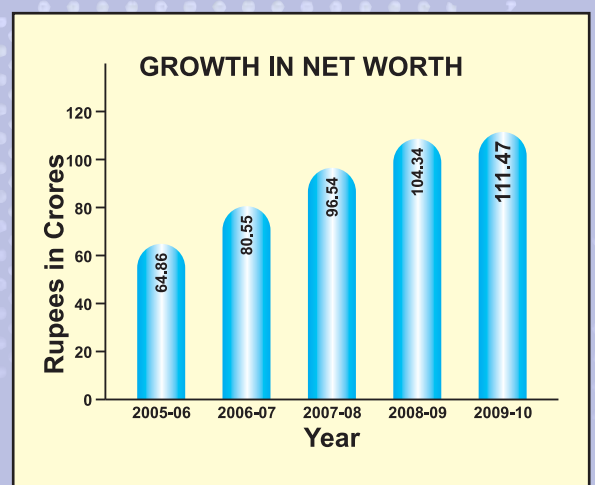
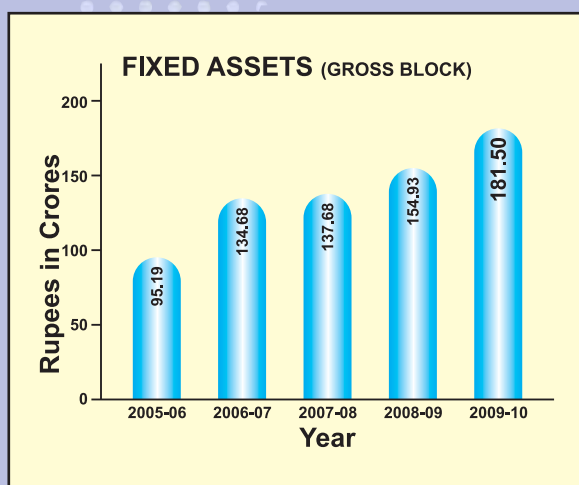
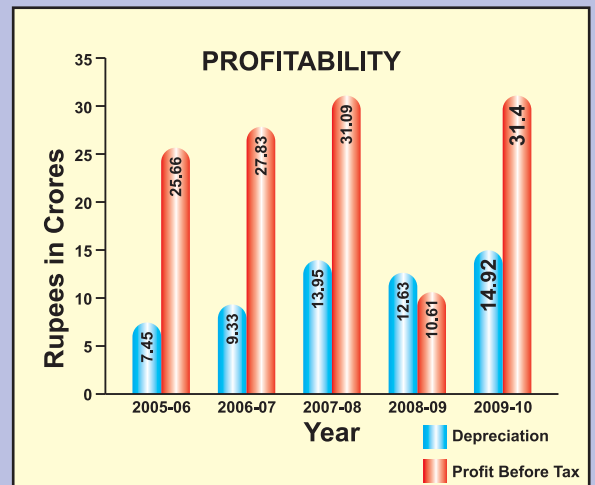
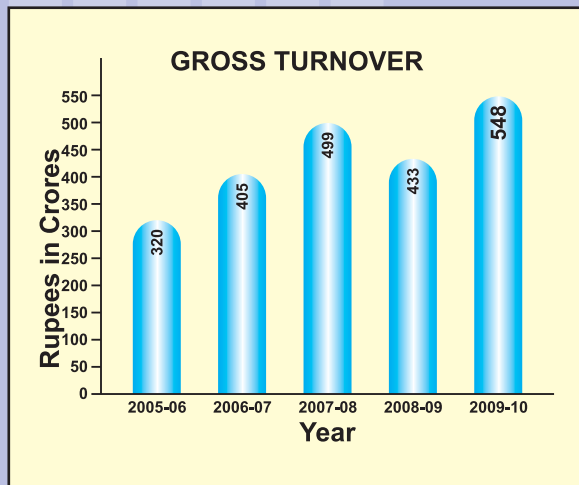


Annual Report 2010



SHARDA MOTOR INDUSTRIES LIMITED

PERFORMANCE HIGHLIGHTS



BOARD OF DIRECTORS

N. D. RELAN	<i>CHAIRMAN</i>
AJAY RELAN	<i>Managing Director</i>
SHARDA RELAN	<i>Director</i>
ROHIT RELAN	<i>Director</i>
R. P. CHOWDHRY	<i>Director</i>
G. L. TANDON	<i>Director</i>
O. P. KHAITAN	<i>Director</i>
KISHAN N. PARIKH	<i>Director</i>
UDAYAN BANERJEE	<i>Executive Director</i>
PROF. ASHOK KUMAR BHATTACHARYA	<i>Director</i>

PRESIDENT (LEGAL) & CFO

PRADEEP RASTOGI

SR. VICE PRESIDENT (F&A)

D. A. AGGARWAL

COMPANY SECRETARY

NITIN VISHNOI

AUDITORS

 M/S. S. R. DINODIA & CO.
 CHARTERED ACCOUNTANTS
 NEWDELHI

BANKERS

 YES BANK
 CANARA BANK
 ICICI BANK
 STATE BANK OF INDIA
 CITI BANK
 HDFC BANK
 ABN AMRO BANK

REGISTERED OFFICE

 D-188, OKHLA INDUSTRIAL AREA,
 PHASE - I, NEW DELHI - 110 020

CONTENTS

Message from Chairman	2
Message from Managing Director	3
Notice	4
Directors' Report	8
Report on Corporate Governance	14
Management Discussion & Analysis Report	24
Auditor's Report	26
Balance Sheet	29
Profit & Loss Account	30
Cash flow Statement	31
Schedules to Accounts	32
Balance Sheet Abstract	53
Statement under Section 212	54
Consolidated Financial Statements	55
Subsidiary Company's Financial Results	76

Message From Chairman

Dear Shareholders,

Warm greetings to you all !

Following the global economic turmoil in 2008, last year was a year of stability and significant restoration of confidence in global markets. In 2009-10, your Company delivered yet another sterling performance across several financial and operating indicators. Strategic investments, robust business plans, sound management practices that adapted rapidly to the changing environment under the guidance of Board Members and the contribution of our employees have collectively resulted in the Company performing exceedingly well.

We will continue to follow our successful strategy and actively shape our future. We will focus on increasing efficiency, product innovation and expanding our business in order to get closer to key markets. With this strategy, we can offer our customers best products and solutions and secure our position as a leading original equipment manufacturer for automobiles and white goods. With economic recovery, global demand for automobiles will resume its growth, in step with rising population and growing economies of the developing countries.



N. D. Relan
Chairman

The strength and rapidity of India's recovery reiterates the overall potential for sustained high economic growth in India. Our domestic architecture based on a sound regulatory framework has given us the ability to withstand any shocks emanating from global developments. The fundamentals that have helped us navigate the global financial crisis successfully can also be expected to drive sustained double digit growth.

With due consideration to the requirements of all stakeholders, the Company has charted an ambitious roadmap for the next five years, identifying key performance indicators and methods of monitoring and evaluation.

I thank all our stakeholders for their cooperation and look forward to their continued support in our exciting journey onwards and upwards!

Message From MD



Ajay Relan
Managing Director

Dear Shareholders,

Fiscal 2010 has been a year of renewal of confidence and optimism in the Indian economy, as it has rebounded strongly from the impact of the global recession and demonstrated its inherent strength and growth potential. We believe that we can look forward to a period of sustained growth driven by India's strong domestic fundamentals. It is in the context of this evolving economic scenario that we have set out our growth strategy. It has been our endeavour to continuously anticipate economic and market trends and develop appropriate strategies for the long-term benefit of our business and all our stakeholders.

The coming decade is a decade of opportunity for India and Indians. Our goal

is to make our Company one of the most innovative companies in India as well as in the world and to achieve breakthrough growth in revenues and profits by creating and implanting sustainable solutions. We are fully energized and committed towards playing our part in realizing the potential of India, empowering more and more Indians to participate in the growth process and creating value for all our stakeholders.

I would like to take this opportunity to thank all our employees and valued shareholders for their resolute trust and belief in the Company and their support to our endeavours to continually enhance shareholder value.

NOTICE

NOTICE is hereby given that the Twenty-Fifth Annual General Meeting of Sharda Motor Industries Limited will be held at Habitat World at India Habitat Centre, Lodhi Road, New Delhi, on **Wednesday the 18th Day of August, 2010 at 12:30 P.M.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date and Report of the Directors and Auditors thereon.
2. To declare a dividend for the financial year 2009-10
3. To appoint a Director in place of Smt. Sharda Relan who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Shri G. L. Tandon who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Udayan Banerjee who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s S. R. Dinodia & Co., Chartered Accountants, the retiring auditors of the Company, as Auditors of the Company, to hold office commencing from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Director, to fix their remuneration for the period.

SPECIAL BUSINESS

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

To appoint a Director in place of Professor Ashok Kumar Bhattacharya who was appointed by the Board of Directors as an Additional Director of the Company with effect from 28th October, 2009 and who holds office upto the date of forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, but who is eligible for appointment and in respect of whom the Company has received a notice in writing as required by Section 257 of the Companies Act, 1956 from a Member of the Company proposing his candidature for the office of Director and signifying his intention to move the following resolution as an Ordinary Resolution:

“RESOLVD THAT Professor Ashok Kumar Bhattacharya be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company”.

8. **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 Sections 198, 269, 309, 310, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the shareholders do hereby accorded for the appointment of Shri Udayan Banerjee as a whole-time director to be designated as an Executive Director of the company for a period of Five years with effect from 01st April' 2010 to 31st March' 2015 on payment of such remuneration and other benefits subject to tax deduction as per the Income Tax Act, as set out hereunder:

Salary : Basic Rs. 1,00,000/- per month in the range of Rs. 75,000 to Rs.200,000 per month and HRA Rs. 60,000/- per month in the range of Rs. 50,000 to Rs. 120,000 per month As may be agreed by the Board of Directors / Remuneration Committee and Shri Udayan Banerjee.

Other Entitlements			
1.	Entertainment	:	Reimbursement of entertainment expenses subject to a maximum of Rs. 10,000/- per month.
2.	Books & Periodicals	:	Actual subject to a maximum of Rs. 3,000/- per month.
3.	Attendant Allowance	:	Subject to a maximum of Rs. 5,000/- per month.
4.	Medical for Self & Family	:	Actual for self and family subject to maximum of Rs. 5,000/- per month.
5.	Leave Travel Concession	:	For self and family as per Company Rules.
6.	Earned / Privilege Leave	:	As per Company Rules. Leaves accumulated but not availed of during his tenure encashable as per Company Rules.
7.	Car	:	Provision for Chauffeur Driven Car.
8.	Telephone	:	Free telephone at residence, personal long distance calls to be paid by him
9.	Provident Fund	:	Company's Contribution towards Provident Fund, Pension Fund & Superannuation Fund as per the Company Rules.
10.	Gratuity	:	Gratuity as per the Payment of Gratuity Act, 1972 including any amendment or re-enactment thereof.
11.	Others	:	Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed upon by the Board of Directors and Shri Udayan Banerjee.

“Family means the Spouse, Dependant Children and Parents of the appointee.”

FURTHER RESOLVED THAT where in any financial year during the currency of tenure of the Appointee, the Company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and other entitlements as specified above, subject to limits laid down in the Companies Act, 1956 and Schedules / Rules made there under.

FURTHER RESOLVED THAT in the event of any liberalization/revision in the ceiling on permissible managerial remuneration or otherwise, the Board of Directors be and is hereby authorized to alter, vary and increase the remuneration, notwithstanding the overall remuneration set out as above, as may be permissible/prescribed without requiring any further resolution or consent of/reference to the Members.

FURTHER RESOLVED THAT the appointment may be terminated by either party by giving, in writing, to other party, three calendar months notice or lesser notice as may be agreed mutually.”

By Order of the Board
For **SHARDA MOTOR INDUSTRIES LTD.**

PLACE : NEW DELHI
DATED : 22nd May' 2010

NITIN VISHNOI
(Company Secretary)

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
3. The Register of the Members and Share Transfer Books of the Company will remain closed from **12th August, 2010 to 18th August, 2010** (both days inclusive).
4. Shareholders desirous of obtaining any information/clarification concerning the accounts or intending to raise any query are required to forward the same to the company so as to enable the Management to keep the information ready.
5. Dividend if approved by members at Annual General Meeting will be paid to those members, whose names appear on the Register of Members on **18th August, 2010**.
6. Pursuant to Section 205A (5) read with Section 205 C of the Companies Act, 1956 (as amended) any money transferred to the unpaid dividend account of a Company remaining unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to Investor Education and Protection Fund and thereafter no claims shall lie against the fund or the Company. So, you are advised to claim the same from the Company immediately. The due dates of transfer of the following dividends to the Fund are as under:

Financial Year Ended	Date of Declaration of Dividend	Proposed Due date for transfer to IEP Fund
31.03.2003	04.09.2003	03.10.2010
31.03.2004	28.01.2004*	26.02.2011
31.03.2004	22.07.2004	20.08.2011
31.03.2005	27.01.2005*	25.02.2012
31.03.2005	01.08.2005	30.08.2012
31.03.2006	25.10.2005*	23.11.2012
31.03.2006	25.08.2006	23.09.2013
31.03.2007	27.01.2007*	25.02.2014
31.03.2007	25.07.2007	23.08.2014
31.03.2008	28.01.2008*	26.02.2015
31.03.2008	04.08.2008	02.09.2015
31.03.2009	28.01.2009*	26.02.2016
31.03.2009	27.06.2009*	26.07.2016
31.03.2009	24.08.2009	22.09.2016
31.03.2010	28.01.2010*	26.02.2017

* Interim Dividend

7. Members are requested to intimate change, if any, in their postal addresses immediately to:

Alankit Assignments Ltd.
(Registrar & Transfer Agent)
Alankit House, 2E/21,
Jhandewalan Extension,
New Delhi 110055.

8. Annual Listing fee for the year 2010-11 has been paid to Delhi Stock Exchange wherein shares are listed.

9. Members/proxies should bring the attendance slips duly filled in and signed for attending the meeting.

10. INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT.

As required under Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed / reappointed are furnished below:

Name of Director	Smt. Sharda Relan	Shri G. L. Tandon	Shri Udayan Banerjee	Prof. Ashok Kumar Bhattacharya
Date of Birth & Age	11.08.1935 75 Years	09.11.1930 80 Years	15.01.1947 64 Years	14.02.1946 65 Years
Nationality	Indian	Indian	Indian	Indian
Appointed on	29.01.1986	16.12.2005	01.06.2004	28.10.2009
Qualifications	Graduate	B. Sc., B. Tech (Mining)	M.Sc., IIT Kharagpur	M.Sc., IIT Kharagpur & Phd from Churchill College, University of Cambridge
Expertise in specific functional areas	Corporate Management	Management of Mineral Industry and Energy Sector	Business Management	Research & Development
List of Directorships held in other Companies	1. Relan Industrial Finance Ltd. 2. Sharda Auto Solutions (P) Ltd.	1. V.B.C. Industries Limited 2. Utkal Coal Company Ltd. 3. Gujrat NRE Coke Ltd. 4. Tanishq Consultancy Pvt. Ltd. 5. Indian Metal & Ferro Alloys Ltd.	1. Sharda Sejong Auto Components Ltd.	NIL
Membership / Chairmanship of Committees across other Companies	None	Audit Committee – Chairman (1) Remuneration Committee – Member (1) Shareholders Grievance Committee - Member (1)	None	None
Shareholding of Non-Executive Directors in Sharda Motor Industries Ltd	742520	NIL	NIL	NIL

By Order of the Board
For **SHARDA MOTOR INDUSTRIES LTD.**

PLACE : NEW DELHI
DATED : 22nd May' 2010

NITIN VISHNOI
Company Secretary

ANNEXURE TO NOTICE

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 7

The Board of Directors of your Company, in accordance with Section 260 of the Companies Act, 1956 & Article No. 80 of the Articles of Association of the Company and to have the benefit of rich experience and expertise of Professor Ashok Kumar Bhattacharya, had appointed him as an Additional Director with effect from 28th October, 2009. The appointment of Professor Bhattacharya will also make the composition of the Board of the Company in conformity with the Listing Agreement with Delhi Stock Exchange Limited.

Professor Ashok Kumar Bhattacharya did his Masters in Physical Chemistry from IIT, Kharagpur and Phd from Churchill College, University of Cambridge. He has spent his entire career in research on various fields. His applied research has led to in excess of 40 major confidential research reports in 16 various areas. His basic research activity is focused on Catalysis oxidic systems and characterization of surface species. His research group is / has been collaborating with various international universities and various multinationals in the UK & Europe. He has been a member of various international organizations dealing with fundamental research. At present he is a professor of Engineering Sciences as well as basic sciences at the University of Oxford.

Professor Ashok Kumar Bhattacharya will hold the Office as such upto the date of this Annual General Meeting and are eligible for appointment since the Company has received notices in writing as required under Section 257 of the Companies Act, 1956, from Members of the Company proposing their candidature for the Office of Director of the Company.

The Board considers that it is in the interest of the Company. A brief profile of Professor Ashok Kumar Bhattacharya appears under Note No. 10 in the accompanying Notice convening the Annual General Meeting.

The Board of Directors of your Company, therefore, recommends the resolutions for your approval under item no. 7 in the accompanying Notice covering the Annual General Meeting.

None of the Directors of the Company is concerned or interested in the passing of above resolution except Professor Ashok Kumar Bhattacharya.

ITEM NO. 8

The Board of Directors in their meeting held on 28th January, 2010 and Members of the Remuneration Committee vide resolution dated 18.01.2010 had approved the appointment of Shri Udayan Banerjee as the Whole time Director of the Company, subject to the approval of the members in the general meeting, to be designated as Executive Director for a term of five years with effect from 01st April, 2010 on the terms of remuneration as mentioned in the proposed resolution herein above at item No. 8.

In view of rich experience and expertise, the Board of Directors consider it beneficial and in the interest of the Company to have him on the Board. A brief profile of Shri Udayan Banerjee appears under Note No. 10 in the accompanying Notice convening the Annual General Meeting.

Your Directors, therefore, recommended the resolution for your approval.

None of the Director of the Company is interested in above resolution except Shri Udayan Banerjee who may be deemed to be concerned or interested to extent of remuneration payable to him.

By Order of the Board
For **SHARDA MOTOR INDUSTRIES LTD.**

PLACE : NEW DELHI
DATED : 22nd May' 2010

NITIN VISHNOI
Company Secretary

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Twenty-Fifth Annual Report together with the Audited Accounts for the year ended 31st March' 2010.

1. FINANCIAL RESULTS:

	Year Ended 31.03.2010	(Rs. in Lacs) Year Ended 31.03.2009
Turnover and Inter-unit Transfers	54811.49	43334.37
Less: Inter-unit Transfer	3512.65	4007.57
Turnover	51298.84	39326.80
Profit before Other Income, Depreciation & Financial Charges	5033.90	2310.61
Add: Other Income	423.17	301.73
Profit before Depreciation, Financial Charges & Taxes	5457.07	2612.34
Less:		
a) Depreciation	1492.05	1263.22
b) Financial Charges	825.17	295.37
c) Taxation		
– Current Tax	861.33	237.20
– Fringe Benefit Tax	-	24.00
– Deferred Tax	165.95	37.44
– Adjustments for earlier years	(3.05)	(14.40)
Add: Profit on sale of Exceptional item		-
Net Profit after Tax	2115.62	769.51
Add: Profit brought forward from Previous year	2155.58	3081.77
Profit available for appropriation	4271.20	3851.28
APPROPRIATIONS		
Proposed Dividend	297.32	297.32
Tax on Proposed Dividend	50.53	50.53
Interim Dividend	297.32	297.32
Tax on Interim Dividend	50.53	50.53
Transferred to General Reserves	2000.00	1000.00
Balance carried forward to Balance Sheet	1575.50	2155.58

2. OPERATIONS

During the year under review your Company achieved yet another milestone. Turnover and inter-unit transfers touched an all time high of Rs. 548.11 Crores as against Rs.433.34 Crores for the previous Financial Year registering an increase of 26.48%.

3. DIVIDEND

Your Company had paid an interim dividend of Rs.5.00 per share during the year. Your Directors have further recommended a final Dividend of Rs. 5.00 per Equity Share @ 50% on the paid-up Equity Share Capital of the Company for the year ended 31st March' 2010.

The Final Dividend, if approved at the forthcoming Annual General Meeting, shall be paid out of the profits of the Company to those shareholders whose names appear on the register of members on 18th August, 2010. Thus, the total dividend for the year 2009-10 would be Rs.10.00 per equity share.

The Cash outflow on account of dividend including interim dividends on equity share capital will be Rs.695.69 Lakhs including dividend tax of Rs.101.06 Lakhs.

4. SUBSIDIARY

Your Company has only one wholly owned subsidiary viz M/s Sharda Sejong Auto Components (India) Ltd. The Audited Accounts of the subsidiary for the year ended 31 March' 2010 are attached in accordance with Section 212 of the Companies Act, 1956.

Consolidated accounts of its subsidiary and associates for the year under review have also been drawn in accordance with the requirement of Accounting Standard 21 and 23 of ICAI annexed herewith for your review.

5. DIRECTORS

Your Board of Directors with heavy heart and deep sorrow inform you the sad demise of Shri S. P. Marwaha, on 14th September' 2009. Late Shri Marwaha was associated with your company since its inception and continued to serve on the Board of the company since then. The Board of Directors expresses its deep condolence for the departed soul and places on record its appreciation for the valuable services and guidance provided by him during his tenure.

During the year, Professor Ashok Kumar Bhattacharya was appointed as Additional Director w.e.f. 28th October, 2009. He holds office as such upto the date of the forthcoming Annual General Meeting. The Company has received notice in writing pursuant to Section 257 of the Companies Act, 1956, proposing his candidature for appointment as Director subject to retirement by rotation, at the ensuing Annual General Meeting and the Board of Directors also recommended for his appointment.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Smt. Sharda Relan, Shri G. L. Tandon and Shri Udayan Banerjee, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. In terms of clause 49 of the Listing Agreement with the Stock Exchange, the details of the Directors to be re-appointed are being provided in the Notice of the Annual General Meeting.

6. PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 regarding employees is given in **Annexure-A** forming part of the Directors' Report.

7. CONSERVATION OF ENERGY

Your Company is not covered by the Schedule of Industries which are required to furnish information in Form 'A' under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

8. TECHNOLOGY ABSORPTION

The detailed information in this regard is mentioned in Form-'B' of The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 annexed hereto (**Annexure-B**).

9. CORPORATE GOVERNANCE

We strive to attain high standards of corporate governance while interacting with all our stakeholders. The Company has complied with the corporate governance code as stipulated under the Listing Agreement with Stock Exchange.

A separate report of the Directors on Corporate Governance is enclosed (**Annexure-C**) which forms part of this Annual Report.

A certificate from CEO and CFO of the company has been received by the Board certifying the compliances as stipulated in Clause 49 (V) of the Listing Agreement and is annexed as a part of this Annual Report.

The requisite certificate from Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management discussion and analysis report as required under the Listing Agreement with the Stock Exchange as a part of Directors' Report is annexed as **Annexure – 'D'**.

11. FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement containing necessary information in respect of foreign exchange earnings and outgo is annexed hereto as Annexure-B and forms an integral part of this Report.

12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (I) In the preparation of the annual accounts for the under report, the applicable accounting standards have been followed;

- (II) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date;
- (III) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (IV) The annual accounts have been prepared on a "going concern" basis.

13. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the Public during the year under review and has nil fixed deposits outstanding.

14. STOCK EXCHANGE INFORMATION

The Equity Shares of the Company continue to remain listed on the Delhi Stock Exchange Limited and the annual listing fees for the financial year 2010-11, has been paid.

15. INDUSTRIAL RELATIONS

During the period under review, the Company maintained healthy, cordial and harmonious industrial relations at all levels.

Your Directors wish to place on record their appreciation of the co-operation, valuable contributions, enthusiasm and unstinting efforts made by the employees of the Company at all levels in the organization and they have ensured the accomplishment of excellent results and achievement by the Company.

16. AUDITORS

M/s S. R. Dinodia & Co. Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received letter from them to the effect that their re-appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

The Audit Committee and the Board of Directors recommend the re-appointment of M/s. S. R. Dinodia & Co. Chartered Accountants as the Statutory Auditors of the Company.

17. AUDITORS' REPORT

The observations of Auditors in their report read with the relevant notes to accounts are self-explanatory and therefore do not require further explanation.

18. STATUTORY DISCLOSURES

None of the Directors of your Company is disqualified as per the provisions of Section 274(1)(g) of the Companies Act, 1956. Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

19. ACKNOWLEDGEMENTS

Your Company has been able to operate efficiently because of the professionalism, creativity, integrity and continuous improvement in all functional areas to ensure efficient utilization of the Company's resources for sustainable and profitable growth. The Directors acknowledge their deep appreciation to employees at all levels for their total dedication, hard work, commitment and collective team work, which has enabled the Company to remain at the forefront of the industry despite increased competition and challenges.

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from its customers i.e. Hyundai Motor India Ltd., Mahinda & Mahindra Ltd., Samsung Electronics India Ltd., Tata Motors Ltd., Carrier Air Conditioning and Refrigeration Ltd. and Bharat Seats Ltd.

Your Directors also extend their appreciation to Yes Bank, Canara Bank, ICICI Bank, State Bank of India, Citi Bank, HDFC Bank, ABN Amro Bank and various Departments of Central and State Governments.

Your Directors also would like to thank all the shareholders for their continued support & Co-operation.

For and On behalf of Board
For **SHARDA MOTOR INDUSTRIES LTD.**

PLACE : NEW DELHI
DATED : 22nd May, 2010

N. D. Relan
Chairman

ANNEXURES TO DIRECTORS' REPORT
ANNEXURE-A

Statement of particulars under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Directors for the Year Ended 31st March' 2010.

A. Employed throughout the year ended 31st March' 2010 in receipt of Remuneration not less than Rs.24,00,000/-

Name	Designation & Nature of Duties	Remuneration Received(Rs. in Lacs)	Qualification & Experience (in No. of Years)	Date of Commencement of Employment	Age	Particulars of last Employment
Shri N. D. Relan	Chairman / Overall Supervision	164.81	B.Com 58 Yrs	01.07.2003	81 Yrs	Chairman Bharat Seats Ltd.
Shri Ajay Relan	Managing Director / Supervision of business affairs of the Company	157.50	B.Com (Hons), OPM Program, From Harvard Business School, USA 27 Yrs	01.09.1986	48 Yrs.	First Employment
Shri Anil Badhwar	President - Research, Design and Development activities	26.18	B. Tech. - IRIMEE, Jamalpur & PGDBM, Mumbai 39 Yrs	23.05.2007	62 Yrs.	Managing Director- Magnum Transmission Pvt. Ltd.

B. Employed for part of the year ended 31st March' 2010 in receipt of Remuneration not less than Rs.2,00,000/- per month

Name	Designation & Nature of Duties	Remuneration Received(Rs. in Lacs)	Qualification & Experience (in No. of Years)	Date of Commencement of Employment	Age	Particulars of last Employment
Dr. Sivanandi Rajadurai	Head R&D Centre / Overall Supervision of research, design and Development activities	38.92	Ph.D (1979) in Physical Chemistry 31 Yrs	01.12.09	59 Yrs	Vice President, ACS Industries

Notes:-

- Remuneration includes Basic Salary, Allowances, Commission, Company's contribution to provident fund and monetary value of perquisites and excludes earned leave and gratuity unless paid/payable.
- The nature of employment in all cases is contractual.
- Shri N. D. Relan and Shri Ajay Relan are relative of Smt. Sharda Relan and Shri Rohit Relan, the Non-Executive Directors of the Company.
- Shri N. D. Relan, Chairman, is holding 21.20 % Equity Shares of the Company in pursuance of Section 217(2A) of the Companies Act, 1956 and Rules made thereunder.
- Shri Ajay Relan, Managing Director, is holding 28.50 % Equity Shares of the Company in pursuance of Section 217(2A) of the Companies Act, 1956 and Rules made thereunder.
- Shri Anil Badhwar and Dr. Sivanandi Rajadurai are holding NIL Equity Shares in the Company as on 31.03.2010.

