India Ltd.	Non-executive Non- Independent	2	-	-	-	-
3	MR. C.V. RAMAN DIN: 07093663	DIRECTOR	NOMINEE – MARUTI SUZUKI INDIA LTD. NON-EXECUTIVE / NON- INDEPENDENT	-	-	2	-	-	-	-
4	MR. G.N. MEHRA DIN: 00059311	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	Subros Ltd.	Non-executive Independent	3	-	-	4	-
				Amrit Corp Ltd.	Non-executive non- Independent					
5	MR. RAVINDRA GUPTA DIN: 01521168	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	-	-	-	-	-	-	-
6	MS. SHYAMLA KHERA DIN: 06929439	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	NDR Auto Components Limited	Non-Executive Independent Director	1	-	1	1	-
7	MR. ARVIND VARMA DIN: 02225281	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	-	-	-	-	-	-	-
8	MS. NISHA MALHOTRA DIN: 09428727	DIRECTOR	NON-EXECUTIVE/ INDEPENDENT	-	-	-	-	-	-	-

9	MR. RISHABH RELAN DIN: 07726444	WHOLETIME DIRECTOR	EXECUTIVE/ NON- INDEPENDENT	NDR Auto Components Limited	Non-executive Non- Independent	1	-	1	-	3,68,000 Equity shares
10	MR. ASHWANI AGGARWAL DIN: 03139415	EXECUTIVE DIRECTOR	EXECUTIVE/ NON- INDEPENDENT	-	-	-	-	-	-	50 Equity shares

**NOTES:**

The Committees considered for the purpose are those prescribed under Regulation 26(1)(b) of the LODR Regulations 2015.

All the relevant information, required to be placed before the Board of Directors as per Regulation 17(7) of LODR Regulations are duly considered and taken on record / approved by the Board.

Further, the Board periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

**Succession Plan**

The Board of Directors has satisfied itself that plans are in place for orderly succession for appointment to the Board of Directors and senior management.

**(e) Relationship between directors inter-se**

There is no relationship between the directors except that:

- (i) Mr. Rohit Relan and Mr. Rishabh Relan are relatives;
- (ii) Mr. C. V. Raman and Mr. Toshiya Miki are nominees of Maruti Suzuki India Limited and Suzuki Motor Corporation respectively.

The independent Directors do not have any material pecuniary relationship or transactions with the Company, its Directors and its senior management personnel which may affect their independence, except for the Sitting fees, drawn for attending the meetings of the Board and Committee(s) thereof.

**(f) Number of Shares and convertible instruments held by Non-Executive Directors**

No shares are held by non-executive Directors.

There are no convertible instruments issued by the Company.

**(g) Familiarisation Programme**

The Company follows familiarisation programmes through various reports/ codes/ policies for all the Directors. The details of familiarization programme have been posted on the website of the Company under the web link : <https://bharatseats.com/wp-content/uploads/2020/05/familiarisation-programme-for-independent-directors2020.pdf>.

**(h) Key Board Skills, Expertise and Competence**

The Board comprises qualified members who bring in the required skills, competence and expertise that allows them to make effective contribution to the Board and its Committees.

In view of the objectives and activities of our Business, the Company requires skills/ expertise/ competencies in the areas of Finance, Regulatory, Strategy, Business Leadership, Automotive Technology, Human Resources, risk and Governance.

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence required for it to function effectively. The Board periodically evaluates the need for change in its composition and size.

Core skills/expertise/competencies of the Board Members

The Members of the Board are committed to ensuring that the Board is in compliance with the highest standard of Corporate Governance. In terms of the requirement of the Listing Regulation, the Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company, which are currently available with the Board along with the names of the Directors, who have such skill/expertise/competence, are given below:-



#### Business & Industry

Domain Knowledge in Business and understanding of business environment, Optimising the development in the industry for improving Company's business.

#### Financial Expertise

Financial and risk management, Internal control, Experience of complex financial reporting processes, taxation, Capital allocation, resource utilisation, Understanding of Financial policies and accounting statement and assessing economic conditions.

#### Governance & Compliance

Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long term effective stakeholder engagements and driving corporate ethics and values

#### Administration and Government relations

Sr. No.	Name of the Director	Skills
1	Mr. Rohit Relan, Chairman and Managing Director	Business & Industry, Financial Expertise, Governance & Compliance
2	Mr. Toshiya Miki	Business & Industry
3	Mr. C.V. Raman	Business & Industry
4	Mr. G.N. Mehra	Business & Industry, Financial Expertise, Governance & Compliance
5	Mr. Ravindra Gupta	Financial Expertise, Governance & Compliance
6	Ms. Shyamla Khera	Financial Expertise, Governance & Compliance
7	Mr. Arvind Varma	Administration and Government relations, Governance & Compliance
8	Ms. Nisha Malhotra	Administration and Government relations, Governance & Compliance
9	Mr. Rishabh Relan	Business & Industry, Financial Expertise, Governance & Compliance
10	Mr. Ashwani Aggarwal	Business & Industry, Financial Expertise, Governance & Compliance

#### (i) Independent Directors

The term Independent Director has been defined under Section 149 of the Companies Act, 2013 and rules framed there under and Regulation 16 of the Listing Regulations.

Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the Independent Directors meet the criteria of 'Independence' specified in the Regulation 16(1) of the LODR Regulations and section 149(6) of the Companies Act, 2013 and rules framed there under and are independent of the management as required under Regulation 25 of the LODR Regulations.

The Company has complied with the provisions with respect to appointment and term of appointment of Independent Directors which are consistent with the Act and Listing Regulations. The Independent Directors on the Board of the Company are given formal appointment letter *inter alia* containing the terms of appointment, role, duties and responsibilities etc. The terms and conditions of appointment are disclosed on the website at <https://bharatseats.com/wp-content/uploads/2020/05/terms-of-appt-ind-director2020.pdf>. None of the Independent Directors have resigned before the expiry of their respective tenures during the year under review.

A separate meeting of the Independent Directors was held on March 14, 2022 without the attendance of non-independent Directors and other members of the Management. All the Independent Directors took part in the discussion. At the said meeting, the Independent Directors reviewed the performance of non-independent directors, the Board as a whole and the Chairman of the Company. They also assessed the quality, quantity, timeliness of flow of information and adequacy of information between the Company's management and the Board.

**(j) Performance Evaluation of Directors**

The Nomination and Remuneration Committee of the Board reviewed the criteria laid down for the performance evaluation of all Directors. The performance evaluation has been done by the entire Board of Directors, except the Director concerned being evaluated.

**(k) Board's Functioning and 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 fulfilment of stakeholders' aspirations, is accomplished. It also sets standards of corporate behavior and ensures ethical behavior at all times and strict compliance with Laws and Regulations.

The required information including information as enumerated in Regulation 17(7) read together with Part A of Schedule II of the LODR Regulations is made available to the Board of Directors.

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 for their comments, if any and are noted at the subsequent Board Meeting. The Minutes of the various Committees of the Board are also individually given to the respective Committee members and thereafter tabled for noting purpose at the subsequent Board Meeting, in compliance with Secretarial Standards issued by the Institute of Company Secretaries of India.

**COMMITTEES OF THE BOARD:**

The Board Committees are set up by the Board and play a crucial role in the governance structure of the Company and deal with specific areas of concern for the Company that need a closer review. The Committees operate under the direct supervision of the Board and the Chairpersons of the respective Committees report to the Board about the deliberations and decisions taken by the Committees. The recommendations of the Committees are submitted to the Board for approval. The Minutes of the meetings of all Committees of the Board are placed before the Board for noting purpose.

The Company has four Committees of the Board:

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Stakeholders' Relationship Committee and
- 4) Corporate Social Responsibility Committee

The composition of the various Committees of the Board of Directors is available on the website at: <https://bharatseats.com/wp-content/uploads/2020/05/committees-of-the-board-of-directors.pdf>

**3. AUDIT COMMITTEE**

The Company has an Audit Committee and Mr. G. N. Mehra, Chairman of the Audit Committee is a Non Executive Independent Director of the Board who has relevant accounting and financial expertise. The composition and terms of reference of the Audit Committee is in compliance with Section 177 of the Companies Act, 2013 and with Regulation 18(1) of the SEBI(LODR) Regulations. 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:

**(a) Functions of the Audit Committee**

- i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft audit report.
- v) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii) Approval or any subsequent modification of transactions of the company with related parties;
- ix) Valuation of undertakings or assets of the company, wherever it is necessary;
- x) Evaluation of internal financial controls and risk management systems;
- xi) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- xii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiii) Discussion with internal auditors of any significant findings and follow up there on;
- xiv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board;
- xv) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvi) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xvii) To review the functioning of the Whistle Blower mechanism;
- xviii) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xix) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- xx) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower

including existing loans/ advances/ investments existing loans/ advances/ investments existing as on the date of coming into force of this provision.

- xxi) consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

**(b) Powers of Audit Committee**

- i) To investigate any activity within its terms of reference.
- ii) To seek information from any employee.
- iii) To obtain outside legal or other professional advice.
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**(c) Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

- i) Management Discussion and Analysis of financial condition and results of operations;
- ii) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- iii) Internal audit reports relating to internal control weaknesses; and
- iv) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- v) Statement of deviations:
  - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).
- vi) To frame and review the policies in relation to the implementation of the Bharat Seats Code of Conduct for Prevention of Insider Trading and to supervise implementation of the same.

The meetings of Audit Committee were held on 14<sup>th</sup> May, 2021, 27<sup>th</sup> July, 2021, 22<sup>nd</sup> October, 2021, 28<sup>th</sup> January, 2022 and 14<sup>th</sup> March, 2022. The maximum gap between two meetings was less than one hundred twenty days.

The composition of the Audit Committee and the meetings attended by the members during the year are as follows:

Sr. No.	Name	Category	Designation	No. of meeting held	No. of meetings attended
1	Mr. G. N Mehra	Non-Executive / Independent Director	Chairman	5	5
2	Mr. P. K. Lahiri*	Non-Executive / Independent Director	Member	5	2
3	Mr. Ravindra Gupta	Non-Executive / Independent Director	Member	5	5
4	Ms. Shyamla Khara	Non-Executive / Independent Director	Member	5	5

\*Mr.P.K. Lahiri passed away on 9<sup>th</sup> October, 2021.

The meetings of the Audit Committee are/ were also attended by the Chairman and Managing Director, Executive Director, Chief Financial Officer, Statutory Auditors and Internal Auditors as Special Invitees as and when required. The Chairman of the Audit Committee attended the last Annual General Meeting to answer the shareholders' queries. The Company Secretary acts as the Secretary of the Committee.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The meeting of Nomination and Remuneration Committee was held on 27th July, 2021. The composition of Nomination and Remuneration Committee is as follows:

Sr. No.	Name	Category	Designation	No. of meetings held	No. of meetings attended
1	Mr. P. K. Lahiri*	Non-Executive /Independent Director	Chairman	1	1
2	Mr. G. N. Mehra*	Non-Executive /Independent Director	Chairman	1	1
3	Mr. Ravindra Gupta	Non-Executive /Independent Director	Member	1	1
4	Mr. Arvind Varma	Non-Executive /Independent Director	Member	1	1
5	Ms. Nisha Malhotra**	Non-Executive /Independent Director	Member	1	-

\* Mr.P.K.Lahiri was Nomination and Remuneration Committee , passed away on 9<sup>th</sup> October, 2021. Subsequently, Mr G.N.Mehra was appointed as Chairman of Nomination and Remuneration Committee

\*\* Ms.Nisha Malhotra was appointed as member of the Committee on 14<sup>th</sup> March, 2022.

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

The Committee's constitution and terms of reference are in compliance with the provisions of section 178 of the Companies Act and Regulation 19 read with Part D of Schedule II of the SEBI (LODR), Regulations, 2015, besides other terms as may be referred by the Board of Directors.

##### Remuneration policy

The Committee's constitution and terms of reference are in compliance with the provisions of section 178 of the Companies Act and Part D of Schedule II of SEBI (LODR), Regulations, 2015 besides other terms as may be referred by the Board of Directors. The policy is available on the website at <https://bharatseats.com/wp-content/uploads/2020/05/NRCPolicy2020.pdf>.

The terms of reference include:

- Formulation of criteria for determining qualifications, positive attributes and independence of a Director and Remuneration for the Directors, Key Managerial Personnel and Senior Management and recommending the same to the Board and
- Identification of person who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria as per the policy approved by the Board. The policy of the company is to remain competitive in the industry, to attract and retain the best talent and appropriately reward employed for their individual performance and contribution to the business.
- The Nomination and Remuneration Committee lays down the criteria for the performance evaluation of Independent Directors and other Board of Directors and committees of the Board of Directors.

The re-appointment of Mr. Rohit Relan as Managing Director w.e.f.1st October, 2021 and remuneration thereof for a period of three years was approved by shareholders by means of a Special Resolution at their 34th Annual General Meeting held on 21<sup>st</sup> September, 2021, on the lines as approved by board in its meeting held on 27th July, 2021.

The re-appointment of Mr. Rishabh Relan and Mr Ashwani Aggarwal , both as whole time Director w.e.f. 4th February, 2021 and remuneration thereof for a period of three years was approved by shareholders by means of a Special Resolution at their 34th Annual General Meeting held on 21<sup>st</sup> September, 2021, on the lines as approved by board in its meeting held on 4th February, 2021.

The Non-Executive Director do not draw any remuneration from the company except the sitting fees which were paid at a rate of Rs. 40,000/- for each meeting of the Board/Committee of the Board attended by them during the financial year.

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

Rs. in lakhs

Name	Position	Gross Remuneration		Sitting Fee
Mr. Rohit Relan	Chairman and Managing Director	Salary	150.00	-
		Allowances and Perquisites	55.50	-
		Contribution to P.F.	19.58	-
		<b>Total</b>	<b>225.08</b>	-
Mr. Toshiya Miki	Director		-	-
*Mr. C.V. Raman	Director		-	2.40
Mr. G.N.Mehra	Director		-	7.60
**Mr. P. K. Lahiri	Director		-	3.20
Ms. Shyamla Khera	Director		-	7.20
Mr. Ravindra Gupta	Director		-	6.00
Mr. Arvind Varma	Director		-	5.60
***Ms.Nisha Malhotra	Director			1.20
Mr. Rishabh Relan	Whole Time Director	Salary	36.57	-
		Allowances and Perquisites	18.30	
		Contribution to P.F.	4.78	
		<b>Total</b>	<b>59.65</b>	
Mr. Ashwani Aggarwal	Executive Director	Salary	47.17	-
		Allowances and Perquisites	82.91	
		Contribution to P.F.	6.16	
		<b>Total</b>	<b>136.24</b>	

\*Paid to Maruti Suzuki India Limited, of which Mr. C.V. Raman is a nominee director.

\*\* Mr. P.K. Lahiri passed away on 9<sup>th</sup> October, 2021.

\*\*\* Ms. Nisha Malhotra joined the Board w.e.f. 28<sup>th</sup> January, 2022.

## 5. Stakeholders' Relationship Committee

In compliance with Section 178 of the Companies Act, 2013 and the rules made thereunder and Regulation 20 of SEBI (LODR), 2015, the Company has duly constituted a Stakeholders' Relationship Committee (SRC). The SRC Constitution Charter elaborates in detail the constitution, manner of meetings and roles and responsibilities of SRC.

Stakeholders Relationship Committee is primarily responsible with various matters relating to: -

- Overall review of Transfer of shares.
- Issue of duplicate share certificate.
- Review of shares dematerialized and all other related matters.
- Monitors expeditious redressal of shareholders' grievances.
- Review of measures for effective exercise of voting rights by shareholders
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and share transfer agent and overseeing their performance.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividend and ensuring timely receipt of dividend/ annual reports by the shareholders of the Company
- And such other terms of reference as may be prescribed by law from time to time.

The meetings were held on 14<sup>th</sup> May, 2021, 27<sup>th</sup> July, 2021, 22<sup>nd</sup> October, 2021 and 28<sup>th</sup> January, 2022. The composition of the committee and the details regarding meetings held and attended are given as under:

S. No.	Name	Category	Status	No. of meetings held	No. of meetings attended
1.	Ms. Shyamla Khera	Non-Executive/Independent Director	Chairperson	4	4
2.	Mr. G. N. Mehra	Non-Executive/Independent Director	Member	4	4
3.	*Mr. P. K. Lahiri	Non-Executive/Independent Director	Member	4	2
4.	Mr. Arvind Varma	Non-Executive/Independent Director	Member	4	4
5.	*Ms.Nisha Malhotra	Non-Executive/Independent Director	Member	4	-

\*Mr.P.K.Lahiri passed away on 9<sup>th</sup> October, 2021.

