



29th
ANNUAL REPORT
2013-14



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

TEAM SMIL

BOARD OF DIRECTORS	K N PARIKH N. D. RELAN AJAY RELAN SHARDA RELAN ROHIT RELAN R. P. CHOWDHRY O. P. KHAITAN UDAYAN BANERJEE Prof. ASHOK KUMAR BHATTACHARYA	Chairman Co-Chairman Managing Director & CEO Director Director Director Director Executive - Director Director
PRESIDENT (LEGAL) & CFO	PRADEEP RASTOGI	
COMPANY SECRETARY	NITIN VISHNOI	
STATUTORY AUDITORS	M/S. S. R. DINODIA & CO. LLP (Formerly known as M/s S. R. DINODIA & CO.) CHARTERED ACCOUNTANTS NEW DELHI	
COST AUDITORS	M/S GURDEEP SINGH & ASSOCIATES COST ACCOUNTANTS NEW DELHI	
BANKERS	YES BANK LIMITED ICICI BANK STATE BANK OF INDIA PUNJAB NATIONAL BANK CITI BANK HDFC BANK CANARA BANK	
REGISTERED OFFICE	D-188, OKHLA INDUSTRIAL AREA, PHASE - I, NEW DELHI - 110 020	

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N. D. Relan

The fiscal year 2013-14 was another very challenging year for the automobile sector. India continued to show deceleration in growth with the GDP growth rate at lower than 5% in second consecutive year. This has because of high interest rates, weakening of the rupee, higher input cost and weak demand situation. Despite of above your company has grown satisfactorily through its strategic planning of investing in its state of art Researcher & Development Centre that has demonstrated overall cost reduction, better quality, efficiency, improved utilization / productivity of manufacturing facilities. Your company is also committed for investing in the brand, latest technology and talent of our people. These initiatives helped us to sustain margins in an otherwise depressed year.

I am pleased to share with you that the company generated significant amounts of cash profit, strengthened its assets base and overall financial position and most importantly continued to return value to its stakeholders.

Co-Chairman's Message

I am pleased to inform you that your Company has always followed the highest standard of corporate governance to ensure transparency in its dealings and compliance of applicable laws and regulations in order to promote ethical conduct and practices throughout the organization.

I wish to place on record the sincere and dedicated efforts of all the Board Members, Managerial personnel, the Staff Members of the SMIL family, who have displayed their unstinted devotion, Co-operation and commitment towards the pursuit of excellence. I also take this opportunity to offer sincere thanks to the Banks, Government Agencies, our valued customers for their continued support and assistance.

I also express my profound thanks to the shareholders for their faith and continued support to the endeavors of the company.

Finally, I express my personal gratitude for the unstinted faith reposed by you in the company's management and sincerely hope that we will continue to receive the same kind of support and guidance towards achievement of higher goals.

Managing Director's Message



Ajay Relan

Dear Shareholders

Fiscal year 2014 was a difficult year for the Automobile Industries due to, high ownership costs, high interest rates, currency fluctuations and negative market sentiments have adversely impacted the growth of the Automobile industry. However, with the Automobile Industries being a key driver of the economy and growth returning to vehicle consumption in the last couple of months, I expect the component industry to grow in current fiscal 2014-15.

Indian Automobile Industry has a huge growth potential and that's the reason large investments are being made in the automotive industry by Indian as well as foreign automobile manufacturers and OEM's. However, for this potential to be fully realized, a lot of effort, both by the industry and the Government will be required like measures to ease inflation easy access to capital with lower interest costs and control on foreign exchange fluctuations.

In new world of rapid change in customer preference, the ability of developing and marketing

top class of products shall depend upon the quality of Company's in-house research and development facility. During the year under review, your company still continued to substantially invest in enhancing and up-gradation of manufacturing facility and modernization of Research & Development facilities, to accommodate the need for rigorous development and to sustain in competitive markets.