ANNEXURE-B

Disclosure of the Particulars with respect to Technology Absorption as required under Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the period ended 31st of March, 2010.

PART - I : DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

FORM - B

A) RESEARCH & DEVELOPMENT (R&D)

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

The Company's Research & Development Centre at Chennai, which has been recognized by the Department of Scientific and Industrial Research (DSIR), Government of India and enjoy the approval u/s 35(2AB) of Income Tax, Act, is well equipped with the latest testing equipments. A team of highly qualified automobile engineers are fully committed towards attaining targets set by the Management.

Our newly added capabilities include designing and modeling softwares such as Auto CAD 2010, Catia V5 HDX with forming capabilities, Star CD and CCM+, Hyperworks, and MSC NASTRAN.

The Company's Research & Development Centre continued and expanded its research work in improving the design, process and methods for manufacturing the automotive components and developing new improved method.

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

- ^ Overall cost reduction, efficiency, improved utilization / productivity of existing manufacturing facilities.
 - Optimization of Muffler (Weight Reduction of about (21.06 %) for John Deere Tractor.
- ^ Compliance of regulatory norms / requirements.
- ^ Enhancement in quality and services to the customers.
 - Improved quality of Catalytic converter for Tata Nano small car.
 - Revised Tata Nano Muffler (Resonator is designed inside the muffler with perforated tubes and all the other tubes and baffle plates are non perforated)
- ^ Development of new product design / process.
 - Working on new technologies and products i.e. DPF, SCR etc.
 - Development of full exhaust system for Tata Nano export model 3 cy 900°C small car with Euro 5 emission regulation for European application.
- ^ Reduction in manufacturing & delivery time. Reduction in rejection / waste.

3. Future plan of action:

Steps are continuously being initiated to strengthen the existing research projects in hands and to undertake new research & development assignments with an objective of efficient utilization of raw material, cost optimization of existing products and production of better quality products including new product development.

- ^ R&D is focusing on developing the exhaust system with new technologies - Diesel Particulate Filter, Lean NOx trap, Selective Catalyst Reduction in order to meet the Tier 2 Bin 5 and Euro 5 emission regulations in India.
- ^ Lab equipments and testing equipments are to be purchased
- ^ New R&D block is under construction and will be occupied sooner than later.
- ^ Planned Controlled Canning process in our Sanand and Nashik manufacturing units.
- ^ Focus on developing two wheeler exhaust system for Suzuki application.
- ^ Exploring value engineering and value analysis on full exhaust system for Mahindra SUV to bring.

4 Expenditure on R&D:

	(Rs. in Lacs)
	2009-10
a) Capital	28.50
b) Recurring	127.62
Total	156.12
c) Total R&D expenditure as a percentage of total sales, net of Excise Duty.	0.34

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION
Efforts made in brief:

- ^ All efforts are being made to implement the in-house developed innovations and improvements for products / processes.
- ^ Laying great emphasis on the absorption of the design and manufacturing technology of automotive components.
- ^ The Company has a team of highly qualified and experienced automobile engineers who are fully committed towards achieving the corporate objective of growth and excellence.
- ^ Continuous efforts are being made in the areas of Quality improvement, waste reduction, process capability in major equipment and cost optimization to specially improve the Market acceptance of Company's products.
- ^ Imparting training programs by foreign technicians in various manufacturing techniques.
- ^ Participating in conferences, seminars and exhibitions.
- ^ Learning technology by working with international technology partners for expansion and modernization programmes.
- ^ Analyzing feedback from users to improve products and services.

Benefit derived as a result of the above efforts:

- ^ Adoption of most modern technology supplied by the technical collaborators.
- ^ Improvement in existing products' quality and performance, and adoption of several innovations in product design as well as process enabling the Company to maintain its leadership in a highly competitive market.
- ^ Reduction in maintenance & operating cost to end user.
- ^ Up-gradation of process technology in many areas.
- ^ Import substitution.
- ^ Reduced dependence on technical collaborators.

Particulars of Technology Imported during the last five years:

Innovation/Technology	Year of Import	Status
Exhaust System	Recurring since 1998-99	Commissioned

PART - II : DISCLOSURE OF PARTICULARS WITH RESPECT TO FOREIGN EXCHANGE EARNING AND OUTGO
FORM-C
1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for production and services.

The Company during the year under review, has made exports of exhaust muffler, silencer, exhaust pipe and parts of motor vehicle for Rs. 142.86 lacs.

The Company is also taking initiatives to explore export market for other products being manufactured by the Company.

2. Total Foreign Exchange used and earned

The information is reported under suitable heading in the 'Notes to Accounts' forming part of the Annual Report of the Company for the year 2009-10..

— — — — —

ANNEXURE-C

REPORT ON CORPORATE GOVERNANCE

Sharda Motor Industries Limited (SMIL) is committed to doing business in an efficient, responsible, honest and ethical manner. This commitment starts with the Board of Directors, which executes its corporate governance responsibilities by focusing on the Company's strategic and operational excellence in the best interests of all our stakeholders, in particular shareholders, employees and our customers in a balanced fashion with long term benefits to all.

Your Directors present the Company's annual report on Corporate Governance for the year ended 31st March, 2010 as per the format prescribed by the SEBI and revised clause 49 of the Listing Agreement, as under:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The basic philosophy and the core values of the Company are commitment to business excellence and customer satisfaction, maximizing long terms shareholders' value and compliance with all the applicable laws of the land.

SMIL is respected for its professional management and good business practices in the Indian Corporate World. Integrity, emphasis on product quality and transparency in its dealings with all stakeholders are its core values.

2. BOARD OF DIRECTORS**Composition of the Board**

The Board of Directors consists of professionals drawn from diverse fields. As on 31st March 2010 the Board of Directors of the Company consists of ten Directors headed by its Executive Chairman Shri N. D. Relan, have nine other Directors, out of which one Director is Whole-time Director i.e. Managing Director and eight are Non-Executive Directors out of which five are Independent Directors. The composition of the Board is in conformity of Clause 49 of the Listing Agreement, which stipulates that at least half of the Board should comprise of Independent Directors if the Chairman is an Executive Director. All Non-Executive Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board.

The Independent Directors do not have any material pecuniary relationship or transactions with the Company, its promoters or its management.

The Board met four times during the financial year 2009-10, on 27th June' 2009, 29th July' 2009, 28th October' 2009 and 28th January' 2010. The maximum gap between any two meetings was less than four months.

The composition of the Board of Directors and their attendance at the Board meetings held during the year ended 31st March, 2010 and at the last Annual General Meeting also the number of other directorships and membership/chairmanships of committees are tabulated hereunder:

S. No	Name of the Director & Designation	Category of Directorship	No of Board Meetings attended during 2009-10	Attendance at Last AGM held on 24 th August, 2009	Directorship of other Companies#	Membership / Chairmanship in Board Committees of other Companies##
1.	Shri N. D. Relan (Chairman)	Promoter / Executive	4	YES	4	4
2.	Shri Ajay Relan (Managing Director)	Promoter / Executive	3	YES	3	1
3.	Smt. Sharda Relan (Director)	Promoter / Non-Executive	4	YES	1	-
4.	Shri Rohit Relan (Director)	Promoter / Non-executive	3	YES	3	-
5.	Shri R. P. Chowdhry (Director)	Independent/ Non-Executive	4	YES	1	1(1)*
6.	Shri S. P. Marwaha** (Director)	Independent/ Non- Executive	2	NO	-	-
7.	Shri G. L. Tandon (Director)	Independent/ Non- Executive	4	YES	4	3(1)*
8.	Shri O. P. Khaitan (Director)	Independent/ Non- Executive	4	YES	9	10(3)*
9.	Shri Kishan N Parikh (Director)	Independent/ Non- Executive	1	YES	3	-
10.	Shri Udayan Banerjee (Executive Director)	Non-Independent / Non- Executive	3	YES	1	-
11.	Prof. Ashok Kumar Bhattacharya	Independent/ Non- Executive	1	N/A	-	-

Includes Directorships of other Public Limited Companies only.

Only covers Membership / Chairmanship of Audit Committee and Shareholder / Investor Grievance Committee.

* The figures in parenthesis denote the number of Chairmanship(s) of Board Committee in other Companies.

** Ceased to be Director of the Company with effect from 14.09.2009 due to his sad demise.

3 COMMITTEE OF THE BOARD

(i) Audit Committee

The Audit Committee of the Company constituted as per the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, is operative as per following terms and conditions:

- ^ Review of Management discussion and analysis of financial condition and results of operation; Statement of significant related party transactions;
- ^ Review the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ^ Recommending the appointment, reappointment and removal of the Statutory Auditors, fixing of audit fees and approval for payment of fees for any other services rendered by the Auditors;
- ^ Reviewing with the management, the quarterly/annual financial statements before submission to the Board for approval, with particular reference to:-
 - a) matters required to be included in the Director's Responsibility Statement which forms part of the Director's Report pursuant to Clause (2AA) of Section 217 of the Companies Act, 1956;
 - b) changes, if any, in accounting policies and practices and reasons for the same;
 - c) significant adjustment made in the Financial Statements arising out of audit findings;
 - d) compliance with listing and other legal requirements relating to financial statements;
 - e) disclosure of any related party transactions;
 - f) qualification in the draft audit report;
- ^ Reviewing Management Discussion and Analysis report;

- ▲ Reviewing performance of statutory auditors and adequacy of internal control system with the management;
- ▲ Reviewed the Company's financial risk and management policies.
- ▲ Review any other area which may be specified under the Listing Agreement, Companies Act, 1956, other Statutes, Rules and Regulations as amended from time to time.

In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

During the year 2009-10 four Audit Committee meetings were held on 27th June, 2009, 29th July 2009, 28th October 2009 and 28th January 2010.

The composition of the Audit Committee and their attendance at the Committee meetings held during the year ended 31st March 2010 is as under:

S. No	Member Director & Designation	Category	No. of Meetings attended during 2008-09
1	Shri S P Marwaha (Chairman)*	Independent Non-Executive	2
2	Shri G L Tandon (Chairman)**	Independent Non-Executive	4
3	Shri N. D. Relan (Member)***	Executive Director	2
4	Shri R. P. Chowdhry(Member)	Independent Non-Executive	4

* Ceased to be Member of the Audit Committee with effect from 14.09.2009 due to his sad demise.

** Elected Chairman of the Audit Committee in the Committee Meeting held on 29th July' 2009.

*** Appointed Member of the Audit Committee by Board Members by passing resolution by circulation with effect from 14th October, 2009.

The Audit Committee at present comprises one Executive Director and two Independent Non-Executive Directors of the Company. All the three members of Committee have adequate financial & accounting knowledge and background.

The Minutes of the Committee meetings were regularly placed before the Board. In absence of Shri S. P. Marwaha, Chairman of the Audit Committee, Shri G. L. Tandon, Member of the Committee was present at the last Annual General Meeting held on 24th August, 2009.

The Chairman of the Company, Managing Director, CFO and Representative of Statutory Auditors are the permanent invitees to the Audit Committee meetings.

Shri Nitin Vishnoi, Company Secretary, is the Secretary to the Committee and attended all its meeting held during the year under review.

(ii) REMUNERATION COMMITTEE:-

The terms of reference of the Remuneration Committee, inter-alia consists of reviewing the overall remuneration policy, service agreement and other employment conditions of the Managing Director and Executive Directors of the Company with a view to retaining and motivating the best managerial talents. In determining the remuneration package of Managing and/or Executive Director(s), it evaluates the performance of the Managing and/or Executive Director(s) and also the financial position of the Company and its profits or loss during the year.

During the financial year 2009-10 one Remuneration Committee meeting was held on 27th June' 2009.

The composition of the Committee and their attendance at the Committee meeting held during the year ended 31st March 2010, are as under:

S. No	Member Director & Designation	Category	No. of Meetings attended during the year
1	Shri O. P. Khaitan (Chairman)	Independent Non-Executive	1
2	Shri R. P. Chowdhry (Member)	Independent Non-Executive	1
3	Shri S. P. Marwaha* (Member)	Independent Non-Executive	1
4	Shri Kishan N Parikh** (Member)	Independent Non-Executive	0

* Ceased to be Member of the Remuneration Committee with effect from 14.09.2009 due to his sad demise.

** Appointed Member of the Committee by the Board Members by passing resolution w.e.f. 28th October, 2009.

The functioning and terms of reference of the Committee are as prescribed under the Listing Agreement with the Stock Exchange and under the Companies Act, 1956.

REMUNERATION POLICY

The Company while deciding the remuneration package of the Managing Director/Whole Time Director(s) takes into consideration the following items:

- ▲ Employment scenario;
- ▲ Remuneration package of the industry;
- ▲ Remuneration package of the managerial talent of other industries;
- ▲ The remuneration, tenure of appointment/re-appointment of the Executive Directors including their salary, commission and perquisites are paid in accordance with the terms and conditions approved by the Board of Directors (on the basis of recommendations of the Remuneration Committee) and the Shareholders of the Company in General Meeting and such other approvals as may be necessary under the Companies Act, 1956.
- ▲ The Non-Executive Directors are paid sitting fees and commission in certain cases in accordance with the provisions of Section 198 and 309 of the Companies Act, 1956.

REMUNERATION OF DIRECTORS

Remuneration of Executive Directors largely consists of fixed component like Salary, allowances, perquisites and commission being the variable component. The details of remuneration paid to Directors of the Company during 2009-10 are tabulated hereunder:

EXECUTIVE DIRECTORS

(Rs. in Lacs)				
Name of Director	Salary	Commission	Perks	Total
Shri N. D. Relan	108.00	14.00	42.81	164.81
Shri Ajay Relan	102.00	20.00	35.50	157.50
Shri Udayan Banerjee	3.02	-	0.25	3.27
Total	213.02	34.00	78.56	325.58

NON-EXECUTIVE DIRECTORS

(Rs. in Lacs)			
Name of Director	Sitting fee	Commission	Total
Smt. Sharda Relan	0.80	15.00	15.80
Shri Rohit Relan	0.60	15.00	15.60
Shri R. P. Chowdhry	1.70	-	1.70
Late S. P. Marwaha	0.90	-	0.90
Shri G. L. Tandon	1.20	-	1.20
Shri O. P. Khaitan	1.30	-	1.30
Shri Kishan N Parikh	0.20	-	0.20
Prof. Ashok Kumar Bhattacharya	0.20	-	0.20
TOTAL	6.90	30.00	36.90

Notes:

- 1) The service contract for Executive Directors of the Company is 5 years from the date of their appointment;
- 2) At present the Company does not have any Employee Stock Option Scheme;
- 3) Notice period is three calendar months or lesser notice in writing as may be agreed mutually.
- 4) There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors;
- 5) The Commission paid to non-executive directors is approved by the Board of Directors and Shareholders of the Company within the limits stipulated under the Companies Act, 1956;
- 6) Non-Executive Directors did not have any pecuniary relationship or transactions vis-à-vis the Company except the payment of dividend on the Equity Shares held by them in the Company and the details as reported under Clause no. 11 of Schedule 12 B of Notes to Accounts in the Annual Report of the Company.

7) Details of the shares held by Non-Executive Directors as on 31.03.2010 are tabulated hereunder:

S. No.	Name of Non-Executive Director	No. of Shares held
01	Smt. Sharda Relan	742520
02	Shri Rohit Relan	523218
03	Shri R. P. Chowdhry	600
04	Shri S. P. Marwaha*	60
05	Shri G. L. Tandon	Nil
06	Shri O. P. Khaitan	Nil
07	Shri Kishan N Parikh	Nil
08	Shri Udayan Banerjee	Nil
09	Prof. Ashok Kumar Bhattacharya	Nil

** Ceased to be Director of the Company due to his sad demise on 14th September' 2009.

(iii) SHAREHOLDERS GRIEVANCE COMMITTEE:-

During the year 2009-10 four Shareholders' Grievance Committee meetings were held on 27th June, 2009, 29th July 2009, 28th October 2009 and 28th January 2010.

The Shareholders' Grievance Committee comprises of the following persons:

S. No	Member Director & Designation	Category	No. of Meeting attended during the year
1	Shri R. P. Chowdhry (Chairman)	Independent Non-Executive	4
2	Shri N. D. Relan (Member)*	Executive Director	2
3	Shri S P Marwaha** (Member)	Independent Non-Executive	2
4	Shri O. P. Khaitan (Member)	Independent Non-Executive	4

* Appointed Member of the Shareholders Grievance Committee by Board Members by passing resolution by circulation with effect from 14th October, 2009.

** Ceased to be Member of the Shareholders' Grievance Committee with effect from 14.09.2009 due to his sad demise.

The terms of reference of Shareholders Grievance Committee inter-alia deals with various matters relating to:-

- Issue of Duplicate Share Certificates;
- Non-receipt of Annual Report, declared dividend, Share Certificates and pertaining to transfer / transmission of Shares etc.;
- Monitors expeditious redressal of investors grievances;
- The Committee also considers the request of the Shareholders for splitting/ consolidation/ renewal of certificate as may be referred by the Share Transfer Committee.

Shri Nitin Vishnoi, Company Secretary, acts as Secretary to the Committee and is the Compliance officer, and attended its meeting held during the year under review.

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent/issues resolved usually within 15 days except in case of dispute over facts or other legal constraints.

During the financial year 2009-10, no complaint has been received from the shareholders by the Company nor there any complaint pending at the end of the year.

The Company has acted upon all valid requests for issue of duplicate Share Certificates, share transfer / transmission received during the year under report and no such issue of duplicate Share Certificates, transfer / transmission is pending as on 31st March, 2010.

4. GENERAL BODY MEETINGS:-

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

AGM NO.	Year	Venue	Date	Time	No. of Special Resolutions
24 th	2008-2009	India Habitat Centre, New Delhi	24.08.2009	12:30 PM	None
23 rd	2007-2008	India Habitat Centre, New Delhi	04.08.2008	12:30 PM	Two
22 nd	2006-2007	India Habitat Centre, New Delhi	25.07.2007	12:30 PM	None

All special resolutions moved at last three Annual General Meetings were passed by show of hands by requisite majority of Members attending the meeting and none of these resolutions were required to be passed by postal ballot.

5. DISCLOSURES:-

- I. The Board has received disclosures from Key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. The particulars of transactions between the Company and its related parties as per the Accounting Standards 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India(ICAI) are set out in relevant Notes to Accounts in the Annual Report. However, these transactions are not likely to have any conflict with the Company.
- II. As per the Articles of Association of the Company and relevant provisions of the Companies Act, 1956, Smt. Sharda Relan, Shri G. L. Tandon and Shri Udayan Banerjee, Directors of the company would retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

All the above re-appointments are subject to the approval of members of the Company in the ensuing Annual General Meeting. A brief resume of the above Directors recommended for re-appointments at the AGM are furnished in the Notice of the Annual General Meeting of the Company.

The information relating to the Directors being re-appointed at the ensuing Annual General Meeting, are furnished in the Notice of the Annual General Meeting of the Company.
- III. During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on matters related to capital markets.
- IV. 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 Schedule 12 i.e Significant Accounting Policies and Notes to Account.
- V. The Board of Directors has adopted the Code of Conduct for Board Members and Senior Management Personnel of the Company. The said Code has been communicated to Director and the Members of the Senior Management. They have affirmed their compliance with the code of conduct for the year ended 31st March, 2010. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

6. MEANS OF COMMUNICATION

- ^ The un-audited quarterly / half yearly financial results are announced within one month of the end of the quarter as stipulated under Clause 41 of the Listing Agreement. The aforesaid financial results are reviewed by the Audit Committee and taken on record by the Board of Directors and are communicated to the concerned Stock Exchange by way of hard copy, soft copy and also newspaper cutting of the published results;
- ^ The audited annual results are announced within Sixty Days from the end of the last quarter as stipulated under Clause 41 of the Listing Agreement. The said audited annual results are also reviewed by the Audit Committee and taken on record by the Board of Directors, are communicated to the concerned Stock Exchange by way of hard copy, soft copy and also newspaper cutting of the published results.
- ^ Such Results are normally published within 48 hours in two Newspapers, one in English newspaper and the other is in Hindi newspaper.
- ^ The Company also informs by way of intimation to the Stock Exchange all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.
- ^ The Company has not made any presentation to Institutional investors/Analysts during the year under review.

- ^ Detailed section on Management Discussion and analysis is given by means of separate annexure and is attached to the Directors' Report.

7. GENERAL SHAREHOLDERS' INFORMATIONS
A. Annual General Meeting to be held:

Day	:	Wednesday
Date	:	18.08.2010
Time	:	12:30 PM
Venue	:	India Habitat Centre, Lodi Road, New Delhi

B. Financial Calendar April, 01 to March, 31

First Quarterly Results	:	On or before 14th day of August, 2010*
Second Quarterly Results	:	On or before 15th day of November, 2010
Third Quarterly Results	:	On or before 15th day of February, 2011
Audited yearly Results for the Year ended 31st March, 2011	:	On or before 30th day of May, 2011

* As the 15th day of August is a National Holiday

C. Date of Book Closure : 12th August, 2010 to 18th August, 2010 (Both days inclusive)
D. Dividend Payment:

An interim dividend of Rs. 5/- per Equity Share i.e. 50% on the paid up equity capital of the Company for the financial year 2009-10, was paid on 04th February, 2010. The Board has also recommended the final dividend @ Rs. 5/- per Equity Share which will be paid within the prescribed statutory period, subject to declaration by the shareholders at the ensuing Annual General Meeting.

E Listing on Stock Exchanges:

The Equity Shares of the Company are listed in the Delhi Stock Exchange Ltd., DSE House, 3/1, Asaf Ali Road, New Delhi-110002. Annual Listing fee for the year 2010-11 has been paid to the Stock Exchange.

The Company has a tripartite agreement with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company has also paid the annual custodial fee for the year 2010-11 to both the depositories.

F. Stock Code:

The Delhi Stock Exchange Ltd.	:	19102
ISINNo.	:	INE597101010

G. High/Low in each month of last F.Y.

There was no transaction in the company's share during the last financial year. The shares of the Company were last traded on 22nd January, 1998 at the price of Rs.13/- per share.

H. Performance in comparison to broad based indices such as DSE/BSE

Shares are listed on DSE only and no transaction took place during the year through DSE.

I. Registrar & Transfer Agent.

The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt with by M/s. Alankit Assignments Ltd at the address given below:-

M/s. Alankit Assignments Ltd, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055. Phone: 011-42541234, 23541234, Fax: (011) 42541967,

J. Share Transfer System and other related matters:

The shares which are received in physical form for transfer / transmission / splitting etc. are immediately processed and dispatched within the stipulated time period. The Share Transfer Committee of the Company generally meets fortnightly or when required for approving the share transfers and for other related activities.

As in the past, the Company will send intimation to the shareholders whose dividend warrants have not been en-cashed. Shareholders are requested to revert to the Company if they have not received/en-cashed their dividend warrants. The

details of dividends which are proposed to transfer to the Investor Education and Protection Fund in respect of unclaimed / unpaid dividend for the earlier years are provided in the Notes to the Notice calling the Annual General Meeting.

The shareholders are requested to ensure that any correspondence for change of address should be signed by the first named shareholder. The Company is now also requesting for supporting documents such as proof of residence, proof of identification whenever a letter requesting for change of address is received. This is being done in the interest of the shareholders. Shareholders are requested to kindly co-operate and submit the necessary documents/evidence while sending the letters for change of address.

K. Shareholding
I) Distribution of Shareholding as on 31st March, 2010

S.NO	No. of Equity Shares held	Shareholders Nos.	% of Shareholders	No. of Shares held	% of Shareholding
1	Upto - 500	267	55.63	47170	0.79
2	501 - 1000	54	11.25	41491	0.70
3	1001 - 2000	44	9.16	68230	1.15
4	2001 - 3000	24	5.00	68365	1.15
5	3001 - 4000	7	1.46	25750	0.43
6	4001 - 5000	9	1.88	41550	0.70
7	5001 - 10000	19	3.96	138600	2.33
8	10001 & Above	56	11.66	5515170	92.75
	Total	480	100.00	5946326	100.000

II) Shareholding Pattern as on 31.03.2010

	CATEGORY	NO. OF SHARES HELD	% OF TOTAL
A.	PROMOTERS HOLDING		
	1. Promotors		
	- Indian Promoters	4811476	80.91511
	- Foreign Promoters	—	—
	2. Persons acting in concert	—	—
	Sub-Total	4811476	80.91511
B.	NON-PROMOTERS HOLDING		
	1. Institutional Investors		
	a) Mutual Funds and UTI	—	—
	b) Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions, Non Govt. Institutions)	—	—
	c) Foreign Financial Investors	—	—
	Sub-Total	—	—
	II. Others		
	a) Private Corporate Bodies	115515	1.94263
	b) Indian Public	1019335	17.14226
	c) NRI/ OCBs	-	-
	d) Any Other	-	-
	Sub-Total	1134850	19.08489
	Grand Total	5946326	100.00000

L. Dematerialization of Shares

As on 31st March, 2010, 10.15% of the Company's total paid-up capital representing 603,722 Equity Shares were held in dematerialized form and balance 89.85% representing 5342604 Equity Shares were held in physical form.

M. Secretarial Audit

As stipulated by the Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out the secretarial audit and provides a report to reconcile the total admitted capital with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital.

This audit is carried out every quarter and report thereon is submitted to the Stock Exchange. The audit, inter-alia, confirms that the total issued capital and paid-up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized or (held with NSDL and CDSL) and total number of shares in physical form.

N. Outstanding GDRs /ADRs / Warrants : Not Issued.**O. Plant Locations:**

1. Mahindra World City, Changalpattu Taluk, Kanchepuram Dist. Industrial Park, Tamilnadu-603002
2. Plot No. 52/1, 52/2, 53/2A, 54A, 54B, 54C & 54D, Behind Ceat Company, Satpur, Nashik - 422007
3. Plot No.112, M.I.D.C., Satpur, Nasik-7, Maharashtra
4. Plot No.4, Sector-31, Greater Noida, Distt. Gautam Budh Nagar, (U.P.)
5. Plot No. 4, Sector-2, I.I.E. Ranipur, Haridwar (Uttranchal)
6. 58 KM, Delhi Jaipur Highway, Behind Terry Soft,Village & P. O. Binola-122413
7. Plot No.276,Udyog Vihar, Phase-VI, Gurgaon (Haryana)
8. Plot No.558,559, Surajpur Bypass Indl.Area, Greater Noida, U.P.

P. Address for Investors Correspondence:**For Shares held in Physical Form**

Shri Mahesh Jairath
M/s. Alankit Assignments Ltd.
Registrar and Transfer agent, Alankit House,
2E/21, Jhandewalan Extension,
New Delhi-110055
Tel : 011-42541234, 23541234
Fax : 011-23552001 E-mail: info@alankit.com

For Shares held in Demat Form

To the investor's Depository Participant(s) and / or Alankit Assignments Ltd. Communication may also be sent by e-mail at the following address:

smilgrd@shardamotor.com (exclusively for the purpose of registering complaints by the investors)

DECLARATIONS

Compliance with Code of Conduct

According to Clause 49 of the Listing Agreement, I, AJAY RELAN, Managing Director of Sharda Motor Industries Ltd, hereby declare that the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct of the Company during the year 2009-10.

For **Sharda Motor Industries Ltd**

AJAY RELAN
Managing Director

CEO/CFO Certification

According to Sub-Clause V of Clause 49 of the Listing Agreement, we have certified to the Board that for the financial year ended March 31, 2010, the Company has complied with the requirements of the said sub-clause.