\*Ms.Nisha Malhotra was appointed on 14<sup>th</sup> March, 2022.

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

S. No.	Received	Resolved	Pending
<b>Complaints</b>	nil	nil	nil

Ms. Ritu Bakshi, Company Secretary is the Compliance Officer as per Regulation 6 of LODR Regulations, 2015. There are no shares pending for transfer as on 31st March, 2022 except those cases where there were discrepancies which were timely pointed out to the concerned stakeholders. The Chairman of the Stakeholders Relationship Committee attended the last Annual General Meeting to answer the shareholders' queries.

## 6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Committee's constitution and terms of reference are in compliance with the provisions of the Section 135 of The Companies Act, 2013, which includes recommending to the Board, indicating the activities of CSR to be undertaken.

The composition of the committee and the details regarding date of meeting held and attended are given as under: Meeting held on 14th May, 2021 and 28th January, 2022.

S. No.	Name	Category	Status	No. of meetings held	No. of meetings attended
1.	Mr. Ravindra Gupta	Non-Executive/ Independent Director	Chairman	2	2
2.	Mr. G. N. Mehra	Non-Executive/ Independent Director	Member	2	2
3.	Ms. Shyamla Khera	Non-Executive/ Independent Director	Member	2	2
4.	Mr. Arvind Varma	Non-Executive/ Independent Director	Member	2	2

## 7. GENERAL BODY MEETINGS

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

Year	Date	Time	Venue	Whether Special Resolution passed
2021	21.09.2021	11 a.m.	Video Conferencing/ Other Audio video means(VC/ OAVM)(with deemed venue at Regus, Caddie Commercial Tower Hospitality District,, Aerocity, New Delhi,	Yes
2020	21.09.2020	11 a.m.	Video Conferencing/ Other Audio video means(VC/ OAVM)(with deemed venue at 25, Sardar Patel Marg, Chanakyapuri, New Delhi)	Yes
2019	19.09.2019	11 a.m.	Air Force Auditorium, New Delhi	Yes

## 8. POSTAL BALLOT DURING THE YEAR

- (i) The Company successfully completed the process of obtaining approval of the members on the following resolution through postal ballot during the year 2021-2022, the result of which was announced on 27<sup>th</sup> January, 2022:

Appointment of Ms. Nisha Malhotra as a non-executive independent director.

### Voting pattern and procedure for Postal Ballot

- (ii) The Directors of the Company vide its resolution dated 24<sup>th</sup> December, 2021 had appointed Mr. R.S.Bhatia, Company Secretary in Practice as the Scrutinizer for conducting the Postal Ballot process.
- (iii) Pursuant to the provisions of the Act and MCA Circulars, the Company has sent Postal Ballot Notice dated 24<sup>th</sup> December, 2021 together with the explanatory statement on 28<sup>th</sup> December, 2021 to its members whose name(s) appeared in the Register of Members maintained by RTA of the Company and List of beneficial owners received from National Securities Depository Limited and Central Depository Services (India) Limited as on the Cut-off date i.e. December 24, 2021 and whose e-mail IDs were available with the Company and Depositories, through electronic means only and has not dispatched physical notices to any member.
- (iv) The voting by electronic means under postal ballot was kept open from 29<sup>th</sup> December, 2021 to 27<sup>th</sup> January, 2022.
- (v) The physical copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope were not sent to the members. Members were asked to communicate their assent or dissent on the proposed resolution through remote e-voting system only. Therefore, neither the Company nor the scrutinizer received any postal ballot form(s).
- (vi) All voting by electronic means received upto 5 p.m. on 27<sup>th</sup> January, 2022, the last date and time fixed by the Company for e-voting had been considered by the scrutinizer.
- (vii) On 27<sup>th</sup> January, 2022, Mr. Rohit Relan, Chairman and Managing Director announced the results of the postal ballot as per the Scrutinizer's Report, as follows:

In Favour/Against	Remote E-voting		
	Voters	No. of Votes	Percentage
In Favour	118	2,39,88,003	99.998
Against	3	577	0.002
<b>Total</b>	<b>121</b>	<b>2,39,88,580</b>	<b>100</b>

Invalid Votes: Nil.

## 9. 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 LODR regulations. 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 also published within 48 hours in English newspaper: Financial Express, and Hindi newspaper Jansatta-Delhi.
- All the data required to be filled electronically, such as quarterly financial results, shareholding pattern are being regularly uploaded on the Company's website: [www.bharatseats.com](http://www.bharatseats.com) and also uploaded on BSE.
- The Annual Report containing *inter alia* Audited Annual Accounts, Directors' Report, Auditors' Report and other important information forming part of Annual Report is displayed on the Company's website.
- The Annual report is forwarded to all members in electronic mode, whose email IDs are registered with Depositories.
- NECS intimation of dividend is forwarded to all members in electronic mode, whose email IDs are registered with Depositories and physical copies are sent in case email ID is not available.

## 10. GENERAL SHAREHOLDERS INFORMATION

### (a) Appointment/ Re-appointment of Directors

As required, a brief profile and other particulars of the Directors seeking appointment/ re-appointment are given in the Notice of the 35<sup>th</sup> Annual General Meeting and forms part of the Corporate Governance Report.



**(b) Annual General Meeting**

Number of Annual General Meeting	35 <sup>th</sup> Annual General Meeting
Date and Time	28 <sup>th</sup> June, 2022 at 11 a.m.
Venue	Through Video Conferencing/other audio visual means (VC/OAVM)

**(c) Financial Calendar: 2022-23, 1st April, 2022 to 31st March, 2023**

First Quarter Ended June, 2022	Before 2nd week of August, 2022
Second Quarter Ended September, 2022	Before 2nd week of November, 2022
Third Quarter Ended December, 2022	Before 2nd week of February, 2023
Year ended March, 2023	Before end of May, 2023

**(d) Book Closure Dates**

From 22<sup>nd</sup> June, 2022 to 28<sup>th</sup> June, 2022 (both days inclusive).

**(e) Dividend Payment date**

The Dividend, if declared, will be paid within 30 days of the Annual General Meeting.

**(f) As on 31st March 2022, the Equity Shares of the company are listed on:**

BSE Limited.

P.J. Towers

Dalal Street, Mumbai – 400 001

Listing fee for the financial year: 2022-2023 has been paid to the stock exchange. The Equity shares of the Company have not been suspended from trading.

**(g) Stock Code**

Stock Code is 523229.

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

**(h) Market Price data:**

Monthly High and Low quotations as well as the volume of the equity shares of the company traded for the year 2021-2022 based upon BSE Price data is given below:

MONTH	BSE – HIGH	BSE - LOW	VOLUMES	BSE SENSEX
APRIL, 2021	73.50	62.00	613511	48782.36
MAY, 2021	81.40	67.45	1044567	51937.44
JUNE, 2021	84.70	74.00	1102692	52482.71
JULY, 2021	104.00	78.55	2067550	52586.84
AUGUST, 2021	103.50	77.60	911080	57552.39
SEPTEMBER, 2021	85.90	77.60	532389	59126.36
OCTOBER, 2021	89.00	73.00	654480	59306.93
NOVEMBER, 2021	78.95	65.20	456746	57064.87
DECEMBER, 2021	84.90	67.00	770317	58253.82
JANUARY, 2022	82.00	69.40	433832	58014.17
FEBRUARY, 2022	85.95	63.30	851856	56247.28
MARCH, 2022	71.90	63.00	425211	58568.51

**(i) Registrar and Share Transfer Agents: (For Demat Shares and for Physical Shares)**

Alankit Assignments Ltd.

4E/2, Alankit House, Jhandewalan Extension, New Delhi-110055 , Ph: 42541234, Fax: 4254 1201

E-Mail: [alankit@alankit.com](mailto:alankit@alankit.com)

**(j) Share Transfer System**

In terms of the Listing Regulations, equity shares of the Company can only be transferred in dematerialised form. Requests for dematerialisation of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL), within the statutory time limit from the date of receipt of share certificates/ letter of confirmation after due verification.

Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, claim from unclaimed suspense account, renewal/ exchange of securities certificate, endorsement, sub-division/splitting/consolidation of certificate, transmission and transposition which were allowed in physical form should be processed in dematerialised form only. The necessary forms for the above request are available on the website of the Company i.e <https://www.bharatseats.com>. Shareholders holding shares in physical form are advised to avail the facility of dematerialisation. Shareholders should communicate with Alankit Assignments Limited, the Company's Registrars & Share Transfer Agent at [alankit@alankit.com](mailto:alankit@alankit.com) quoting their folio number or Depository Participant ID and Client ID number, for any queries relating to their securities.

**(k) Distribution of Shareholding as on 31.03.2022:**

S. NO.	NO. OF SHARES HELD	NO. OF HOLDERS	PERCENTAGE OF HOLDERS(%)	HOLDING	PERCENTAGE OF HOLDING (%)
1	UPTO 500	12,526	85.24	13,40,066	4.27
2	501 TO 1000	1,143	7.78	9,73,664	3.10
3	1001 TO 5000	827	5.63	19,02,636	6.06
4	5001 TO 10000	90	0.61	6,62,158	2.11
5	10001 TO 20000	59	0.40	8,59,682	2.74
6	20001 TO 30000	19	0.13	4,74,997	1.51
7	30001 TO 40000	3	0.02	1,06,733	0.34
8	40001 TO 50000	3	0.02	1,26,747	0.40
9	50001 TO 100000	10	0.07	7,10,155	2.26
10	100001 TO 500000	11	0.07	24,46,004	7.79
11	500001 and ABOVE	4	0.03	2,17,97,158	69.42
	<b>TOTAL</b>	<b>14,695</b>	<b>100.00</b>	<b>3,14,00,000</b>	<b>100.00</b>

**(l) Shareholding pattern as on 31.03.2022:**

S. No.	Category	No. of Shareholders	% of Shareholders	No. of Equity Shares	% of Shares
1.	Promoters and Associate Companies:				
a.	Indian	13	0.09	1,87,69,824	59.78
b.	Foreign	1	0.01	46,50,000	14.81
2.	Non-Promoter Shareholding:				
a.	Other Corporate Bodies	82	0.55	3,53,356	1.13
b.	Mutual Funds	1	0.01	1,000	
c.	Financial Institutions	1	0.01	34,000	0.11
d.	NRIs	163	1.11	2,71,201	0.86
e.	Trust	3	0.02	57,732	0.18
f.	Indian Public/HUF	14,429	98.19	70,74,727	22.53
g.	IEPF Account	2	0.01	1,88,160	0.60
	<b>TOTAL</b>	<b>14,695</b>	<b>100.00</b>	<b>3,14,00,000</b>	<b>100.00%</b>

**(m) Dematerialisation of Shares and liquidity**

Electronic holding of members comprises 99.20% of the paid up Equity Shares of the Company as at 31st March, 2022. The Shares of the Company are available for trading with both the Depositories, namely; National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). As stipulated by Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to stock exchanges, NSDL and CDSL and is also placed before the Board of Directors. No discrepancies were noticed during these audits.

- (n) No GDRs/ADRs Warrants or any convertible instruments has been issued by the company.
- (o) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of LODR Regulations: The Company did not raise any funds through preferential allotment or qualified institutions placement
- (p) Commodity price risk or foreign exchange risk and hedging activities: The Company is exposed to capital risk, market risk, credit risk and liquidity risk. The details of risks, including foreign exchange exposures as on March 31, 2022 are disclosed in Notes to the Financial Statements.
- (q) Pursuant to Schedule V of the LODR Regulations, the details of shares held in **Unclaimed Suspense Account of "Bharat Seats Limited – Unclaimed Suspense Account"** with Alankit Assignments Limited are as follows:

Type of Securities	Balance As on 1 <sup>st</sup> April, 2021		*No. of shareholders who approached for transfer from Suspense Account		No. of shareholders to whom shares were transferred from Suspense Account		Balance As on 31 <sup>st</sup> March, 2022	
	No. of records	No. of shares	No. of records	No. of shares	No. of records	No. of shares	No. of records	No. of shares
Equity Shares	1	1000	-	-	-	-	1	1000

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**(r) Plant Locations:**

- |  |   |
|--|---|
| <p>1) Plant – I<br/>Joint Venture Plot No.1,<br/>Maruti Complex, Gurugram - 122015 (Haryana)<br/>Ph : +91- 9643339870-74 Fax : 0124 - 2341188<br/>E-Mail : seats@bharatseats.net,<br/>investor_relations@bharatseats.net<br/>Website : www.bharatseats.com</p> | <p>2) Plant- II<br/>Plot No.Mustill No.226, Kila No.7/1, Village<br/>Bhorakalan, Gurugram (Haryana)</p>   |
| <p>3) Plant-III<br/>Plot No. 26, Sector-3A, Maruti Supplier Park,<br/>IMT, Manesar, Gurugram (Haryana)</p>   | <p>4) New Survey/ Block No.30<br/>(Old Revenue Survey no. 403/9)<br/>Moje Naviyani, Taluka Dasada Distt.<br/>Surenderanagar, Part of Nihon Industrial Park,<br/>Gujarat</p> |

**(s) Registered Office:**

Bharat Seats Limited

1, Nelson Mandela Road, Vasant Kunj, New Delhi 110070 Ph : 09810808631 Email: seats@bharatseats.net

**(t) Investor Relation Cell address for Correspondence**

Investors/ shareholders correspondence may be addressed either to the Company's Secretarial Department, contact person: Ms.Ritu Bakshi, Company Secretary and Compliance Officer, functioning at the works - Plant-1 of the Company at Gurugram or to its Registrar and Transfer Agent: Alankit Assignments Ltd., contact person: Mr. J.K.Singla, Sr. Manager at 4E/2, Alankit House, Jhandewalan Extension New Delhi – 110055.

**(u) OTHER DISCLOSURES**
**Related Party Transactions**

The particulars of transactions between the company and its related parties as per the terms of Ind AS-24, "Related Party Disclosures", specified under section 133 of the Companies Act, 2013, read with Rule 7 of

the Companies (Accounts) Rules, 2015 and Regulation 23 of the LODR Regulations, are disclosed in Note No.37(d) of Notes to Financial Statements. However, these transactions are not likely to have any conflict with the Company's interest. All related party transactions are generally with its associates and are entered into based on considerations of various business exigencies. All related party transactions are in the ordinary course of business and are negotiated on arm's length basis and are intended to further the Company's interests. Further, there were no materially significant related party transactions that were entered during the year that have a potential conflict with the interests of your Company at large. A confirmation as to the compliance of Related party transactions as per LODR Regulations is sent to Stock exchange along with quarterly compliance report of Corporate Governance.

#### **Penalties/ Strictures**

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, except a fine of Rs.5,000/- was imposed by BSE towards late filing of Corporate Governance report by 5 days, for the quarter ended 31<sup>st</sup> December, 2013 under regulation 27(2) of SEBI(LODR), 2015(erstwhile regulation 49 of the Listing Agreement).

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 is an ongoing 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.

The Company has framed Whistle Blower Policy. No personnel had been denied access to the Audit Committee.

Adoption of non-mandatory requirements as stipulated under Listing Regulations are being reviewed by the Board from time to time.

Details of compliance with mandatory requirements and adoption of non-mandatory requirements as specified in Part E of Schedule II of LODR Regulations 2015:

The Company has duly complied with all the mandatory requirements under Chapter IV of the SEBI (LODR), 2015. The Company has not adopted the non-mandatory (discretionary) requirements as mentioned in Part E of Schedule II of the SEBI (LODR), 2015 except that the Company has financial statement with unmodified audit opinion and the Internal Auditor reports directly to the Audit Committee.

#### **Disclosure of Accounting Treatment**

The financial statements of year under review have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (IND AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

#### **Disclosure Pursuant to Clause (2a) Of Schedule V (Annual Report) Of SEBI (LODR) (Amendment) Regulations, 2018 of transactions of the Company with any person or entity belonging to the Promoter/ Promoter group which hold(s) 10% or more shareholding in the listed entity**

Enclosed as annexure.

#### **(v) CREDIT RATING**

ICRA has assigned its short term credit rating of A2+ and long term credit rating of A- (stable), indicating the outlook on the long term rating as 'Stable'.