I look forward for a good future of your Company with the help of our Board of Directors and team SMIL which demonstrated its commitment in taking the company to greater heights.

In the end, I would like to thank all those who over the years, have served with the Company, our Directors, Managers, Employees and Stakeholders in different parts, for their most important contribution to the Company.

I would also like to thank you dear Shareholders, for the support you have given to us.

NOTICE

NOTICE is hereby given that the Twenty- Ninth Annual General Meeting of Sharda Motor Industries Limited will be held at Habitat World, India Habitat Centre, Lodhi Road, New Delhi on Wednesday the 3rd Day of September' 2014 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, 2014 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 2013-14.
3. To appoint a Director in place of Shri N.D. Relan (holding DIN No.00240280) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Rohit Relan (holding DIN No. 00257572) who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s S. R. Dinodia & Co. LLP (formerly known as M/s S. R. Dinodia & Co.), Chartered Accountants (Registration No. 001478N / N500005), 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

6. **TO APPOINT SHRI K N PARIKH AS AN INDEPENDENT DIRECTOR AND IN THIS REGARDS TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTIONS AS A SPECIAL RESOLUTION:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Clause 49 of Listing Agreement, Shri K N Parikh (holding DIN 00453209), be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the conclusion of this Annual General Meeting.”

7. **TO APPOINT SHRI O.P. KHAITAN AS AN INDEPENDENT DIRECTOR AND IN THIS REGARDS TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTIONS AS A SPECIAL RESOLUTION:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014,(including any statutory modification(s) or re-enactment thereof for the time being in force), and Clause 49 of Listing Agreement, Shri O. P. Khaitan (holding DIN 00027798), be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the conclusion of this Annual General Meeting.”

8. **TO APPOINT PROF. ASHOK KUMAR BHATTACHARYA AS AN INDEPENDENT DIRECTOR AND IN THIS REGARDS TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTIONS AS A SPECIAL RESOLUTION:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force),and Clause 49 of Listing Agreement, Prof. Ashok Kumar Bhattacharya (holding DIN 02804551), be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the conclusion of this Annual General Meeting.”

9. **PAYMENT OF REMUNERATION TO THE COST AUDITOR FOR THE FINANCIAL YEAR 2014-15, AND IN THIS REGARDS TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTIONS AS AN ORDINARY RESOLUTION:**

“**RESOLVED THAT** pursuant to provision of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013, and Rules framed thereunder, as amended from time to time and such other permissions as may be necessary, the members hereby ratify the remunerations of Rs. 400000/- plus Services Tax as applicable and other out-of pocket expenses to Conduct the audit of cost accounts for the financial year 2014-15 of all the units of the Company.”

“RESOLVED FURTHER THAT Shri N.D. Relan, Co- Chairman, Shri Ajay Relan, Managing Director, Shri Rohit Relan Director of the Company, Shri Nitin Vishnoi, Company Secretary of the Company be and is hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

10. AUTHORIZATION FOR RELATED PARTY TRANSACTIONS AND IN THIS REGARDS TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S) THE FOLLOWING RESOLUTIONS AS A SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of Listing Agreement and as recommended and approved by the Audit Committee and Board of Directors in their respective meetings held on 22nd May, 2014, the consent of the Company be and is hereby accorded for entering into contract or arrangement with the related parties as defined under the Act and the Rules made thereunder, as per details and on terms & conditions as set out under Item no. 10 of the Explanatory Statement annexed to this Notice.”