For **Sharda Motor Industries Ltd**

PLACE : NEWDELHI
DATED : 22nd May, 2010

PRADEEP RASTOGI
President (Legal) & CFO

AJAY RELAN
Managing Director

Auditor's Certificate on compliance of conditions of Corporate Governance as per clause 49 of the Listing Agreement with the Stock Exchange

To the Members of

M/s. SHARDA MOTOR INDUSTRIES LTD.

We have examined the compliance of the conditions of Corporate Governance by Sharda Motor Industries Limited, for the year ended on 31st March 2010, as stipulated in clause 49 of the Listing agreement of the said Company with the stock exchange.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing agreement.

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

For **S.R. DINODIA & CO.**
Chartered Accountants

PLACE : NEW DELHI
DATED : 22nd May, 2010

SANDEEP DINODIA
Partner
(M. No. 083689)

Annexure-D

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Sharda Motor Industries Limited (SMIL) engaged in the business of manufacturing of automotive components and white goods, is a constituent of the Relan Group. The Management of SMIL presents its analysis covering the Company's performance and Results of Operations during the year under review and its outlook for the future. The year under review has shown a significant growth in the automobile sector giving a boost to the original equipment manufacturers for the automobile industry as well. This outlook is based on the assessment of the current business environment and assumptions and expectations of future events. It may vary due to future economic and other developments in India and abroad.

The actual results may differ materially from those expressed in the statement.

1. INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

The growth of the Auto-ancillary industry depends on various factors including overall GDP growth, agricultural and industrial production, and growth in vehicle demand and infrastructure development. SMIL's operations span across eight manufacturing units located across the country. In order to meet the market opportunities, your Company has continuously been working under the philosophy for providing the highest quality products and services to its customers. The Company's Management has been focusing on tight management of working capital, building people capability and elimination of waste. All endeavours are made to maximize gains and reduce costs, under the umbrella of Continuous Improvement System.

However, the Company is hopeful that the present Indian economic scenario is indicative of better year for automotive and white goods components. In such an economic scenario and keeping in view of the fact that the Company has bought back its SIPCOT unit from its wholly owned subsidiary and it is going to start production at two new locations viz Sanand, Gujrat (for Tata Nano Car) and Chakan, Maharashtra (For Mahindra & Mahindra), SMIL projects a healthy growth in its turnover for the next financial year 2010-11.

2. OPPORTUNITIES & THREATS

The generally satisfactory state of the economy and a positive economic outlook for India, combined with SMIL's diligent expansion of its technological and product development capacities, augurs well for the coming years. The Company is regularly examining the possibility of developing new products for old as well as new customers and also new customers for the existing products. This exercise will eventually have enough potential for creating higher value though resulting into better profitability in the coming years.

Its continuous effort in upgrading the quality parameters ahead of the competition has been complemented in the recent years by a conscious attempt to become more market centric. The product specifications are continuously being changed to ensure increasing levels of customer satisfaction.

Demand for Automobiles is likely to be robust in the next financial year. However, competitive activity is also likely to rise and cost pressures will continue to be a concern: on one hand, the increase in demand drives inflation of material costs and on the other, regulations on energy and sustainability will add cost to our products.

Your Company is continuously making efforts towards specific cost improvement aimed at protecting its competitive prices. Your Company has a committed team of people at all levels, ready to face the challenges and a well established customers' network.

3. SEGMENT-WISE / PRODUCT-WISE PERFORMANCE

Segment-wise performance has been reported under Note 14 of Schedule-12B forming part of Annual Report for the year ended 31st March' 2010.

4. RISKS AND CONCERNS

Risk is inherent in business activity, particularly one largely dependent on the steel industry. Major portion of the inputs used by your Company are steel based and their prices are linked to movement of steel prices. The management of your Company is continuously analyzing and evaluating the various risks associated with the Company's business and has adopted risk management practices to minimize the adverse impact of these risks on the business.

The Company is exposed to Business, Assets and financial risks as under:

Business risks are inherent in automobile industry due to economy's growth, risks of technological obsolescence due to stricter emission/safety norms and more intense competition. Other potential risks include disruption in production due to acts of God and man-made. All these risks are continuously addressed in the business plans-both long term as well as short term.; risk mitigation strategies are drawn up and acted upon. Besides, specific risk covers are taken, wherever available, based on risk perceptions, past experience, cost of cover, etc.

Assets risks include threat to physical assets through accidents, natural calamities, obsolescence, etc. The Company has an internal system to assess these risks, define the limits of exposure for operation and take appropriate insurance cover.

Financial risks are inherent in foreign currency rate fluctuations on account of import of materials, capital equipments, technology, etc. The Company has a well-defined exposure management system to review its exchange exposure and to take appropriate measures to mitigate the losses.

Stringent legislation on pollution and emission requirements will increase production costs for the Automotive Sector. Holding the price line could have an impact on the profitability. Price increase on the other hand could impact volumes.

5. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of business. These, procedures are designed to ensure that:

- ▲ All the assets and resources are acquired economically, used efficiently and are adequately protected;
- ▲ Significant financial, managerial and operating information is accurate, reliable and is provided timely; and
- ▲ All internal policies and statutory guidelines are complied with.

The composition and competencies of the audit team and effectiveness of internal controls is continuously reviewed by the Audit Committee.

The scope of internal audit extends to all functions and locations of the Company. The Company has also complied with the revised Clause 49 of the Listing Agreement.

6. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements have been prepared in accordance with the requirements of Companies Act, 1956 and applicable accounting standards issued by the Institute of Chartered Accountants of India. The management of SMIL accepts the integrity and objectivity of these financial statements as well as the various estimates and judgments used therein. The details of the financial performance of the Company are appearing in the Balance Sheet, Profit & Loss Account and other financial statements forming part of this Annual Report. For financial highlights please refer heading 'FINANCIAL RESULTS' of Directors Report.

7. HUMAN RESOURCES AND DEVELOPMENT

Your Company continuously reviews skills & critical positional requirements based on the business needs of the future, having due regard to up gradation of manufacturing technologies that are comparable with elsewhere in the world. In order to address the concern on retaining talent, under buoyant employment conditions, your Company structured its compensation to all the management staff based on appraisals and performance resulting in improving the performance levels.

The new policy takes care of employee motivation and skill up gradation. Rewards have been linked to appraisals and performance resulting in improving the performance levels. The levels of responsibility are banded together to ensure that the organization is leaner and able to respond faster to the external environment. In order to remain competitive, the Company continues to focus on manpower rationalization efforts continuously. The Industrial relations atmosphere at all locations of the Company remained cordial throughout the year.

As at 31st March' 2010, the total number of employees on Company's roll stood at 806.

8. CAUTIONARY STATEMENT

Statements in the 'Management Discussion and Analysis' describing the company's objective, projections, estimates, expectations may be "Forward-looking Statements" within the meaning of applicable securities laws and regulations. The actual results could differ materially from those expressed or implied. The important factors that may affect the company's operations include down trend in the automobile industry global or domestic or both, significant changes in political and economic environment in India, or key markets abroad, input prices and their availability, change in Government policies/regulations, tax laws, litigation, labour relation and other statute. Therefore, all concerned should bear all above factors in their mind.

9. STATUTORY COMPLIANCE

On obtaining confirmation from the various units of the Company of having complied with all the statutory requirements, a Statutory Compliance Certificate on quarterly basis regarding compliance with the provisions of the various statutes duly signed by respective Departmental Heads and countersigned by Managing Director of the Company is given at each Audit Committee Meeting of the Board.

Further pursuant to revised Clause 49 of the Listing Agreement, the Company has started taking a CEO declaration in respect of compliance of the Code of Conduct adopted by the Company. A certification from CEO and CFO is also adopted on yearly basis certifying the compliances as stipulated in Clause 49 (V) of the Listing Agreement.

AUDITOR'S REPORT

To the Shareholders of

M/s SHARDA MOTOR INDUSTRIES LIMITED

We have audited the attached Balance sheet of **M/S SHARDA MOTOR INDUSTRIES LIMITED**, as at **31st March 2010** and the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 {as amended by the Companies (Auditor's Report) (Amendment) Order, 2004} issued by the Central Government of India, in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Company's Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

For S. R. DINODIA & CO.
Chartered Accountants

PLACE : NEW DELHI
DATED : 22nd May, 2010

SANDEEP DINODIA
Partner
(M. No : 083689)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our audit report of even date)

- i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of major fixed assets has been conducted by the management at appropriate intervals. In our opinion, the program is reasonable having regard to the size of the Company and the nature of the fixed assets. No material discrepancies were noticed on such verification as compared to book records.
- (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
- ii) (a) On the basis of information and explanation provided by the management, Inventories have been physically verified by the management during the year except the inventories in transit and lying with the third parties. In our opinion, the frequency and the procedure of physical verification followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (b) In our opinion, frequency and the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the company is maintaining proper records of inventory. We have been explained that discrepancies noticed on physical verification as compared to book records were not material and the same have been properly dealt with in the books of account.
- iii) (a) According to information and explanation given to us, the company has granted loan to Companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 during the year and the year end balance is Rs 569,193,665. The rate of interest and other terms and conditions on which such loan has been granted are not prima facie prejudicial to the interest of the Company. The company is regular in repayment of principal and interest amount as stipulated.
- (b) According to information and explanation given to us, the Company has taken unsecured loans from four parties entered in the register maintained u/s 301 of the Companies Act, 1956 during the year. (Maximum amount due during the year is Rs. 330,100,000 and closing balance is Rs 259,200,000). The rate of interest and other terms and conditions on which such loan has been taken are not prima facie prejudicial to the interest of the Company. The company is regular in repayment of principal and interest amount as stipulated.
- (c) During the year, the company has received mobilization advance from its customer covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs.30,330,390/- and year end balance of such advances is Rs.31,112,454/-.
- (d) In our opinion and according to the information and explanations given to us, rate of interest and other terms and conditions on which such mobilization advance has been received are not prima facie prejudicial to the interest of the Company.
- (e) The aforesaid mobilization advance, as also informed by the management, will be adjusted against the supplies to the said customer.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets, sales of goods and services. According to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
- v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of opinion that the particulars of contracts or arrangements that need to be entered into a register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to explanation given to us, transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.
- vi) The Company has not accepted any deposits during the year from the public as defined in section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) On the basis of records produced, we are of opinion that prime facie, the cost records and accounts prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 has been maintained by the Company, but, we were not required to carry out and have not carried out any detailed examination of such records and accounts.

- ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it. There was no undisputed amount outstanding at the year end for a period more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute, are as follows:

S.No.	Name of the Statute	Nature of Dues	Amount(Rs.)	Period to which the amt. relates	Forum where the dispute is pending
1	U. P. Entry Tax Act	Entry Tax	227,265	2001 to 2003	Appellate Authority UP Trade Tax
2.	Central Excise Act	Excise Duty	97,461	2008-2009	Adjudicating Authority, Large Taxpayer Unit Delhi
3.	Central Excise Act	Excise Duty	44,000,000	2008-2009	Commissioner, Central Excise & Service Tax, Large Taxpayer Unit Delhi
4.	Central Excise Act	Excise Duty	4,072,313	2008-2009	Commissioner, Central Excise & Service Tax, Large Taxpayer Unit Delhi

- x) The Company has no accumulated losses as at 31st March, 2010 and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) On the basis of information and explanation provided by the management, the Company has not made any default in the repayment of dues to the financial institutions and banks. During the year, the Company has not issued any debentures.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.
- xiii) In our opinion considering the nature of activities carried on by the company during the year, the provision of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to it.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- xv) On the basis of information and explanation provided, the Company has not given guarantee for loans taken by other from the bank during the year
- xvi) On the basis of records available and information and explanation given to us , the terms loans have been applied for the purpose for which they were raised.
- xvii) On the basis of information and explanation given to us and an overall examination of the balance sheet, we report that no funds raised on short-term basis have been used for long-term investments by the Company.
- xviii) According to information and explanation given to us, during the year. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For S. R. DINODIA & CO.
Chartered Accountants

PLACE : NEW DELHI
DATED : 22nd May, 2010

SANDEEP DINODIA
Partner
(M. No : 083689)

BALANCE SHEET AS AT 31ST MARCH' 2010

PARTICULARS	SCHEDULE	AMOUNT (Rs.)	
		AS AT 31.03.2010	AS AT 31.03.2009
SOURCES OF FUNDS			
Shareholder Funds			
Share Capital	1	59,463,260	59,463,260
Reserves & Surplus	2	1,055,284,336	913,291,453
Loan Funds			
Secured Loans	3	703,924,118	658,493,218
Unsecured Loans	4	259,200,000	258,100,000
Deferred Tax Liability (Net)		65,491,867	48,897,260
(Refer Note 18 of Schedule 12(B))		<u>2,143,363,581</u>	<u>1,938,245,191</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	5	1,815,042,469	1,549,257,192
Less : Depreciation/Amortization		<u>711,811,564</u>	<u>587,307,708</u>
Net Block		1,103,230,905	961,949,484
Capital Work In Progress (Including Capital Advances)		226,323,218	291,548,195
Investments	6	214,412,665	214,412,665
Current Assets, Loans & Advances			
Inventories	7	389,829,676	277,085,948
Sundry Debtors		409,642,413	358,337,595
Cash & Bank Balances		79,871,673	21,276,956
Other Current Assets		12,364,064	12,991,196
Loans & Advances		649,386,047	711,645,333
		<u>1,541,093,873</u>	<u>1,381,337,028</u>
Less: Current Liabilities & Provisions			
Current Liabilities	8	899,570,284	871,799,260
Provisions		42,126,796	39,202,921
		<u>941,697,080</u>	<u>911,002,181</u>
Net Current Assets		599,396,793	470,334,847
		<u>2,143,363,581</u>	<u>1,938,245,191</u>
Significant Accounting Policies & Notes to Accounts			
12			

As per our report attached.

For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
 Regn. No.: 01478N

For and on behalf of
 the Board of Directors

SANDEEP DINODIA
 PARTNER
 M. NO. 083689

NITIN VISHNOI
 Company Secretary

PRADEEP RASTOGI
 President-Legal &CFO

N. D. RELAN
 Chairman

PLACE : NEW DELHI
 DATED : 22nd May, 2010

D.A. AGGARWAL
 Sr. Vice President (F& A)

AJAY RELAN
 Managing Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH' 2010

PARTICULARS	SCHEDULE	AMOUNT (Rs.)	
		YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
INCOME			
Turnover and Inter -unit Transfers		5,481,148,660	4,333,436,812
Less : Inter-Unit Transfers		351,264,671	400,757,047
		5,129,883,989	3,932,679,765
Less : Excise duty recovered		467,917,034	535,021,950
		4,661,966,955	3,397,657,815
Other Income	9	42,316,901	30,172,873
		4,704,283,856	3,427,830,688
EXPENDITURE			
Cost of goods Traded		353,212,337	302,832,083
Manufacturing & Other Expenses	10	3,805,364,725	2,863,075,821
Financial Charges (Net)	11	82,517,048	29,536,811
		4,241,094,110	3,195,444,715
Profit Before Depreciation, Taxation & Exceptional Item		463,189,746	232,385,973
Depreciation/Amortization	5	149,204,857	126,321,597
Profit Before Taxation & Exceptional Item		313,984,889	106,064,376
Profit Before Taxation		313,984,889	106,064,376
Less : Provision for tax			
- Current Tax		86,000,000	23,500,000
- Deferred Tax Charged / (Released)		16,594,607	3,743,711
- Fringe Benefit Tax		-	2,400,000
- Provision for Wealth Tax		133,018	220,248
Less: Prior Period Adjustment (Net)		-	689,896
{Refer Note 9 of Schedule 12 (B)}			
Less: Tax Adjustment For Earlier Years(Net)		(304,659)	(1,440,061)
Profit after tax		211,561,923	76,950,582
Surplus brought forward from last year		215,558,982	308,177,440
Profit available For Appropriation		427,120,905	385,128,022
APPROPRIATIONS			
Transferred to General Reserves		200,000,000	100,000,000
Dividend			
- Proposed dividend		29,731,630	29,731,630
- Interim dividend		29,731,630	29,731,630
(As per the details as set out in the Directors Report)			
Tax on Interim Dividend		5,052,890	5,052,890
Tax on Proposed Dividend		5,052,890	5,052,890
Balance Carried To Balance Sheet		157,551,865	215,558,982
		427,120,905	385,128,022
Basic / Diluted Earning Per Share (Rs.)		35.58	12.94
{Refer Note 20 of Schedule 12(B)}			
Significant Accounting Policies & Notes to Accounts	12		

As per our report attached.

For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
Regn. No.: 01478N

For and on behalf of
the Board of Directors

SANDEEP DINODIA
PARTNER
M. NO. 083689

NITIN VISHNOI
Company Secretary

PRADEEP RASTOGI
President-Legal & CFO

N. D. RELAN
Chairman

PLACE : NEW DELHI
DATED : 22nd May, 2010

D.A. AGGARWAL
Sr. Vice President (F & A)

AJAY RELAN
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	AMOUNT (Rs.)	
	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation & Extraordinary items	313,984,889	106,064,376
Adjustment for:		
Exchange Fluctuation (Profit)/Loss	(15,287,359)	29,269,817
Depreciation written off	149,204,857	126,321,597
Interest Income	(1,271,600)	(62,186,184)
Interest Expenses	75,276,089	87,106,309
Dividend Income	(4,500,502)	(4,504,937)
(Profit) / Loss on Sale of Fixed Assets (Net)	(16,561,800)	(937,220)
(Profit) / Loss on Sale of Investments (Net)	-	476,914
Amount written off (Net)	2,781,120	(22,603,281)
Operating profit before working capital changes	503,625,694	259,007,391
Adjustment for		
Decrease / (Increase) in Trade & Other receivables	(51,304,817)	60,051,108
Decrease / (Increase) in Increase in Inventories	(112,743,728)	(96,478,024)
Decrease / (Increase) in Advances and other current assets	71,128,393	(47,134,980)
Increase / (Decrease) in Trade Payable	27,771,024	174,087,966
Amount written off (Net)	(2,781,120)	-
Warranty Claims	2,923,875	-
Cash Generated from operation	438,619,321	349,533,461
Prior Period Expenses / (Income)	-	(689,896)
Direct Taxes paid (Net)	(94,070,334)	(46,476,787)
Net Cash flow from Operating Activities	344,548,987	302,366,778
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	63,100,277	56,037,445
Purchase of Fixed Assets/Technical know-how	(271,799,779)	(297,642,345)
Interest Received	1,271,600	62,186,184
Sale of Investment	-	24,229
Investment in Subsidiary	-	(200,500,000)
Dividend Income	4,500,502	4,504,937
Net Cash used in Investing Activities	(202,927,400)	(375,389,550)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	61,818,259	55,122,986
Interest Paid	(75,276,089)	(87,106,309)
Dividend paid	(69,569,040)	(52,176,781)
Net Cash used in Financing Activities	(83,026,870)	(84,160,104)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	58,594,717	(157,182,876)
CASH & CASH EQUIVALENTS-OPENING BALANCES	21,276,956	178,459,832
CASH & CASH EQUIVALENTS-CLOSING BALANCES	79,871,673	21,276,956
Cash & Cash Equivalents include :		
Cash in hand	8,143	32,766
Balances with Scheduled Banks		
- In Current Account	49,328,278	20,761,357
- In Deposit Account	30,077,214	56,012
- In Margin Money Account	458,038	426,821
	79,871,673	21,276,956

Note :

1. Figures in brackets represent outflows

As per our report attached.

 For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
 Regn. No.: 01478N

 For and on behalf of
 the Board of Directors

SANDEEP DINODIA
 PARTNER
 M. NO. 083689

NITIN VISHNOI
 Company Secretary

PRADEEP RASTOGI
 President-Legal & CFO

N. D. RELAN
 Chairman

 PLACE : NEW DELHI
 DATED : 22nd May, 2010

D.A. AGGARWAL
 Sr. Vice President (F& A)

AJAY RELAN
 Managing Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SCHEDULE - 1 : SHARE CAPITAL
Authorised

25,000,000 (P.Y. 25,000,000) Equity Shares of Rs. 10/- each	250,000,000	250,000,000
----------------------------------------------------------------	--------------------	-------------

Issued, Subscribed & Paid up

5,946,326 Equity Shares* (P.Y. 5,946,326) of Rs.10/- each fully paid up	59,463,260	59,463,260
	59,463,260	59,463,260

*** Out of the above Shares**

- i) 4,953,163 (P. Y. 4,953,163) equity share of Rs. 10/- each are issued as fully paid up bonus shares by way of capitalisation of General Reserve.
- ii) 3,161 (P. Y. 3,161) equity shares allotted for consideration other than cash.

SCHEDULE - 2 : RESERVES & SURPLUS

a) Capital Reserve	20,000	20,000
b) General Reserve		
- As per last Balance Sheet	697,712,471	597,712,471
- Addition during the year	200,000,000	100,000,000
	897,712,471	697,712,471
c) Profit & Loss Account Balance Carried Forward	157,551,865	215,558,982
	1,055,284,336	913,291,453

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SCHEDULE - 3 : SECURED LOANS
From Banks

- Cash Credit	162,813,994	169,062,913
- Bills Discounted	37,056,373	-
- Term Loan -:		
- External Commercial Borrowing *	354,053,751	488,746,876
- Short Term Loan	150,000,000	-
- Vehicle Loan **	-	683,429
	703,924,118	658,493,218

* (Repayable within one year Rs. 224,393,125/- (P.Y. Rs. 136,458,750/-)

** Repayable within one year Rs. Nil/- (P. Y. 683,429/-)

Note : The above Loans are secured against :
1) Cash Credit

- (a) Secured by charge on Inventories and Book Debts at Company's Godowns, yards and Premises situated at Noida, Greater Noida, Haridwar, Gurgaon, Nasik and Chennai (Mahindra World City).
- (b) Equitable mortgage of Leasehold Land and Building and Plant & Machinery and other assets situated at Plot No.4, Sector 31, Kasna Industrial Area, Greater Noida, U.P

2) Bill Discounted

First hypothecation charge on pre-accepted hundies by Tata Motors Ltd. and bill discounting under the bill discounting / Express vendor discounting scheme and receivables of Tata Motors Ltd. both present and future.

3) Term Loan (External Commercial Borrowing)

Company is in the process of creating Mortgage/Hypothecation on the respective assets as stipulated in the Facility Agreement signed between ICICI Bank and the company. The brief description on such securities are given vide Note No.22 of Schedule 12 (B).

4) Short Term Loan

First charge on current assets (both present and future) and first charge on all movable fixed assets (except those which are exclusively charged to existing lenders)

5) Vehicle Loan

Secured against hypothecation of respective assets.

SCHEDULE - 4 : UNSECURED LOANS

- From Directors	259,200,000	258,100,000
	259,200,000	258,100,000

**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT
SCHEDULE 5 : FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK		AMOUNT (Rs.)
	AS AT 01.04.09	ADDITION	SALE / ADJUSTMENT	AS AT 31.03.10	AS AT 01.04.09	ADDITION	SALE / ADJUSTMENT	AS AT 31.03.10	AS AT 31.03.10	AS AT 31.03.09	
TANGIBLE ASSETS											
LAND											
- Lease Hold	87,263,904	18,365,569	-	105,629,473	3,153,288	729,030	-	3,882,318	101,747,155	84,110,616	
- Free Hold	27,361,187	-	-	27,361,187	-	-	-	-	27,361,187	27,361,187	
Building	278,875,996	4,128,091	-	283,003,987	116,997,723	16,102,832	-	133,100,555	149,903,432	161,878,173	
Plant & Machinery	926,710,825	281,506,311	68,484,085	1,139,733,051	353,299,699	104,686,132	22,769,603	435,216,228	704,516,823	573,411,126	
Office Furniture & Equipment	56,849,158	10,026,611	64,798	66,810,971	34,024,591	8,951,514	-	42,976,105	23,834,866	22,824,567	
Electric Fitting	98,116,261	4,197,121	6,389	102,306,993	38,998,185	8,310,364	406	47,308,143	54,998,850	59,118,076	
Vehicle	63,199,241	4,388,012	2,684,206	64,903,047	39,674,434	6,882,226	1,930,992	44,625,668	20,277,379	23,524,807	
INTANGIBLE ASSETS											
Software Development	1,455,425	12,307,504	-	13,762,929	1,102,710	1,681,524	-	2,784,234	10,978,695	352,715	
Technical Fees	9,425,295	2,105,536	-	11,530,831	57,078	1,861,235	-	1,918,312	9,612,519	9,368,217	
Total	1,549,257,192	337,024,755	71,239,478	1,815,042,469	587,307,708	149,204,857	24,701,001	711,811,564	1,103,230,905	961,949,484	
Previous Year	1,376,760,473	236,128,935	63,632,216	1,549,257,192	469,518,100	126,321,597	8,531,990	587,307,708	961,949,484	907,242,372	
Capital Work In Progress									226,323,218	291,548,195	

Notes :

- Capital Work-in Progress including Capital Advances Rs. 128,904,958 (P.Y. Rs. 93,000,432)
- Borrowing cost capitalised during the Year amounting to Rs.11,461,677(P.Y. Rs.11,995,545)
- Addition to Leasehold land represents the cost of land acquired at Singur(West Bengal), Lease deed in respect of which is under execution.

SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	AMOUNT (Rs.)	
	AS AT 31.03.2010	AS AT 31.03.2009

SCHEDULE - 6 : INVESTMENTS

(Valued at cost unless there is a permanent diminution in value thereof)

LONG TERM
I Non-Trade Investments
A) Investment In Equity Shares
QUOTED

72 Equity Shares of of Reliance Industries Limited (P.Y. 36) of Rs. 10/- each, fully paid up*	6,099	6,099
56 Equity Shares of Reliance Communication Ventures Ltd. of Rs. 10/- each, Fully paid up(P.Y.56)	5,899	5,899
56 Equity Shares of Reliance Natural Resources Ltd. of Rs. 10/- each, Fully paid up(P.Y.56)	667	667

- IN ASSOCIATE COMPANY
UNQUOTED

9,000,000 Equity Shares (P.Y. 9,000,000) of Relan Industrial Finance Ltd. of Rs. 10/- each, fully paid up (including 4,500,000 bonus shares)	4,900,000	4,900,000
-------------------------------------------------------------------------------------------------------------------------------------------------	------------------	-----------

II Trade Investments
Investment In Equity Shares
QUOTED
- IN ASSOCIATE COMPANY

900,000 Equity Shares (P.Y. 900,000) of Bharat Seats Ltd. of Rs. 2/- each, fully paid up	9,000,000	9,000,000
---------------------------------------------------------------------------------------------	------------------	-----------

UNQUOTED
- IN SUBSIDIARY COMPANY

20,050,000 Equity Shares of Sharda Sejong Auto Component (India) Ltd. of Rs. 10/- each, fully paid up (P.Y. 20,050,000 Equity Shares @ 10/- each, fully paid up)	200,500,000	200,500,000
------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------	-------------

214,412,665
214,412,665

* Out of the above,36 Bonus shares of Reliance Industries Ltd. received during the year.