#### **(w) CODE OF CONDUCT**

In terms of the requirement of Regulation 17(5)(a) of the Securities and Exchange Board of India (Listing and Disclosure Obligations) Regulations 2015 ["SEBI (LODR), 2015"] & Section 149(8) read with Schedule IV of the Companies Act, 2013 ("the Act"), the Board of Directors has adopted the Code of Conduct 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 and has been posted at the website of the Company. All Board members and senior management personnel affirm their compliance with the Code on annual basis. A declaration to this effect signed by the Chairman and Managing Director of the Company, forms part of this Annual Report of the Company.

**(x) CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING**

The Company has adopted a Code for Prevention of Insider Trading as per SEBI (Prohibition of Insider Trading) Regulations, 2015. All Directors and Designated Employees/ persons who could have access to the Unpublished Price Sensitive Information are governed by the said Code.

**(y) PREVENTION OF SEXUAL HARASSMENT**

Your Company has zero tolerance for sexual harassment at its workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

An Internal Committee has been constituted in accordance with the provisions of the POSH Act to redress complaints received regarding sexual harassment and all the provisions regarding the constitution are complied with.

During the year under review, the status of complaints on sexual harassment is as follows:

No. of Complaints filed during the financial year: One

No. of Complaints disposed of during the financial year: One

No. of complaints pending as on the end of financial year: nil

**(z) REPORT ON CORPORATE GOVERNANCE**

A report on Corporate Governance forms part of the Annual Report of the Company and is sent to the shareholders accordingly. The Company also submits a quarterly compliance report on Corporate Governance to the Stock Exchanges within the time stipulated under SEBI(LODR) 2015.

**Disclosures of Compliance with Corporate Governance Requirements**

The Company has complied with Corporate Governance Requirements as specified in Regulation 17 to 27 of LODR.

The Company has complied with Clause (b) to (i) of sub regulation (2) of Regulation 46, relating to website disclosures. The Company's website contains a separate section 'Investor Relations' where members can access the details of the Board, Policies, the Board Committee, financials, details of unclaimed dividend and shares transferred/ liable to be transferred to IEPF, Stock exchange disclosures etc.

**(aa) CERTIFICATIONS**

In compliance with Regulation 17(8) and 33 of the SEBI (LODR), 2015, the Company duly places a Certificate signed by Chairman and Managing Director and Chief Financial Officer of the Company before the Board of Directors.

The Company has obtained a certificate from its Secretarial Auditor regarding compliance of conditions of Corporate Governance stipulated under Listing Regulations and the said certificate is attached to the Directors Report and forms a part of the Annual Report. The said certificate is sent to the shareholders and Stock Exchanges along with the Annual Report of the Company.

A certificate from the Company Secretary in Practice has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such statutory authority, attached as Annexure.

**(ab) REMUNERATION TO STATUTORY AUDITORS**

S.R.Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration number 301003E/ E300005), the Company's Statutory Auditor is responsible for performing an independent audit of the Financial Statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in India.

As required under Regulation 34 read with Part C of the Schedule V of the LODR Regulations, the total fees paid by the Company is Rs. 35.03 lakhs (and its subsidiaries – Not Applicable) on a consolidated basis to the Statutory auditor and all entities in the network firm/ entity of which the statutory auditor is a part.

**DISCLOSURE PURSUANT TO CLAUSE (2A) OF SCHEDULE V (ANNUAL REPORT) OF SEBI (LODR) (AMENDMENT) REGULATIONS, 2018**

Disclosures of transactions of the listed entity with any person or entity belonging to the Promoter/ Promoter group which hold(s) 10% or more shareholding in the listed entity

**A. Names of promoter/ promoter group, with 10% or more shareholding and description of relationship:**

	<b>Names of promoter/ promoter group, with 10% or more shareholding</b>	<b>Nature of relationship</b>
	Maruti Suzuki India Limited	Entities with joint control or significant influence over the Company
	Suzuki Motor Corporation, Japan	
	NDR Auto Components Limited	
	Rohit Relan	Key Management Person

**Transactions during the year: (Rs. In Lakhs except as otherwise stated)**

<b>Particulars</b>		<b>2021-2022</b>	<b>2020-2021</b>
<b>i)</b>	<b>Sale of products</b> Maruti Suzuki India Limited NDR Auto Components Limited	63,929.01 18.73	48,627.82 400.50
		<b>63,947.74</b>	<b>49,028.32</b>
<b>ii)</b>	Purchases of Material, traded goods (Inclusive of all taxes) NDR Auto Components Limited Maruti Suzuki India Ltd Sharda Motor Industries Limited	25,583.52 161.38	12,776.70 151.84 116.22
		<b>25,744.90</b>	<b>13,044.76</b>
<b>iii)</b>	<b>Interest Income</b> Maruti Suzuki India Limited	0.70	0.30
		<b>0.70</b>	<b>0.30</b>
<b>iv)</b>	<b>Remuneration to Key Management Person</b> Mr. Rohit Relan Short term employee benefits Post-employment benefits	205.50 19.58	154.19 15.73
<b>v)</b>	<b>Other Expenses:</b> <b>a) Power &amp; Fuel</b> Maruti Suzuki India Limited <b>b) Rent:</b> Maruti Suzuki India Limited <b>c) Factory Expenses:</b> Maruti Suzuki India Limited <b>d) Sitting fees:</b> Maruti Suzuki India Limited Suzuki Motor Corporation, Japan	342.21 20.46 5.82 2.40	199.09 19.56 21.63 2.00 -
		<b>370.89</b>	<b>242.28</b>
<b>(vi)</b>	<b>Miscellaneous expenses</b> Maruti Suzuki India Limited	2.40	4.27
<b>(vii)</b>	<b>Interest Expense</b> Rohit Relan	175.65	187.97
<b>(viii)</b>	<b>Advance received</b> Maruti Suzuki India Limited	2378.17	443.79



<b>(ix)</b>	<b>Dividend paid</b>		
	Maruti Suzuki India Limited	23.25	23.25
	Suzuki Motor Corporation, Japan	23.25	23.25
	NDR Auto Components Limited	45.00	45.00
	Rohit Relan	19.12	1.64
		110.62	93.14
<b>(x)</b>	<b>Loan received from Related Party</b>		
	NDR Auto Components Limited	1,000.00	-
<b>(xi)</b>	<b>Sale of Property, Plant &amp; Equipment</b>		
	NDR Auto Components Limited	206.39	660.51

## DECLARATIONS

### CERTIFICATE OF CODE OF CONDUCT FOR THE YEAR: 2021-2022

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 Listing Regulations, 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 31<sup>st</sup> March, 2022.

**For Bharat Seats Limited**

**(Rohit Relan)**  
**Chairman and Managing Director**

### CEO / CFO Certification

To  
The Board of Directors  
Bharat Seats Limited

As provided under Regulation 17(8) of the SEBI(Listing Obligations And Disclosure Requirements) Regulations, we certify the following to the Board that for the year ended 31<sup>st</sup> March, 2022:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2022 and to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee :
- (1) that there have been no changes in internal control over financial reporting during the year;
  - (2) that there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) There were no instances of fraud of which we have become aware.

**For Bharat Seats Limited**

**Rohit Relan**  
**Chairman and Managing Director**

**For Bharat Seats Limited**

**Sanjeev Kumar**  
**Chief Financial Officer**

Place : Gurugram  
Date : May 6, 2022



**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
**The Members of Bharat Seats Limited**  
**CIN : L34300DL1986PLC023540**

I have examined the compliance of conditions of Corporate Governance by the Company for the year ended 31<sup>st</sup> March, 2022 as stipulated under Regulation 17 to 27, clause (b) to (i) of sub-regulation (2) of 46, Para C, D and E of Schedule V and any other relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with the relevant records/documents maintained by the Company furnished to me for my review and report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to 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 my opinion and to the best of my information and according to the explanations given to me and representation made by the Directors and the management, I confirm that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI Listing Regulations, 2015.

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

**PLACE : NEW DELHI**  
**DATE : 29.04.2022**

**R.S. BHATIA**  
**PRACTICING COMPANY SECRETARY**  
**UDIN : F002599D000243048**  
**CP NO: 2514**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(pursuant to regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015)

To,

The Members of  
Bharat Seats Limited  
1, Nelson Mandela Road,  
Vasant Kunj, New Delhi-110070

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Bharat Seats Limited having CIN No. L34300DL1986PLC023540 and having registered office at 1, Nelson Mandela Road, Vasant Kunj, New Delhi-110070 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulation 2015.

In my opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I hereby Confirm that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory Authority.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of Appointment in the company</b>
1	Mr. Rohit Relan	00257572	06/03/1986
2	Mr. Toshiya Miki	07505339	20/01/2017
3	Mr. Raman Venkat Challa	07093663	18/07/2015
4	Mr. Girish Narain Mehra	00059311	22/01/2003
5	Mr. Ravindra Gupta	01521168	31/03/2009
6	Mr. Arvind Varma	02225281	21/10/2014
7	Ms. Shyamla Khera	06929439	21/07/2014
8	Ms. Nisha Malhotra	09428727	28/01/2022
9	Mr. Rishabh Relan	07726444	04/02/2021
10	Mr. Ashwani Aggarwal	03139415	04/02/2021

Ensuring the eligibility of for the appointment / continuity of Director on the Board is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these based on our verification. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : New Delhi  
Date : 27.04.2022

**R.S. BHATIA**  
COMPANY SECRETARY IN PRACTICE  
CP No.:2514  
UDIN : F002599D000222324

## INDEPENDENT AUDITOR'S REPORT

To the Members of Bharat Seats Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Bharat Seats Limited ("the Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013, as amended ("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 March 31, 2022, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Emphasis of Matter

We draw attention to note 37(l) of the financial statements, which explains the uncertainties and the management's assessment of the financial impact related to COVID-19 pandemic situation, for which a definitive assessment of the impact in subsequent period is highly dependent on future economic developments and circumstances as they evolve.

Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>(a) Revenue recognition including price variations</b> <i>(as described in note 27 of the financial statements)</i>	
Revenue is measured by the Company at the fair value of consideration received/ receivable from its customers and in determining the transaction price for the sale of products, the Company considers the effects of price variations provided to the customer.	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the Company's accounting policy for revenue recognition including the policy for recording price variations in terms of Ind AS 115.</li> <li>Obtained understanding of the revenue process, and the assumptions used by the management in the process of calculation of price variations, including design and implementation of controls, and tested the operating effectiveness of these controls.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>The Company's business also requires passing on price variations to the customer for the sales made by the Company. The Company at the year end, has provided for such price variations to be passed on to the customer. The estimated price variations at the year-end is shown under note 27 to the financial statements.</p> <p>We have considered this as a key audit matter on account of the significant judgement and estimate involved in calculation of price variations to be recorded as at the year end</p>	<ul style="list-style-type: none"> <li>• Tested completeness and arithmetical accuracy of the data used in the computation of price variations.</li> <li>• Obtained and reviewed balance confirmation from customer to ensure the existence of trade receivables.</li> <li>• Tested, on sample basis, debit/ credit notes in respect of agreed price variations passed on to the customers.</li> <li>• Assessed the revenue-related disclosures included in Note 27 to the financial statements.</li> </ul>

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 judgments and estimates that are reasonable and prudent; and the 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" 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 purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
  - (f) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (g) With respect to the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



- (h) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) 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, as amended 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 litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - iv.
    - a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
  - v. The dividend declared or paid during the year / subsequent to the year-end by the Company is in compliance with section 123 of the Act.

For **S.R. Batliboi & CO. LLP**  
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Amit Yadav**  
Partner

Membership Number: 501753  
UDIN: 22501753AINELE2254

Place of Signature: Gurugram, Haryana  
Date: May 06, 2022

**Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date****Re: Bharat Seats Limited ("the Company")**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (i) (a) (B) The Company has maintained proper records showing full particulars of intangibles assets.
- (i) (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regards to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
- (i) (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (i) (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- (i) (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2022 and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations. And no discrepancies of 10% or more in aggregate for each class of inventory have not been noted.
- (ii) (b) As disclosed in note 21 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The monthly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.
- (iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (iii) (b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.
- (iii) (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
- (iii) (d) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
- (iii) (e) There were no loans or advances in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- (iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to

the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of seating system and interior component for the automotive and surface transport, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (vii) (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (In INR Lacs)	Amount paid under protest (In Lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1994	Disallowance of input tax credit on account of difference between physical stock of inputs and stock as reflected in statutory records	228.20	-	1996-1999	GESTAT, Delhi
Central Excise Act, 1994	Inclusion of value of designs & drawings of components is liable to be included in the assessable value of final products supplied to M/s Maruti Suzuki India Limited	2,918.02	-	2013-2017	Additional Director General, Delhi

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (ix) (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) (c) Term loans were applied for the purpose for which the loans were obtained.
- (ix) (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (ix) (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (ix) (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (x) (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no fraud in the Company has been noticed or reported during the year
- (xi) (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit



- and Auditors) Rules, 2014 with the Central Government.
- (xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) (a) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- (xii) (b) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.
- (xii) (c) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (xvi) (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvi) (d) There are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 37(n) to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 37(e) to the financial statements.
- (xx) (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 37(e) to the financial statements.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005  
**per Amit Yadav**  
Partner  
Membership Number: 501753  
UDIN: 22501753AINELE2254

Place of Signature: Gurugram  
Date: May 06, 2022

## **ANNEXURE 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 with reference to financial statements of Bharat Seats Limited ("the Company") as of March 31, 2022 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 ("ICAI"). 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 the 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 with reference to these financial statements 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, 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 with reference to these financial statements.

#### **Meaning of Internal Financial Controls With Reference to these Financial Statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 With Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, 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 issued by the ICAI.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**per Amit Yadav**  
Partner  
Membership Number: 501753  
UDIN: 22501753AINELE2254

Place of Signature: Gurugram  
Date: May 06, 2022

**BALANCE SHEET AS AT 31ST MARCH 2022**

(Rs. in lakhs except as otherwise stated)

	Notes	As at 31st March 2022	As at 31st March 2021
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
Property, plant and equipment	5(a)	14,437.71	12,332.99
Capital work in progress	6	777.96	3,014.06
Right of use assets	5(c)	168.82	176.09
Intangible assets	5(b)	105.84	93.12
Financial assets			
i) Other Financial assets	7	83.52	83.05
Other non-current assets	8	371.04	617.72
Non-current tax assets (Net)	9	408.57	605.29
		<b>16,353.46</b>	<b>16,922.32</b>
<b>2 Current assets</b>			
Inventories	10	5,299.07	2,970.25
Financial assets			
i) Trade receivables	11	11,072.05	8,260.04
ii) Cash and cash equivalents	12	8.13	72.35
iii) Other bank balances	13	104.50	42.35
Other current assets	14	884.24	869.18
		<b>17,367.99</b>	<b>12,214.17</b>
		<b>33,721.45</b>	<b>29,136.49</b>
<b>Total Assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
Equity share capital	15	628.00	628.00
Other equity	16	12,085.71	11,034.14
		<b>12,713.71</b>	<b>11,662.14</b>
<b>2 Liabilities</b>			
Non-current liabilities			
Financial liabilities			
i) Borrowings	17	3,260.00	2,453.75
ia) Lease liabilities	18(a)	165.96	167.95
Provisions	19	74.65	54.42
Deferred tax liabilities (Net)	20	643.43	686.32
		<b>4,144.04</b>	<b>3,362.44</b>
Current liabilities			
Financial liabilities			
i) Borrowings	21	464.79	891.83
ia) Lease liabilities	18(b)	1.99	1.86
ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	22	1,049.15	1,291.18
- Total outstanding dues of creditors other than micro enterprises and small enterprises	22	11,971.51	10,810.88
iii) Other financial liabilities	23	180.92	328.42
Other current liabilities	24	2,953.32	559.50
Provisions	25	242.02	228.24
		<b>16,863.70</b>	<b>14,111.91</b>
		<b>33,721.45</b>	<b>29,136.49</b>
<b>Total Equity and Liabilities</b>			
Summary of significant accounting policies	2		
Contingent liabilities and commitments	26		
Other notes on accounts	37		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of Board of Directors

For **S.R. Batliboi & Co. LLP**  
Chartered accountants  
ICAI Registration No. 301003E/E300005

**ROHIT RELAN**  
Chairman and Managing  
Director  
DIN: 00257572

**ASHWANI AGGARWAL**  
Executive Director  
DIN: 03139415

per **AMIT YADAV**  
Partner  
**Membership no. 501753**  
Place : Gurugram  
Date : May 06, 2022

**RITU BAKSHI**  
Company Secretary

**SANJEEV KUMAR**  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022**

(Rs. in lakhs except as otherwise stated)