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

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

Place : New Delhi
Dated : 22nd May, 2014

Nitin Vishnoi
Company Secretary
M. No. F3632

IMPORTANT NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 6 to 10 of the Notice, is annexed hereto. The relevant details as required under clause 49 of the Listing Agreements entered into with the Stock Exchange, of persons seeking appointment/ re-appointment as Directors under Item Nos. 6 to 8 of the Notice, are also annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than **FORTY-EIGHT HOURS** before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. The Register of Members and the Share Transfer books of the Company will remain closed from 26th August' 2014 to 3rd September' 2014 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the final dividend for 2013-14.
4. Dividend if approved by members at Annual General Meeting will be paid to those members, whose Names appears on the Register of Members on date of Annual General Meeting .
5. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Alankit Assignment Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Alankit Assignment Limited .
6. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Alankit Assignment Limited for assistance in this regard.
7. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Alankit Assignment Limited, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
8. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
9. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
10. Pursuant to Section 205A (5) read with Section 205C 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
31.03.2007	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
31.03.2010	18.08.2010	16.07.2017
31.03.2011	22.01.2011*	20.02.2018
31.03.2011	8.08.2011	6.08.2018
31.03.2012	24.01.2012*	22.02.2019
31.03.2012	12.09.2012	10.10.2019
31.03.2013	6.02.2013*	04.03.2020
31.03.2013	02.09.2013	30.09.2020
31.03.2014	29.01.2014*	27.02.2021

* Interim Dividend

11. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
12. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Alankit Assignment Limited/Depositories.
13. **Voting through electronic means:** The Company is pleased to offer e-voting facility for all its members to enable them to cast their vote electronically in terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement (including any statutory modification or re-enactment thereof for the time being in force). Accordingly, a member may exercise his vote by electronic means and the Company may pass any resolution by electronic voting system in accordance with the above provisions.

The instructions for e-voting are as under:

(A) In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com, during the voting period
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio number for physical shareholder and client id for demat account shareholder in the PAN field.</p> <p>In case the physical folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ram Kumar Jain with folio no. 48 then enter RA00000048 in the PAN field.</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. In case the details are not recorded with the depository or company please enter the number of shares held as on the cut off date i.e. August 1st, 2014 in the Dividend Bank details field.</p>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the relevant EVSN on which you choose to vote.

- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xii) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
 - (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
 - (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (B) **In case of members receiving the physical copy:**
Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help Section or write an email to helpdesk.evoting@cdslindia.com
- (D) Other Instructions:
- i. The e-voting period commences on Wednesday, 27th August’ 2014, (9.00 a.m. IST) and ends on Friday, 29th August, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the Cut-off date of 1st August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 - ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as at the closure of working hours on 1st August, 2014.
 - iii. Shri A.K. Goyal, Practicing Company Secretary (holding Membership No. FCS 1565), has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
14. The results of the Voting shall be declared by Chairman of Meeting on or after the AGM of the Company. The results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website www.shardamotor.com and will be communicated to the BSE Limited, where the shares of the Company are listed.

15. INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENTS.

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

Name of Director	Shri N. D. Relan	Shri Rohit Relan	Shri K N Parikh	Shri O. P. Khaitan	Prof. Ashok Kumar Bhattacharya
Date of Birth & Age	31.05.1929 84 Year	02.07.1955 58 Year	15.04.1967 47 Years	21.11.1943 71 Years	14.02.1946 68 Years
Nationality	Indian	Indian	Indian	Indian	British
Appointed on	29.08.1986	25.05.1991	16.12.2005	16.12.2005	28.10.2009
Qualifications	B.Com	FCA, OPM, USA	B. Com	B. Com., LLB	Masters in Physical Chemistry from IIT, Kharagpur and Phd from Churchill College, University of Cambridge
Expertise in specific functional areas	Accounts, Finance, Business Management & Capital Market	Accounts, Finance, Business Management & Capital Market	Business Management	Law Practice	Research & Development
List of Directorships held in other Companies	M/s Bharat Seats Limited M/s Relan Industrial Finance Ltd. M/s PEBCO Motors Limited M/s Progressive Engineering and Automation Pvt. Ltd. M/s Sharda Inoac Private Limited M/s Toyota Boshoku Relan India Pvt. Ltd.	M/s Bharat Seats Limited M/s Relan Industrial Finance Ltd. M/s Progressive Engineering and Automation Pvt. Ltd. M/s Sharda Inoac Pvt. Ltd. M/s Toyota Boshoku Relan India Pvt. Ltd.	Pebco Motors Ltd. Pebco industries Ltd. Bharat Seats Limited Aersoft Trading & Marketing Pvt. Ltd. Brisco Pvt. Ltd. Jameshedpur Air connect Pvt. Ltd. Anjana Mineral Pvt. Ltd.	ECE Industries Ltd. J. K. Tyre & Industries Ltd. Honda Siel Power Products Ltd. Shriram Pistons & Rings Ltd5. Bengal & Assam Co. Ltd. VLCC Health Care Ltd. Wires & Fabriks (S.A.) Ltd. Howden Insurance Brokers India Pvt. Ltd. Nipshell Builders Pvt. Ltd. J.K. Employees Welfare Association Ltd.	None
Membership/ Chairmanship of Committees across other Companies	Audit Committee – Member (1)	None	Audit Committee – Member (1) Shareholders Grievance Committee – Member (1)	Audit Committee – Chairman (3) –Member (2) Remuneration Committee – Chairman (1) – Member (3) Shareholders Grievance Committee – Chairman (1) – Member (1)	None
Shareholding	480,960	473,218	NIL	Nil	Nil