Aggregate book value of Quoted Investment	9,012,665	9,012,665
Aggregate book value of Unquoted Investment	205,400,000	205,400,000
Aggregate Market value of Quoted Investment	15,621,276	53,077,195

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SCHEDULE - 7 : CURRENT ASSETS, LOANS & ADVANCES
A. CURRENT ASSETS
1. Inventories

(As certified by the management)

- Raw material	301,382,120	159,487,637
- Consumables Stores	11,411,202	4,161,536
- Work-in-progress	54,147,699	62,618,114
- Finished Goods	1,078,301	15,177,840
- Finished Goods (Trading)	14,411,099	22,076,207
- Goods In Transit		
Raw Material	7,399,255	13,564,614
	389,829,676	277,085,948

2. Sundry Debtors
(Unsecured Considered Good)

{Refer Note 3 of Schedule 12(B)}

Outstanding for a period exceeding six months	22,287,808	19,796,636
Other Debts (Refer Note 6(b) of Schedule 12B)	387,354,605	338,540,959
	409,642,413	358,337,595

3. Cash & Bank Balances

Cash in hand	8,143	32,766
Balances with Scheduled Banks		
In Current Account	49,328,278	20,761,357
In Deposit Account (Including interest accrued)		
- Not Pledged	30,077,214	56,012
In Margin Money Account (Pledged)	458,038	426,821
	79,871,673	21,276,956
	12,364,064	12,991,196
	12,364,064	12,991,196

4. Other Current Assets
B. LOANS & ADVANCES
Advances

Unsecured considered good unless otherwise stated

Advances and other amounts recoverable in cash

or in kind or for value to be received	578,391,751	625,342,486
(Refer Note No. 6(a) and 23 of Schedule 12B)		

Security Deposit	6,423,264	11,903,810
Balance with Central Excise Authorities	34,737,740	52,807,720
Advance Tax (Including T.D.S.)	29,833,292	21,591,317

(Net of provisions Rs.200,931,404 (P.Y. Rs. 122,505,24)

649,386,047	711,645,333
--------------------	--------------------

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS
A. Current Liabilities

Sundry Creditors {Refer Note 8 of Schedule 12 (B)}	763,597,964	634,471,411
Statutory Dues	35,029,297	31,139,956
Expenses Payable*	39,332,241	36,345,986
Other Liabilities	59,327,881	167,958,307
Unclaimed Dividend **	2,282,901	1,883,600
	899,570,284	871,799,260

B. Provisions

Warranty Claims	7,342,276	4,418,401
Proposed Dividend	29,731,630	29,731,630
Tax on Proposed Dividend	5,052,890	5,052,890
	42,126,796	39,202,921

* It includes amount due to director Rs. 11,912,622 (Previous Year Rs. 886,700)

** The above figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
-------------	--------------	---------------

SCHEDULE - 9 : OTHER INCOME

Dividend Received on Long Term Investments:

- Trade Investment	4,500,000	4,500,000
- Non Trade Investment	502	4,937
	4,500,502	4,504,937
Profit on sale of fixed asset	16,561,800	937,220
{Net of Loss of Rs. 1,57,657/- (P.Y. Rs. 1,250,788/-)}		
Amount Written Back (Net)	-	22,603,281
Exchange Fluctuation Gain (Net)	15,287,359	-
Hire Charges Received	1,500,000	1,500,000
{Tax Deducted at Source Rs. 3,04,500/- (P.Y. Rs. 381,912/-)}		
Miscellaneous Income	4,467,240	627,435
	42,316,901	30,172,873

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

PARTICULARS	Current Year	Previous Year
SCHEDULE - 10 : MANUFACTURING & OTHER EXPENSES		
1. Consumption of Raw Material	3,065,433,912	2,371,064,141
2. (Increase) / Decrease in Stock- In -Trade/Work -In- Progress		
Opening stock		
Finished goods	15,177,840	377,184
Less: Excise Duty	1,367,153	-
	13,810,687	377,184
Work-In-Progress	62,618,114	41,664,073
	Total	42,041,257
Closing stock		
Finished goods	1,078,301	15,177,840
Less: Excise Duty	100,693	1,367,153
	977,608	13,810,687
Work-In-Progress	54,147,699	62,618,114
	Sub Total	76,428,801
	21,303,494	(34,387,544)
3. Manufacture, Administrative & Other Expenses		
Salary/Wage & Other Benefits to Staff	169,035,151	124,218,043
Contribution to Provident & Other Fund	11,154,572	13,248,947
Power & Fuel	64,051,723	42,624,882
Other Manufacturing Exp.	253,101,769	147,218,725
Rent, Rates & Taxes	21,578,758	24,575,252
Insurance	2,470,694	3,013,778
Royalty	363,185	802,119
Communication Expenses	5,085,675	5,059,373
Amount written off (net)	2,781,120	-
{Net of Rs.1,372,413.41/- (Previous Year :Nil)}		
Legal & Professional Charges	2,102,777	1,196,815
Repair & Maintenance		
- Machinery *	31,551,362	13,653,735
- Building	4,525,414	895,872
- Others	20,834,367	9,946,431
Staff Welfare	12,003,474	7,882,262
Research & Development Expenses	12,761,722	23,500,611
{Refer Note 19 of Schedule 12(B)}		
Travelling & Conveyance	16,815,848	19,510,311
Auditor's Remuneration	1,045,000	1,309,767
Foreign Exchange Fluctuation (Net)	-	29,269,817
Loss on Sale of Current Non-Trade Investment (Net)	-	476,914
{Net of profit of Rs.Nil/- (Previous Year :8,086)}		
Other Expenses	19,546,924	16,577,633
Selling & Distribution Expenses	67,817,784	41,417,937
	Sub Total	526,399,224
	Total	3,805,364,725
	3,805,364,725	2,863,075,821

* Includes Stores & Spares Consumed of Rs. 11,042,976/- (Previous Year : 5,878,940/)

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

PARTICULARS	(Amount in Rupees)	
	Current Year	Previous Year
SCHEDULE - 11 : FINANCIAL CHARGES (Net)		
Interest on		
- Fixed Loan	43,959,867	30,874,874
- Others	31,316,222	56,231,435
Bank Charges	8,512,559	4,616,686
	83,788,648	91,722,995
Less: Interest received on Fixed deposit and others*	1,271,600	62,186,184
	82,517,048	29,536,811

* TDS Rs. 12,069/-.(P.Y.13,811,275/-)

Includes Rs.Nil/- (P.Y. 60,917,000)received from its subsidiary

SCHEDULE FORMING PART OF THE BALANCE SHEET & PROFIT & LOSS ACCOUNT

SCHEDULE 12 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT

A. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles ("GAAP"), mandatory accounting standards as per the Company (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and other relevant provisions of the Companies Act, 1956 and guidelines issued by the Security Exchange Board of India as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

2. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires making of estimates and assumptions that affect the reported amounts of assets & liabilities and disclosure of contingent assets & liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

3. Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of freight, duties & taxes and incidental expenses related to acquisition up to the date of installation. Cost of Fixed assets are further adjusted by the amount of Modvat/Cenvat credit availed and Vat credit wherever applicable. Fixed assets under construction, advance paid towards acquisition of fixed assets and cost of assets not put to use before year end, are shown as capital work in progress. Interest and finance charges incurred are allocated to the respective fixed assets on installation.

4. Depreciation / Amortization

Depreciation is provided at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956 by following the written down value method.

Depreciation is calculated on a Pro rata basis from the date of installation till the date the assets are sold or disposed off. Assets costing individually Rs. 5,000/- or less are fully depreciated in- the year of purchase.

Cost of Leasehold Land is amortized over the period of Lease.

5. Inventories

Raw material, stores and spare parts are valued at lower of cost or net realizable value. Cost includes purchase price, those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, FIFO method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost or net realisable value. The comparison of cost and net realisable value is made on an item by item basis. Cost of work in progress and manufactured finished goods is determined on FIFO basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition.

Scrap is valued at "Net Realisable Value".

Excise duty liability is included in the valuation of closing inventory of finished goods.

6. Revenue Recognition

Domestic Sales are recognized at the point of despatch of goods to the customers from factory. The sales are accounted for net of trade discount, sales tax, sale returns but includes excise duty. Export Sales are recognized at the time of the clearance of goods and approval of excise authorities.

Sales include revision in prices received from customers with retrospective effect.

Interest Income is accounted for on time proportional basis. Dividend income is recognized when the right to receive the Dividend is established.

7. Purchases

Purchase of material is recognized on the basis of acceptance of material at the respective location.

Price revision of material purchased has also been included in purchases. Further adjustments, if any, are made in the year of final settlement.

8. Foreign Exchange Transactions

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

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

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statement are recognized as income/expense in the period in which they arise.

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the life of contract as well as exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception/the last reporting date, is recognised as income/expense for the period.

9. **Borrowing Cost**

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

10. **Investments**

Long Term Investments are stated at cost unless there is a diminution of permanent nature, if any. Current Investments are carried at lower of cost or fair value.

11. **Expenditure on Research and Development**

The revenue expenditure on research and development is charged as an expense in the year in which it is incurred. However Expenditure on development activities, whereby research findings are applied to a future plan or design for the production of new or substantially improved products and process and has got future benefits is capitalized. Such capitalization includes cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the assets for its intended use.

Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Depreciation on such capital assets is followed in accordance with the Company's Policy.

12. **Employees Benefits**

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which related service is rendered.
- b) The Company has Defined Contribution plans for post employment benefits' namely Provident Fund and Employee State Insurance Scheme. The Company's contributions in the above plans are charged to revenue every year.
- c) The Company has Defined benefits plans namely Leave Encashment / Compensated Absence and Gratuity for employees. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each Financial Year by using 'Projected Unit Credit' (PUC) method. However, the company through its Trust has taken a policy with 'Life Insurance Corporation of India' to cover the gratuity liability of the employees. The difference between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with Life Insurance Corporation of India is provided for as liability in the books.
- d) Provision for Leave Encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each Financial Year by using 'Projected Unit Credit'(PUC) method.
- e) Actuarial gains / losses are immediately taken to Profit and Loss Account.
- f) Terminal benefits are recognized as an expense immediately.

13. **Taxes on Income**

Current Tax

Current tax is amount of tax payable on taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax

Deferred tax resulting from "timing difference between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

14. **Contingency/Provisions**

Provision is recognized when a company has a present obligation as a result of past event, it is probable that an outflow of resources embodying benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Contingent Liabilities, if material are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements.

15. **Leases**

Lease arrangements where the risks and rewards incident to the ownership of assets substantially vests with the lessor, are recognized as operating leases. Lease payments under operating leases are recognized as an expense in the profit and loss account.

16. Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted Earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

17. Cash Flow

Cash Flow statement is prepared as per the indirect method prescribed under "Accounting Standard-3" "Cash Flow Statement".

18. Warranty

Warranty expenses are provided for in the year of sales based on technical estimates. In addition, specific provision is also made against customer claims for manufacturing

19. Impairment of assets

The company assesses whether there is any indication that any asset may be impaired at the balance sheet date. If any indication exists, the company estimates the recoverable amount. If the carrying amount of the fixed assets exceeds the recoverable amount, an impairment loss is recognized in the accounts; to the extent the carrying amount exceeds the recoverable amount.

20. Intangible Assets

Intangible assets such as technical know-how fees, etc. which do not meet the criterions laid down, in terms of Accounting Standard 26 on Intangible Assets, are written off in the year in which they are incurred. If such costs / expenditure meet the criterion, it is recognized as an intangible asset and is measured at cost. It is amortized by way of a systematic allocation of the depreciable amount over its useful life and recognized in the balance sheet at net of any accumulated amortization and accumulated impairment losses thereon.

B. NOTES TO ACCOUNT
1. Background

Sharda Motor Industries Limited ("the Company") together with its subsidiary is primarily engaged in the manufacturing and assembly of Auto Components and White Goods Components. The company serves as a 'Tier I' vendor for some of the major Automobiles and Electronics Original Equipment Manufacturers (OEMs). It has got a 'State of Art' manufacturing facilities across eight locations in India. Their production range includes Exhaust Systems, Catalytic Convertors, Suspension Systems, Sheet Metal Components and Plastic parts for the Automotive and White Goods Industries.

2. (a) Contingent Liabilities

- (i) Foreign Letters of Credit Rs. 86,334,633/- (Previous year Rs. 13,292,850/-).
- (ii) Entry tax of Rs 227,265/- (Previous year Rs. 227,265/-) for the financial year 2000-01, 2001-02 & 2002-03 against which the company has filed an appeal before Appellate Authority UP Trade Tax.
- (iii) Excise duty of Rs. 97,461/- (Previous year Rs. 97,461/-) under Central Excise Rules, which is pending before the Adjudating Authority. The company has executed a bank guarantee of Rs 175,000 against such liability.
- (iv) Excise duty of Rs. 44,000,000/- (Previous year Rs. Nil) under Central Excise Rules, which is pending before 'The Commissioner, Central Excise Large Tax Payer Unit'.
- (v) Excise duty of Rs. 4,072,313/- (Previous year Rs. Nil) under Central Excise Rules, which is pending before 'The Additional Commissioner, Central Excise Large Tax Payer Unit'.

- (b) Estimated value of contracts remaining to be executed on capital account not provided for in the accounts, net of advance is Rs 177,458,667/- (Previous Year Rs. 24,730,279/-).

3. The balances of debtors, creditors and loans and advances are awaiting confirmation.

4. In the opinion of the Board, the current assets, loans and advances are approximate of the value stated if realized in the ordinary course of business. The provision for all the known liabilities are adequate and not in excess of the amount reasonably necessary.

5. Pre-Operative Expenses and Capital Work in Progress (including capital advances)

- (a) Pre Operative expenses (directly allocable) amounting to Rs. 36,507,924 (previous year Rs. 21,627,450) as under:

As at 31st March 2010

Particulars	2009-2010	2008-2009
Opening balance	21,627,450	2,442,734
Add: Additions during the year		
Interest paid	11,461,677	11,995,545
Salary, Wages, Allowances and Contribution to Fund	2,073,124	5,485,637
Other Expenses	1,345,673	1,703,534
Balance as at year end	36,507,924	21,627,450

(b) Capital Work in Progress includes an amount of Rs128,904,958/- (previous year Rs.93,000,432/-) paid as Capital Advances.

6. (a) **Amounts due from Subsidiary Company:**

(Amount in Rupees)

Name of the Company	2009-10	2008-09
Sharda Sejong Auto Components (India) Limited, a subsidiary company (Maximum aggregate amount due during the year Rs. 569,193,665) (Previous year Rs. 685,431,218).	569,193,665	597,082,814

(b) **Debtors includes amounts due from Companies under the same management:**

(Amount in Rupees)

Name of the Company	2009-10	2008-09
Bharat Seats Limited,(Maximum aggregate amount due during the year Rs. 101,641,949/-) (Previous year Rs. 68,580,214/-).	86,541,030	66,498,579
Progressive Engineering & Automation Pvt Ltd., (Maximum aggregate amount due during the year Rs. 1,635,125/-) (Previous year Rs. 1,123/-).	1,635,125	1,123

7 **Employee Benefits**

Defined Contribution Plan

The Company makes contribution towards Employees Provident Fund and Employee's State Insurance scheme. Under the rules of these schemes, the company is required to contribute a specified percentage of payroll costs. The Company during the year recognised the following amounts in the Profit and Loss Account under company's contribution to Defined contribution plan.

(Amount in Rupees)

Particulars	2009-2010	2008-2009
Provident Fund	8,686,151	9,460,996
Employee State Insurance	1,222,575	939,716

Note:

The above amount includes Rs 106,899 and Rs 5,195 as Employer's Contribution to Provident Fund and Employer's Contribution to ESI respectively transferred to Capital Work in Progress.

Defined Benefit Plans:

Gratuity Scheme: This is a funded defined benefit plan for qualifying employees. The employees gratuity fund scheme managed by Life Insurance Corporation of India. The present value of obligation is determine based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations. The obligation for leave encashment is recognized in the same manner as gratuity

Leave Encashment/Compensated Absences : This is an unfunded defined benefit plan.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans (as per Actuarial Valuation as on March 31,2010).

In accordance with the Accounting Standard (revised 2005), an actuarial valuation was carried out in respect of the aforesaid defined benefit plans based on following assumptions:

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	For the year ended		For the year ended	
	2009-10	2008-09	2009-10	2008-09
Discount Rate	7.50%	7.00%	7.50%	7.00%
Rate of increase in Compensation	10.00%	10.00%	10.00%	10.00%
Rate of Return on Plan Assets (For Gratuity)	NA	NA	9.25%	9.15%
Mortality	Published notes under the LIC (1994-96) mortality table.	Published notes under the LIC (1994-96) mortality table.	Published notes under the LIC (1994-96) mortality table.	Published notes under the LIC (1994-96) mortality table.

Net employees benefit expense (recognized in the Statement of Profit and Loss for the year ended 31st March 2010)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	For the year ended		For the year ended	
	2009-10	2008-09	2009-10	2008-09
Current Service Cost	1,397,443	1,114,569	2,517,918	2,260,701
Interest Cost on benefit obligation	393,440	335,123	991,943	910,003
Expected return on plan assets	NA	NA	(1,032,266)	(591,655)
Past Service Cost	-	-	-	-
Actuarial (gain)/loss recognized in the year	(1,039,069)	309,369	(1,191,240)	180,124
Net Benefit Expense	751,814	1,759,061	1,286,355	2,759,173

Net Asset/ (liability) recognized in the Balance Sheet as on March 31, 2010

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	For the year ended		For the year ended	
	2009-10	2008-09	2009-10	2008-09
Present Value of Defined Benefit Obligation	5,927,849	5,620,573	16,135,944	14,170,616
Fair Value of Plan Assets	-	-	14,849,589	11,281,597
Net Asset/ (Liability) recognized in the Balance Sheet	(5,927,849)	(5,620,573)	(1,286,355)	(2,889,019)

Changes in the Obligation during the year ended 31st March 2010

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	For the year ended		For the year ended	
	2009-10	2008-09	2009-10	2008-09
Opening defined benefit obligation	5,620,573	4,189,040	14,170,616	11,375,035
Interest cost	393,440	335,123	991,943	910,003
Current Service Cost	1,397,443	1,114,569	2,517,918	2,260,701
Benefits Paid	(444,538)	(327,528)	(441,442)	(775,521)
Actuarial (gain)/ loss on obligation	(1,039,069)	309,369	(1,103,091)	400,398
Closing defined benefit obligation	5,927,849	5,620,573	16,135,944	14,170,616

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

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	For the year ended		For the year ended	
	2009-10	2008-09	2009-10	2008-09
Opening fair value of Plan Assets	N.A	N.A	11,281,597	6,466,172
Expected return on Plan Assets	-	-	1,032,266	591,655
Contribution by employer	-	-	2,889,019	4,779,017
Benefits paid	-	-	(441,442)	(775,521)
Actuarial Gain/ (Loss) on Plan Assets	-	-	88,149	220,274
Closing Fair Value of Plan Assets	-	N.A	14,849,589	11,281,597

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

8. Pursuant to amendments to Schedule VI to Companies Act, 1956 vide Notification No. GSR 719 (E) dated 16th November, 2007. The company has not received any intimation from suppliers regarding the status under the Micro, small and Medium Enterprises Development Act, 2006. Hence, disclosure, if any was concerning the amount unpaid as at the year end together with interest paid/payable as required under the said act has not been given.

9. **Detail of prior period expenses is as follows:**

(Amount in Rupees)

Expenditures (Dr.)	2009-10	2008-09
Cartage Outward	-	236,168
Conveyance	-	104,418
Legal & Professional Charges	-	37,448
Repair Building	-	206,345
Foreign Tour and Travels	-	105,517
Total	-	689,896

10. **Payment to Auditors**

(Amount in Rupees)

Particulars	2009-10	2008-09
Audit Fees (Standalone)	550,000	550,000
Audit Fees (Consolidation)	45,000	-
Tax Audit Fees	250,000	250,000
Service Tax	107,635	82,400
Management Services	200,000	200,000
Certification	-	24,767
Taxation Matters	70,000	285,000
Out of Pocket Expenses	75,664	24,768

11. **Managerial Remuneration to Directors**

(Amount in Rupees)

Particulars	2009-10	2008-09
Salary	21,302,400	12,349,600
Perquisites	7,856,334	2,938,783
Commission	6,400,000	1,000,000
Sitting Fees	690,000	850,000

Note: -

1. Managerial Remuneration to Directors does not include incremental liability for gratuity and leave encashment unless paid/payable as per company rules.
 2. The Managerial Remuneration paid to the Directors is well within the limits specified in Companies Act, 1956.
12. **Computation of eligible net profit u/s 349 of the Companies Act :**

(Amount in Rupees)

Profit as per profit and loss account		313,984,889
Add :		
I MD's Whole-time Director's remuneration & Commission	32,558,734	
II Commission paid to part-time Directors	3,000,000	
III Director's Sitting Fees	690,000	
IV Provision for Warranty Claim(Net)	3,206,941	
TOTAL (A)	39,455,675	
Less :		
I Exchange Fluctuation on Foreign Currency Loan	6,125,000	
II Profit on Sale of Fixed Assets (Net)	16,561,800	
TOTAL (B)	22,686,800	
Net Profit under Section 349(Profit as per profit and loss account + TOTAL (A) - TOTAL (B))		330,753,764
Overall Limit of 11% (Including Comm. to part-time Directors)		36,382,914
Overall Limit of 10% (For all Whole-time Directors)		33,075,377
Limit for Individual Director of 5%		16,537,688
Limit of Commission to Part Time Directors 1%		3,307,538

13. Additional Information:
a) Capacity, Production, Turnover & Stocks:
(i) Licensed & Installed Capacity :

As certified by the Management and as per the norms laid down by the Central Government, no licence is required for the class of goods manufactured by the Company; hence information pertaining to the licensed capacity is not given. The Company is of the view that the installed capacity of its machinery in terms of measurable units cannot be determined as it varies, based on the design / process of its heterogeneous range of products.

(ii) (A) Quantitative Information with regard to Actual Production, Stock, Turnover of the Goods Manufactured by the Company.
(Amount in Rupees)

PARTICULARS	Unit	Actual Production	Opening Stock		Turnover		Closing Stock	
		Qty	Qty	Value	Qty	Value	Qty	Value
a) AUTOMOTIVE COMPONENTS								
- Metal Parts	PCS	18,731,665 (12,013,943)	103,335 (3,272)	11,990,041 (125,734)	18,826,894 (11,913,880)	3,584,954,997 (2,529,686,566)	8,106 (103,335)	692,858 (11,990,042)
- Fabric	PCS	4,068,157 (2,843,728)	247 (292)	43,047 (137,469)	4,068,185 (2,843,773)	696,007,015 (563,054,036)	219 (247)	11,283 (43,047)
b) WHITE GOODS	PCS	3,752,651 (1,992,496)	59,357 (-)	2,865,828 (-)	3,740,112 (1,935,507)	460,027,073 (428,409,496)	71,896 (59,357)	146,851 (2,865,828)
c) OTHERS		- (-)	- (-)	278,924 (168,371)	- (-)	59,405,619 (49,332,622)	- (-)	227,309 (278,923)
d) JOB WORK		- (-)	- (-)	- (-)	- (-)	15,020,498 (10,476,502)	- (-)	- (-)
TOTAL ii (A)		26,552,473 (16,850,167)	162,939 (3,564)	15,177,840 (431,574)	26,635,191 (16,693,160)	4,815,415,202 (3,580,959,222)	80,221 (162,939)	1,078,301 (15,177,840)

(ii) (B) Quantitative Information With Regard To Actual Turnover of Goods Traded
(Amount in Rupees)

PARTICULARS	Unit	Purchases		Opening Stock		Turnover		Closing Stock	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
a) AUDIO VIDEO SYS.	PCS	1,622 (6,332)	1,553,697 (9,166,020)	3,660 (5,646)	22,076,207 (24,956,659)	2,545 (8,318)	8,340,023 (16,580,389)	2,737 (3,660)	14,411,099 (22,076,207)
b) OTHERS			343,993,531 (289,507,269)		- (-)		306,128,764 (335,140,154)		- (-)
TOTAL ii(B)		1,622 (6322)	345,547,228 (298,673,289)	3,660 (5,646)	22,076,207 (24,956,659)	2,545 (8,318)	314,468,787 (351,720,543)	2,737 (3,660)	14,411,099 (22,076,207)

Note: Figures in brackets indicates previous year's figures.

iii) (a) Consumption of raw -material

Particulars	Unit	2009-10		2008-09	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Steel	Kgs	26,596,948	1,543,145,291	22,739,074	1,064,584,194
Fabric	Mtrs	2,492,125	410,719,789	1,733,568	263,967,403
Others	-	-	1,111,568,832	-	1,042,512,544
Total	-	29,089,073	3,065,433,912	24,472,642	2,371,064,141

(b) Value of imported/indigenous raw materials, stores and spares consumed :

(Amount in Rupees)

Particulars	2009-10		2008-09	
	Amount (Rs.)	%	Amount (Rs.)	%
Raw Material				
Imported	730,357,677	23.83	716,160,505	30.20
Indigenous	2,335,076,235	76.17	1,654,903,636	69.80
Total	3,065,433,912	100	2,371,064,141	100
Stores & Spares				
Imported	4,323,193	39.15	-	-
Indigenous	6,719,783	60.85	5,878,940	100
Total	11,042,976	100	5,878,940	100

(c) CIF Value of Import

(Amount in Rupees)

Particulars	2009-10	2008-09
Capital Goods	11,344,681	29,970,445
Raw Material	701,212,894	676,587,850
Machinery Spares and Consumables	8,149,101	-
Total	720,706,676	706,558,295

(d) Expenditure in Foreign Currency :

(Amount in Rupees)

Particulars	2009-10	2008-09
Foreign Traveling	3,143,185	92,89,410
Royalty	309,374	802,119
Research & Development (Testing Fees)	3,000,587	2,343,684
Technical Know-how / Guidance Fee / Consultancy	1,793,575	-
Subscription & Fee	132,110	-
Tools and Accessories	-	468,833
Repair and Maintenance	125,701	-
Shifting Charges	484,656	-

(e) Earning in Foreign Currency:

(Amount in Rupees)

Particulars	2009-10	2008-09
F.O.B. Value of Exports	15,268,678	11,777,606

(f) Statement showing Purchase/Sale of Shares during the year ended 31st March' 2010

(Figures in Units)

S.No. Name of Share	Opening Stock		Invested		Sold		Closing Balance	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1. Fortis Financial Services Ltd.	-	36	-	-	-	36	-	-
2. Sharda Sejong Auto Components (I) Ltd.	20,050,000	50,000	-	20,000,000	-	-	20,050,000	20,050,000
3. Reliance capital Ltd	-	2	-	-	-	2	-	-
4. Reliance Energy Ltd	-	4	-	-	-	4	-	-
5. Reliance Industries Ltd*	36	36	-	-	-	-	72	36
6. Automobile Components (India) Limited	-	-	-	50,000	-	50,000	-	-

* Reliance Industries Ltd., Bonus share issue in the ratio of 1:1.

14. Segment wise Reporting
(a) Composition of Business Segments:

The Company's business segments are organized on product lines as under:

- i) Automotive components
- ii) White Goods
- iii) Others

(b) Segment revenues, Results and Other Information
(Amount in Rupees)

Particulars	Year Ended 31 st March, 2010				Year Ended 31 st March, 2009			
	Automotive Components & Accessories	White Goods	Others	Total	Automotive Components & Accessories	White Goods	Others	Total
External Sales (Gross)	4,566,082,939	555,454,038	8,347,012	5,129,883,989	3,461,214,716	454,884,660	16,580,389	3,932,679,765
Inter Segment Sales					-	-	-	-
Less: Excise duty	449,828,868	18,088,166	-	467,917,034	529,584,132	5,437,818	-	535,021,950
Other Income	30,343,334	(63,550)	(593)	30,279,191	22,719,583	1,163,039	(59,258)	23,823,364
Segment Revenue	4,146,597,405	537,302,322	8,346,419	4,692,246,146	2,954,350,167	450,609,881	16,521,131	3,421,481,179
Un-allocated Income				12,037,710				6,349,509
Profit on sale of Investments (Net)								(476,914)
Total Revenue				4,704,283,856				3427,353,774
Segment Results	445,849,893	47,253,967	(14,531,356)	478,572,504	220,883,757	37,706,754	(11,590,107)	247,000,404
Un-allocated Expenses				82,070,565				111,399,217
Operating Profit				396,501,937				135,601,187
Interest Expenses (Net)				82,517,048				29,536,811
Current Income Tax				86,000,000				235,00,000
Fringe Benefit Tax				-				2,400,000
Deferred Tax				16,594,607				3,743,711
Provision for Wealth Tax				133,018				220,248
Prior Period Adjustments (Net)				-				689,896
Tax adjustment for earlier year (Net)				(304,659)				(1,440,061)
Profit after tax				211,561,923				76,950,582
Segment Assets	2,531,357,814	192,988,956	15,403,708	2,739,750,478	2,389,350,349	244,166,409	31,915,463	2,665,432,221
Un-allocated Assets				315,476,891				306,320,399
Total				3,055,227,369				2,971,752,620
Segment Liabilities	836,312,430	71,246,757	1,628,250	909,187,437	907,253,019	108,137,778	2,239,609	1,017,630,406
Un-allocated Liabilities				32,509,643				15,877,023
Total				941,697,080				1,033,507,429
Capital Expenditure	333,454,681	3,570,074	-	337,024,755	226,954,829	7,486,656	1,687,450	236,128,935
Depreciation/ Amortisation	133,057,492	12,685,923	3,461,442	149,204,857	108,746,410	16,820,942	754,245	126,321,597

15. Leases
Assets taken on operating Lease

- a) The company has taken certain assets on non-cancelable operating lease and lease rent amounting to Rs. 12,287,903/- (Previous Year Rs. 21,760,365/-) has been debited to the Profit & Loss account. The future minimum lease payments as on 31st March, 2010 are as under :

(Amount in Rupees)

S. No.	Minimum Lease Payment Payables	2009-10	2008-09
(i)	Not later than in 1 years	12,540,000	22,316,100
(ii)	Later than 1 year but not later than 5 years	48,000,000	99,343,230
(iii)	Later than 5 years	-	85,953,843

General Description of Lease Terms:

- Lease Rentals are charged on the basis of agreed terms.
- Assets are taken on lease over a period of 1 to 9 years.