Particulars	Notes	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>I INCOME</b>			
Revenue from operations	27	81,763.17	54,766.05
Other income	28	526.86	204.96
<b>Total income</b>		<b>82,290.03</b>	<b>54,971.01</b>
<b>II EXPENSES</b>			
Cost of materials consumed	29	69,678.73	44,829.89
Purchase of traded goods	30	27.28	89.80
Changes in inventories of finished goods, work in progress and traded goods	31	144.90	(326.31)
Employee benefits expense	32	3,560.78	2,449.35
Finance costs	33	390.46	427.31
Depreciation and amortization expenses	34	1,761.44	1,798.31
Other expenses	35	5,135.00	5,038.17
<b>Total expenses</b>		<b>80,698.59</b>	<b>54,306.52</b>
<b>III Profit before tax</b>		<b>1,591.44</b>	<b>664.49</b>
<b>IV Tax expenses</b>			
Current tax	20	452.11	286.38
Deferred tax expenses/(credit)	20	(42.89)	(102.46)
Adjustment of tax relating to earlier years	20	(9.12)	-
<b>Income tax expense</b>		<b>400.10</b>	<b>183.92</b>
<b>V Profit for the year</b>		<b>1,191.34</b>	<b>480.57</b>
<b>VI Other comprehensive income</b>			
Items not to be reclassified to profit or loss in subsequent periods:			
i) Re-measurement gains/(losses) on defined benefit plans (refer note 37(a))		23.03	10.59
ii) Income tax effect ( refer note 20)		(5.80)	(2.67)
Total other comprehensive income for the year, net of taxes		17.23	7.92
<b>VII Total comprehensive income for the year, net of taxes</b>		<b>1,208.57</b>	<b>488.49</b>
<b>VIII Earnings per equity share of Rs. 2 each:</b>			
(1) Basic ( Rs.)	36	3.79	1.53
(2) Diluted ( Rs.)	36	3.79	1.53
Summary of significant accounting policies	2		
Contingent liabilities and commitments	26		
Other notes on accounts	37		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For and on behalf of Board of Directors**

For **S.R. Batliboi & Co. LLP**  
Chartered accountants  
ICAI Registration No. 301003E/E300005

**ROHIT RELAN**  
Chairman and Managing  
Director  
DIN: 00257572

**ASHWANI AGGARWAL**  
Executive Director  
DIN: 03139415

per **AMIT YADAV**  
Partner  
**Membership no. 501753**  
Place : Gurugram  
Date : May 06, 2022

**RITU BAKSHI**  
Company Secretary

**SANJEEV KUMAR**  
Chief Financial Officer

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022**

(Rs. in lakhs except as otherwise stated)

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before income tax	1,591.44	664.49
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortization expense	1,761.44	1,798.31
(Gain)/Loss on sale of property, plant and equipment	(3.36)	4.22
Gain on termination of Right of use assets	-	(43.12)
Finance cost (including fair value change in financial instrument)	380.02	423.24
Interest income (including fair value change in financial instrument)	(128.89)	-
Excess provision no longer required written back	(261.76)	(53.99)
Unrealised exchange gain on trade payables	1.36	(0.97)
<b>Operating profit before working capital changes</b>	<b>3,340.25</b>	<b>2,792.18</b>
<b>Adjustments for changes in working capital :</b>		
(Increase)/decrease in inventories	(2,328.82)	(912.78)
(Increase)/decrease in trade receivables	(2,812.01)	(4,650.82)
(Increase)/decrease in other financial and non- financial assets	(15.53)	(474.35)
Increase/(decrease) in trade payables	1,179.00	4,918.15
Increase/(decrease) in other financial, non financial liabilities and provisions	2,450.86	469.45
<b>Cash generated from operating activities</b>	<b>1,813.75</b>	<b>2,141.83</b>
Income tax paid ( net of refunds)	(252.07)	(267.20)
<b>Net cash flow from operating activities</b>	<b>1,561.68</b>	<b>1,874.63</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment including capital work in progress, capital advances net of capital creditors	(1,720.63)	(1,889.88)
Proceeds from sale of property, plant and equipment	189.55	666.27
Fixed Deposits matured during the year	393.55	(0.63)
Fixed Deposits made during the year	(457.59)	-
Interest income received	128.89	-
<b>Net cash from/(used in) investing activities</b>	<b>(1,466.23)</b>	<b>(1,224.24)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from long term borrowings	1,000.00	1,500.00
Repayment of long term borrowings	(576.19)	(1,274.72)
Proceeds/(repayments) from short term borrowings	(44.60)	(267.06)
Dividend paid on equity shares ( including corporate dividend tax)	(157.00)	(157.00)
Interest Paid	(362.77)	(376.98)
Repayment of principal lease payment	(1.86)	(33.79)
Repayment of interest on lease liability	(17.25)	(46.26)
<b>Net cash used in financing activities</b>	<b>(159.67)</b>	<b>(655.81)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(64.22)</b>	<b>(5.42)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>72.35</b>	<b>77.77</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>8.13</b>	<b>72.35</b>
<b>Components of cash and cash equivalents</b>		
Cash and cash equivalents		
Balances with banks:		
Current accounts	6.66	9.59
Fixed deposits account with a original maturity of less than three months	-	61.43
Cash on hand	1.47	1.33
<b>Net Cash and cash equivalents</b>	<b>8.13</b>	<b>72.35</b>

Note: The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind As) 7 statement of cash flows.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Chartered accountants  
ICAI Registration No. 301003E/E300005

per **AMIT YADAV**  
Partner  
**Membership no. 501753**  
Place : Gurugram  
Date : May 06, 2022

**For and on behalf of Board of Directors**

**ROHIT RELAN** Chairman and Managing Director  
DIN: 00257572

**ASHWANI AGGARWAL** Executive Director  
DIN: 03139415

**RITU BAKSHI**  
Company Secretary

**SANJEEV KUMAR**  
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2022**
**A Equity Share Capital ( Refer note 15)**

(Rs. in lakhs except as otherwise stated)

	Nos.	Amount
<b>As at 1st April, 2020</b>	31,400,000	628.00
Changes in equity share capital during the year	-	-
<b>Balance as at 31st March, 2021</b>	<b>31,400,000</b>	<b>628.00</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31st March 2022</b>	<b>31,400,000</b>	<b>628.00</b>

**B Other Equity ( Refer note 16)**

	Reserves & Surplus		Total
	General Reserve	Retained Earnings	
<b>As at 1st April,2020</b>	<b>3,950.73</b>	<b>6,751.92</b>	<b>10,702.65</b>
Net profit for the year	-	480.57	480.57
<b>Other Comprehensive Income for the year</b>			
Remeasurements gain/(loss) on defined benefit plans.	-	7.92	7.92
<b>Dividends</b>			
Final dividend paid during the year	-	(157.00)	(157.00)
<b>As at 31st March 2021</b>	<b>3,950.73</b>	<b>7,083.41</b>	<b>11,034.14</b>
Net profit for the year	-	1,191.34	1,191.34
<b>Other Comprehensive Income for the year</b>			
Remeasurements gain/(loss) on defined benefit plans.	-	17.23	17.23
<b>Dividend</b>			
Final dividend paid during the year	-	(157.00)	(157.00)
<b>As at 31st March 2022</b>	<b>3,950.73</b>	<b>8,134.98</b>	<b>12,085.71</b>
Summary of significant accounting policies	2		
Contingent liabilities and commitments	26		
Other notes to accounts	37		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For and on behalf of Board of Directors**

For **S.R. Batliboi & Co. LLP**  
Chartered accountants  
ICAI Registration No. 301003E/E300005

**ROHIT RELAN**  
Chairman and Managing  
Director  
DIN: 00257572

**ASHWANI AGGARWAL**  
Executive Director  
DIN: 03139415

per **AMIT YADAV**  
Partner  
**Membership no. 501753**
**RITU BAKSHI**  
Company Secretary

**SANJEEV KUMAR**  
Chief Financial Officer

Place : Gurugram  
Date : May 06, 2022

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

### 1. Corporate information

Bharat Seats Limited ('the company') is a public limited company domiciled in India and incorporated on March 06, 1986 under the provisions of Companies Act, 1956 having its registered office at 1, Nelson Mandela Road, Vasant Kunj, New Delhi 110070. The Company is listed on Bombay Stock Exchange Limited. The Company is a joint venture of Suzuki Motor Corporation- Japan, Maruti Suzuki India Ltd. and M/s Rohit Relan and Associates for the manufacture of complete seating system and interior component for the automotive and surface transport. The Company's manufacturing facilities are located in Haryana and Gujarat. The financial statements were authorized by the board of directors for issue in accordance with resolution dated 06<sup>th</sup> May, 2022.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statement of the Company has been prepared in accordance with the Indian accounting standards (Ind AS) notified under the Companies (Indian Accounting Standard), Rules 2015 (as amended from time to time) and presentation requirements of schedule III of the Companies Act, 2013.

These financial statements have been prepared under the historical cost convention on the accrual basis, and certain financial instruments are measured at fair value, as explained in accounting policies.

The preparation of financial statements in conformity with Ind AS, requires management to make estimates, judgments and assumptions that affects the application of accounting policies and reported amount of assets, liabilities, income and expenses and the disclosures of the contingent assets and liabilities at the date of financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to estimate is recognized prospectively in current and future periods.

The financial statements have been prepared on a historical cost convention on an accruals basis except for certain financial instrument, financial assets and defined employee benefits plan, which have been measured at fair value.

Financial Statements are presented in INR and all values are rounded to nearest Lakhs (INR 00,000) except when otherwise stated.

#### 2.2 Property, plant and equipment

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit, VAT credit and GST credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The Company identifies and determines cost of each component/part of the assets separately, if the component/part has a cost which is significant to the total cost and has useful life that is materially different from that of remaining asset.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is calculated on straight line basis over the useful lives of the assets are as follow:



Nature	Method	Estimated useful life (years)	Useful life as per Companies Act, 2013 (years)
Plant and machinery	Straight line method	8-21	15
Electrical fittings	Straight line method	21	10
Tools and dies	Straight line method	5	15
Furniture and Fixtures	Straight line method	10	10
Vehicles	Straight line method	8	8
Office Equipment	Straight line method	5	5
Computers	Straight line method	3 and 6	3 and 6
Building	Straight line method	30	30

Electrical fittings and plant & machinery has been depreciated over useful life different from life specified in Schedule II of Companies Act, 2013 based on the technical estimates made by the management, it believes that the useful lives as given above represent the period over which the assets are expected to be used.

Assets having value less than Rs. 5,000 are depreciated fully in the year of purchase.

### 2.3 Intangible assets

#### Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development cost, are not capitalised and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

#### Research and Development cost

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the Company can demonstrate all the following:

- i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii) Its intention to complete the asset;
- iii) Its ability to use or sale the asset;
- iv) How the asset will generate future economic benefits;
- v) The availability of adequate resources to complete the development and to use or sale the asset; and
- vi) The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortised on straight line basis over the estimated useful life. During the period of development, the asset is tested for impairment annually.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful life are not amortized but tested for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible assets may be impaired.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life of 6 years with effect from April 01, 2017.

## 2.4 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For the remaining economic life of the asset or cash-generating unit (CGU), a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining economic life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

## 2.5 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Assets	Useful
Leasehold improvements	Over the leasehold period

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (Impairment of non-financial assets).

## ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its weighted average cost of debts as incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset and corresponding adjustment to right to use assets

Extension and termination options are included in a number of property and equipment leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

### Short term leases and leases of low value assets

The Company applies the short term lease recognition exemption to its short term leases of property like nursing hostels i.e. those leases that have a lease term of twelve months or less from commencement date and do not contain a purchase option. Lease payment on short term leases are recognized as expenses on a straight line basis over the term of the lease.

### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized as per the terms of lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

## 2.6 Foreign Currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian rupee (Rs.) which is also the Company's functional and presentation currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

### Measurement of foreign currency items at the balance sheet date

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense

in the period in which they arise with the exception of exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded in so far as they relate to the acquisition of depreciable capital assets are shown by addition to/deduction from the cost of the assets as per exemption provided under IND AS 21 read along with Ind AS 101 appendix 'D' clause-D13AA.

## 2.7 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of Profit & Loss on the basis of effective interest rate.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are recognized as expense in the period in which they occur.

## 2.8 Inventories

### a. Basis of valuation:

Inventories are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by-item basis.

### b. Method of valuation:

- i.) **Cost of raw materials** has been determined by using first-in-first-out method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.
- ii.) **Cost of finished goods and work in progress** includes an appropriate share of production overheads based on normal operating capacity. Cost is determined on first-in-first-out method basis.
- iii.) **Cost of traded goods** has been determined by using first-in-first-out method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.
- iv.) **Net realizable value** is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 2.9 Cash and cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## 2.10 Employees Benefits

### i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### ii) Other long-term employee benefit obligations

#### a) Gratuity

The Employee's Gratuity Fund Scheme, which is defined benefit plan, is maintained with Life insurance Corporation. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Company contributes to the Company Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under Employee benefit

expense in statement of profit or loss:

1. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
2. Net interest expense or income.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

**b) Provident fund**

Retirement benefits in the form of Provident fund / Pension Schemes are defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds become due. The Company has no obligation other than contribution payable to these funds.

**c) Compensated Absences**

Accumulated leaves which are expected to be utilized within next 12 months is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement and is discharge by the year end.

The Company treats accumulated leaves to be carried forward beyond 12 months as long term employee benefits for measurement purpose, such long term compensated absence are provided for based on actuarial valuation which is done as per projected unit credit method at year end.

**d) Voluntary retirement**

Expenses incurred on voluntary retirement of employees are charged off to the Statement of Profit & Loss in the year of occurrence.

## 2.11 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company

determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 2.12 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### i) Financial assets

The Company classified its financial assets in the following measurement categories:-

- Those to be measured subsequently at fair value (either through OCI or through profit & loss).
- Those measured at amortized cost.

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in 2.13 "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Financial assets at amortised cost (debt instruments)
- ▶ Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ▶ Financial assets at fair value through profit or loss

The Company's financial assets are only classified as debt instruments at amortised cost.

#### Financial Assets at amortized cost (Debt instruments)

A "financial asset" is measured at the amortized cost if both the following conditions are met:

- 1) Business model test : The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows (rather than to sell the instrument prior to its contractual maturity to released its fair value change), and
- 2) Cash flow characteristics test: Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR is the rate that exactly discount the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate to the gross carrying amount of financial assets. When calculating the effective interest rate the company estimate the expected cash flow by considering all contractual terms of the financial instruments. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

#### **Financial assets at FVTPL**

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL. A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

#### **De recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Impairment of financial assets**

In accordance with IND AS 109, the Company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure.

- Financial assets measured at amortised cost; e.g. Loans, Security deposits, trade receivable, bank balance, other financial assets etc.

The Company follows "simplified approach" for recognition of impairment loss allowance on trade receivables. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves

such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

There is no significant credit risk in relation to financial assets including trade receivables.

#### **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

### **ii) Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. The Company financial liabilities include loans and borrowings including bank overdraft, trade payable, trade deposits, retention money and other payables.

The measurement of financial liabilities depends on their classification, as described below:

#### **Trade Payables**

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using EIR method.

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

#### **Loans and borrowings**

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.



**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**2.13 Revenue from contract with customer**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

**Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 60 days upon delivery.

The Company also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

**i) Variable Consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts for the sale of goods provide price revision receivable from/payable to customers on account of change of commodity prices/purchase price and these prices escalations and relaxations give rise to variable consideration. Contract revenue includes price revision received/receivable from customers and similarly, price revision for material purchased or payable to vendors has also been included in purchases.

**ii) Significant financing component**

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

**Contract balances****Contract Assets**

A contract asset is a right to consideration in exchange for goods or services transferred to the customers. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

**Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets for further reference.

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**Other revenue streams:****i) Interest Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement

of profit and loss.

**ii) Lease income**

Rental income arising from operating leases on property let out by the Company is accounted for on a straight line basis over the lease terms and is included in other income in statement of profit and loss.

**iii) Rendering of services**

Revenue from service related activities is recognised as and when services are rendered and on the basis of contractual terms with the parties and is included in revenue in the statement of profit and loss under the head other income.

## 2.14 Taxes

Tax expense for the year comprises of current tax and deferred tax (including MAT).

**a) Current Tax**

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Current income tax relating to item recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity. Management periodically evaluates position taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretations and establishes provisions wherever appropriate, if any.