16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

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

Place : New Delhi
Dated : 22nd May, 2014

Nitin Vishnoi
Company Secretary
M.No. F3632

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 6 - 8

The newly enacted Companies Act 2013 and the Revised Clause 49 of Listing Agreements, inter alia, prescribed certain specific procedures for selection, appointment and remuneration of Independent Directors (IDs), besides their term can be for a period upto five consecutive years and shall not be liable to retire by rotation during this period.

Accordingly, all the below mention Directors appointed earlier in terms of the erstwhile applicable provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement, are proposed to be appointed as Non-Executive Independent Directors for a term of five consecutive years, in compliance with the provisions of Companies Act, 2013 and revised Clause 49 of the Listing Agreement, from the conclusion of this Annual General Meeting. The Board of Directors' has also received Declarations from all the Independent Directors that they meet criteria of independence as specified in Section 149 (6) of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

In the opinion of 'Nomination and Remuneration Committee' and the 'Board of Directors' all the proposed Independent Directors' are persons of integrity and possess the relevant expertise and experience. The Board is also of the opinion that their continued association would be of immense benefit to the Company and it is desirable to avail their services as IDs for the said term of five consecutive years.

S.No.	Name of the directors (M/s)	Brief Profile and Earlier appointment
1	Shri K N Parikh	Shri KN Parikh is a Commerce Graduate and has over 24 years of experience in the field of business management. He has been associated with Jamshedpur Beverages, Pebco Motors Limited and implemented ISO 9001-2000 in favour of Pebco Motors Limited. He has played vital roles in Singhbhum Chamber of Commerce & Industry, Rotary Club of Jamshedpur, Jamshedpur Vaishnav Samaj, Gujarati Sanatan Samaj. Co-opted as director of the Company on 16th December' 2005, he is Chairman of the Board and the Stakeholders Relations Committee of the Company and he is also member of the Audit Committee and the Nomination and Remuneration Committee of the Company. He has also been Co-opted as a member of newly formed Committee for Corporate Social Responsibility (CSR).
2	Shri O. P. Khaitan	Shri O P khaitan is a graduate in B.Com and Law. Since 1967 he is been practicing as Solicitor & Advocate – doing commercial law, corporate law, industrial disputes and labour law, maritime laws, insurance laws, commission of inquiry, arbitration, conveyancing of foreign collaboration etc. He is a member of International Bar Association, London, Bar Council of West Bengal, Bar Council of India, Bar Council of Delhi High Court and LAWASIA. He is the Proprietor of OP Khaitan & Co., Solicitors & Advocates. Co-opted as director of the Company on 16th December' 2005, He is Chairman of the Audit Committee and also member of the Stakeholders Relations Committee and the Nomination and Remuneration Committee of the Company.
3	Prof. Ashok Kumar Bhattacharya	Prof Ashok Kumar Bhattacharya holds a degree in Bsc (Hons), Chemistry, MSc., Physical Chemistry, from Indian Institute of Technology, Kharagpur and Ph.D from Churchill College, University of Cambridge. He has over 40 years of experience in the field of Research in Process Engineering, Physics and Chemistry of Solids and their Surfaces. He has been associated with Process Technology Group, School of Engineering, University of Warwick as Lecturer, Reader and Director and with University of East Anglia as Senior Research Fellow. Presently he is associated with Engineering Sciences, Department of Engineering, University of Oxford as a Professor. Co-opted as director of the Company on 28th October' 2009 and he is Member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