- (b) Assets given on Operating Lease

The Company has given the premises on cancellable operating lease on or after 2001, and lease rental amounting to Rs. 1,500,000/- (Previous Year: Rs. 1,500,000/-) has been credited to the Profit and Loss Account. The details for the assets given of operating lease are as under:

Description of Assets given on Lease:

(Amount in Rs.)

Description of Assets	Gross Block	Accumulated Depreciation as on 1 April 2009	Depreciation For the Year	Written Down Value as on 31 March 2010
Building (G-20, Sipcot)	74,910,725 (74,910,725)	4,007,374 (36,129,224)	3,490,335 (3,878,150)	31,413,016 (34,903,351)

Details of Leasing Agreement is enumerated below:

Property given on lease	Date for Termination Of Lease
Building (G-20, Sipcot)	31.03.2010

16. Financial and Derivative Instruments

Derivative contracts entered into by the company and outstanding as on 31st March' 2010.

- Foreign currency exposure hedged by derivative instruments amounts to Rs.112,187,500 (P.Y.Rs. 173,737,500 /-).
- Foreign currency exposure that are not hedged by derivative instruments as on 31st March' 2010 amounts to Rs.74,041,900(P.Y.Rs. 315,009,376)

17. Disclosure in pursuance of AS-18 "Related Party Disclosure"

- (a) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

S.No.	Name of the Related Party	Relationship
1	Sharda Sejong Auto components (India) Limited	Subsidiary Company
2	Relan Industrial Finance Ltd.	Associate Companies
3	Bharat Seats Ltd.	
4	Progressive Engineering & Automation Pvt. Ltd.	
5	Shri. N.D Relan (Chairman)	
6	Shri Ajay Relan (Managing Director)	Key Managerial Personnel
7	Shri Udayan Banerjee (Executive Director)* * Up to 31st May 2009	
8	Shri Rohit Relan	Relatives of Key Managerial Personnel
9	Smt. Sharda Relan	
10	Smt. Mala Relan	
11	Smt. Ritu Relan	
12	Ms Aashita relan	
13	Mr. Aashim Relan	
14	Mr. Rishabh Relan	
15	Mr. Pranav Relan	
16	Mr. Ayush Relan	
17	Sharda Enterprises	
18	N.D.Relan (HUF)	
19	Ajay Relan (HUF)	
20	Rohit Relan (HUF)	
21	A.N.I Hospitality LLP	

(ii) Transactions during the year with Related Parties
(Amount in Rupees)

S.No.	Nature of Transactions	Subsidiary Company	Associate Companies	Associate Concern	Key Management Personnel	Relative of Key Management Personnel
1	Sales during the year	1,326,468,811 (971,409,551)	1,800,495,762 (958,630,396)	- (-)	- (-)	- (-)
2	Purchases During the year	78,784,726 (94,018,356)				
3	Loans taken during the year	1,889,492,642 (14,523,771)	- (-)	- (-)	56,950,000 (198,100,000)	46,950,000 (-)
4	Loan repaid during the year	868,652,395 (-)	- (-)	- (-)	67,600,000 (22,400,000)	36,000,000 (-)
5	Interest paid on loans during the year	- (-)	- (-)	- (-)	16,400,623 (23,015,559)	13,767,542 (-)
6	Rent paid during the year	- (-)	- (-)	12,000,000 (12,000,000)	- (250,000)	- (-)
7	Hire Charges received during the year	1,500,000 (1,500,000)	- (-)	- (-)	- (-)	- (-)
8	Interest received during the year	- (60,917,000)	- (-)	- (-)	- (-)	- (-)
9	Remuneration Paid	- (-)	- (-)	- (-)	32,558,734 (15288383)	4,643,169 (1,160,000)
10	Dividend Received	- (-)	4,500,000 (4,500,000)	- (-)	- (-)	- (-)
11	Dividend Paid	- (-)	- (-)	1,170,000 (7,02,000)	16,229,975 (9,737,985)	40,725,225 (24,435,135)
12	Purchase of Fixed Assets	1,381,186 (14,300,428)	- (-)	- (-)	- (-)	- (-)
13	Sale of Fixed Assets	7,495,571 (35,077,659)	55,348,525 (-)	- (-)	- (-)	- (-)
14	Advance received against supply of goods during the year	- (-)	24,000,000 (5,000,000)	- (-)	- (-)	- (-)
15	Net Outstanding Balance payable/ (Receivable) as on 31.03.2010	569,193,665 (597,082,814)	57,513,648 (66,498,579)	- (-)	134,776,397 (258,986,700)	135,864,718 (-)

Note : Figures in brackets indicate previous year's figures.

18. Deferred Taxation (AS 22)
Deferred Tax Liability (DTL) : Arising on account of timing difference

S.No.	Particulars	Total 31.03.2009 (Rs.)	For the year upto 2009-10 (Rs.)	Total upto 31.03.2010 (Rs.)
1)	Depreciation	54,965,731	17,102,119	72,067,850
	Total	54,965,731	17,102,119	72,067,850

Deferred Tax Assets (DTA) : Arising on account of timing difference

S.No.	Particulars	Total 31.03.2009 (Rs.)	For the year upto 2009-10 (Rs.)	Total upto 31.03.2010 (Rs.)
1)	Expenditure under section 43B of the Income Tax Act, 1961	4,566,657	603,727	5,170,384
2)	Others	1,501,814	(96,215)	1,405,599
	Total	6,068,471	507,512	6,575,982
	Net Deferred Tax Liability/(Assets)	48,897,260	16,594,607	65,491,867

19. Research and Development Expenses include:

Particulars	2009-10	2008-09
Purchases	-	315,485
Salary, Wages and other allowances	8,763,583	8,653,222
Traveling expenses	714,377	663,985
Design, Development and other Expenses	3,283,762	13,867,919
Total	12,761,722	23,500,611

20. Earning per Share

The numerators & denominators used to calculate the earnings per share.

Particulars	2009-10	2008-09
Profit/(loss) attributable to the equity shareholders (Rs.) - (A)	211,561,923	76,950,582
Basic/weighted average number of Equity shares outstanding during the year - (B)	5,946,326	5,946,326
Nominal value of equity shares (Rs.)	10	10
Basic/diluted earnings per share (Rs.) (A) / (B)	35.58	12.94

21. Previous year's figures have been reclassified/regrouped, wherever necessary, to make them comparable.

22. Security creation arrangement with regard to External Commercial Borrowings.

- i) Mortgage in favour of the Security Trustee in a form satisfactory to the Security Trustee of the Borrower's immovable properties pertaining to the Project Situated at :
 - a) Mahindra World City, Changanpattu Taluk, Kanchipuram Dist. Industrial Park, Tamilnadu-603002,
 - b) Plot No. C-8, TML Vendor Park, Sanand Road, North Coteपुरa, Sanand, Ahmedabad* being financed out of the proceeds of the Facility, both present and future*
* Charge yet to be created, Since Lease deed pertaining to the land of this property is under execution.
- ii) An exclusive charge by way of hypothecation in favour of the Security Trustee of the Borrower's movables pertaining to the Projects Situated at:
 - a) Mahindra World City, Changanpattu Taluk, Kanchipuram Dist. Industrial Park, Tamilnadu-603002,
 - b) Plot No. 52/1,52/2,53/2A,54A,54B,54C & 54D, Behind Ceat Company, Satpur, Nashik-422007
 - c) Plot No. C-8, TML Vendor Park, Sanand Road, North Coteपुरa, Sanand, Ahmedabad
 - d) 58 KM, Delhi - Jaipur Highway, P.O. Binola, Haryana.

being financed out of the proceeds of the Facility (save and except book debts), including movable machinery, machinery spares, tools and accessories, both present and future.

23. Information pursuant to clause 32 of the listing agreements with stock exchanges Loans and advances in the nature of loans to wholly-owned subsidiary company are as under:

(Amount in Rs.)

	Balance As At 31st March		Maximum Balance during the year ended 31st March	
	2010	2009	2010	2009
Interest free with no specified payment schedule:				
a) Sharda Sejong Auto Components (India) Limited	569,193,665	597,082,814	569,193,665	685,431,218

24. Disclosure in accordance with Accounting Standard (AS 29) Provisions, Contingent Liabilities and Contingent Assets. The following table provides disclosure in accordance with AS 29.

Particulars	Balance as at April 1, 2009	Additions during the year	Amounts used/paid/reversed during the year	Balance as at March 31, 2010
Provision For Warranty	4,418,401	3,520,843	596,968	7,342,276
Previous Year	(16,718,774)	(2,416,407)	(14,716,780)	(4,418,401)

For and on behalf of
the Board of Directors

NITIN VISHNOI
Company Secretary

PRADEEP RASTOGI
President-Legal & CFO

N. D. RELAN
Chairman

PLACE : NEW DELHI
DATED : 22nd May, 2010

D.A. AGGARWAL
Sr. Vice President (F& A)

AJAY RELAN
Managing Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details	
Registration No.	L 7 4 8 9 9 D L 1 9 8 6 P L C 0 2 3 2 0 2
State Code	5 5
Balance Sheet Date	3 1 0 3 2 0 1 0
	Day Month Year
II. Capital Raised during the year (Amount in Rs. Thousands)	
Public Issue	Right Issue
<input type="text"/> N I L <input type="text"/>	<input type="text"/> N I L <input type="text"/>
Bonus Issue	Private Placement
<input type="text"/> N I L <input type="text"/>	<input type="text"/> N I L <input type="text"/>
III. Capital Raised during the year (Amount in Rs. Thousands)	
Total Liabilities	Total Assets
<input type="text"/> 3 0 8 5 0 6 1 <input type="text"/>	<input type="text"/> 3 0 8 5 0 6 1 <input type="text"/>
Source of Funds	
Paid-Up Capital	Reserves & Surplus
<input type="text"/> <input type="text"/> 5 9 4 6 3 <input type="text"/>	<input type="text"/> 1 0 5 5 2 8 4 <input type="text"/>
Secured Loans	Unsecured Loans
<input type="text"/> 7 0 3 9 2 4 <input type="text"/>	<input type="text"/> 2 5 9 2 0 0 <input type="text"/>
Deferred Tax Liability	
<input type="text"/> <input type="text"/> 6 5 4 9 2 <input type="text"/>	
Application of Funds	
Net Fixed Assets*	Investments
<input type="text"/> 1 3 2 9 5 5 4 <input type="text"/>	<input type="text"/> 2 1 4 4 1 3 <input type="text"/>
Net Current Assets	Misc. Expenditure
<input type="text"/> 5 9 9 3 9 7 <input type="text"/>	<input type="text"/> <input type="text"/> N I L <input type="text"/>
* Includes Capital Advances.	
IV. Performance of Company (Amount in Rs. Thousand)	
Turnover / Income	Total Expenditure
<input type="text"/> 4 7 0 4 2 8 4 <input type="text"/>	<input type="text"/> 4 3 9 0 2 9 9 <input type="text"/>
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text"/> 3 1 3 9 8 5 <input type="text"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text"/> 2 1 1 5 6 2 <input type="text"/>
Please tick Appropriate box (+) for Profit (-) for loss	
Earning per Share in Rs.	Dividend rate %
<input type="text"/> 3 5 . 5 8 <input type="text"/>	<input type="text"/> 1 0 0 <input type="text"/>
V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)	
Item Code No. (ITC Code)	8 7 0 8 9 2 0 0
Product	E X H A U S T . S Y S T E M
Description	F O R A U T O M O B I L E S
Item Code No. (ITC Code)	9 4 0 1 2 0
Product	S E A T C O V E R F O R
Description	A U T O M O B I L E S
Item Code No. (ITC Code)	8 7 . 0 8
Product	P A R T & A C C E S S O R I E S
Description	F O R M O T O R V E H I C L E S

For and on behalf of
the Board of Directors

PRADEEP RASTOGI
President - Legal & CFO

N. D. RELAN
Chairman

D.A. AGGARWAL
Sr. Vice President (F&A)

PLACE : NEW DELHI
DATED : 22nd May 2010

NITIN VISHNOI
Company Secretary

AJAY RELAN
Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

A.	Name of the Subsidiary	:	Sharda Sejong Auto Components (India) Limited*
B.	Financial Year of the Subsidiary Company	:	31 st March' 2010
C.	Holding Company's Interest as at close of financial year of Subsidiary Company.		
	(i) Share Holding	:	2,00,50,000 Equity Shares of Rs. 10/- each fully paid-up.
	(ii) Extent of Holding	:	100%
D.	The net aggregate amount of Subsidiary Company's Profits/Loss after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		
	(i) for the Subsidiary's financial year ended as in (B) above	:	34,242,006
	(ii) for the previous financial years of the Subsidiary Company since it became the Holding Company's Subsidiary.	:	(12,823,549)
E.	Net Aggregate amount of Subsidiary Company's Profit/ Loss after deducting its losses or vice-versa, dealt within the Company's accounts.		
	(i) for the Subsidiary's financial year ended as in (B) above	:	NIL
	(ii) for the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary.	:	NIL

*Sharda Sejong Auto Components (India) Limited became subsidiary of the Company on 16th June, 2007

For and on behalf of
the Board of Directors

PRADEEP RASTOGI
President -Legal & CFO

N. D. RELAN
Chairman

D.A. AGGARWAL
Sr. Vice President (F&A)

PLACE : NEWDELHI
DATED : 22nd May, 2010

NITIN VISHNOI
Company Secretary

AJAY RELAN
Managing Director

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF SHARDA MOTOR INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHARDA MOTOR INDUSTRIES LIMITED

We have examined the attached Consolidated Balance Sheet of Sharda Motor Industries Ltd. ('the Company'), its subsidiary and associates (collectively referred as "The Sharda Group"), as at March 31st 2010, the Consolidated Profit and Loss Account and Consolidated Cash Flow for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the management of Sharda Motor Industries Ltd. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements M/s Bharat Seats Limited, an associate company whose financial statement reflect total assets of Rs. 528,132,065 as at March 31st 2010 and total revenues of Rs. 3,370,850,123 for the year then ended. These financial statements have been audited by others auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the associates company is based solely on the report of the other auditors. Further the financial statements of Relan Industrial and Finance Limited, an associate company, whose financial statement reflect total assets of Rs. 36,219,765 as at March 31st 2010 and total revenues of Rs. 4,039,960 for the year then ended, were furnished unaudited to us and have been taken as certified by the Management.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard - 21 "Consolidated Financial Statements" and Accounting standard - 23 "Accounting for Investments in Associates in Consolidated Financial Statements and on the basis of separate audited statements of Sharda Motor Industries Ltd and its subsidiaries and associates included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Sharda Motor Industries Ltd and its subsidiaries and associates, we are of the opinion that the said consolidated financial statements give true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Sharda Group as at March 31st 2010;
- (ii) In case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Sharda Group for the year ended on that date.
- (iii) In the case of the Consolidated Cash Flow Statement, of the Sharda Group for the year ended on that date.

**FOR S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS,
REGN. NO.01478N**

**SANDEEP DINODIA
PARTNER
M. No: 083689**

PLACE : NEW DELHI
DATED : 22nd May, 2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

(Amount in Rupees)

PARTICULARS	SCHEDULE	AS AT 31.03.2010	AS AT 31.03.2009
SOURCES OF FUNDS			
Shareholder Funds			
Share Capital	1	59,463,260	59,463,260
Reserves & Surplus	2	1,182,157,932	983,992,134
Loan Funds			
Secured Loans	3	703,924,118	658,493,218
Unsecured Loans	4	259,200,000	258,100,000
Deferred Tax Liability(Net) {Refer Note 13 of Schedule 12(B)}		77,976,445	54,456,313
		2,282,721,755	2,014,504,925
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	5	2,355,080,407	1,932,038,037
Less: Depreciation		843,213,043	648,209,319
Net Block		1,511,867,364	1,283,828,718
Capital Work In Progress (Including Capital Advances)		226,973,304	316,589,881
Investments	6	109,053,727	101,570,918
Current Assets, Loans & Advances			
Inventories	7	485,899,132	407,529,423
Sundry Debtors		781,350,853	682,376,263
Cash & Bank Balances		91,755,823	24,896,239
Other Current Assets		16,165,048	21,239,656
Loans & Advances		196,959,560	311,121,402
		1,572,130,416	1,447,162,983
Less: Current Liabilities & Provisions	8		
Current Liabilities		1,077,315,259	1,081,212,880
Provisions		59,987,797	53,434,695
		1,137,303,056	1,134,647,575
Net Current Assets		434,827,360	312,515,408
		2,282,721,755	2,014,504,925

Significant Accounting Policies & Notes to Accounts

As per our report attached.
For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
Regn. No.: 01478N

For and on behalf of
the Board of Directors

SANDEEP DINODIA
PARTNER
M. NO. 083689

NITIN VISHNOI
Company Secretary

PRADEEP RASTOGI
President-Legal & CFO

N. D. RELAN
Chairman

PLACE : NEW DELHI
DATED : 22nd May, 2010

D.A. AGGARWAL
Sr. Vice President (F& A)

AJAY RELAN
Managing Director

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

(Amount in Rupees)

PARTICULARS	SCHEDULE	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
INCOME			
Turnover and Inter-unit Transfers		6,970,669,898	5,755,319,167
Less: Inter-unit Transfers		351,264,671	400,757,047
Sales		6,619,405,227	5,354,562,120
Less : Excise duty recovered		710,263,891	828,166,436
		5,909,141,336	4,526,395,684
Other Income	9	38,148,336	24,577,133
		5,947,289,672	4,550,972,817
EXPENDITURE			
Cost of Traded goods		353,212,337	302,832,083
Manufacturing & Other Expenses	10	4,914,284,461	3,852,298,809
Financial Charges (Net)	11	83,428,536	92,180,728
Miscellaneous Expenditure Written off		-	1,133,432
		5,350,925,334	4,248,445,052
Profit Before Depreciation, Taxation & Exceptional Items		596,364,338	302,527,765
Depreciation/Amortisation		219,837,017	181,625,672
Profit Before Taxation		376,527,321	120,902,093
Less: Provision for tax			
- Current Tax		99,500,000	27,110,000
- Fringe Benefit Tax		-	3,050,000
- Deferred Tax charged/ (Released)		23,520,132	18,634,764
- Wealth tax		152,209	274,248
Less: Prior Period Adjustment(Net)		-	699,896
Profit after tax		253,354,980	71,133,185
Add: Share of Profit from Associates		11,982,808	7,420,641
Less: Tax Adjustments for Earlier Years (NET)		(2,192,232)	(1,440,061)
		267,530,020	79,993,887
Surplus brought forward from last year		204,710,184	294,285,337
Profit available For Appropriation		472,240,204	374,279,224
APPROPRIATIONS			
Proposed Dividend		29,731,630	29,731,630
Interim Dividend		29,731,630	29,731,630
Tax on Interim Dividend		5,052,890	5,052,890
Tax on Proposed Dividend		5,052,890	5,052,890
Transferred to General Reserves		200,000,000	100,000,000
Balance Carried To Balance Sheet		202,875,982	204,710,184
		472,240,205	374,279,224
Basic / Diluted Earning Per Share (Rs.)		44.99	13.45
Significant Accounting Policies & Notes to Accounts	12		

As per our report attached.

 For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
 Regn. No.: 01478N

 For and on behalf of
 the Board of Directors

SANDEEP DINODIA
 PARTNER
 M. NO. 083689

NITIN VISHNOI
 Company Secretary

PRADEEP RASTOGI
 President-Legal & CFO

N. D. RELAN
 Chairman

 PLACE : NEW DELHI
 DATED : 22nd May, 2010

D.A. AGGARWAL
 Sr. Vice President (F& A)

AJAY RELAN
 Managing Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010
(Amount in Rupees)

PARTICULARS	Year Ended March, 2010	Year Ended March, 2009
CONSOLIDATED		
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation & Extraordinary items	376,527,321	120,902,093
Adjustment for:		
Exchange Fluctuation (Profit)/Loss	(18,840,787)	33,513,736
Depreciation written off	219,837,018	181,625,672
Interest Income	(1,272,165)	(62,281,760)
Interest Expenses	75,293,090	149,200,177
Dividend Income	(502)	(4,937)
(Profit) / Loss on Sale of Fixed Assets (Net)	(13,927,555)	(1,317,202)
(Profit) / Loss on Sale of Investments (Net)	-	476,914
Amount written off (Net)	1,868,867	(22,614,960)
Miscellaneous Expenses written off	-	1,133,409
Operating profit before working capital changes	639,485,288	400,633,142
Adjustment for		
Decrease / (Increase) in Trade & Other receivables	(98,685,308)	(21,837,222)
Decrease / (Increase) in Increase in Inventories	(78,454,174)	(109,909,723)
Decrease / (Increase) in Advances and other current assets	160,783,531	(141,376,671)
Increase / (Decrease) in Trade Payable	4,197,287	215,129,741
Amount written off (Net)	(2,781,120)	-
Warranty Claims	2,923,875	-
Cash Generated from operation	627,469,378	342,639,267
Prior Period Expenses / (Income)	-	(699,896)
Direct Taxes paid (Net)	(111,117,913)	(66,196,653)
Net Cash flow from Operating Activities	516,351,465	275,742,718
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	65,105,230	70,602,296
Purchase of Fixed Assets/Technical know-how	(409,436,759)	(409,983,195)
Interest Received	1,272,165	62,281,760
Sale of Investment	-	24,229
Purchase of Investment	-	(500,000)
Investment in Subsidiary	-	-
Dividend Income	4,500,502	4,504,937
Net Cash used in Investing Activities	(338,558,862)	(273,069,973)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	33,929,110	40,596,238
Increase in share capital	-	-
Interest Paid	(75,293,090)	(149,200,177)
Dividend paid	(69,569,040)	(52,176,781)
Net Cash used in Financing Activities	(110,933,020)	(160,780,720)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	66,859,583	(158,107,975)
CASH & CASH EQUIVALENTS-OPENING BALANCES	24,896,239	183,004,214
CASH & CASH EQUIVALENTS-CLOSING BALANCES	91,755,824	24,896,239
Cash & Cash Equivalents include :		
Cash in hand	8,501	33,124
Balances with Scheduled Banks		
- In Current Account	61,204,047	24,372,824
- In Deposit Account	30,085,237	63,470
- In Margin Money Account	458,039	426,821
	91,755,824	24,896,239

Note : 1. Figures in brackets represent outflows

As per our report attached.

For **S.R. DINODIA & CO.**,
CHARTERED ACCOUNTANTS
Regn. No.: 01478N

For and on behalf of
the Board of Directors

SANDEEP DINODIA
PARTNER
M. NO. 083689

NITIN VISHNOI
Company Secretary

PRADEEP RASTOGI
President - Legal & CFO

N. D. RELAN
Chairman

PLACE : NEW DELHI
DATED : 22nd May, 2010

D.A. AGGARWAL
Sr. Vice President (F& A)

AJAY RELAN
Managing Director

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SCHEDULE - 1 : SHARE CAPITAL
Authorised

25,000,000 (P.Y. 25,000,000) Equity Shares of Rs. 10/- each	<u>250,000,000</u>	<u>250,000,000</u>
-------------------------------------------------------------	--------------------	--------------------

Issued, Subscribed & Paid up

5,946,326 Equity Shares *(P.Y. 5,946,326) of Rs.10/- each		
fully paid up	<u>59,463,260</u>	<u>59,463,260</u>
	<u>59,463,260</u>	<u>59,463,260</u>

*** Out of the above Share**

- i) 4,953,163 (P. Y. 4,953,163) equity share of Rs. 10/- each are issued as fully paid up bonus shares by way of capitalisation of General Reserve.
- ii) 3,161 (P. Y. 3 161) equity shares allotted for consideration other than cash.

SCHEDULE - 2 : RESERVES & SURPLUS

a) Capital Reserve	20,000	20,000
b) General Reserve		
As per last Balance Sheet	779,261,950	671,454,142
Add: Transfer from Profit and Loss Account	200,000,000	100,000,000
Add: Share in Reserves from Associates on Account of transitional provision as per AS-23	-	7,807,808
	<u>979,261,950</u>	<u>779,261,950</u>
c) Profit & Loss Account Balance Carried Forward	202,875,982	204,710,184
	<u>1,182,157,932</u>	<u>983,992,134</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

PARTICULARS	(Amount in Rupees)	
	AS AT 31.03.2010	AS AT 31.03.2009

SCHEDULE - 3 : SECURED LOANS
From Banks

- Cash Credit	162,813,994	169,062,913
- Bills Discounted	37,056,373	-

Term Loan-:

- External commercial Borrowing*	354,053,751	488,746,876
- Short Term Loan *	150,000,000	-
- Vehicle Loan**	-	683,429
	703,924,118	658,493,218

* Repayable within one year Rs. 224,393,125 (P.Y. Rs. 136,458,750)

** Repayable within one year Rs. Nil (P. Y. 683,429)

Note : The above Loans are secured against :
1) Cash Credit

- (a) Secured by charge on Inventories and Book Debts at Company's Godowns, yards and Premises situated at Noida, Greater Noida, Haridwar, Gurgaon, Nasik and Chennai (Mahindra World City).
- (b) Equitable mortgage of Leasehold Land and Building and Plant & Machinery and other assets situated at Plot No.4, Sector 31, Kasna Industrial Area, Greater Noida, U.P

2) Bill Discounted

First hypothecation charge on pre-accepted hundies by Tata Motors Ltd. and bill discounting under the bill discounting / Express vendor discounting scheme and receivables of Tata Motors Ltd. both present and future.

3) Term Loan (External Commercial Borrowing)

Company is in the process of creating Mortgage/Hypothecation on the respective assets as stipulated in the Facility Agreement signed between ICICI Bank and the company. The brief description on such securities are given vide Note No.16 of Schedule 12 (B).