**b) Deferred Tax**

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or direct in equity.

Deferred Tax includes Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax asset and deferred tax liabilities are offset if a legally enforceable right exist to set off current tax asset against current tax liabilities.

**Good and services taxes paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

When receivables and payables are stated with the amount of tax include

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.15 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

### 2.16 Provisions and Contingent Liabilities

#### Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Onerous Contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

#### Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

### 2.17 Dividend distributions

The Company recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Company and is declared by the shareholders. A corresponding amount is recognised directly in equity.

### 2.18 Current versus non – current classification

The Company presents assets and liabilities in the balance sheet based on current/non- current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:



- It is expected to be settled in normal operating cycle,
- It is held primarily for purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### 3. Significant accounting judgements, estimates and assumptions:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

##### a) Operating lease commitments – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, and that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

##### b) Assessment of lease term:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

##### c) Revenue from contracts with customers

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- **Determining method to estimate variable consideration and assessing the constraint**

Certain contracts for the sale of products include a right of price revision on account of change of commodity prices/purchase price that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company determined that the most likely method is the appropriate method to use in estimating the variable consideration for the sale of products. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration

will be resolved within a short time frame.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### **a) Property, plant and equipment**

The useful lives and residual values of property, plant and equipment are determined by the management based on technical assessment by the management. The Company believes that the derived useful life best represents the period over which the Company expects to use these assets.

##### **b) Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

##### **c) Gratuity benefit**

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 37 (a).

##### **d) Fair value measurement of financial instrument**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

##### **e) Impairment of financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

##### **f) Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing

of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are also relevant to other intangibles. During the year the Company has done the impairment assessment of non-financial assets and have concluded that there is no impairment in value of non-financial assets as appearing in the financial statements.

**g) Lease incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore its incremental borrowing rate (IBR) to measure lease liability. The IBR is the rate of interest that the Company would have to pay to borrow over similar term, and with a similar security, the fund necessary to obtain an asset of a similar value to the right of use assets in as similar economic environments. The IBR therefore effects what the Company "would have to pay" which requires estimates when no observable rates are available or when they need to be adjusted to reflect the term and conditions of the lease. The Company estimates the IBR using observable inputs such as market interest rates when available.

**4. New and amended standards adopted by the Company**

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**4.1 New amendments issued but not effective**

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. Below is a summary of such amendments :

Ind AS 16, Property, Plant and Equipment	<p>Proceeds before intended use of property, plant and equipment</p> <p>The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).</p>
Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets	<p>Onerous Contracts - Cost of fulfilling a contract</p> <p>The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.</p>
IndAS 103, Business combinations	<p>References to the conceptual framework</p> <p>The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.</p>
Ind AS 109, Financial Instruments	<p>Fees included in the 10% test for derecognition of financial liabilities</p> <p>The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.</p>

Ind AS 101, First-time adoption	<p>Subsidiary as a first-time adopter</p> <p>Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.</p>
Ind AS 41, Agriculture	<p>Taxation in fair value measurements</p> <p>The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113, Fair Value Measurement.</p>

#### 4.2 Reclassifications consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24 March 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from 1 April 2021.

Consequent to above, the Company has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) security deposits, in the current year.

The current maturities of long-term borrowings (including interest accrued) has now been included in the "Current borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'other financial liabilities' line item.

Further, security deposits (which meet the definition of a financial asset as per Ind AS 32) have been included in 'other financial assets' line item. Previously, these deposits were included in 'loans' line item.

The Company has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarised below:

<b>Balance Sheet (extract)</b>	<b>31 March 2021 (as previously reported)</b>	<b>Increase/ (Decrease)</b>	<b>31 March 2021 (restated)</b>
Other financial liabilities (current)	710.86	(382.44)	328.42
Current borrowings	509.39	382.44	891.83
Loans (non-current)	93.12	(93.12)	-
Other financial assets (non-current)	-	93.12	93.12

There are no new standards that are notified, but not yet effective, up to the date of issuance of the financial statements


**Note - 5(a) : Property, plant and equipment**

(Rs. in lakhs except as otherwise stated)

Particulars	Computers	Land Free Hold	Land Lease Hold	Office Equipments	Furniture & Fixtures	Building & Roads	Plant & Machinery	Vehicles	Electrical Fittings	Total
<b>Gross block Cost</b>										
At 1 April 2020	408.50	1,041.99	39.41	176.57	255.92	6,953.83	20,124.80	195.69	1,569.91	30,766.62
Additions	78.23	-	-	1.56	5.36	-	252.84	22.28	1.17	361.44
Disposals	(22.63)	-	-	(15.11)	(16.36)	-	(1,051.92)	(11.73)	(73.74)	(1,191.49)
At 31 March 2021	464.10	1,041.99	39.41	163.02	244.92	6,953.83	19,325.72	206.24	1,497.34	29,936.57
Additions	126.30	-	-	33.33	8.22	2,065.43	1,546.83	-	226.65	4,006.76
Disposals	(1.15)	-	-	(1.79)	(0.45)	-	(432.25)	(7.60)	-	(443.24)
<b>At 31 March 2022</b>	<b>589.25</b>	<b>1,041.99</b>	<b>39.41</b>	<b>194.56</b>	<b>252.69</b>	<b>9,019.26</b>	<b>20,440.30</b>	<b>198.64</b>	<b>1,723.99</b>	<b>33,500.09</b>
<b>Depreciation</b>										
At 1 April 2020	327.30	-	29.19	124.19	185.89	1,781.93	13,395.74	99.24	470.61	16,414.09
Charge for the year	37.82	-	3.40	15.72	17.00	224.16	1,328.95	18.70	65.29	1,711.04
Disposals	(18.20)	-	-	(8.43)	(6.06)	-	(476.85)	(2.08)	(9.93)	(521.55)
At 31 March 2021	346.92	-	32.59	131.48	196.83	2,006.09	14,247.84	115.86	525.97	17,603.58
Charge for the year	46.11	-	3.40	14.49	13.51	287.67	1,260.23	18.74	71.71	1,715.86
Disposals	(1.07)	-	-	(1.27)	(0.43)	-	(247.07)	(7.22)	-	(257.06)
<b>At 31 March 2022</b>	<b>391.96</b>	<b>-</b>	<b>35.99</b>	<b>144.70</b>	<b>209.91</b>	<b>2,293.76</b>	<b>15,261.00</b>	<b>127.38</b>	<b>597.68</b>	<b>19,062.38</b>
<b>Net block value</b>										
<b>At 31 March 2022</b>	<b>197.29</b>	<b>1,041.99</b>	<b>3.42</b>	<b>49.86</b>	<b>42.78</b>	<b>6,725.50</b>	<b>5,179.30</b>	<b>71.26</b>	<b>1,126.31</b>	<b>14,437.71</b>
<b>At 31 March 2021</b>	<b>117.18</b>	<b>1,041.99</b>	<b>6.82</b>	<b>31.54</b>	<b>48.09</b>	<b>4,947.74</b>	<b>5,077.88</b>	<b>90.38</b>	<b>971.37</b>	<b>12,332.99</b>

Note: On transition to Ind AS (i.e. 1 April 2015), the Company has elected to continue with the carrying value of all Property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment.



**Notes to financial statements for the year ended 31 March 2022**
**Note - 5(b) : Intangible assets**

(Rs. in lakhs except as otherwise stated)

Particulars	Computer software	Total
<b>Gross block</b>		
At 1 April 2020	218.94	218.94
Additions	25.99	25.99
Disposals	(0.82)	(0.82)
At 31 March 2021	244.11	244.11
Additions	51.03	51.03
Disposals	-	-
<b>At 31 March 2022</b>	<b>295.14</b>	<b>295.14</b>
<b>Amortisation</b>		
At 1 April 2020	119.19	119.19
Charge for the year	32.08	32.08
Disposals	(0.28 )	(0.28 )
At 31 March 2021	150.99	150.99
Charge for the year	38.31	38.31
Disposals	-	-
<b>At 31 March 2022</b>	<b>189.30</b>	<b>189.30</b>
<b>Net block</b>		
<b>At 31 March 2022</b>	<b>105.84</b>	<b>105.84</b>
At 31 March 2021	93.12	93.12

**Note - 5(c) : Right of use assets**

(Rs. in lakhs except as otherwise stated)

Particulars	Leasehold land	Building	Total
<b>Gross block</b>			
At 1 April 2020	190.81	496.45	687.26
Additions	-	-	-
Disposals	-	(496.45)	(496.45)
At 31 March 2021	190.81	-	190.81
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2022</b>	<b>190.81</b>	<b>-</b>	<b>190.81</b>
<b>Amortisation</b>			
At 1 April 2020	7.27	102.68	109.95
Charge for the year	7.45	47.74	55.19
Disposals	-	(150.42)	(150.42)
At 31 March 2021	14.72	-	14.72
Charge for the year	7.27	-	7.27
Disposals	-	-	-
<b>At 31 March 2022</b>	<b>21.99</b>	<b>-</b>	<b>21.99</b>
<b>Net block</b>			
<b>At 31 March 2022</b>	<b>168.82</b>	<b>-</b>	<b>168.82</b>
At 31 March 2021	176.09	-	176.09

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022**
**6 Capital work in progress**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>Capital work in progress</b>		
Opening cost	3,014.06	2,211.87
Additions during the year	1,702.78	906.71
Deduction and adjustment during the year	(3,938.88)	(104.52)
	<b>777.96</b>	<b>3,014.06</b>

**Capital work in progress ageing schedule as at 31st March 2022**

(Rs. in lakhs except as otherwise stated)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	599.06	178.90	-	-	777.96
	<b>599.06</b>	<b>178.90</b>	-	-	<b>777.96</b>

**Capital work in progress ageing schedule as at 31st March 2021**

(Rs. in lakhs except as otherwise stated)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	856.70	2,157.36	-	-	3,014.06
	<b>856.70</b>	<b>2,157.36</b>	-	-	<b>3,014.06</b>

Note: No projects under capital work in progress (CWIP) which were suspended as at March 31, 2022 and March 31, 2021. Also, No projects are overdue in terms of time and cost as per original plans.

**7 Non-current financial assets (valued at amortised cost)**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>(Unsecured, considered good)</b>		
Security deposits	83.52	83.05
	<b>83.52</b>	<b>83.05</b>

**8 Other non current assets**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>(Unsecured, considered good)</b>		
Capital advances	371.04	617.72
	<b>371.04</b>	<b>617.72</b>

**9 Non-current tax assets (net)**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
Advance Tax (net of provisions and tax deducted at source)	408.57	605.29
	<b>408.57</b>	<b>605.29</b>

**10 Inventories \***

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>(Valued at lower of cost and net realisable value unless otherwise stated)</b>		
Raw materials and components ( Including goods in transit of Rs. 15.76 lakhs (Previous year nil))	4,566.25	2,094.80
Work-in-progress	150.88	153.12
Finished goods	369.13	510.94
Stores and spares	209.14	206.87
Traded Goods	3.37	4.17
Scrap materials	0.30	0.35
	<b>5,299.07</b>	<b>2,970.25</b>

Note:

\*Inventories are hypothecated with the bankers against working capital limits ( Refer note 17 and 21)

**11 Trade receivables**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>(Unsecured)</b>		
Trade Receivable	106.07	5.86
Receivables from Related Parties (refer note 37 (d))	10,965.98	8,254.18
	<b>11,072.05</b>	<b>8,260.04</b>
<b>Break-up for security details:</b>		
<b>Trade receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	11,072.05	8,260.04
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
	<b>11,072.05</b>	<b>8,260.04</b>

Note:

a) Trade Receivables are non interest bearing. Credit period generally falls in the range of 30 to 60 days.

**Trade receivables ageing schedule as at 31st March 2022**

(Rs. in lakhs except as otherwise stated)

	Current but not due	Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed trade receivables - considered good	11,008.67	45.30	18.08	-	-	-	11,072.05
	<b>11,008.67</b>	<b>45.30</b>	<b>18.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,072.05</b>

**Trade receivables ageing schedule as at 31st March 2021**

(Rs. in lakhs except as otherwise stated)

	Current but not due	Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed trade receivables - considered good	8,221.16	-	-	34.73	-	4.15	8,260.04
	<b>8,221.16</b>	<b>-</b>	<b>-</b>	<b>34.73</b>	<b>-</b>	<b>4.15</b>	<b>8,260.04</b>

**12 Cash and cash equivalents**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
Balance with banks:		
Current accounts	6.66	9.59
Cash on hand	1.47	1.33
Fixed Deposits account with an original maturity of less than three months	-	61.43
	<b>8.13</b>	<b>72.35</b>

Note: There are no restrictions with regard to cash and cash equivalents at the end of the current and previous year.

**13 Other bank balances**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
Fixed Deposits account with an original maturity of more than twelve months but remaining maturity less than twelve months	85.77	21.73
Unclaimed dividend accounts*	18.73	20.62
	<b>104.50</b>	<b>42.35</b>

\* The company can utilise the balance towards settlement of unclaimed dividend.

**14 Other current assets**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>(Unsecured, considered good)</b>		
Advances given to suppliers	422.53	268.11
<b>Others</b>		
Balance with statutory / government authorities	296.68	441.49
Prepaid expenses	165.03	146.10
Others	-	13.48
	<b>884.24</b>	<b>869.18</b>

**15 Equity**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
	Amount	Amount
<b>Equity Share Capital</b>		
(a) <b>Authorised</b>		
3,50,00,000 Equity Shares of Rs. 2/- each (31st March 2021: 3,50,00,000 Equity Shares of Rs. 2/- each)	700.00	700.00
<b>Issued, subscribed &amp; fully paid-up</b>		
3,14,00,000 Equity Shares of Rs. 2/- each (31st March 2021: 3,14,00,000 Equity Shares of Rs. 2/- each)	628.00	628.00

**(b) Reconciliation of the shares outstanding at the beginning and at the end of the year**

	As at 31st March 2022		As at 31st March 2021	
	No. of shares	Amount in lakhs	No. of shares	Amount in lakhs
At the beginning of the year	31,400,000	628.00	31,400,000	628.00
Add: Equity shares issued	-	-	-	-
	<b>31,400,000</b>	<b>628.00</b>	<b>31,400,000</b>	<b>628.00</b>

(c) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 2/- per share ( 31st March 2021 : Rs 2/- per share). Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) **Details of Shareholders holding more than 5% shares in the Company is set out below (representing legal and beneficial ownership):**

(Rs. in lakhs except as otherwise stated)

Name of Shareholders	As at 31st March 2022		As at 31st March 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Maruti Suzuki India Limited	4,650,000	14.81	4,650,000	14.81
Suzuki Motor Corporation, Japan	4,650,000	14.81	4,650,000	14.81
Sharda Motors Industries Limited (Refer note 37(k))	-	-	9,000,000	28.66
NDR Auto Components Limited (Refer note 37(k))	9,000,000	28.66	-	-
Rohit Relan	3,824,158	12.18	3,824,158	12.18
	<b>22,124,158</b>	<b>70.46</b>	<b>22,124,158</b>	<b>70.46</b>

(e) **Details of Shareholding of promoters alongwith changes during the year**

Shares held by promoters at the end of the year	No. of shares As at 31st March 2022	No. of shares As at 31st March 2021	% change during the year
NDR Auto Components Limited	9,000,000	9,000,000	0.00
Suzuki Motor Corporation, Japan	4,650,000	4,650,000	0.00
Maruti Suzuki India Limited	4,650,000	4,650,000	0.00
Pranav Relan JT.Rohit Relan	428,250	428,250	0.00
Rishabh Relan JT. Rohit Relan	368,000	368,000	0.00
Rohit Relan	3,824,158	3,824,158	0.00
Ritu Relan JT. Rohit Relan	282,500	282,500	0.00
Ayush Relan JT. Rohit Relan	216,916	216,916	0.00
	<b>23,419,824</b>	<b>23,419,824</b>	-

(f) **The Company does not have any equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.**

**16 Other equity**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>(a) General reserve</b>		
Balance as at the beginning of the year	3,950.73	3,950.73
Transfer from statement of profit & loss	-	-
	<b>3,950.73</b>	<b>3,950.73</b>
<b>(b) Retained earnings</b>		
Balance as at the beginning of the year	7,083.41	6,751.92
Net profit for the year	1,191.34	480.57
<b>Items of other comprehensive income recognised directly in retained earnings</b>		
Remeasurements of post employment benefit obligation, net of tax	17.23	7.92
<b>Dividends</b>		
Final dividend of Rs.0.50 per share for March 2021 ( 31st March, 2020 Re. 0.5/- per share)	(157.00)	(157.00)
	<b>8,134.98</b>	<b>7,083.41</b>
	<b>12,085.71</b>	<b>11,034.14</b>

**17 Borrowings**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>Secured</b>		
Term loans -from banks	-	193.75
<b>Unsecured</b>		
Loans from related parties ( refer note 37 ( d))	3,260.00	2,260.00
	<b>3,260.00</b>	<b>2,453.75</b>

**17.1 The requisite particulars in respect of secured borrowings are as under:**

	As at 31st March 2022	As at 31st March 2021	Particulars of security / guarantees / terms of repayment / default
<b>Loan - HDFC Bank Limited ( INR Loan)</b>	-	576.19	<b>Particulars of security</b> First pari passu charge on all movable fixed assets (excluding those which are exclusively charge to other lenders) both present and future. Exclusive charge on land and building at Gujarat. Terms of repayment Period of loan is 48 months(Including 3 months moratorium period), availed on 19.06.2020, repayable in 16 equal quarterly instalments commencing from 19.09.2020. Rate of interest is at one year MCLR+105 bps, present rate 8.75% per annum. During the previous year company has partially prepaid the loan amounts to Rs. 650 lakhs.
Current maturity	-	382.44	
Non - current amount	-	193.75	
<b>Total</b>	<b>-</b>	<b>193.75</b>	

**17.2 The requisite particulars in respect of unsecured borrowings are as under:**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021	Particulars of terms of repayment / default/ rate of interest
<b>Loans from related parties</b>			Repayable by the year 2024. Rate of interest is @ 6.75% per annum.
- Loan from directors			
Balance outstanding	2,260.00	2,260.00	
Current maturity	-	-	
Non - current amount	2,260.00	2,260.00	
- Loan from related party			Long term loan from NDR Auto Components Limited, present rate 6.75% per annum.
Balance outstanding	1,000.00	-	
Current maturity	-	-	
Non - current amount	1,000.00	-	
<b>Total</b>	<b>3,260.00</b>	<b>2,260.00</b>	

**Loan covenants**

- i) Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net borrowings to EBITDA ratio, debt tangible net worth ratio and debt service coverage ratio. The Company has satisfied all debt covenants prescribed in the terms of bank loan.

The other loans do not carry any debt covenant.

- ii) The Company has utilised its long term borrowing for the purpose for which it was taken.

Note: The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**18(a) Non- current lease liabilities**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
Non-current lease liability (refer note 37(i))	165.96	167.95
	<b>165.96</b>	<b>167.95</b>

**18(b) Current lease liabilities**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
Current lease liability (refer and 37(i))	1.99	1.86
	<b>1.99</b>	<b>1.86</b>

**19 Non- Current provisions**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>Provision for employee benefits</b>		
Gratuity (refer note 37 (a))	74.65	54.42
	<b>74.65</b>	<b>54.42</b>

**20 Income Taxes**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021		
a) <b>Income Tax expense in the statement of profit and loss comprises:</b>				
Current income tax charge	452.11	286.38		
Adjustment of tax relating to earlier years	(9.12)	-		
<b>Deferred Tax</b>				
Relating to origination and reversal of timing differences	(42.89)	(102.46)		
Income tax expense reported in the statement of profit and loss	400.10	183.92		
b) <b>Other comprehensive income</b>				
Tax on Re-measurement gain/(losses) on defined benefit plans	(5.80)	(2.67)		
Income tax related to items recognised in OCI during the year	(5.80)	(2.67)		
c) <b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:</b>				
Accounting profit before tax	1,591.44	664.49		
Applicable tax rate	25.168%	25.168%		
Computed tax expense	400.53	167.24		
Expense not allowed for tax purpose	7.21	15.91		
Other differences	1.48	0.77		
Tax Relating to earlier year	(9.12)	-		
Income tax charged to Statement of Profit and loss at effective rate	400.10	183.92		
d) <b>Deferred tax relates to the following:</b>				
	As at 31st March 2022	As at 31st March 2021	for the year ended 31st March 2022	for the year ended 31st March 2021
<b>Deferred tax assets on account of :</b>				
Effect of expenditure debited to statement of profit and loss in the current year but allowed for tax purposes in following years	58.47	57.10	1.37	2.70
Difference in right on use assets and lease liability	(0.22)	(1.58)	1.36	(5.47)
<b>Total deferred tax assets</b>	<b>58.25</b>	<b>55.52</b>	<b>2.73</b>	<b>(2.77)</b>
<b>Deferred tax liabilities on account of :</b>				
Differences in depreciation in block of fixed assets as per tax books and financial books	701.68	741.84	(40.16)	(105.23)
<b>Total deferred tax liabilities</b>	<b>701.68</b>	<b>741.84</b>	<b>(40.16)</b>	<b>(105.23)</b>
<b>Total deferred tax liabilities (net)</b>	<b>643.43</b>	<b>686.32</b>	<b>(42.89)</b>	<b>(102.46)</b>



**(e) Reconciliation of deferred tax liabilities (net)**

	As at 31st March 2022	As at 31st March 2020
Opening balance	686.32	788.78
Tax expense (credits) during the year recognised in Statement to profit and loss	(42.89)	(102.46)
Tax expense (credits) during the year recognised in OCI	-	-
<b>Closing balance</b>	<b>643.43</b>	<b>686.32</b>

**21 Short Term Borrowings (Rs. in lakhs except as otherwise stated)**

	As at 31st March 2022	As at 31st March 2021
<b>Secured</b>		
Working capital loan	464.79	509.39
Current maturities of long-term borrowings (refer note 17)	-	382.44
	<b>464.79</b>	<b>891.83</b>

The requisite particulars in respect of secured borrowings are as under:

(Rs. in lakhs except as otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021	Particulars of security / guarantees / terms of repayment / default
<b>Secured:</b>			
<b>Working Capital Loan from banks</b>			
- Loan from Yes Bank at 01 year MCLR, Present rate 8.40% per annum.	-	14.78	<b>1) Yes Bank Ltd : - Sanctioned amount of Rs. 1,760 lacs</b>
- Loan from HDFC Bank at 01 year MCLR, Present rate 8.15% per annum.	464.79	494.61	<b>Particulars of Security:</b> First pari-passu charge on all current assets both present and future Second pari-passu charge on all fixed assets.
			<b>2) HDFC Bank Ltd : - Sanctioned amount of Rs. 1,760 lacs</b>
			<b>Particulars of Security:</b> i) Pari-passu first charge by way of hypothecation on entire stocks of raw materials, semi-finished goods, stores and spares, bill receiveables, book debts and all movable and other current assets of the Company. ii) Pari-passu second charge with HDFC bank limited by way of equitable mortgage of land and building at Borakalan, Haryana. iii) Pari-passu second charge on all moveable fixed assets.
	<b>464.79</b>	<b>509.39</b>	

Note:

- i) The company has undrawn cash credit facility of Rs. 1,760 lakhs from ICICI bank Ltd and Rs. 1,295.21 lakhs from HDFC Bank Limited as on 31st March 2022.
- ii) The monthly statements of revenue filed by the Company during the year with banks are in agreement with the books of accounts.

- iii) The Company has not defaulted on any loan payable.  
iv) The Company has utilised its short term borrowing for the purpose for which it was taken.

**Change in liabilities arising from financing activities**

(Rs. in lakhs except as otherwise stated)

	1st April 2021	Cash flows	Others	31st March 2022
Non-current borrowings (refer note 17)	2,453.75	806.25	-	3,260.00
Short term Borrowings (refer note 21)	891.83	(427.04)	-	464.79
Lease Liability	169.81	(1.86)	-	167.95
<b>Total</b>	<b>3,515.39</b>	<b>377.35</b>	<b>-</b>	<b>3,892.74</b>
	1st April 2020	Cash flows	Others	31st March 2021
Non-current borrowings (refer note 17)	2,610.91	(151.70)	(5.46)	2,453.75
Short term Borrowings (refer note 21)	776.45	(267.06)	382.44	891.83
Lease Liability	592.76	(33.79)	(389.16)	169.81
<b>Total</b>	<b>3,980.12</b>	<b>(452.55)</b>	<b>(12.18)</b>	<b>3,515.39</b>

The 'Others' column includes the effect of interest accrued on borrowings, lease liabilities reversed due to termination and dividend declared during the year.

**22 Trade payables**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
Dues of Micro and small enterprises (refer below note)	1,049.15	1,291.18
Dues of other than Micro and small enterprises	11,971.51	10,810.88
	<b>13,020.66</b>	<b>12,102.06</b>

\* Trade Payables include due to related parties Rs 3550.53 lakhs ( 31st March 2021: Rs 3821.14 lakhs) refer note 37 (d)

\* Trade Payables are unsecured and usually paid within 60 days of recognition.

\* Trade Payables are usually non-interest bearing.

**Trade payables ageing schedule as at 31st March 2022**

(Rs. in lakhs except as otherwise stated)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total Outstanding dues of micro enterprises and small enterprises	1,049.15	-	-	-	1,049.15
Total Outstanding dues of creditors other than micro enterprises and small enterprises	11,807.45	-	16.12	147.94	11,971.51
	<b>12,856.60</b>	<b>-</b>	<b>16.12</b>	<b>147.94</b>	<b>13,020.66</b>

**Trade payables ageing schedule as at 31st March 2021**

(Rs. in lakhs except as otherwise stated)

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total Outstanding dues of micro enterprises and small enterprises	1,291.18	-	-	-	1,291.18
Total Outstanding dues of creditors other than micro enterprises and small enterprises	10,593.11	28.64	22.88	166.25	10,810.88
	<b>11,884.29</b>	<b>28.64</b>	<b>22.88</b>	<b>166.25</b>	<b>12,102.06</b>

**Disclosure under MSMED Act**

Information as required to be furnished as per section 22 of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for year ended 31st March, 2022 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

	As at 31st March 2022	As at 31st March 2021
i) Principal amount remaining unpaid to any supplier covered under MSMED Act (refer note 22 & 23)	1,075.93	1,317.50
ii) Interest due remaining unpaid to any supplier covered under MSMED Act	Nil	Nil
iii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	Nil	Nil
v) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	Nil	Nil

**23 Other financial liabilities**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
Unpaid dividends ( refer note (a))	18.73	20.62
<b>Other Payables</b>		
Creditors for capital goods - Micro and small enterprises	26.78	26.32
Creditors for capital goods - other than Micro and small enterprises	134.91	280.98
Security deposit	0.50	0.50
	<b>180.92</b>	<b>328.42</b>

(a) Investor Education and Protection Fund is being credited by the amount of unclaimed dividend after seven years from the due date. The Company has transferred Rs. 2.79 lakhs ( 31st March, 2021 Rs.2.55 lakhs) out of unclaimed dividend pertaining to the financial year 2013-2014 to Investor Education and Protection Fund of Central Government in accordance with the provisions of section 125 of the Companies Act, 2013.

**24 Other current liabilities**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>Others</b>		
Statutory dues payable	124.36	108.71
Advance from customers	2,828.96	450.79
	<b>2,953.32</b>	<b>559.50</b>

**25 Current provisions**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>Provision for employee benefits</b>		
Gratuity (refer note no. 37 (a))	15.00	6.66
Leave encashment	227.02	221.58
	<b>242.02</b>	<b>228.24</b>

**26 Contingent liabilities & commitments**

(Rs. in lakhs except as otherwise stated)

	As at 31st March 2022	As at 31st March 2021
<b>(A) Contingent liabilities ( to the extent not provided for)</b>		
(a) Claims against the company not acknowledged as debt		
i) Excise duty (refer note (a) below)	3,146.22	3,173.90
ii) Labour cases (refer note (b) below)	202.33	132.52
	<b>3,348.55</b>	<b>3,306.43</b>
<b>(B) Commitments</b>		
Estimated amount of contracts remaining to be executed :		
a) Capital commitments (net of advance)	1,173.13	386.87
b) Other commitments (net of advance)	1,978.09	2,667.91
	<b>3,151.22</b>	<b>3,054.78</b>

- a) Contingent liability with respect to item (i) above represents disputed excise demands pertaining to various years ranging from 1997 to 1999, from 2004 to 2006 and from 2013 to 2017. All these matters are pending with appellate authorities and the company believes that it has merit in these cases and more likely than not the company will succeed in these cases. The company is contesting these demands and the management, including its tax advisors, believe that its position will likely to be upheld in the appellate process and accordingly no provision has been accrued in the financial statements for the demand raised. During the year one favourable order passed by the appellate authority in relation with excise matter related to year 2004 to 2006 in favour of the Company and accordingly Rs. 27.69 lakhs reduced from the contingent liability in the current year.
- b) The Company has suspended few workmen in the year 2002 for misconduct and instigating other workmen to give less production including himself. The Company has adhered to all the stipulated process as is desired by statute, mainly the Industrial Dispute Act and The Payment of Wages Act. The workmen has raised a demand notice and state government has raised the dispute to Industrial Tribunal cum Labour court. The tribunal has passed order in favour of workmen with reinstatement with back wages. The Company has filed a Writ in the Punjab and Haryana High court in Chandigarh for grant of stay and the same has been granted on 08th August, 2018. The Company is contesting the demands and the management, including its legal advisors, believe that its position will likely to be upheld in the honourable High Courts and accordingly no provision has been accrued in the financial statements for the demand raised.
- The management believes that the ultimate outcome of these proceeding will not have a material adverse effect on the Company's financial position and results of operations.
- c) There are numerous interpretative issues relating to the Supreme Court (SC) judgement dated 28th February, 2019 on Provident Fund (PF) on the inclusion of allowances for the purpose of PF contribution as well as its applicability of effective date. The Company is evaluating and seeking legal inputs regarding various interpretative issues and its impact.

**(C) For Commitment related to lease, refer note 37(i).**
**27 Revenue from operations**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2022	Year Ended 31st March 2021
Revenue from contract with Customers		
a) Sale of products	81,637.95	54,689.74
b) Other operating revenues		
Scrap sales	125.22	76.31
<b>Revenue from operations (a+b)</b>	<b>81,763.17</b>	<b>54,766.05</b>

### 27.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

<b>Type of goods</b>		
Seating system	74,504.06	50,501.86
Carpets	1,181.56	315.01
Extrusions	1,594.36	1,254.95
Others	4,357.97	2,617.92
<b>Total revenue from contracts with customers</b>	<b>81,637.95</b>	<b>54,689.74</b>
India	81,637.95	54,689.74
Outside India	-	-
<b>Total revenue from contracts with customers</b>	<b>81,637.95</b>	<b>54,689.74</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	81,637.95	54,689.74
Services transferred over time	-	-
<b>Total revenue from contracts with customers</b>	<b>81,637.95</b>	<b>54,689.74</b>

### 27.2 Contract balances

Trade receivables	11,072.05	8,260.04
Contract liabilities	2,828.96	450.79

Trade Receivables are non interest bearing. Credit period generally falls in the range of 30 to 60 days.

Contract liabilities consist of short-term advances received from customer to supply goods.

### 27.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Revenue as per contracted price	81,781.52	54,771.23
<b>Adjustments</b>		
Sales return	(18.35)	(5.18)
Revenue from contracts with customers	81,763.17	54,766.05

### 27.4 Performance obligation

The performance obligation is satisfied upon delivery of the equipment to the customer and payment is generally due within 30 to 60 days from delivery.