4) Short Term Loan

First charge on current assets (both present and future) and first charge on all movable fixed assets (except those which are exclusively charged to existing lenders)

5) Vehicle Loan

Secured against hypothecation of respective vehicles

SCHEDULE - 4 : UNSECURED LOANS

- From Directors	259,200,000	258,100,000
	259,200,000	258,100,000

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
SCHEDULE 5 : FIXED ASSETS

PARTICULARS	AMOUNT (RS.)											
	GROSS BLOCK					DEPRECIATION/AMORTIZATION					NET BLOCK	
	AS AT 01.04.09	ADDITION	SALE / ADJUSTMENT	AS AT 31.03.10	AS AT 01.04.09	Addition	SALE / ADJUSTMENT	AS AT 31.03.10	AS AT 31.03.10	AS AT 31.03.09	AS AT 31.03.09	
TANGIBLE ASSETS												
LAND												
- Lease Hold	87,263,904	18,365,569	-	105,629,473	3,153,289	729,030	-	3,882,319	101,747,154	84,110,615		
- Free Hold	27,361,187	-	-	27,361,187	-	-	-	-	27,361,187	27,361,187		
Building	280,875,160	11,331,298	-	292,206,458	117,128,634	16,581,468	-	133,710,102	158,496,356	163,746,526		
Plant & Machinery	1,114,223,481	302,136,821	65,925,803	1,350,434,499	379,049,580	129,093,929	22,901,011	485,242,498	865,192,001	735,173,901		
Office Furniture & Equipment	64,705,058	12,979,757	90,788	77,594,027	35,903,563	10,337,534	883	46,240,214	31,353,813	28,801,495		
Electric Fitting	108,526,609	30,337,744	6,389	138,857,964	40,522,549	10,415,711	407	50,937,853	87,920,111	68,004,060		
Vehicle	70,969,150	4,388,012	2,684,206	72,672,956	40,620,786	8,656,489	1,930,992	47,346,283	25,326,673	30,348,364		
INTANGIBLE ASSETS												
Goodwill	204,818	-	-	204,818	-	-	-	-	204,818	204,818		
Software Development	1,455,425	12,307,504	-	13,762,929	1,102,710	1,681,524	-	2,784,234	10,978,695	352,715		
Technical Nknowhow & Guidance	176,453,245	99,902,851	-	276,356,096	30,728,208	42,341,332	-	73,069,540	203,286,556	145,725,037		
Total	1,932,038,037	491,749,556	68,707,186	2,355,080,407	648,209,319	219,837,017	24,833,293	843,213,043	1,511,867,364	1,283,828,718		
Previous Year	1,644,607,967	367,353,976	79,923,906	1,932,038,037	477,222,457	181,625,672	10,638,811	648,209,318	1,283,828,718	1,167,385,509		
Capital Work In Progress									226,973,304	316,589,881		

Notes :

- Capital Work-in Progress including Capital Advances Rs. 129,555,044(P.Y. Rs. 93,425,776)
- Borrowing cost capitalised during the Year amounting to Rs. 11,461,677(P.Y. Rs. 11,995,545)
- Addition to Leasehold Land represents the cost of Land acquired at Singur (West Bengal), Lease deed in respect of which is under execution.

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SCHEDULE - 6 : INVESTMENTS

(Valued at cost unless there is a permanent fall in value thereof)

LONG TERM
I Non-Trade Investments
A) Investment In Equity Shares
QUOTED

72 Equity Shares of of Reliance Industries Limited (P.Y. 36) of Rs. 10/- each, fully paid up*	6,099	6,099
56 Equity Shares of Reliance Communication Ventures Ltd. of Rs. 10/- each, Fully paid up(P.Y.56)	5,899	5,899
56 Equity Shares of Reliance Natural Resources Ltd. of Rs. 10/- each, Fully paid up(P.Y.56)	667	667

UNQUOTED
- IN ASSOCIATE COMPANY

490,000 Equity Shares (P.Y. 490,000) of Relan Industrial Finance Ltd. of Rs. 10/- each, fully paid up	16,373,779	14,890,617
----------------------------------------------------------------------------------------------------------	-------------------	------------

Investment In Equity Shares
QUOTED
- IN ASSOCIATE COMPANY

9,000,000 Equity Shares (P.Y. 9,000,000) of Bharat Seats Ltd. of Rs. 2/- each, fully paid up(includes 4,500,000 bonus shares)	92,667,283	86,667,636
	109,053,727	101,570,918

* Out of above, 36 bonus shares of Reliance Industries Limited received during the year.

Aggregate book value of Quoted Investment	92,667,283	86,667,636
Aggregate book value of Unquoted Investment	16,386,444	14,903,282
Aggregate Market value of Quoted Investment	15,621,276	53,077,195

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SCHEDULE - 7 : CURRENT ASSETS, LOANS & ADVANCES
A. CURRENT ASSETS
1. Inventories

(As certified by the management)

- Raw material	372,207,713	228,797,692
- Consumable Stores	17,844,640	9,865,343
- Work-in-progress	66,567,338	88,273,480
- Finished Goods	2,032,993	30,601,856
- Finished Goods (Trading)	14,411,099	22,076,207
Goods In Transit		
- Raw Material	12,835,349	27,914,845
	<u>485,899,132</u>	<u>407,529,423</u>

2. Sundry Debtors
(Unsecured Considered Good)

{Refer Note 2 of Schedule 12(B)}

Outstanding for a period exceeding six months	22,304,035	20,260,703
Other Debts (Refer Note 4(b) of Schedule 13B)	759,046,818	662,115,560
	<u>781,350,853</u>	<u>682,376,263</u>

3. Cash & Bank Balances

Cash in hand	8,501	33,124
--------------	-------	--------

Balances with Scheduled Banks

In Current Account	61,204,047	24,372,824
In Deposit Account (Including interest accrued)		
- Pledged	8,023	7,458
- Not Pledged	30,077,214	56,012
In Margin Money Account (Pledged)	458,038	426,821
	<u>91,755,823</u>	<u>24,896,239</u>

4. Other Current Assets

	<u>16,165,048</u>	<u>21,239,656</u>
	<u>16,165,048</u>	<u>21,239,656</u>

B. LOANS & ADVANCES
Loans & Advances
Advances

Unsecured considered good unless otherwise stated

Advances and other amounts recoverable in cash

or in kind or for value to be received

(Refer Note 2 of Schedule 12B)

Security Deposit	9,194,465	15,199,812
Balance with Central Excise Authorities	110,638,939	119,525,872
Mat credit entitlement	1,723,191	3,610,000
Advance Tax (Including T.D.S.)	62,221,381	46,676,637
(Net of Provision Rs.217,438,786(P.Y. Rs.17,179,524)	<u>196,959,560</u>	<u>311,121,402</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

PARTICULARS	(Amount in Rupees)	
	AS AT 31.03.2010	AS AT 31.03.2009

SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS
A. Current Liabilities

Sundry Creditors	909,079,626	780,758,428
Statutory Dues	49,887,637	59,067,916
Expenses Payable	52,807,908	68,170,356
Other Liabilities	63,257,187	171,332,580
Unclaimed Dividend *	2,282,901	1,883,600
	1,077,315,259	1,081,212,880

B. Provisions

Proposed Dividend	29,731,630	29,731,630
Tax on Proposed Dividend	5,052,890	5,052,890
Warranty claims	25,203,277	18,650,175
	59,987,797	53,434,695

* The above figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

SCHEDULE - 9 : OTHER INCOME

Dividend Received from Long Term Investments

- on Trade Investments	-	-
- on Non Trade Investments	502	4,937
Profit on sale of fixed asset*	13,927,554	1,317,202
Amount Written Back (Net)**	912,253	22,614,960
Exchange Fluctuation Gain (Net of Rs.)	15,287,359	-
Hire Charges Received***	-	-
Miscellaneous Income	8,020,668	640,034
	38,148,336	24,577,133

* Net of Loss Rs.157,676 (P.Y.1,281,122)

** Net of Written off of Rs.382,783/- (P.Y.Rs.85,233/-)

*** TDS Rs. 304,500 (P.Y. Rs381,912)

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SCHEDULE - 10 : MANUFACTURING & OTHER EXPENSES

1. Consumption of Raw Material	3,920,238,112	3,145,958,091
2. Decrease in Stock- In -Trade/Work -In- Progress		
Opening stock		
Finished goods	30,601,856	7,109,667
Less:Excise Duty	<u>2,564,070</u>	<u>848,474</u>
	28,037,786	6,261,193
Work-In-Progress	<u>88,273,480</u>	<u>64,955,821</u>
Total	<u>116,311,266</u>	<u>71,217,014</u>
Closing stock		
Finished goods	2,032,993	30,601,856
Less:Excise Duty	<u>189,844</u>	<u>2,564,070</u>
	1,843,149	28,037,786
Work-In-Progress	<u>66,567,338</u>	<u>88,273,480</u>
	Total	116,311,266
	Sub Total	(45,094,252)
3. Excise Duty on F.G	-	-
4. Expenses for Manufacture, Administration and selling		
- Salary/Wage & Other Benefits	243,819,944	199,231,124
- Contribution to Provident & OtherFund	21,828,007	20,026,514
- Power & Fuel	78,626,279	60,441,493
- Other Manufacturing Exp.	262,950,734	177,622,654
- Research & Development Expenses	12,761,722	23,500,611
- Rent, Rates & Taxes	21,266,584	23,663,101
- Insurance Charges	3,030,601	4,004,601
- Royalty	26,668,076	25,315,055
- Communication Expenses	6,110,233	6,655,857
- Amt. written off/back (net)	2,781,120	-
- Legal & Professional Charges	2,571,534	1,357,417
Repair & Maintenance		
- Machinery*	52,811,708	26,176,775
- Building	5,325,435	1,193,055
- Others	29,929,473	14,773,881
- Staff Welfare	27,130,252	19,511,539
- Travelling & Conveyance	37,514,663	36,521,532
- Auditor's Remuneration	1,145,000	1,409,767
- Exchange fluctuation Loss	-	33,513,736
- Other Expenses	26,369,810	22,906,835
- Loss on sale of Current Non Trade Investments (Net)	-	476,914
- Selling & Distribution Exp.	<u>83,504,395</u>	<u>53,132,509</u>
	Sub Total	751,434,970
	Total (1+2+3+4)	3,852,298,809

* Includes Stores & Spares Consumed of Rs. 19,547,114 (P.Y Rs. 11,384,418-)

SCHEDULE - 11 : FINANCIAL CHARGES (Net)

Interest on		
- Working Capital	-	67,110
- Fixed Loan	43,959,867	30,874,874
- Others	31,333,223	57,341,193
Bank Charges	<u>9,407,611</u>	<u>5,262,311</u>
	84,700,701	93,545,488
Less: Interest received*	<u>1,272,165</u>	<u>1,364,760</u>
	<u>83,428,536</u>	<u>92,180,728</u>

* TDS Rs. 12,069/-.(P.Y. Rs. 13,823,344)

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE 12 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The consolidated financial statements of the company are prepared and presented under the historical cost convention on accrual basis of accounting. These statements have been prepared in compliance with the provisions of the Companies Act, 1956 and Accounting Standards as specified in the Companies Accounting Standard Rules, 2006.

2. Principles of consolidation

a) The consolidated financial statements relate to Sharda Motor Industries Limited ('the Company') its subsidiary and its associates. The consolidated financial statements have been prepared on the following basis:

- the financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- the excess/deficit of cost to the Company of its investment in a subsidiary company over the Company's portion of the equity of the subsidiary at the date on which investment in subsidiary is made is recognised in the financial statements as goodwill/capital reserve.

b) The companies considered in the consolidated financial statements are:

Name of the Company	Country of incorporation	% voting power held as at March 31, 2010
Subsidiary companies		
Sharda Sejong Auto Components (India) Limited	India	100

c) These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiary on the audited financial statements prepared for consolidation by the concerned subsidiary in accordance with the requirements of AS -21 "Consolidated Financial Statements".

3. Investment in Associate

Investments in associates have been accounted for using the equity method in accordance with Accounting Standard - 23 "Accounting for investment in associates in consolidated financial statements". The excess/deficit of cost of investment over the proportionate share in equity of the Associate as at the date of the acquisition of stake has been identified as Goodwill/Capital reserve and included in the carrying value of the investment in Associate and disclosed separately. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate.

4. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires making of estimates and assumptions that affect the reported amounts of assets & liabilities and disclosure of contingent assets & liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

5. Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of freight, duties & taxes and incidental expenses related to acquisition up to the date of installation. Cost of Fixed assets are further adjusted by the amount of Modvat/Cenvat credit availed and Vat credit wherever applicable. Fixed assets under construction, advance paid towards acquisition of fixed assets and cost of assets not put to use before year end, are shown as capital work in progress. Interest and finance charges incurred are allocated to the respective fixed assets on installation.

6. Intangible Assets

Intangible assets such as technical know-how fees, etc. which do not meet the criterions laid down, in terms of Accounting Standard 26 on Intangible Assets, are written off in which they are incurred. If such costs/expenditure meet the criterion, it is recognized as an intangible asset and is measured at cost It is amortized by way of a systematic allocation of the depreciable amount over its useful life and recognized in the Balance Sheet at net of any accumulated amortization and accumulated impairment losses thereon.

7. Depreciation / Amortization

Depreciation is provided at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956 by following the written down value method.

Depreciation is calculated on a Pro rata basis from the date of installation till the date the assets are sold or disposed off. Assets costing up to Rs. 5,000/- are fully depreciated in- the year of acquisition.

Depreciation on the fixed assets is provided keeping in consideration the management estimates of the useful lives of the assets.

8. Revenue Recognition

Domestic Sales are recognized at the point of dispatch of goods to the customers from factory. The sales are accounted for net of trade discount, sales tax; sale returns but includes excise duty. Export Sales are recognized at the time of the clearance of goods and approval of excise authorities.

Sales include revision in prices received from customers with retrospective effect.

Interest Income is accounted for on time proportional basis. Dividend income is recognized when the right to receive the Dividend is established.

9. Purchases

Purchase of material is recognized on the basis of acceptance of material at the respective location. Price revision of material purchased has also been included in purchases. Further adjustments, if any, are made in the year of final settlement.

10. Foreign Exchange Transactions

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

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

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statement are recognized as income/expense in the period in which they arise.

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the life of contract as well as exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception/the last reporting date, is recognised as income/expense for the period.

11. Investments

Long Term Investments are stated at cost unless there is a diminution of permanent nature, if any. Current Investments are carried at lower of cost or fair value.

12. Valuation of Inventories

Raw material, stores and spare parts are valued at lower of cost or net realizable value. Cost includes purchase price, those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, FIFO method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost or net realisable value. The comparison of cost and net realisable value is made on an item by item basis. Cost of work in progress and manufactured finished goods is determined on FIFO basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition.

Scrap is valued at "Net Realisable Value".

Excise duty liability is included in the valuation of closing inventory of finished goods.

13. Borrowing Costs

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

14. Expenditure on Research and Development

The revenue expenditure on research and development is charged as an expense in the year in which it is incurred. However Expenditure on development activities, whereby research findings are applied to a future plan or design for the production of new or substantially improved products and process and has got future benefits is capitalized. Such capitalization includes cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the assets for its intended use.

Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Depreciation on such capital assets is followed in accordance with the Company's Policy.

15. Employees Benefits

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which related service is rendered.
- b) The company has Defined Contribution plans for post employment benefits namely Provident Fund and Employees State Insurance Scheme. The company's contributions in the above plans are charged to revenue every year.
- c) The company has Defined Benefit plans namely leave encashment/ compensated absence and Gratuity for employees'. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year by using the Projected Unit Credit Method. However, the company through its Trust has taken a policy with LIC to cover the gratuity liability of the employees. The difference between the actuarial valuation of the gratuity of employees at the year-end and the balance of funds with LIC is provided for as liability in the books.
- d) Provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.
- e) Actuarial gains/losses are immediately taken to Profit & Loss Account.
- f) Terminal benefits are recognized as an expense immediately.

16. Taxes on Income**Current Tax**

Current tax is amount of tax payable on taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax

Deferred tax resulting from "timing difference between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

17. Cash Flow

Cash Flow statement is prepared as per the indirect method prescribed under "Accounting Standard-3" "Cash Flow Statement".

18. Leases

Lease arrangements, where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are recognized as an operating lease. Lease payments under operating lease are recognized as an expense in the Profit and Loss Account.

19. Impairment of assets

The company assesses whether there is any indication that any asset may be impaired at the balance sheet date. If any indication exists, the company estimates, the recoverable amount.

If the carrying amount of the fixed assets exceeds the recoverable amount, an impairment loss is recognized in the accounts; to the extent the carrying amount exceeds the recoverable amount.

20. Contingencies/Provisions

Provision is recognized when a company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Contingent liabilities, if material are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements.

21. Warranty

Warranty expenses are provided for in the year of sales based on technical estimates. In addition, specific provision is also made against customer claims for manufacturing

22. Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted Earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

B. NOTES TO ACCOUNT
1 (a) Contingent Liabilities

- (i) Foreign Letters of Credit Rs. 86,334,633/- (Previous Year Rs. 24,369,887/-)
 - (ii) Entry tax of Rs 227,265/- (Previous Year Rs.227,265/-) for the financial year 2000-01, 2001-02 & 2002-03 against which the company has filed an appeal before Appellate Authority UP Trade Tax.
 - (iii) Excise duty of Rs. 97,461/- (Previous year Rs. Nil) under Excise Rules, which is pending before the Adjudicating Authority.
 - (iv) Excise duty of Rs. 44,000,000/- (Previous year Rs. Nil) under Central Excise Rules, which is pending before 'The Commissioner, Central Excise Large Tax Unit'.
 - (v) Excise duty of Rs. 4,072,313/- (Previous year Rs. Nil) under Central Excise Rules, which is pending before 'The Additional Commissioner, Central Excise Large Tax Unit'.
- (b) Estimated value of contracts remaining to be executed on capital account not provided for in the accounts, net of advance is Rs. 177,514,781/-(Previous Year Rs. Rs 26,875,279/-).
2. The balances of debtors, creditors, loans and advances are awaiting confirmation.
 3. In the opinion of the Board, the current assets, loans and advances are approximate of the value stated if realized in the ordinary course of business. The provision for all the known liabilities are adequate and not in excess of the amount reasonably necessary.

4. Alignment of Accounting Policy for consolidation.

In case of Bharat Seats Limited an associate concern, depreciation on assets purchased after 1st April, 2005 has been provided on the Straight Line Method as per the rates of prescribed under Schedule XIV of the Companies Act, 1956 which is inconsistent with the Written Down Value method of depreciation used in case of the parent and other subsidiaries. However as it is impractical therefore adjustment for the same has not been made in the consolidated financial statements.

5. Employee Benefits
Defined Contribution Plan

The Company makes contribution towards Employees Provident Fund and Employee's State Insurance scheme. Under the rules of these schemes, the company is required to contribute a specified percentage of payroll costs. The Company during the year recognised the following amounts in the Profit and Loss Account under company's contribution to Defined contribution plan.

(Amount in Rupees)

Particulars	2009-2010	2008-2009
Provident Fund	12,218,262	13,220,732
Employee State Insurance	2,319,429	2,204,258

Note: The above amount includes Rs 106,899 and Rs 5,195 as Employer's Contribution to Provident Fund and Employer's Contribution to ESI respectively transferred to Capital Work in Progress.

Defined Benefit Plans:

Gratuity Scheme : This is a funded defined benefit plan for qualifying employees. The employees gratuity fund scheme managed by Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations. The obligation for leave encashment is recognized in the same manner as gratuity.

Leave Encashment/Compensated Absences : This is an unfunded defined benefit plan.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans (as per Actuarial Valuation as on March 31,2010).

In accordance with the Accounting Standard (revised 2005), an actuarial valuation was carried out in respect of the aforesaid defined benefit plans based on following assumptions:

Particulars	Leave Encashment (Unfunded) For the year ended		Gratuity (Funded) For the year ended	
	2009-2010	2008-2009	2009-2010	2008-2009
Discount Rate	7.5%	7%	7.5%	7%
Rate of increase in Compensation	10%	10%	10%	10%
Rate of Return on Plan Assets (For Gratuity)	-	-	9.25%	9.15%
Mortality		Published notes under the LIC (1994-96) mortality table		Published notes under the LIC (1994-96) mortality table

Net employees benefit expense (recognized in the Statement of Profit and Loss for the year ended 31st March 2010)

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded) For the year ended		Gratuity (Funded) For the year ended	
	2009-2010	2008-2009	2009-2010	2008-2009
Current Service Cost	1,805,428	1,398,955	3,313,207	3,019,618
Interest Cost on benefit obligation	491,308	422,679	1,392,227	1,290,546
Expected return on plan assets	-	-	(1,449,518)	(943,449)
Past Service Cost	-	-	-	-
Actuarial (gain)/loss recognized in the year	(1,266,014)	423,716	(1,288,003)	551,630
Net Benefit Expense	1,030,722	2,245,350	1,967,963	3,918,345

Net Asset/ (liability) recognized in the Balance Sheet as on March 31, 2010

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded) For the year ended		Gratuity (Funded) For the year ended	
	2009-2010	2008-2009	2009-2010	2008-2009
Present Value of Defined Benefit Obligation	7,554,729	7,018,684	22,388,056	19,888,956
Fair Value of Plan Assets	-	-	19,350,079	15,841,724
Net Asset/ (Liability) recognized in the Balance Sheet	(7,554,729)	(7,018,684)	(3,037,977)	(4,047,932)

Changes in the Obligation during the year ended 31st March 2010

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded) For the year ended		Gratuity (Funded) For the year ended	
	2009-2010	2008-2009	2009-2010	2008-2009
Opening defined benefit obligation	7,018,684	5,283,609	19,888,956	16,131,820
Interest cost	491,308	422,689	1,392,227	1,290,546
Current Service Cost	1,805,428	1,398,955	3,313,207	758,917
Benefits Paid	(494,677)	(5,102,285)	(889,486)	(1,325,730)
Actuarial (gain)/ loss on obligation	(1,266,014)	423,716	(1,316,848)	772,702
Closing defined benefit obligation	7,554,729	7,018,684	22,388,056	19,888,956

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

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded) For the year ended		Gratuity (Funded) For the year ended	
	2009-2010	2008-2009	2009-2010	2008-2009
Opening fair value of Plan Assets		N.A	15,841,724	10,374,994
Expected return on Plan Assets		-	1,449,518	943,449
Contribution by employer		-	2,889,019	5,627,939
Benefits paid		-	889,486	(1,325,730)
Actuarial Gain/ (Loss) on Plan Assets		-	59,304	221,072
Closing Fair Value of Plan Assets		N.A	19,350,079	15,841,724

6. Detail of prior period is as follows:
(Amount in Rupees)

Expenditures (Dr.)	2009-10	2008-09
Cartage Outward	-	236,168
Conveyance	-	104,418
Legal & Professional Charges	-	47,448
Repair Building	-	206,345
Foreign Tour and Travels	-	105,517
Total	-	699,896

7. Payment to Auditors
(Amount in Rupees)

Particulars	2009-10	2008-09
Audit Fees (Standalone)	620,000	620,000
Audit Fees (Consolidation)	45,000	-
Tax Audit Fees	280,000	280,000
Service Tax	1,17,935	92,700
Management Services	200,000	200,000
Certification	-	24,767
Taxation Matters	70,000	285,000
Out of Pocket Expenses	75,664	24,768

8. Investment in Associates
(Amount in Rupees)
COST OF INVESTMENTS
**AS AT
31ST MARCH 2010**
QUOTED

In Bharat Seats Limited (India) - at original cost	9,000,000
(Includes Goodwill Rs. 3,363,141 arising on acquisition of Investments)	
Add: Share in Reserves (at 1st April 2009)	77,667,636
Add: Share of profits for the year ended 31st March 2010	10,499,646
Less: Share of Dividend received during the year	4,500,000
Carrying cost of Investment in Consolidated Financial statements	92,667,282

UNQUOTED

In Relan Industrial Finance Limited (India) - at original cost	4,900,000
(Net of Capital reserve Rs. 657,478 arising on acquisition of Investments)	
Add: Share in Reserves (at 1st April 2009)	9,990,617
Add: Share of profits for the year ended 31st March 2010	1,483,162
Carrying cost of Investment in Consolidated Financial statements	16,373,779

9. Segment wise Reporting :
(a) Composition of Business Segments:

The Company's business segments are organized on product lines as under:

- i) Automotive components
- ii) White Goods
- iii) Others

(b) Segment revenues, Results and Other Information
(Amount in Rupees)

Particulars	Automotive Components & Accessories	White Goods	Others	Segment Total	Elimination	Total
External Sales (Gross)	6,055,604,177 (4,883,097,071)	555,454,038 (454,884,660)	834,701,2 (16,580,389)	6,619,405,227 (5,354,562,120)	- (-)	6,619,405,227 (5,354,562,120)
Inter Segment Sales	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Less: Excise duty	692,175,725 (822,728,618)	18,088,166 (5,437,818)	- (-)	710,263,891 (828,166,436)	- (-)	710,263,891 (828,166,436)
Other Income	32,966,689 (17,123,843)	(63,550) (1,163,039)	(593) (59,258)	32,902,546 (18,227,624)	791,920 (-)	32,110,626 (18,227,624)
Segment Revenue	5,396,395,141 (4,077,492,296)	537,302,322 (450,609,881)	8,346,419 (16,521,131)	5,942,043,882 (4,544,623,308)	791,920 (-)	5,941,251,962 (4,544,623,308)
Un-allocated Income	- (-)	- (-)	- (-)	12,037,710 (12,349,509)	(6,000,000) (6,000,000)	6,037,710 (6,349,509)
Profit on sale of Investments (Net)	- (-)	- (-)	- (-)	- (476,914)	- (-)	- (476,914)
Total Revenue				5,954,081,592 (4,556,495,903)	6,791,920 (6,000,000)	5,947,289,672 (4,550,495,903)
Segment Results	495,128,771 (298,570,228)	47,253,967 (37,706,754)	(356,316) (11,590,107)	542,026,422 (324,686,875)	- (-)	542,026,422 (324,686,875)
Un-allocated Expenses	- (-)	- (-)	- (-)	82,070,565 (111,604,054)	- (-)	82,070,565 (111,604,054)
Operating Profit	- (-)	- (-)	- (-)	459,955,856 (213,082,821)	- (-)	459,955,856 (213,082,821)
Interest Expenses (Net)	- (-)	- (-)	- (-)	83,428,536 (92,180,728)	- (-)	83,428,536 (92,180,728)
Current Income Tax	- (-)	- (-)	- (-)	99,500,000 (27,110,000)	- (-)	99,500,000 (27,110,000)
Fringe Benefit Tax	- (-)	- (-)	- (-)	- (3,050,000)	- (-)	- (3,050,000)
Deferred Tax	- (-)	- (-)	- (-)	23,520,132 (18,634,764)	- (-)	23,520,132 (18,634,764)
Provision for Wealth Tax	- (-)	- (-)	- (-)	152,209 (274,248)	- (-)	152,209 (274,248)
Prior Period Adjustments (Net)	- (-)	- (-)	- (-)	- (699,896)	- (-)	- (699,896)
Tax adjustment for earlier year (Net)	- (-)	- (-)	- (-)	(2,192,232) (1,440,061)	- (-)	(2,192,232) (1,440,061)
Profit after tax	- (-)	- (-)	- (-)	255,547,211 (72,573,246)	- (-)	255,547,211 (72,573,246)
Share of Profit From Associates	- (-)	- (-)	- (-)	11,982,808 (7,420,641)	- (-)	11,982,808 (7,420,641)
Net Profit after Tax	- (-)	- (-)	- (-)	267,530,020 (79,993,887)	- (-)	267,530,020 (79,993,887)
Segment Assets	2,836,145,530 (2,698,523,321)	192,988,956 (244,166,409)	15,403,708 (31,915,463)	3,044,538,194 (2,974,605,193)	(2,211,655) (4,338,844)	3,042,326,539 (2,970,266,349)
Un-allocated Assets	- (-)	- (-)	- (-)	315,476,891 (306,320,399)		315,476,891 (306,320,399)
Total				3,360,015,085 (3,280,925,592)	(2,211,655) (4,338,844)	3,357,803,430 (3,276,586,748)
Segment Liabilities	1,031,918,406 (1,135,827,413)	71,246,757 (108,137,778)	1,628,250 (2,239,609)	1,104,793,413 (1,246,204,800)	- (-)	1,104,793,413 (1,246,204,800)
Un-allocated Liabilities				32,509,643 (15,877,023)	- (-)	32,509,643 (15,877,023)
Total				1,137,303,056 (1,262,081,823)	- (-)	1,137,303,056 (1,262,081,823)
Capital Expenditure	495,483,261 (358,179,870)	3,570,074 (7,486,656)	- (1,687,450)	499,053,335 (367,353,976)	- (-)	499,053,335 (367,353,976)
Depreciation/ Amortisation	203,689,652 (164,050,485)	12,685,923 (16,820,942)	3,461,442 (754,245)	219,837,017 (181,625,672)	- (-)	219,837,017 (181,625,672)

Note : Figures in brackets indicates previous year's figures.