### 28 Other income

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Interest received on financial assets carried at amortised cost:</b>		
Income Tax	128.89	0.30
<b>Other non-operating income</b>		
Management Consultancy Income	21.42	14.45
Rental Income	68.11	45.57
Excess provision no longer required written back	261.76	53.99
Gain on termination of Right of use assets	-	43.12
Gain on sales of property, plant & equipment	3.88	-
Miscellaneous Income	42.80	47.53
	<b>526.86</b>	<b>204.96</b>

**29 Cost of materials consumed**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2022	Year Ended 31st March 2021
Inventory at the beginning of the year	2,094.80	1,472.64
Add: Purchases	72,150.18	45,452.05
Less: Inventory at the end of the year	4,566.25	2,094.80
	<b>69,678.73</b>	<b>44,829.89</b>

**30 Purchase of traded goods**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2022	Year Ended 31st March 2021
Purchases	27.28	89.80
	<b>27.28</b>	<b>89.80</b>

**31 Changes in inventories of finished goods, work-in-progress and traded goods**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2022	Year Ended 31st March 2021
<b>Inventory at the beginning of the year</b>		
Finished goods	510.94	248.16
Work in progress	153.12	82.52
Traded Goods	4.17	11.24
Scrap materials	0.35	0.35
	<b>668.58</b>	<b>342.27</b>
<b>Inventory at the end of the year</b>		
Finished goods	369.13	510.94
Work-in-progress	150.88	153.12
Traded Goods	3.37	4.17
Scrap materials	0.30	0.35
	<b>523.68</b>	<b>668.58</b>
<b>Changes in inventories of finished goods, work-in-progress and traded goods ((Increase) / Decrease)</b>	<b>144.90</b>	<b>(326.31)</b>

**32 Employee benefits expense**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2022	Year Ended 31st March 2021
Salaries, wages, bonus and other benefits	3,192.43	2,131.88
Contributions to provident and other funds	136.74	130.58
Gratuity expense (refer note No. 37 (a))	51.61	42.48
Staff welfare expenses	180.00	144.41
	<b>3,560.78</b>	<b>2,449.35</b>

Note: The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

**33 Finance costs**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2022	Year Ended 31st March 2021
Interest on debts & borrowings	362.77	376.98
Interest on lease liability	17.25	46.26
Bank charges	10.44	4.07
	<b>390.46</b>	<b>427.31</b>

**34 Depreciation and amortization expenses**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2022	Year Ended 31st March 2021
Depreciation of tangible assets (refer note 5(a))	1,715.86	1,711.04
Depreciation on right of use assets (refer note 5(c))	7.27	55.19
Amortization of intangible assets (refer note 5(b))	38.31	32.08
	<b>1,761.44</b>	<b>1,798.31</b>

**35 Other expenses**

(Rs. in lakhs except as otherwise stated)

	Year Ended 31st March 2022	Year Ended 31st March 2021
Power and fuel	807.59	605.02
Rent	1.34	0.58
Repair and maintenance:		
Buildings	23.38	12.87
Plant and machinery	350.06	358.94
Others	26.77	19.82
Insurance	122.17	119.64
Research and development expenses (refer note below)	76.82	468.98
Consumption of stores and spares	99.16	153.08
Payment to Auditors		
As Auditors:		
Audit Fee	35.03	32.02
Reimbursement of expenses	2.61	0.12
Loss on sale/discard of property, plant and equipment	0.52	4.22
Contribution towards Corporate Social Responsibility (CSR) (refer note no. 37 (e))	32.00	59.01
Sub-contracting expenses	2,035.82	1,999.30
Legal and professional expenses	330.87	293.25
Technical know how fees and royalty	121.85	118.62
Freight Outward	383.40	283.81
Travelling and conveyance	167.92	43.72
Miscellaneous expenses	517.69	465.17
	<b>5,135.00</b>	<b>5,038.17</b>

**36 Earnings per equity shares**

(Rs. in lakhs except as otherwise stated)

		Year Ended 31st March 2022	Year Ended 31st March 2021
<b>a) Basic Earnings per share</b>			
Numerator for earnings per share			
Profit after taxation		1,191.34	480.57
Denominator for earnings per share			
Weighted number of equity shares outstanding during the year	(Nos.)	31,400,000	31,400,000
Earnings per share- Basic (one equity share of Rs. 2/- each)	Rs.	3.79	1.53
<b>b) Diluted Earnings per share</b>			
Numerator for earnings per share			
Profit after taxation		1,191.34	480.57
Denominator for earnings per share			
Weighted number of equity shares outstanding during the year	(Nos.)	31,400,000	31,400,000
Earnings per share- Diluted (one equity share of Rs. 2/- each)	Rs.	3.79	1.53

Note: There are no instruments issued by the Company which have effect of dilution of basic earning per share.

**37 Other Notes to Accounts**

- a. Disclosures pursuant to Ind AS-19 "Employee Benefits"(specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below :

**Defined Benefit Plan**

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 following tables summarize the components of net benefit expense recognised in the other comprehensive income in the statement of the profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

- i) **Net defined benefit expense (recognised in the statement of profit and loss for the year)**

(Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2022	As At 31st March 2021
Opening defined benefit obligation	370.64	420.70
Current Service Cost	47.76	38.07
Interest Cost	23.35	26.09
Remeasurment (gains)/ losses	(23.31)	(17.00)
Benefits paid	(26.96)	(97.22)
<b>Closing defined benefit obligation</b>	<b>391.48</b>	<b>370.64</b>



**ii) Changes in the fair value of plan assets are as follows:** (Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2022	As At 31st March 2021
<b>Fair value of plan assets at the beginning of the period</b>	<b>309.56</b>	<b>349.69</b>
Interest income	19.50	21.68
- Return on plan assets (expected amounts included in net interest expense)	(0.28)	(6.41)
Contributions from the employer	0.01	41.82
Benefits paid	(26.96)	(97.22)
<b>Closing fair value of plan assets</b>	<b>301.83</b>	<b>309.56</b>

**iii) The amount included in the Balance Sheet** (Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2022	As At 31st March 2021
Present value of defined benefit obligation	391.48	370.64
Fair value of plan assets	301.83	309.56
<b>Amount Recognised in Balance Sheet-Asset/ (Liability)</b>	<b>(89.65)</b>	<b>(61.08)</b>

**iv) Amount recognised in the statement of profit and loss** (Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2022	As At 31st March 2021
Current service cost	47.76	38.07
Interest cost on benefit obligation	3.85	4.41
Reduction due to difference in plan assets at the beginning of the period		
Remeasurements		
<b>Defined Benefit Cost recognised in statement of Profit or Loss</b>	<b>51.61</b>	<b>42.48</b>

**v) Remeasurments- other comprehensive income (OCI)** (Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2022	As At 31st March 2021
Return on plan assets (excluding amount included in net interest expense)	0.28	6.41
Actuarial (gains)/ losses arising from changes in demographic assumption	-	-
Actuarial (gains)/ losses arising from changes in financial assumptions	5.83	(21.41)
Actuarial (gains)/ losses arising from experience adjustments	(29.14)	4.41
<b>Defined benefit costs recognised in other comprehensive income</b>	<b>(23.03)</b>	<b>(10.59)</b>

**vi) Broad categories of plan assets as a percentage of fair value of total plan assets**

Particulars	Gratuity
Insured with LIC	100.00%

**vii) The principal assumptions used in determining defined benefit obligation**

Particulars	As At 31st March 2022	As At 31st March 2021
Discount rate	6.90%	6.30%
Rate of increase in compensation	9.00%	8.00%
Average outstanding service of employees upto retirement (years)	22.08	21.73

**viii) A quantitative sensitivity analysis for significant assumption** (Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2022	As At 31st March 2021
Change in discount rate		
Decrease in defined benefit obligation due to 1% increase in discount rate	20.22	19.54
Increase in defined benefit obligation due to 1% decrease in discount rate	22.73	21.91
<b>Rate of salary escalation</b>		
Increase in defined benefit obligation due to 1% increase in expected salary escalation rate	19.61	19.12
Decrease in defined benefit obligation due to 1% decrease in expected salary escalation rate	17.92	18.32

Change in defined benefit obligation due to 1% increase/ decrease in mortality rate, if all other assumptions remains constant is negligible

**ix) Maturity profile of defined benefit obligation** (Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2022	As At 31st March 2021
(i) Weighted average duration of the defined benefit obligation	<b>9 years</b>	<b>9 years</b>
Within next 12 months	80.59	50.05
Between 2 to 5 years	167.44	178.32
Above 5 years	143.45	142.27
<b>Total</b>	<b>391.48</b>	<b>370.64</b>

**x) Enterprise best estimate of contribution during next year** (Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2022	As At 31st March 2021
Enterprise best estimate of contribution during next year	65.51	40.43

- xi)** The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.
- xii)** Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- xiii)** The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefits obligation as a result of reasonable changes in key assumption occurring at the end of the reporting period.
- xiv)** The plan assets are maintained with Life Insurance Corporation of India (LIC).

**b. Contribution to Defined Contribution Plan, recognised as expense for the year is as under:**

(Rs. in lakhs except as otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Provident fund/ other employees fund	136.74	130.58

**c. Operating segment information**

The Company has only one reportable business segment as it manufactures and deals only in different seating systems, carpet etc. in terms of Ind AS 108 "Operating Segment". Further, the Company operates only in one geographical segment -India. All the assets of the Company are located in India. The chief operating officer and chief financial officer (chief operating decision maker) monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment. Hence, the disclosure requirements of the standard are not considered.

The revenue from external customer includes revenue from three customer which is equal to 10% or more of entity's revenue amounts to Rs. 80,770.77 lakhs (31st March, 2021: Rs. 48,627.82 lakhs).

**d. Related party transactions**

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015 as amended from time to time) are disclosed below:-

**A. Names of related parties and description of relationship:**

1)	Names of parties	Nature of relationship
i)	Entities with Joint Control or significant influence over the Company	Maruti Suzuki India Ltd.
		Suzuki Motor Corporation, Japan.
		Sharda Motor Industries Limited (Refer note no. 37 (k))
		NDR Auto Components Limited (Refer note no. 37 (k))
ii)	Key management persons	Mr. Rohit Relan–Chairman and Managing Director
		Mr. Rishabh Relan – Whole time Director w.e.f.04.02.2021, (Chief Operating Officer upto 03.02.2021)
		Mr. Ayush Relan- Assistant Chief Operating Officer (upto 01.01.2021)
		Mr. Pranav Relan- Assistant Chief Operating Officer (upto 26.10.2020)
		Mr. Sanjeev Kumar - Chief Financial Officer
		Ms. Ritu Bakshi-Company Secretary
		Mr. Ashwani Aggarwal -Whole time Director w.e.f. 04.02.2021
		Mr. Ravindra Gupta - Independent Director
		Mr. Girish Narain Mehra - Independent Director
		Ms. Shyamla Khera - Independent Director
		Mr. Prateep Kumar Lahiri - Independent Director till 09.10.2021
		Mr. Arvind Varma -Independent Director
iii)	Relatives of key management persons	Mr. Ajay Relan – Brother of Mr. Rohit Relan
		Mrs. Sharda Relan -Mother of Mr. Rohit Relan
		Mrs. Ritu Relan -Wife of Mr. Rohit Relan
		Mr. Ayush Relan - Son of Mr. Rohit Relan
		Mr. Pranav Relan - Son of Mr. Rohit Relan
iv)	Enterprises over which entities(s): referred to in (i) above is able to exercise significant influence	Toyota Boshoku Relan India Pvt. Ltd.
		Toyo Sharda India Pvt. Ltd.
		Suzuki Motorcycle India Pvt. Ltd.
		Suzuki Motor Gujarat Pvt. Ltd.

**B. Transactions with related parties**

(Rs. in lakhs except as otherwise stated)

Particulars	2021-22	2020-21
<b>i) Sale of products</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	63,929.01	48,627.82
NDR Auto Components Ltd.	18.73	400.50
<b>Enterprises over which entities(s): referred to in (i) above is able to exercise significant influence</b>		
Suzuki Motorcycle India Pvt. Ltd.	8,414.42	5,094.60
Suzuki Motor Gujarat Pvt. Ltd.	8,427.34	461.62
Toyo Sharda India Pvt. Ltd.	169.12	88.90
	<b>80,958.62</b>	<b>54,673.44</b>
<b>ii) Purchases of Material, traded goods (Including all taxes)</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
NDR Auto Components Ltd.	25,583.52	12,776.70
Sharda Motor Industries Ltd.	-	116.22
Maruti Suzuki India Ltd.	161.38	151.84
<b>Enterprises over which entities(s): referred to in (i) above is able to exercise significant influence</b>		
Toyo Sharda India Pvt. Ltd.(net of reimbursement expenses)	6,508.54	4,680.22
	<b>32,253.44</b>	<b>17,724.98</b>
<b>iii) Other Income:</b>		
<b>a) Rental Income:</b>		
<b>Enterprises over which entities(s): referred to in (i) above is able to exercise significant influence</b>		
Toyo Sharda India Pvt. Ltd.	68.11	45.57
<b>b) Management Consultancy Income:</b>		
<b>Enterprises over which entities(s): referred to in (i) above is able to exercise significant influence</b>		
Toyo Sharda India Pvt. Ltd.	21.42	14.45
<b>c) Job Work Income:</b>		
<b>Enterprises over which entities(s): referred to in (i) above is able to exercise significant influence</b>		
Toyo Sharda India Pvt. Ltd.	0.85	2.68
<b>d) Interest Income:</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	0.70	0.30
	<b>91.08</b>	<b>63.00</b>



Particulars	2021-22	2020-21
<b>iv) Remuneration to Key Managerial Persons</b>		
<b>Key management persons</b>		
Rohit Relan		
-Short term employee benefits	205.50	154.19
-Post employment benefits	19.58	15.73
Sanjeev Kumar		
-Short term employee benefits	38.29	28.06
-Post employment benefits	1.94	3.82
Rishabh Relan		
-Short term employee benefits	54.87	38.52
-Post employment benefits	6.71	4.07
Ayush Relan		
-Short term employee benefits	-	12.48
-Post employment benefits	-	1.13
Pranav Relan		
-Short term employee benefits	-	6.04
-Post employment benefits	-	0.80
Ashwani Aggarwal		
-Short term employee benefits	130.08	100.07
-Post employment benefits	6.16	4.99
Ritu Bakshi		
-Short term employee benefits	20.26	16.40
-Post employment benefits	1.48	2.76
	<b>484.87</b>	<b>389.06</b>
<b>v) Other Expenses :</b>		
<b>a) Power &amp; Fuel</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	342.21	199.09
<b>b) Rent:</b>		
Entities with Joint Control or significant influence over the Company		
Maruti Suzuki India Ltd.	20.46	19.56
<b>c) Factory Expenses :</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	5.82	21.63
<b>d) Miscellaneous Expenses- Reimbursement of Expenses</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
NDR Auto Components Ltd.	72.88	-
Toyo Sharda India Pvt. Ltd.	56.62	-

Particulars	2021-22	2020-21
<b>e) Miscellaneous Expenses- Sitting Fees:</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	2.40	2.00
<b>Key Management Persons</b>		
Mr. Arvind Varma	5.60	4.80
Mr. Girish Narain Mehra	7.60	7.60
Mr. Pradeep Kumar Lahiri	3.20	6.80
Mr. Ravindra Gupta	6.00	6.00
Ms. Shyamla Khera	7.20	7.20
Ms. Nisha Malhotra	1.20	-
<b>f) Miscellaneous Expenses- Discount on sales</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	1.64	4.27
	<b>532.83</b>	<b>278.95</b>
<b>vi) Interest Expense</b>		
<b>Key management persons</b>		
Rohit Relan	175.65	187.97
<b>Entities with Joint Control or significant influence over the Company</b>		
NDR Auto Components Ltd.	61.87	-
	<b>237.52</b>	<b>187.97</b>
<b>vii) Dividend paid:-</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Limited	23.25	23.25
Suzuki Motor Corporation, Japan	23.25	23.25
Sharda Motor Industries Limited	-	-
NDR Auto Components Limited	45.00	45
<b>Key management persons</b>		
Rohit Relan	19.12	1.64
Rishabh Relan	1.84	1.84
Ayush Relan	-	1.08
Pranav Relan	-	2.14
<b>Relatives of key management persons</b>		
Ajay Relan	-	5.74
Sharda Relan	-	6.26
Pranav Relan	2.14	-
Ayush Relan	1.08	-
Ritu Relan	1.41	1.41
	<b>117.09</b>	<b>111.61</b>

Particulars	2021-22	2020-21
<b>viii) Loans Received from related parties</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
NDR Auto Components Ltd.	1,000.00	-
	<b>1,000.00</b>	<b>-</b>
<b>ix) Advance received during the year</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	2,378.17	443.79
Enterprises over which entities(s): referred to in (i) above is able to exercise significant influence		
Suzuki Motorcycle India Pvt. Ltd.	-	-
	<b>2,378.17</b>	<b>443.79</b>
<b>x) Sale of property plant and equipment</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
NDR Auto Components Ltd.	188.31	660.51
	<b>188.31</b>	<b>660.51</b>

**3. Closing Balances at the year end**

<b>i) Trade receivables</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	6,871.14	7,389.22
<b>Enterprises over which entities(s): referred to in (i) above is able to exercise significant influence</b>		
Suzuki Motorcycle India Pvt. Ltd.	1,724.99	808.31
Suzuki Motor Gujarat Pvt. Ltd.	2,369.85	56.65
	<b>10,965.98</b>	<b>8,254.18</b>
<b>ii) Trade Payable</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
NDR Auto Components Ltd.	2,826.15	2,852.63
Sharda Motor Industries Ltd.	-	3.17
<b>Enterprises over which entities(s): referred to in (i) above is able to exercise significant influence</b>		
Toyo Sharda India Pvt. Ltd.	724.38	965.34
	<b>3,550.53</b>	<b>3,821.14</b>
<b>iii) Performance bank guarantee outstanding in favour of:</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	3,101.41	443.79
	<b>3,101.41</b>	<b>443.79</b>

<b>iv) Unsecured Loans from Related parties</b>		
<b>Key management persons</b>		
Rohit Relan	2,260.00	2,260.00
	<b>2,260.00</b>	<b>2,260.00</b>
<b>v) Advance from Customers</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
Maruti Suzuki India Ltd.	2,821.96	443.79
	<b>2,821.96</b>	<b>443.79</b>
<b>vi) Loan Received from Related Parties</b>		
<b>Entities with Joint Control or significant influence over the Company</b>		
NDR Auto Components Ltd.	1000.00	-
	<b>1,000.00</b>	<b>-</b>

\*The remuneration to the key management personnel does not include the provision made for leave benefits, as it has been determined on an actuarial basis for the Company as a whole.