10. Leases
Assets taken on operating Lease

The company has taken certain assets on non-cancelable operating lease and lease rent amounting to Rs. 12,287,903/- (Previous Year Rs. 21,760,365/-) has been debited to the Profit & Loss account. The future minimum lease payments as on 31st March, 2010 are as under :

(Amount in Rupees)

S. No.	Minimum Lease Payment Payables	2009-10	2008-09
i)	Not later than in 1 years	12,540,000	22,316,100
ii)	Later than 1 year but not later than 5 years	48,000,000	99,343,230
iii)	Later than 5 years	-	85,953,843

General Description of Lease Terms:

- Lease Rentals are charged on the basis of agreed terms.
- Assets are taken on lease over a period of 1 to 9 years.

11. Financial and Derivative Instruments

Derivative contracts entered into by the company and outstanding as on 31st March' 2010.

- i. Foreign currency exposure hedged by derivative instruments amounts to Rs.112,187,500 (P.Y.Rs. 173,737,500 /-).
- ii. Foreign currency exposure that are not hedged by derivative instruments as on 31st March' 2010 amounts to Rs.74,041,900 (P.Y.Rs. 315,009,376)

12. Disclosure in pursuance of AS-18 Related Party Disclosure

- (i) **List of related parties where control exists and related parties with whom transactions have taken place and relationships:**

S.No.	Name of the Related Party	Relationship
1	Relan Industrial Finance Ltd.	Associate Companies
2	Bharat Seats Ltd.	
3	Progressive Engineering & Automation Pvt. Ltd.	
4	Shri. N.D Relan (Chairman)	Key Managerial Personnel
5	Shri. Ajay Relan (Managing Director)	
6	Shri Udayan Banerjee (Executive Director)* *Up to 31st May 2009	
7	Smt. Mala Relan	Relatives of Key Managerial Personnel
8	Shri Rohit Relan	
9	Smt. Sharda Relan	
10	Smt. Ritu Relan	
11	Ms. Aashita Relan	
12	Mr. Aashim Relan	
13	Mr. Rishab Relan	
14	Mr. Pranav Relan	
15	Mr. Ayush Relan	
16	Sharda Enterprises	
17	N.D. Relan (HUF)	
18	Ajay Relan (HUF)	
19	Rohit Relan (HUF)	
20	A.N.I Hospitality LLP	

(ii) Transactions during the year with Related Parties

Transaction value in Rs.

S.No	Nature of Transactions	Associate Companies	Associate Concern	Key Management Personnel	Relative of Key Management Personnel
i)	Sales	1,800,495,762 (958,630,396)	- (-)	- (-)	- (-)
ii)	Loans taken	- (-)	- (-)	56,950,000 (198,100,000)	46,950,000 (-)
iii)	Loan repaid	- (-)	- (-)	67,600,000 (22,400,000)	36,000,000 (-)
iv)	Interest paid on loans	- (-)	- (-)	16,400,623 (23,015,559)	13,767,542 (-)
v)	Rent paid	- (-)	12,000,000 (12,000,000)	- (250,000)	- (-)
vi)	Remuneration	- (-)	- (-)	34,351,702 (15,288,383)	4,643,169 (1,160,000)
vii)	Dividend Received	4,500,000 (4,500,000)	- (-)	- (-)	- (-)
viii)	Dividend Paid	- (-)	1,170,000 (702,000)	16,229,975 (9,737,985)	40,725,225 (24,435,135)
ix)	Sale of fixed assets	55,348,525 (-)	- (-)	- (-)	- (-)
x)	Advance received against supply of goods	24,000,000 (5,000,000)	- (-)	- (-)	- (-)
xi)	Net Outstanding Balances Payable/ (Receivable) as on 31.03.2010	57,513,648 (66,498,579)	- (-)	-134,776,397 (258,986,700)	-135,864,718 (-)

Note : Figures in brackets indicates previous year's figures.

13. Deferred Taxation (AS 22)
Deferred Tax Liability (DTL): - Arising on account of timing difference

S.No.	Particulars	Total upto 31.03.2009 (Rs.)	For the year 2009-10 (Rs.)	Total upto 31.03.2010 (Rs.)
1)	Depreciation	67,100,970	22,211,940	89,312,910
	Total	67,100,970	22,211,940	89,312,910

Deferred Tax Assets (DTA) : - Arising on account of timing difference

S.No.	Particulars	Total upto 31.03.2009 (Rs.)	For the year 2009-10(Rs.)	Total upto 31.03.2010(Rs.)
1)	Expenditure under section 43B of the Income Tax Act, 1961	5,435,550	883,185	6,318,735
2)	Others	7,209,107	(2,191,376)	5,017,731
	Total	12,644,657	(1,308,191)	11,336,466
	Net Deferred Tax Liability/(Assets)	54,456,313	23,520,131	77,976,445

14. Earning per Share

The numerators & denominators used to calculate the earnings per share.

Particulars	2009-2010	2008-2009
Profit /(loss) attributable to the equity shareholders (Rs.) - (A)	26,753,021	79,993,887
Basic/weighted average number of Equity shares outstanding during the year - (B)	5,946,326	5,946,326
Nominal value of equity shares (Rs.)	10	10
Basic/diluted earnings per share (Rs.) (A) / (B)	44.99	13.45

15. Previous year's figures have been reclassified/regrouped, wherever necessary, to make them comparable.

16. Security creation arrangement with regard to External Commercial Borrowings.

i) Mortgage in favour of the Security Trustee in a form satisfactory to the Security Trustee of the Borrower's immovable properties pertaining to the Project Situated at :

- Mahindra World City, Changalpattu Taluk, Kanchepuram Dist. Industrial Park, Tamilnadu-603002,
- Plot No. C-8, TML Vendor Park, Sanand Road, North Coteपुरa, Sanand, Ahmedabad* being financed out of the proceeds of the Facility, both present and future*

* Charge yet to be created, Since Lease deed pertaining to the land of this property is under execution.

ii) An exclusive charge by way of hypothecation in favour of the Security Trustee of the Borrower's movables pertaining to the Projects Situated at:

- Mahindra World City, Changalpattu Taluk, Kanchepuram Dist. Industrial Park, Tamilnadu-603002,
- Plot No. 52/1,52/2,53/2A,54A,54B,54C & 54D, Behind Ceat Company, Satpur, Nashik-422007
- Plot No. C-8, TML Vendor Park, Sanand Road, North Coteपुरa, Sanand, Ahmedabad
- 58 KM, Delhi - Jaipur Highway, P.O. Binola, Haryana.

being financed out of the proceeds of the Facility (save and except book debts), including movable machinery, machinery spares, tools and accessories, both present and future.

17. Pre-Operative Expenses and Capital Work in Progress (including capital advances)

(a) Pre Operative expenses (directly allocable) amounting to Rs. 36,507,924 (previous year Rs. 21,627,450) as under:
As at 31st March 2010

Particulars	2009-2010	2008-2009
Opening balance	21,627,450	2,442,734
Add: Additions during the year		
Interest paid	11,461,677	11,995,545
Salary, Wages, Allowances and Contribution to Fund	2,073,124	5,485,637
Other Expenses	1,345,673	1,703,534
Balance as at year end	36,507,924	21,627,450

(b) Capital Work in Progress includes an amount of Rs.129,555,044/- (Previous Year Rs.93,425,776/-) paid as Capital Advances.

18. Disclosure in accordance with Accounting Standard (AS 29) Provisions, Contingent Liabilities and Contingent Assets. The following table provides disclosure in accordance with AS 29 :

	Balance as at April 1, 2009	Additions during the year	Amounts used/ paid/reversed during the year	Balance as at March 31,2010
Provision For Warranty	18,650,175 (33,206,225)	10,754,809 (8,792,838)	4,201,707 (23,348,888)	25,203,277 (18,650,175)

For and on behalf of
the Board of Directors

NITIN VISHNOI
Company Secretary

PRADEEP RASTOGI
President-Legal & CFO

N. D. RELAN
Chairman

PLACE : NEW DELHI
DATED : 22nd May, 2010

D.A. AGGARWAL
Sr. Vice President (F& A)

AJAY RELAN
Managing Director

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their Fifth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

1. OPERATIONS

During the year under review your Company achieved a turnover of Rs.289.48 Crores as against Rs.264.88 Crores for the previous Financial Year and a net profit after tax of Rs.4.71 Crores as against Rs.0.46 Crores for the previous Financial Year registering an increase of 09.29% in turnover and 913.49% in net profit after tax over previous year.

As you are aware that your Company has acquired Exhaust System Division alongwith all its assets and liabilities except Land and Building at G-20, SIPCOT Industrial park, Irugattukottai, Sriperumbudur taluk, Kancheepuram Dist., Chennai-602105, from its Holding Company namely Sharda Motor Industries Limited as a going concern with effect from 21st January, 2008. Since the "Deed of Transfer of Business" specifically provided of certain payment obligations, which could not be met out. Hence, after mutual discussion the Company entered into a "Deed of Cancellation/Revocation" by virtue of which entire manufacturing facilities acquired under the said deed has been surrendered back to its Holding Company with effect from 01st April, 2010.

2. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
Turnover	28947.75	26,488.38
Profit (loss) before Other Income, Depreciation & Financial Charges	1327.01	1414.03
Add: Other Income	44.66	4.04
Profit (Loss) before Depreciation , Financial Charges & Provisions	1371.67	1418.07
Less:		
a) Depreciation	706.32	553.04
b) Financial Charges	9.11	626.44
c) Taxation		
- Current Tax	135.00	36.10
- Wealth Tax	0.19	0.54
- Deferred Tax Charges (Released)	69.26	148.91
- Fringe Benefit Tax	-	6.50
- Tax Adjustment for earlier year	(18.87)	
- Prior Period Expenses	-	0.10
Net Profit (Loss) after Tax	470.66	46.44
Add: Profit (Loss) brought forward from Previous year	(128.24)	(174.67)
Profit (Loss) carried to Balance Sheet	342.42	(128.23)

3. DIVIDEND

Your directors have not recommended any dividend during the period under review.

4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Rohit Relan and Shri Udayan Banerjee, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

5. PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 regarding employees is given in Annexure-A forming part of the Directors' Report.

6. CONSERVATION OF ENERGY

Your Company is not covered by the Schedule of Industries which are required to furnish information in Form 'A' under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

7. TECHNOLOGY ABSORPTION

The detailed information in this regard is mentioned in Form-'B' of The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 annexed hereto (**Annexure-B**).

8. FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement containing necessary information in respect of foreign exchange earnings and outgo is annexed hereto as Annexure-B and forms an integral part of this Report.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (I) In the preparation of the annual accounts for the period under review, the applicable accounting standards have been followed;
- (II) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the period ended on that date;
- (III) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (IV) The annual accounts have been prepared on a "going concern" basis.

10. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the Public during the period under review and has nil fixed deposits outstanding.

11. STATUTORY AUDITORS

M/s S. R. Dinodia & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment, and the Company has received letter from them to the effect that their appointment if made, would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

12. STATUTORY DISCLOSURES

None of the Directors of your Company is disqualified as per the provisions of Section 274(1)(g) of the Companies Act, 1956. Your Directors have made necessary disclosures, as required under various provisions of the Companies Act, 1956.

13. INDUSTRIAL RELATIONS

Cordial relations prevailed in the plant during the period under review.

14. ACKNOWLEDGEMENT

The Directors place on record their grateful appreciation for the valuable assistance and co-operation extended to the Company from Canara Bank, ABN Amro Bank, Citi Bank, Indian Overseas Bank and State Bank of India. Yours Directors look forward to the future with confidence.

By order of the Board
For **Sharda Sejong Auto Components (India) Ltd**

PLACE : NEWDELHI
DATED : 21st May, 2010

N. D. RELAN
Chairman

ANNEXURES TO DIRECTOR'S REPORT

ANNEXURE - A

Statement of particulars Under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules 1975 and forming part of the Report of the Directors for the period Ended 31st March' 2010:

A. Employed throughout the year ended 31st March' 2010 in receipt of Remuneration not less than Rs. 24,00,000/-

Name	Designation & nature of Duties	Remuneration Received (Rs.)	Qualification & Experience (in No. of Years)	Date of Commencement of Employment	Age	Particulars of last Employment
Shri S. D. Lee	President	26,64,000/-	Commerce Graduate 30 Years	01.12.2008	56 Years	Sharda Motor Industries Limited

B. Employed for part of the year ended 31st March' 2010 in receipt of Remuneration not less than Rs.2,00,000/- per month

Name	Designation & nature of Duties	Remuneration Received (Rs.)	Qualification & Experience (in No. of Years)	Date of Commencement of Employment	Age	Particulars of last Employment
Shri Gi Youl OH	Assistant General Manager	14,77,500/-	Master Degree – Mechanical Engineering	01.12.2008	37 Years	Sharda Motor Industries Assistant General Manager
Shri Hyun Geun OK	General Manager-Development	35,64,900/-	Graduate 15 Years	20.01.2008	45 Years	Sharda Motor Ind. Ltd. General Manager Development
Shri Sung Hag Kim	Sr. Vice President	17,22,226/-	Graduate Mechanical Engineering	01.12.2008	51 Years	Sharda Motor Ind. Ltd. Sr. Vice President

Notes:-

- Remuneration includes Basic Salary, Allowances, Commission, Company's contribution to provident fund and monetary value of perquisites and excludes earned leave and gratuity unless paid/payable.
- The nature of employment is contractual.
- None of above named persons are holding any Equity Shares in the Company as on 31.03.2010.

ANNEXURE-B

Disclosure of the Particulars with respect to Technology Absorption as required under Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the period ended 31st of March, 2010.

PART I : DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

FORM - B

A) Research & Development (R&D)

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

The Company took necessary steps towards R & D activities during the year.

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

Not yet started.

3. Future plan of action:

Keeping in view the "Deed of Cancellation/Revocation" entered into by your Company with its Holding Company namely Sharda Motor Industries Limited, your Company is looking for new opportunity for its R & D activity.

4. Expenditure on R&D:

(Rs. in Lacs)

	2009-10	2008-09
a) Capital	Nil	Nil
b) Recurring	Nil	Nil
Total	Nil	Nil

Total R&D expenditure as a percentage of total sales, net of Excise Duty : Nil

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION Efforts made in brief:

- The Company has a team of highly qualified and experienced automobile engineers who are fully committed towards achieving the corporate objective of growth and excellence.
- Participating in conferences, seminars and exhibitions.
- Learning technology by working with international technology partners for expansion and modernization programmes.

Benefit derived as a result of the above efforts:

- Reduction in maintenance & operating cost to end user.
- Up-gradation of process technology in many areas.
- Import substitution.

Particulars of Technology Imported during the last five years:

Innovation/Technology	Year of Import	Status
Exhaust System	2007-08	In process

PART II : DISCLOSURE OF PARTICULARS WITH RESPECT TO FOREIGN EXCHANGE EARNING AND OUTGO**1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for production and services.**

During the period under review, the Company has not made any export. The Company has, however, now contemplating a plan to develop export market for the products being manufactured by the Company and is hopeful to materialize the same in near future.

2. Total Foreign Exchange used and earned

The information on foreign exchange used, is reported under suitable heading in the 'Notes to Accounts' forming part of the Annual Report of the Company for the year 2009-10. The Company has not earned foreign exchange during the period under review.

AUDITOR'S REPORT

To the Shareholders of

M/s SHARDA SEJONG AUTO COMPONENTS (INDIA) LIMITED

We have audited the attached Balance sheet of **M/S SHARDA SEJONG AUTO COMPONENTS (INDIA) LIMITED**, as at **31st March 2010** and the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 {as amended by the Companies (Auditor's Report) (Amendment) Order, 2004} issued by the Central Government of India, in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Company's Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

For S. R. DINODIA & CO.
Chartered Accountants
(Regn. NO.001478N)

PLACE : NEW DELHI
DATED : 21st May, 2010

SANDEEP DINODIA
Partner
(M. No : 083689)

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our audit report of even date)

- i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of major fixed assets has been conducted by the management at appropriate intervals. In our opinion, the program is reasonable having regard to the size of the Company and the nature of the fixed assets. No material discrepancies were noticed on such verification as compared to book records.
- (c) In our opinion, the company has not disposed off substantial part of Fixed Assets during the year, and going concern status of the company is not affected.
- ii) (a) On the basis of information and explanation provided by the management, Inventories have been physically verified by the management during the year except the inventories in transit and lying with the third parties. In our opinion, frequency of verification is reasonable.
- (b) In our opinion, frequency and the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the company is maintaining proper records of inventory. We have been explained that discrepancies noticed on physical verification as compared to book records were not material and the same have been properly dealt with in the books of account.
- iii) (a) According to information and explanation given to us, the Company has not granted any loans to Companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 during the year.
- (b) According to information and explanation given to us, the Company has taken unsecured loans from parties entered in the register maintained u/s 301 of the Companies Act, 1956 during the year and the year end balance is Rs 569,193,665). The rate of interest and other terms and conditions on which such loan has been taken are not prima facie prejudicial to the interest of the Company. The company is regular in repayment of principal and interest amount as stipulated.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets, sales of goods and services. According to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
- v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of opinion that the particulars of contracts or arrangements that need to be entered into a register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to explanation given to us, transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.
- vi) The Company has not accepted any deposits during the year from the public as defined in section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) On the basis of records produced, we are of opinion that prime facie, the cost records and accounts prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 has been maintained by the Company, but, we were not required to carry out and have not carried out any detailed examination of such records and accounts.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it. There was no undisputed amount outstanding at the year end for a year more than six months from the date they become payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute, are NIL.
- x) The provisions of special statute as specified under paragraph 4(x) of the order are not applicable to the company, as it has not completed five years of operations.
- xi) On the basis of information and explanation provided by the management, the Company has not made any default in the repayment of dues to the financial institutions and banks. During the year, the Company has not availed any loan from the debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.
- xiii) In our opinion considering the nature of activities carried on by the company during the year, the provision of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to it.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- xv) On the basis of information and explanation provided, the Company has not given guarantee for loans taken by other from the bank during the year
- xvi) On the basis of records available and information and explanation given to us, the company has not taken any term loan during the year.
- xvii) On the basis of information and explanation given to us and an overall examination of the balance sheet, we report that no funds raised on short-term basis have been used for long-term investments by the Company.
- xviii) According to information and explanation given to us, during the year. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For S. R. DINODIA & CO.
Chartered Accountants
(Regn. NO.001478N)

PLACE : NEW DELHI
DATED : 21st May, 2010

SANDEEP DINODIA
Partner
(M. No : 083689)

BALANCE SHEET AS AT 31ST MARCH' 2010

PARTICULARS	SCHEDULE	(Amount in Rupees)	
		AS AT 31.03.2010	AS AT 31.03.2009
SOURCES OF FUNDS			
Shareholders Fund :			
Share Capital	1	200,500,000	200,500,000
Unsecured Loan	2	569,193,665	597,082,814
Deferred Tax Liability		12,484,578	5,559,053
{Refer note no.12 of Schedule 9(B)}			
		<u>782,178,243</u>	<u>803,141,867</u>
APPLICATION OF FUNDS			
Fixed Assets:			
	3		
Gross Block		540,342,697	382,576,027
Less: Depreciation		<u>131,119,141</u>	<u>60,901,612</u>
Net Block		409,223,556	321,674,415
Capital Work In Progress (Including Capital Advances)		650,086	25,041,686
Current Assets, Loans & Advances			
	4		
Inventories		98,281,111	134,782,319
Sundry Debtors		371,419,160	324,038,668
Cash & Bank Balances		11,884,150	3,619,283
Other Current Assets		3,800,984	8,248,460
Loans & Advances		<u>116,767,178</u>	<u>196,558,881</u>
		602,152,583	667,247,611
Less:Current Liabilities & Provisions			
	5		
Current Liabilities		177,744,973	209,413,620
Provisions		<u>17,861,001</u>	<u>14,231,774</u>
		195,605,974	223,645,394
Net Current Assets		406,546,609	443,602,217
Profit & Loss Account		(34,242,008)	12,823,549
		<u>782,178,243</u>	<u>803,141,867</u>
		-	-
Significant Accounting Policies & Notes to Accounts			
	9		

As per our report attached.

For S. R. DINODIA & CO.,
 CHARTERED ACCOUNTANTS
 Regn. No 01478N

For and on behalf of
 the Board Of Director

SANDEEP DINODIA
 PARTNER
 M. No. 083689

N. D. RELAN
 Chairman

AJAY RELAN
 Director

PLACE : NEW DELHI
 DATED : 21st May, 2010

UDAYAN BANERJEE
 Executive Director

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH' 2010

(Amount in Rupees)

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
INCOME			
Turnover		2,894,774,775	2,648,838,477
Less : Excise duty recovered		350,294,866	454,672,701
		<u>2,544,479,909</u>	<u>2,194,165,776</u>
Other Income	6	4,465,681	404,260
		<u>2,548,945,590</u>	<u>2,194,570,036</u>
EXPENDITURE			
Manufacturing & Other Expenses	7	2,411,779,243	2,051,812,053
Financial Charges (Net)	8	911,487	62,643,917
Miscellaneous Expenditure Written off		-	951,031
		<u>2,412,690,730</u>	<u>2,115,407,001</u>
Profit before Depreciation & Taxes		136,254,860	79,163,035
Depreciation/Amortisation		70,632,160	55,304,076
Profit before Taxes		65,622,700	23,858,959
Less: Provision for Tax			
- Current Tax		13,500,000	3,610,000
- Wealth tax		19,191	54,000
- Deferred Tax Charged(Released)		6,925,525	14,891,053
- Fringe Benefit tax		-	650,000
- Tax Adjustment for earlier year		(1,887,573)	-
- Prior Period Expenses		-	10,000
Profit after Taxes		47,065,557	4,643,906
Profit/(Loss) brought forward profit fom Last Year		(12,823,549)	(17,467,455)
Profit/(Loss) carried to Balance Sheet		<u>34,242,008</u>	<u>(12,823,549)</u>
Basic / Diluted Earning Per Share (Rs.)		2.35	5.01
{Refer Note 13 of Schedule 9(B)}			
Significant Accounting Policies & Notes to Accounts	9		

As per our report attached.

For S. R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
Regn. No 01478N

For and on behalf of
the Board Of Director

SANDEEP DINODIA
PARTNER
M. No. 083689

N. D. RELAN
Chairman

AJAY RELAN
Director

PLACE : NEW DELHI
DATED : 21st May, 2010

UDAYAN BANERJEE
Executive Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH' 2010

PARTICULARS	(Amount in Rupees)	
	YEARENDED 31.03.2010	YEARENDED 31.03.2009
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation & Extraordinary items	65,622,700	23,858,959
Adjustment for:		
Exchange Fluctuation	(3,553,428)	4,243,919
Prior Period Expenses	-	(10,000)
Depreciation written off	70,632,160	55,304,076
Interest Income	(565)	(95,576)
Interest Expenses	17,001	62,093,868
(Profit) / Loss on Sale of Fixed Assets (Net)	1,842,325	(379,982)
Amount Written back	(912,253)	(11,679)
Miscellaneous Expenses written off	-	951,031
Operating profit before working capital changes	133,647,941	145,954,615
Adjustment for		
Decrease / (Increase) in Trade & Other receivables	(47,380,491)	(81,888,330)
Decrease / (Increase) in Increase in Inventories	36,501,208	(17,770,543)
Decrease / (Increase) in Advances and other current assets	89,655,139	(94,241,692)
Increase / (Decrease) in Trade Payable	(23,573,737)	41,041,775
Cash Generated from operation	188,850,060	(6,904,174)
Direct Taxes paid (Net)	(17,047,578)	(19,719,884)
Net Cash flow from Operating Activities	171,802,482	(26,624,058)
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	2,004,953	14,564,851
Purchase of Fixed Assets/Technical know-how	(137,636,980)	(112,340,851)
Interest Received	565	95,576
Net Cash used in Investing Activities	(135,631,462)	(97,680,424)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment from/of Borrowings)	(27,889,149)	(14,526,749)
Increase in Share Capital	-	200,000,000
Interest Paid	(17,001)	(62,093,868)
Net Cash used in Financing Activities	(27,906,150)	123,379,383
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	8,264,870	(925,099)
CASH & CASH EQUIVALENTS-OPENING BALANCES	3,619,283	4,544,382
CASH & CASH EQUIVALENTS-CLOSING BALANCES	11,884,153	3,619,283
Cash & Cash Equivalents include :		
Cash in hand	358	358
Balances with Scheduled Banks		
- In Current Account	11,875,769	3,611,467
- In Deposit Account	8,023	7,458
	11,884,150	3,619,283

Note :

1. Figures in brackets represent outflows

As per our report attached.

For S. R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
 Regn. No 01478N

SANDEEP DINODIA
PARTNER
 M. No. 083689

For and on behalf of
the Board Of Director

N. D. RELAN
Chairman

AJAY RELAN
Director

PLACE : NEW DELHI
 DATED : 21st May, 2010

UDAYAN BANERJEE
Executive Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SCHEDULE - 1 : SHARE CAPITAL**Authorised :**

25,000,000 Equity Shares of Rs. 10/- each.(P.Y.25,000,000@10/-)	<u>250,000,000</u>	<u>250,000,000</u>
-----------------------------------------------------------------	--------------------	--------------------

Issued, Subscribed & Paid up :

20,050,000 Equity Shares *(P.Y.20,050,000)of Rs. 10/- each fully paid up*	<u>200,500,000</u>	<u>200,500,000</u>
	<u>200,500,000</u>	<u>200,500,000</u>

* All Equity shares held by Sharda Motor Industries Limited, the holding Company

SCHEDULE - 2 : UNSECURED LOANS

- From Holding Company	<u>569,193,665</u>	<u>597,082,814</u>
	<u>569,193,665</u>	<u>597,082,814</u>

**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT
SCHEDULE 3 : FIXED ASSETS**

(Amount in Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTIZATION			NET BLOCK		
	AS AT 01.04.09	ADDITION	SALE/ ADJUSTMENT	AS AT 31.03.10	AS AT 01.04.09	ADDITION	SALE/ ADJUSTMENT	AS AT 31.03.10	AS AT 31.03.09
TANGIBLE ASSETS									
Building	1,999,264	7,203,207	-	9,202,471	130,911	478,635	-	8,592,925	1,868,353
Plant & Machinery	187,512,656	27,872,756	4,139,915	211,245,497	25,749,880	24,407,798	386,156	161,473,975	161,762,775
Office Furniture & Equipment	7,855,901	3,014,679	121,994	10,748,586	1,878,973	1,386,020	28,475	7,512,068	5,976,929
Electric Fitting	10,410,348	26,140,622	-	36,550,970	1,524,365	2,105,346	-	32,921,258	8,885,983
Vehicle	7,769,909	-	-	7,769,909	946,354	1,774,263	-	5,049,292	6,823,556
INTANGIBLE ASSETS									
Technical Knowhow	167,027,949	97,797,315	-	264,825,264	30,671,129	40,480,098	-	193,674,037	136,356,820
Total	382,576,027	162,028,579	4,261,909	540,342,697	60,901,612	70,632,160	414,631	409,223,556	321,674,416
Previous Year	267,642,675	131,225,042	16,291,690	382,576,027	7,704,357	55,304,076	2,106,821	321,674,415	259,938,319
Capital Work In Progress	-	-	-	-	-	-	-	650,086	25,041,686

Notes : Capital Work-in Progress including Capital Advances Rs. 650,086 (P. Y. 425,344)

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Amount in Rupees)

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
-------------	---------------------	---------------------

SCHEDULE - 4 : CURRENT ASSETS, LOANS & ADVANCES

A. CURRENT ASSETS

1. Inventories

(As certified by the management)

- Raw material	72,595,329	73,648,899
- Consumables Stores	6,875,357	5,703,807
- Work-in-progress	12,419,639	25,655,366
- Finished Goods	954,692	15,424,016
- Goods In Transit	5,436,094	14,350,231
	<u>98,281,111</u>	<u>134,782,319</u>

2. Sundry Debtors

(Unsecured considered good)

Outstanding for a period exceeding six months	16,628	464,067
Other Debts	371,402,532	323,574,601
	<u>371,419,160</u>	<u>324,038,668</u>

3. Cash & bank Balances

Cash In hand	358	358
Balances with Scheduled Banks		
In Current Account	11,875,769	3,611,467
In Fixed Deposit (Including Interest accrued)	8,023	7,458
	<u>11,884,150</u>	<u>3,619,283</u>

4. Other Current Assets

	3,800,984	8,248,460
	<u>3,800,984</u>	<u>8,248,460</u>

B. LOANS & ADVANCES

(Unsecured considered good unless otherwise stated)

Advances

Advances and other amounts recoverable in cash or in kind or for value to be received	3,983,498	97,849,408
Security Deposit	2,771,201	3,296,001
Balance with Central Excise Authorities	75,901,199	66,718,152
Mat Credit Entitlement	1,723,191	3,610,000
Advance Tax (Including T.D.S)	32,388,089	25,085,320
{Net of Provision Rs.16,507,382(P.Y.4929,000)}		
	<u>116,767,178</u>	<u>196,558,881</u>

SCHEDULE - 5 : CURRENT LIABILITIES & PROVISIONS

A. Current Liabilities

Sundry Creditors (Refer note No.6 of Schedule 9 (B))	145,481,660	146,287,017
Statutory Dues	14,858,340	27,927,960
Expenses Payable*	13,475,667	31,824,370
Other Liabilities	3,929,306	3,374,273
	<u>177,744,973</u>	<u>209,413,620</u>

B. Provisions

Warranty Claims	17,861,001	14,231,774
	<u>17,861,001</u>	<u>14,231,774</u>

* It includes amouny due to director Rs.139,860(P.Y. Nil)

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Amount in Rupees)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
SCHEDULE - 6 : OTHER INCOME		
Profit on sale of fixed assets	-	379,982
{Net of Loss of Rs.Nil /-(Previous Year: 30,334)}		
Sundry Balances Written Back	912,253	11,679
{Net of written off of Rs.382,783 /-(P.Y.85,233)}		
Exchange Fluctuation Gain(Net)	3,553,428	-
Miscellaneous Income	-	12,599
	<u>4,465,681</u>	<u>404,260</u>

SCHEDULE - 7 : MANUFACTURING & OTHER EXPENSES

1. Consumption of Raw Material	A	2,154,321,382	1,835,983,013
2. Decrease in Stock- In -Trade/Work -In- Progress			
Opening stock			
Finished goods		15,424,016	6,732,483
Less: Excise Duty		1,196,917	848,474
		<u>14,227,099</u>	<u>5,884,009</u>
Work-In-Progress		25,655,366	23,291,748
	I	<u>39,882,465</u>	<u>29,175,757</u>
Closing stock			
Finished goods		954,692	15,424,016
Less: Excise Duty		89,151	1,196,917
		<u>865,541</u>	<u>14,227,099</u>
Work-In-Progress		12,419,639	25,655,366
	II	<u>13,285,180</u>	<u>39,882,465</u>
	B (I-II)	<u>26,597,285</u>	<u>(10,706,708)</u>
3. Expenses for Manufacture, Administration and selling			
Salary/Wage & Other Benefits to Staff		78,438,340	75,013,081
Contribution to Provident & Other Fund		5,229,920	6,777,567
Power & Fuel		14,574,556	17,816,611
Other Manufacturing Exp.		9,848,965	30,403,929
Rent, Rates & Taxes		1,187,826	587,849
Insurance Charges		559,907	990,823
Royalty		26,304,891	24,512,936
Communication Expenses		1,024,558	1,596,484
Legal & Professional Charges		468,757	160,602
Repair & Maintenance			
- Machinery *		21,260,346	12,523,042
- Building		800,021	297,183
- Others		9,095,106	4,827,450
Staff Welfare		15,126,778	11,629,277
Travelling & Conveyance		20,698,815	17,011,221
Director Remuneration		1,789,968	-
Loss on sale of Fixed assets		1,842,325	-
Auditor Remuneration		100,000	100,000
Exchange Fluctuation Loss(Net)		-	4,243,919
Other Expenses		9,857,984	6,329,202
Selling & Distribution Exp.		12,651,513	11,714,572
	C	<u>230,860,576</u>	<u>226,535,748</u>
TOTAL	(A+B+C)	<u>2,411,779,243</u>	<u>2,051,812,053</u>

* Includes Stores & spares consumed of Rs.8,504,138/- (P.Y. Rs. 5,505,478/-)

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

PARTICULARS	current Year	Previous Year
SCHEDULE - 8 : FINANCIAL CHARGES (Net)		
Interest on		
- Working Capital	-	67,110
- Unsecured Loan from Holding Co.	-	60,917,000
- Others	17,001	1,109,758
Bank Charges	895,051	645,625
	912,052	62,739,493
Less: Interest received on Fixed Deposit*	565	95,576
	911,487	62,643,917

* TDS Rs.Nil (P.Y. Rs. 22,000/-)

SCHEDULE FORMING PART OF THE BALANCE SHEET & PROFIT & LOSS ACCOUNT**SCHEDULE 9: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT****A. SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Convention**

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI), and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires making of estimates and assumptions that affect the reported amounts of assets & liabilities and disclosure of contingent assets & liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

3. Fixed Assets

Fixed assets are stated at cost of acquisition inclusive of freight, duties & taxes and incidental expenses related to acquisition up to the date of installation. Cost of Fixed assets are further adjusted by the amount of Modvat/Cenvat credit availed and Vat credit wherever applicable. Fixed assets under construction, advance paid towards acquisition of fixed assets and cost of assets not put to use before year end, are shown as capital work in progress. Interest and finance charges incurred are allocated to the respective fixed assets on installation.

4. Intangible Assets

Intangible assets such as technical know-how fees, etc. which do not meet the criterions laid down, in terms of Accounting Standard 26 on Intangible Assets, are written off in which they are incurred. If such costs/expenditure meet the criterion, it is recognized as an intangible asset and is measured at cost. It is amortized by way of a systematic allocation of the depreciable amount over its useful life and recognized in the Balance Sheet at net of any accumulated amortization and accumulated impairment losses thereon.

5. Depreciation / Amortization

Depreciation is provided at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956 by following the written down value method.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed off. Assets costing individually Rs. 5,000 or less are fully depreciated in the year of purchase.

Cost of Leasehold land is amortised over the period of lease.

6. Inventories

Raw material, stores and spare parts are valued at lower of cost or net realizable value. Cost includes purchase price, those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, FIFO method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost or net realisable value. The comparison of cost and net realisable value is made on an item by item basis. Cost of work in progress and manufactured finished goods is determined on FIFO basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition.

Scrap is valued at "Net Realisable Value".

Excise duty liability is included in the valuation of closing inventory of finished goods.

7. Revenue Recognition

Domestic Sales are recognised at the point of despatch of goods to the customers from factory. The sales are accounted for net of trade discount, sales tax, sale returns but includes excise duty. Export Sales are recognized at the time of the clearance of goods and approval of excise authorities.

Sales includes revision in prices received from customers with retrospective effect.

Interest Income is accounted for on time proportional basis. Dividend income is recognized when the right to receive the Dividend is established.

8. Purchases

Purchase of material is recognized on the basis of acceptance of material at the respective location.

Price revision of material purchased has also been included in purchases. Further adjustments, if any, are made in the year of final settlement.

9. Foreign Exchange Transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction. Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

The exchange differences arising on the settlement of monetary items or on reporting these items at rates different from rates at which these were initially recorded/reported in previous financial statement are recognized as income/expense in the period in which they arise.

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortized as income or expense over the life of contract as well as exchange difference on such contracts i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception/the last reporting date, is recognized as income/expense for the period.

10. Borrowing Cost

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

11. Expenditure on Research and Development

The revenue expenditure on research and development is charged as an expense in the year in which it is incurred. However Expenditure on development activities, whereby research findings are applied to a future plan or design for the production of new or substantially improved products and process and has got future benefits is capitalized. Such capitalization includes cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the assets for its intended use.

Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Depreciation on such capital assets is followed in accordance with the Company's Policy.

12. Employees Benefits

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which related service is rendered.
- b) The Company has Defined Contribution Plans for post employment benefit's namely Provident Fund and Employee State Insurance Scheme The company's contributions in the above plans are charged to revenue every year.
- c) The company has Defined Benefit plans namely leave encashment/ compensated absence and Gratuity for employees .Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year by using the Projected Unit Credit Method. However, the company through its Trust has taken a policy with LIC to cover the gratuity liability of the employees. The difference between the actuarial valuation of the gratuity of employees at the year-end and the balance of funds with LIC is provided for as liability in the books.
- d) Provision for leave encashment is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.
- e) Actuarial gains/losses are immediately taken to Profit & Loss Account.
- f) Terminal benefits are recognized as an expense immediately.

13. Taxes on Income**Current Tax**

Current tax is amount of tax payable on taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax

Deferred tax resulting from "timing difference between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

14. Contingency/Provisions

Provision is recognized when a company has a present obligation as a result of past event, it is probable that an outflow of resources embodying benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Contingent Liabilities, if material are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements.

15. Leases

Lease arrangements, where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are recognized as an operating lease. Lease payments under operating lease are recognized as an expense in the Profit and Loss Account.

16. Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating Diluted Earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

17. Cash Flow

Cash Flow statement is prepared as per the indirect method prescribed under "Accounting Standard-3" "Cash Flow Statement".

18. Warranty

Warranty expenses are provided for in the year of sales based on technical estimates. In addition, specific provision is also made against customer claims for manufacturing.

19. Impairment of assets

The company assesses whether there is any indication that any asset may be impaired at the balance sheet date. If any indication exists, the company estimates the recoverable amount. If the carrying amount of the fixed assets exceeds the recoverable amount, an impairment loss is recognized in the accounts; to the extent the carrying amount exceeds the recoverable amount.

B. NOTES TO ACCOUNT**1. Background**

Sharda Sejong Auto Components (India) Ltd. is a wholly-owned subsidiary of Sharda Motor Industries Limited having its plant located at Chennai. The company is engaged in the manufacture and supply of automotive components and all of its products to Hyundai Motors India Limited.

2. Contingent Liabilities

- (a) Foreign Letters of Credit Rs. Nil /- (Previous Year Rs. 11,077,037)
- (b) Estimated value of contracts remaining to be executed on capital account not provided for in the accounts, net of advance is Rs. 56,114 (Previous Year Rs. 2,145,000)

3. The balances of debtors, creditors and loans and advances are awaiting confirmation.

4. In the opinion of the Board, the current assets, loans and advances are approximate of the value stated if realized in the ordinary course of business. The provision for all the known liabilities are adequate and not in excess of the amount reasonably necessary.

5. Employees Benefits**Defined Contribution Plan**

The Company makes contribution towards Employees Provident Fund and Employee's State Insurance Scheme of these schemes, the company is required to contribute a specified percentage of payroll costs. The company during the year recognized the following amounts in the Profit and Loss Account under company's contribution to Defined contribution plan.

(Amount in Rupees)

Particulars	2009-2010	2008-2009
Provident Fund	3,532,111	3,759,736
Employee State Insurance	1,096,854	1,264,542

Defined Benefit Plans:

Gratuity Scheme : This is a funded defined benefit plan for qualifying employees. The employee's gratuity fund scheme managed by Life Insurance Corporation of India. The present value of obligation is determine based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations. The obligation for leave encashment is recognized in the same manner as gratuity

Leave Encashment/Compensated Absences : This is a unfunded defined benefit plan.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans (as per Actuarial Valuation as on March 31,2010).

In accordance with accounting standard (revised 2005) on actuarial valuation was carried out in respect of aforesaid defined benefit plans based on following assumptions.

Particulars	Leave Encashment (Unfunded)		Gratuity(Funded)	
	For the year ended		For the year ended	
	2009-2010	2008-2009	2009-2010	2008-2009
Discount Rate	7.5%	7%	7.5%	7%
Rate of increase in Compensation	10%	10%	10%	10%
Rate of Return on Plan Assets (For Gratuity)	-	-	9.15%	9.15%
Mortality	Published notes under the LIC (1994-96) mortality table.	Published notes under the LIC (1994-96) mortality table.	Published notes under the LIC (1994-96) mortality table.	Published notes under the LIC (1994-96) mortality table.

Expense recognised in the Profit and Loss Account

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	For the year ended		For the year ended	
	2009-2010	2008-2009	2009-2010	2008-2009
Current Service Cost	4,07,985	284,386	7,95,289	758,917
Interest Cost on benefit obligation	97,868	87,566	4,00,284	380,543
Expected return on plan assets	-	-	(4,17,252)	(351,794)
Past Service Cost	-	-	-	-
Actuarial (gain)/loss recognized in the year	(2,26,945)	114,347	(1,84,912)	371,506
Net Benefit Expense	2,78,908	486,299	5,93,409	11,59,172

Net Asset/ (liability) recognized in the Balance Sheet as on March 31, 2010

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	For the year ended		For the year ended	
	2009-2010	2008-2009	2009-2010	2008-2009
Present Value of Defined Benefit Obligation	16,26,880	1,398,111	62,52,112	5,718,340
Fair Value of Plan Assets	-	-	45,00,490	4,560,127
Net Asset/ (Liability) recognized in the Balance Sheet	(16,26,880)	(1,398,111)	(1,751,622)	(1,158,213)

Changes in the Obligation during the year ended 31st March 2010

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	For the year ended		For the year ended	
	2009-2010	2008-2009	2009-2010	2008-2009
Opening defined benefit obligation	1,398,111	1,094,569	5,718,340	4,756,785
Interest cost	97,868	87,566	400,284	380,543
Current Service Cost	4,07,985	284,386	795,289	758,917
Benefits Paid	(50,139)	(182,757)	(448,044)	(550,209)
Actuarial (gain)/ loss on obligation	(2,26,945)	114,347	(213,757)	372,304
Closing defined benefit obligation	16,26,880	1,398,111	6,252,112	5,718,340

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

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded)		Gratuity (Funded)	
	For the year ended		For the year ended	
	2009-2010	2008-2009	2009-2010	2008-2009
Opening fair value of Plan Assets	N.A	N.A	45,60,127	3,908,822
Expected return on Plan Assets	-	-	417,252	351,794
Contribution by employer	-	-	Nil	848,922
Benefits paid	-	-	(448,044)	(550,209)
Actuarial Gain/ (Loss) on Plan Assets	-	-	(28,845)	798
Closing Fair Value of Plan Assets	N.A	N.A	45,00,490	45,60,127

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

6. Pursuant to amendments to Schedule VI to Companies Act, 1956 vide Notification No. GSR 719 (E) dated 16th November, 2007, The Company has not received any intimation from suppliers regarding the status under the Micro, small and Medium Enterprises development act 2006. Hence, disclosure, if any concerning the amount unpaid as at the year end together with interest paid/payable as required under the said act has not been given.

7. **Managerial Remuneration to Directors**

(Amount in Rupees)

Particulars	2009-10	2008-09
Salary and allowances	15,12,000	Nil
Contribution to provident fund	1,26,921	Nil
Perquisites	1,51,047	Nil

Note: -

1. Managerial Remuneration to Directors does not include incremental liability for gratuity and leave encashment unless paid/payable as per company rules.
 2. The Managerial Remuneration paid to the Directors is well within the limits specified in Companies Act, 1956.
8. **Payment to Auditors**

(Amount in Rupees)

Particulars	Current Year	Previous Year
Audit Fees	70,000	70,000
Tax Audit Fees	30,000	30,000
Service Tax	10,300	10,300

9. **Additional Information:**

a) Capacity, Production, Turnover & Stocks:

(i) Licensed & Installed Capacity:

As certified by the Management and as per the norms laid down by the Central Government, no licence is required for the class of goods manufactured by the Company; hence information pertaining to the licensed capacity is not given. The Company is of the view that the installed capacity of its machinery in terms of measurable units can not be determined as it varies, based on the design / process of its heterogeneous range of products.

(ii) Quantitative Information with regard to Actual Production, Stock, Turnover of the Goods Manufactured by the Company

PARTICULARS	Unit	Actual Production	Opening Stock		Turnover		Closing Stock	
		Qty	Qty	Value	Qty	Value	Qty	Value
a) AUTOMOTIVE COMPONENTS								
- Metal Parts	PCS	1,575,086 (1,314,920)	10,608 (6,197)	15,424,016 (6,732,483)	1,584,781 (1,310,509)	2,543,282,683 (2,189,434,802)	913 (10,608)	954,692 (15,424,016)
B) OTHERS				- (-)		1,197,226 (4,730,974)		- (-)
Total		1,575,086 (1,314,920)	10,608 (6,197)	15,424,016 (6,732,483)	1,584,781 (1,310,509)	2,544,479,909 (2,194,165,776)	913 (10,608)	954,692 (15,424,016)

Note: Figures in brackets indicates previous year's figures.

iii) (a) Consumption of raw -material

Particulars	Unit	Current Year		Previous Year	
		Qty.	Amount (Rs.)	Qty.	Amount (Rs.)
Steel	Kgs	-	-	1,516,172	243,884,698
Parts made from pipe and steel	Nos.	10,517,452	742,490,439	-	-
Others	-	-	1,411,830,943	-	1,592,098,315
Total		10,517,452	2,154,321,382	1,516,172	1,835,983,013

b) Value of imported/indigenous raw materials, stores and spares consumed:

Particulars	Current Year		Previous Year	
	Amount (Rs.)	%	Amount (Rs.)	%
Raw Material				
Imported	428,757,382	19.90	406,051,741	22.12
Indigenous	1,725,564,000	80.10	1,429,931,272	77.88
Total	2,154,321,382	100%	1,835,983,013	100
Stores & Spares				
Indigenous	8,504,138		5,505,478	

c) CIF Value of Import

(Amount in Rupees)

Particulars	Current Year	Previous Year
Raw Material	403,623,298	394,581,773
Capital Assets	9,160,242	9,350,710
Stores and Spares	970,175	Nil

d) Expenditure in Foreign Currency (Accrual Basis):

(Amount in Rupees)

Particulars	Current Year	Previous Year
Royalty	22,105,642	24,512,936
Technical Know-how / Guidance Fee / Consultancy	83,307,480	36,945,382
Foreign Travelling*	7,750,771	851,341

e) Earning in Foreign Currency:

(Amount in Rupees)

Particulars	Current Year	Previous Year
F.O.B. Value of Exports	353,785	Nil

10. Disclosure in pursuance of AS-18 "Related Party Disclosure"**I List of related parties where control exists and related parties with whom transactions have taken place and relationships:**

S.No.	Name of the Related Party	Relationship
1	Sharda Motor Industries Limited	Holding Company
2	Udyan Banerjee(Executive Director)* * from 1st june 2009	Key Managerial Person

II Transactions during the year with Related Parties

Transaction value in Rs.

S.No.	Nature of Transactions 2009-10	Holding Company
i)	Sales during the year	78,784,726 (94,018,356)
ii)	Purchases During the year	1,326,468,811 (971,409,551)
iii)	Loans repaid during the year	1,889,492,642 (14,523,771)
iv)	Loan taken	868,652,395 (Nil)
v)	Interest paid on loans during the year	Nil (60,917,000)
vi)	Hire charges paid during the year	1,500,000 (1,500,000)
vii)	Purchase of Fixed Assets	7,495,571 (35,077,659)
viii)	Sale of Fixed Assets	1,381,186 (14,300,428)
ix)	Issue Of Shares	Nil (200,000,000)
x)	Net Outstanding Balance payable/ (Receivable) as on 31.03.2010	569,193,665 (597,082,814)

Transaction value in Rs.

S.No.	Nature of Transactions	Key Managerial Person 2009-10
i)	Remuneration	1,789,968 (-)

Note: Figures in brackets indicates previous year's figures.**11. Leases****Assets taken on Operating Leases:**

The Company has taken the Factory Building on cancellable operating lease. Lease Agreement is valid till the period March 31, 2010. Lease rental amounting to Rs. 15,00,000/- (Previous Year Rs. 15,00,000/-) has been debited to Profit and Loss Account.

12. Deferred Taxation (AS 22)

The company has been recognizing the deferred tax assets/liabilities in accordance with Accounting Standard 22 "Accounting for Taxes on Income". During the year, the company has charged the profit and loss account with deferred tax liability of Rs.6,925,525 /- {Previous Year: Deferred Tax Liability (14,891,053)}

a) Deferred Tax Liability (DTL): -

(Amount in Rupees)

S.No.	Particulars	As at 31.03.2009 (Rs.)	For the year (Rs.)	As at 31.03.2010 (Rs.)
(i)	Depreciation	12,135,239	5,109,821	17,245,060
	Total	12,135,239	5,109,821	17,245,060

b) Deferred Tax Assets (DTA) : -

S.No.	Particulars	As at 31.03.2009 (Rs.)	For the year (Rs.)	As at 31.03.2010 (Rs.)
(i)	Expenditure under section 43B of the Income Tax Act	868,894	279,458	1,148,352
(ii)	Others	5,707,292	(2,095,162)	3,612,130
	Total	65,76,186	(1,815,704)	4,760,482
	Net Deferred Tax Asset/(Liability)	(5,559,053)	(6,925,525)	(12,484,578)
		-	-	-

13. Earning per Share

The numerators & denominators used to calculate the earnings per share.

Particulars	Current Year	Previous Year
Profit/(loss) attributable to the equity shareholders (Rs.) - (A)	47,065,557	4,643,906
Basic/weighted average number of Equity shares outstanding during the year - (B)	20,050,000	926,712
Nominal value of equity shares (Rs.)	10	10
Basic/diluted earnings per share (Rs.) (A) / (B)	2.35	5.01

14. Segment Reporting

The company is in the business of manufacture of automotive components and this is the only reportable segment as per the Accounting Standard 17 on 'Segment Reporting'.

15. Detail of prior period expenses is as follows:

(Amount in Rupees)

Expenditures (Dr.)	2009-10	2008-09
Legal and Professional Charges	Nil	10,000
Total	-	10,000

16. Previous year's figures have been reclassified/regrouped, wherever necessary, to make them comparable.

17. Disclosure in accordance with Accounting Standard (AS 29) Provisions, Contingent Liabilities and Contingent Assets.

The following table provides disclosure in accordance with AS 29.

Particulars	Balance as at March 31,2009	Additions during the year	Amounts used/ paid/ reversed during the year	Balance as at March 31,2010
Provision for warranty	14,231,774	7,233,966	3,604,739	17,861,001
Previous Year	16,487,451	6,376,431	8,632,108	14,231,774

For and on behalf of
the Board Of Director

N. D. RELAN
Chairman

AJAY RELAN
Director

PLACE : NEW DELHI
DATED : 21st May 2010

UDAYAN BANERJEE
Whole Time Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details
 Registration No.
 State Code
 Balance Sheet Date
 Day Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)
 Public Issue
 Bonus Issue
 Right Issue
 Private Placement

III. Capital Raised during the year (Amount in Rs. Thousands)
 Total Liabilities
 Total Assets
 Source of Funds
 Paid-Up Capital
 Secured Loans
 Reserves & Surplus
 Unsecured Loans
 Application of Funds
 Net Fixed Assets*
 Net Current Assets
 Deferred Tax Assets
 Investments
 Misc. Expenditure

* Includes Capital Advances.

IV. Performance of Company (Amount in Rs. Thousand)
 Turnover / Income
 Total Expenditure
 + - Profit/Loss Before Tax
 + - Profit/Loss After Tax
 Please tick Appropriate box (+) for Profit (-) for loss
 Earning per Share in Rs.
 Dividend rate %

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)
 Item Code No. (ITC Code)
 Product
 Description

For and on behalf of
the Board Of Director

N. D. RELAN
Chairman

AJAY RELAN
Director

PLACE : NEW DELHI
DATED : 21st May 2010

UDAYAN BANERJEE
Whole Time Director



SHARDA MOTOR INDUSTRIES LTD.
D-188, Okhla Industrial Area, Phase-I, New Delhi-110020

PROXY

I/We.....of.....
.....being a member/members of **M/s SHARDA MOTOR INDUSTRIES LTD.** hereby appoint.....of.....
.....or.....failing him / her
.....of.....as my/our proxy to vote for me/us on my/our behalf at the Twenty-fifth Annual General Meeting of the Company to be held on Wednesday the 18th August' 2010 at 12:30 P.M. and any adjournment thereof.

Signed thisday of.....2010
Signature of shareholder.....
Folio No..... No. of Shares held.....
Address.....
.....

Affix a
Revenue
Stamp

- Notes : 1. The Proxy need not be a member.
2. The Proxy to be valid should be duly stamped and executed by the member and should reach the Company's Registered Office at least 48 hours before the time of the meeting.

-----CUT HERE-----



SHARDA MOTOR INDUSTRIES LTD.
Registered Office
D-188, Okhla Industrial Area, Phase-I, New Delhi-110020

ATTENDANCE SLIP

Twenty-fifth Annual General Meeting - 18th August' 2010

Regd. Folio No.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Twenty-fifth Annual General Meeting of the Company at Habitat World at India Habitat Centre, New Delhi at 12:30 P.M. on Wednesday the 18th August' 2010.

.....
Member's/Proxy's name in BLOCK letters

.....
Member's/Proxy's Signature

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

CUT HERE



**IF YOU BELIEVE IN IT,
YOU CAN ACHIEVE IT.**

TEAM SMIL

BOARD OF DIRECTORS



N. D. RELAN
Chairman



AJAY RELAN
Managing Director



SHARDA RELAN
Director



ROHIT RELAN
Director



R. P. CHOWDHRY
Director



O. P. KHAITAN
Director



G. L. TANDON
Director



PROF. ASHOK KUMAR BHATTACHARYA
Director



KISHAN N. PARIKH
Director



UDAYAN BANERJEE
Executive Director

KEY EXECUTIVES



S. D. LEE
President
(CEO - Chennai Plant - I)



ANIL BADHWAR
President



BIRESWAR MITRA
President
(CEO - Nashik Plant)



PRADEEP RASTOGI
President - Legal & CFO



DR. SIVANAND RAJA DURAI
(Head - R & D Centre)



D. A. AGGARWAL
Sr. Vice President (F&A)



NITIN VISHNOI
Company Secretary



D. RAVICHANDRAN
CEO
(MWC - Plant)



Lt. Col. PREM GABA
Vice President
(Surajpur Plant)



RAMESH SAXENA
Vice President
(Gurgaon Plant)



S. MAITRA
Vice President
(Nashik Plant-II)



RATAN KRISHAN PAL
Vice President
(Sanad Plant)



K. K. SHARMA
Sr. General Manager
Chennai Plant - I



A. K. CHATURVEDI
Sr. General Manager
(Taxation)



RAJESH MALIK
Sr. General Manager
(Haridwar Plant)



N. R. PILLAI
General Manager
(P & A / HR)



ASHOK RELHAN
General Manager
(Greater Noida Plant)



SHARDA MOTOR INDUSTRIES LIMITED
REGISTERED OFFICE :
D-188, OKHLA INDUSTRIAL AREA
PHASE-I, NEW DELHI - 110 020