Terms and Conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2022 the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

#### e. Expenditure on corporate social responsibility

As per provisions of section 135 of the Companies Act, 2013, the Company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. The Company has contributed a sum of Rs. 32.00 lakhs (31st March, 2021: Rs. 59.01 lakhs) towards relief activities, education and healthcare purpose. The same is debited to the Statement of Profit and Loss.

##### Details of CSR expenditure

(Rs. In Lakhs except as otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a) Gross amount required to be spent by the Company during the year	32.00	58.00
b) Amount approved by the Board to be spent during the year	32.00	59.01
c) Amount spent during the year (in cash)		
i) Construction/acquisition of any asset		
ii) On purposes other than (i) above	32.00	59.01
d) Amount yet to be paid in cash		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	-
e) Details related to spent / unspent obligations:		
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	-	-
iii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-



**Details of ongoing project**

In case of S. 135(6) (Ongoing Project)						
Opening Balance		Amount required to be spent during the period	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	-	-	-	-	-	-

(Rs. in lakhs except as otherwise stated)

In case of S. 135(5) (Other than ongoing project)				
Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	32.00	32.00	-

**f. Fair value measurements**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

(Rs. in lakhs except as otherwise stated)

Financial Instruments by category	Carrying Value		Fair Value	
	As At 31st March 2022	As At 31st March 2021	As At 31st March 2022	As At 31st March 2021
<b>Financial assets at amortized cost</b>				
Other financial assets	83.52	83.05	83.52	83.05
Cash and cash equivalents	8.13	72.35	8.13	72.35
Other bank balances	104.50	42.35	104.50	42.35
Trade receivables	11,072.05	8,260.04	11,072.05	8260.04
<b>Financial liabilities at amortized cost</b>				
Non-current borrowings	3,260.00	2,453.75	3,260.00	2453.75
Current borrowings	464.79	891.83	464.79	891.83
Trade payables	13,020.66	12,102.06	13,020.66	12102.06
Other financial liabilities	180.92	328.42	180.92	328.42
Lease liabilities (current and non current)	167.95	169.81	167.95	169.81

The fair value of the financial assets and liabilities is included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption were used to estimate the fair value.

- The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flow using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flow or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- Receivables/Payables are evaluated by the Company based on parameters such as interest rate, risk factors, and individual credit worthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The significant unobservable inputs used in the fair value measurement categorized within level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31st March, 2022 are as shown below :-

**Fair Value Hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities.

**Level 2:** other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

**Level 3:** techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

**Note:** The company has measured its all financial assets and liabilities at amortised cost accordingly, quantitative disclosures fair value measurement hierarchy is not applicable on the company.

**g. Financial risk management**

The Company has instituted an overall risk management program which also focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Corporate Finance department evaluates financial risks in close co-operation with the various stakeholders.

The Company is exposed to capital risk, market risk, credit risk and liquidity risk. These risks are managed proactively by the Senior Management of the Company.

**i) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at 31st March, 2022 and 31st March, 2021. The analyses exclude the impact of movements in market variables on; the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31st March, 2022 and 31st March, 2021.

**A) Currency Risk:-**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is partly balanced by purchasing of goods from the respective countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

**Foreign currency risk sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro and JPY exchange rates, with all other variables held constant. The impact on the Company profit before tax is due to changes in the fair value of monetary assets and liabilities.

**Unhedged foreign currency exposures recognized are as under:**

(Rs. In Lakhs except as otherwise stated)

Currency Payable	Currency Symbol	31st March, 2022		Gain/(loss)	
		Foreign Currency	Indian Rupees	Impact on profit before tax	
				5% Increase	5% Decrease
United States Dollar	\$	0.81	61.70	-3.08	3.08
Euro	EUR	0.13	11.13	-0.56	0.56
Japanese Yen	JPY	59.83	37.49	-1.87	1.87

(Rs. In Lakhs except as otherwise stated)

Currency Payable	Currency Symbol	31st March, 2021		Gain/(loss)	
		Foreign Currency	Indian Rupees	Impact on profit before tax	
				5% Increase	5% Decrease
United States Dollar	\$	0.61	44.98	-2.25	2.25
Japanese Yen	JPY	105.27	69.86	-3.49	3.49

The Company does not have any derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rate on foreign currency exposures.

**B) Interest rate risk:**

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation at floating interest rates:

(Rs. In Lakhs except as otherwise stated)

Sensitivity Analysis	Gain/(loss)	Gain/(loss)
	Impact on profit before tax	Impact on profit before tax
	50 bps increase	50 bps decrease
31st March 2021	(18.62)	18.62
31st March 2020	(16.69)	16.69

**C) Price risk**

The Company is not exposed to any price risk as there is no investment in securities and the Company does not deal in commodities.

**ii) Liquidity risk:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company employs' prudent liquidity risk management practices which inter alia means maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Given the nature of the underlying businesses, the corporate finance maintains flexibility in funding by maintaining availability under committed credit lines and this way liquidity risk is mitigated by the availability of funds to cover future commitments. Cash flow forecasts are prepared and the utilized borrowing facilities are monitored on a daily basis and there is adequate focus on good management practices whereby the collections are managed efficiently. The Company while borrowing funds for large capital project, negotiates the repayment schedule in such a manner that these match with the generation of cash on such investment. Longer term cash flow forecasts are updated from time to time and reviewed by the senior management of the Company.

The table below represents the maturity profile of Company's financial liabilities at the end of 31st March, 2022 and 31st March, 2021 based on contractual undiscounted payments:

(Rs. In Lakhs except as otherwise stated)

As At 31st March 2022	0-1 year	1-5 years	More than 5 years	Total
Trade payable	13,020.66	-	-	13,020.66
Interest bearing borrowings	464.79	3,260.00	-	3,724.79
Other financial liabilities (excluding current maturity of long term borrowings)	180.92	-	-	180.92
Lease liabilities (current and non current)	1.99	10.56	155.40	167.95
<b>Total</b>	<b>13,668.36</b>	<b>3,270.56</b>	<b>155.40</b>	<b>17,094.32</b>

(Rs. In Lakhs except as otherwise stated)

As At 31st March 2021	0-1 year	1-5 years	More than 5 years	Total
Trade payable	12,102.06	-	-	12,102.06
Interest bearing borrowings	891.83	2,453.75	-	3,345.58
Other financial liabilities (excluding current maturity of long term borrowings)	328.42	-	-	328.42
Lease liabilities (current and non current)	1.86	9.59	158.36	169.81
<b>Total</b>	<b>13,324.17</b>	<b>2,463.34</b>	<b>158.36</b>	<b>15,945.87</b>

**Reconciliation of Interest bearing borrowings:**

(Rs. In Lakhs except as otherwise stated)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(i) Non-Current borrowings	3,260.00	2,453.75
(ii) Short-term borrowings	464.79	891.30
<b>Total</b>	<b>3,724.79</b>	<b>3,345.58</b>

**iii) Credit risk:**

Credit risk is the risk of financial loss to the Company if a customer or the counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers. Credit risk arises from cash held with banks, as well as credit exposure to customers including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company assesses the credit quality of the counterparties, taking in to account their financial position, past experience and other factors.

Balances with banks is subject to low credit risk due to good credit ratings assigned to these banks.

Credit risk relating to trade receivable, securities given is considered negligible as counterparties are having good credit quality. The ageing analysis of trade receivables has been considered from the date the invoice falls due.

**h. Capital Management**

For the purposes of Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2022 and 31st March, 2021.

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 0% to 10%.

The gearing ratio for each year is as follows:-

(Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2022	As At 31st March 2021
Total Borrowings (including current maturities) (refer note 17 & 21)	3,724.79	3,345.58
Less: Cash and Cash Equivalents (excluding unpaid dividend account)	(8.13)	(72.35)
<b>Net debt</b>	<b>3,716.66</b>	<b>3,273.23</b>
Equity	12,713.71	11,662.14
<b>Total capital</b>	<b>12,713.71</b>	<b>11,662.14</b>
<b>Total Capital and net debt</b>	<b>16,430.37</b>	<b>14,935.37</b>
Gearing Ratio	0.23	0.22

**i Lease**
**Contractual maturities of lease liabilities**

The Company has entered into leases for its commercial premises, duration of such leases is 7 to 33 years. These lease agreements are normally renewed on expiry. At the date of commencement of the lease, the Company recognize lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The rental expense charged to statement of profit and loss is Rs. 1.34 lakhs.

The weighted average incremental borrowing rate applied to lease liabilities recognized in the balance sheet at the date of initial application is 10.15%.

Set out below are the carrying amounts of lease liabilities and the movements during the year :-

(Rs. in lakhs except as otherwise stated)

Particulars	As At 31st March 2022	As At 31st March 2021
Opening balance /Reclassified on account of adoption of Ind AS 116	169.81	592.75
Add: Accretion of interest	17.25	46.26
Less: Principal repayment of lease liability	1.86	33.78
Less: Payment of interest on lease liability	17.25	46.26
Less: Reversal due to Termination	-	389.16
<b>Closing balance</b>	<b>167.95</b>	<b>169.81</b>
Non-current lease liability (Refer note 18(a))	165.96	167.95
Current lease liability (Refer note 18(b))	1.99	1.86

The maturity analysis of lease liabilities is disclosed in note 37(f)

The following are the amounts recognised in profit or loss:	Note	2021-22	2020-21
Depreciation expense of right-of-use assets	34	7.27	55.19
Interest expense on lease liabilities	33	17.25	46.26
Expenses related to short term leases/ low value assets (included in other expenses)	35	1.34	0.58
Gain on Termination of ROU	28	-	(43.12)
<b>Total amount recognised in profit or loss</b>		<b>25.86</b>	<b>58.91</b>

#### Company as lessor

The Company has entered into a cancellable operating lease with Toyo Sharda India Private Limited for a further period of 3- years starting from 01 April 2018 at such terms and conditions mutually agreed upon. The rent shall increase by 5% annually. Lessee shall not assign/ sublet property to any other person. The total rent recognised as income during the year is Rs. 68.11 lakhs (31st March 2021: Rs. 45.57 lakhs).

#### j. Dividend Paid and Proposed:

(Rs. In Lakhs except as otherwise stated)

Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
<b>Dividend declared and paid during the year:</b>		
Final Dividend for the year ended 31st March, 2021 Rs. 0.50 per equity share (31st March, 2020 Rs.0.50 per equity share)	157.00	157.00
	<b>157.00</b>	<b>157.00</b>
<b>Proposed dividend on Equity Shares</b>		
Proposed Dividend for the year ended 31st March, 2022 Rs. 0.80 per equity share (31st March, 2021 Rs. 0.50 per equity share)	251.20	157.00
<b>Total</b>	<b>251.20</b>	<b>157.00</b>

#### Events after the reporting period

The board of directors have proposed dividend after the balance sheet date which are subject to approval by the shareholders at the annual general meeting.

- k. During the previous year, pursuant to the scheme of arrangement between Shards Motor Industries Limited (Demerged Company) and NDR Auto Components Ltd. (Resultant Company) u/s 230 to 232 and other applicable provisions of the companies Act, 2013 as approved by Hon'ble National Company Law Tribunal, Delhi Bench ("NCLT") vide its order dated 20th February, 2020 (certified true copy received on 11th March, 2020), which

is effective. from 16th March, 2020 (effective date), being the date of filing the certified copy of the order of the NCLT, Sharda Motor Industries Limited (Promoter Group Company) has transferred its entire stake (90,00,000 shares forming 28.66% of the total share capital of the Company) to another Promoter Group Company, NDR Auto Components Ltd on 11th April, 2020.

**I. Impact of Corona Virus on Financial Reporting**

On account of COVID-19 pandemic, nationwide lockdown was imposed by Government of India effective March 24, 2020 which extended for a couple of months in varied parts of the country and in varied forms. The outbreak of Coronavirus (COVID -19) pandemic globally and in India has caused significant disturbance and slowdown of economic activity. At the time of finalisation of these financial statements the severity of the pandemic in the form of Wave 2 is peaking day by day across the country and on account of which various state Governments have started imposing lockdown like restrictions in various parts of the country.

Consequent to these uncertainties caused due to continuation of pandemic, the Company has considered the possible effects that may result from the pandemic relating to Covid 19 in the preparation of these financial statements and has done a detailed assessment for carrying amount of financial and non-financial assets and does not anticipate any impairment to these assets. Also, the management does not see any risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due. The situation though is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of COVID-19 and due to which the Company will continue to closely monitor any material changes to future economic conditions, if any.

**m. Other Statutory Information**

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- (iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding at the Intermediary shall.
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company have not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (vii) The Company do not have any charge or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- (vii) The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses.

**n. Financial Ratios**

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Change	Remarks
Current ratio	Current Assets	Current Liabilities	1.03	0.87	18.39%	
Debt- Equity Ratio	Total Debt (i.e. Non-Current Borrowings + Current Borrowings)	Total Equity	0.29	0.29	0.00%	

Debt Service Coverage ratio	Profit after Tax + Finance Cost in profit and loss account + Depreciation and amortization	Finance Cost in profit and loss + Finance Cost Capitalised + Lease and Principal Repayments (Long-term)	3.87	1.66	133.13%	Debt service coverage ratio has improved due to better profitability and sales volumes.
Return on Equity ratio	Profit after Tax	Average Total Equity	0.10	0.04	150.00%	Return on equity ratio has increased due to increase in profits.
Inventory Turnover ratio	Revenue from operation	Average Inventory	19.78	21.79	-7.85%	-
Trade Receivable Turnover Ratio	Revenue from operation	Average Trade Receivables	8.46	9.23	-8.34%	-
Trade Payable Turnover Ratio	Purchase of Raw Material + Purchase of Stock-in-Trade	Average Trade Payables	5.75	4.71	22.08%	-
Net Capital Turnover Ratio	Revenue from operation	Working Capital (i.e. Current Assets - Current Liabilities)	162.14	(28.86)	-661.82%	Net capital turnover has improved primarily due to increase in sales volumes and decrease in borrowings although increase in ratio has been partially offset by increase in inventory and trade receivables.
Net Profit ratio	Profit after Tax	Revenue from Operation	0.015	0.009	66.67%	Net Profit ratio has increased due to increase in revenue from operation during the year.
Return on Capital Employed	Profit before Tax + Finance Cost	Capital employed = Tangible networth + Total Debts (Including lease liability) + Deferred tax liability	0.12	0.07	71.43%	Return on Capital Employed has increased due to higher profit before tax during current year.
Return on Investment	Interest (Finance Income)	Investment	-	-	-	Company has nil investment, hence the ratio is nil.

- o. Note no. 1 to 37 pertaining to balance sheet and statement of profit and loss form an integral part of the financial statements.

**As per our report of even date**
**For S. R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration number 301003E/E300005

per **AMIT YADAV**

Partner

Membership no. 501753

Place : Gurugram

Date : May 06, 2022

**For and on behalf of the Board of Directors**
**ROHIT RELAN**

Chairman and Managing Director  
(DIN 00257572)

**RITU BAKSHI**

Company Secretary

**ASHWANI AGGARWAL**

Executive Director  
DIN: 03139415

**SANJEEV KUMAR**

Chief Financial Officer



If undelivered please return to :

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JOINT VENTURE PLOT NO. 1, MARUTI COMPLEX,  
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