All the aforesaid directors satisfy the criteria and other attributes for appointment as IDs as per the requirements of the Act 2013 and revised Clause 49 of the Listing Agreement, being eligible, offer themselves for appointment, for a term of five consecutive years from the conclusion of this AGM.

Notices have been received from members of the Company, along with requisite deposit amount signifying the intention to propose the candidatures of the aforesaid IDs and to move the resolutions set out in item nos. 6 to 8 of this Notice.

In terms of Clause 49 of the Listing Agreement entered with the Stock Exchange, a brief profile of these Directors, who are proposed to be appointed as independent directors in this meeting for a term of five years, containing nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholding in the Company are appended to the Notice annexed hereto.

Accordingly, the Board proposes to appoint Shri K N Parikh, Shri O. P. Khaitan and Prof. Ashok Kumar Bhattacharya as Independent Directors of the Company for a period of 5 years from the conclusion of this Annual General Meeting

None of Directors/ Key Managerial Personnel of the Company/their relative are, in any way, concerned or interested, financially or otherwise except Shri K N Parikh, Shri O.P Khaitan and Prof. Ashok Kumar Bhattacharya.

Item No. 9

The Board had on 22nd May, 2014 on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Gurdeep Singh & Associates, the Cost Auditors to conduct the audit of cost accounts for the financial year 2014-15 of all the units of the Company and remuneration of Rs. 4,00,000/- plus Services Tax as applicable and other out-of pocket expenses have been fixed for this purpose.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the Financial Year 2014-15 by way of an Ordinary Resolution is being sought from the members as set out at Item No.9 of the Notice.

None of Directors/ Key Managerial Personnel of the Company/ their relative are, in any way, concerned or interested, financially or otherwise, in resolution set out at item no 9.

The Board recommends the ordinary resolutions for your approvals.

Item No. 10

The provisions of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 deal with Related Party Transactions, and prescribes that all related party transaction are required to be approved by the Board of Directors' of the company and if the paid up share capital of the Company is Rs. 10 Crores or more or the transaction(s) value exceeds such sum as tabulated below than the Company shall be required to obtain the approval of shareholders by way of Special Resolution:

S.No.	Related Party Transactions	Limits of transaction(s) value
a	Sale , purchase or supply of any good or materials	Exceeding 25% of Annual Turnover
b	Selling or otherwise disposing of or buying, property of any kind	Exceeding 10% of Net Worth
c	Leasing of property of any kind;	Exceeding 10% of Net Worth or 10% of Annual Turnover
d	Availing or rendering of any services	Exceeding 10% of Net Worth
e	Appointment of any agent for purchase or sale of goods, materials, services or property	As above respectively
f	Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and	exceeding Rs.2.50 lakhs per month
g	Underwriting the subscription of any securities or derivatives thereof, of the company	exceeding 1% of the net worth

As per explanation to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, the turnover or net worth referred in above sub rules shall be on basis of the Audited Financial Statement of the preceding financial year.

Further, third proviso to Section 188 (1) provides that nothing shall apply to any transaction entered into by the company with its' Related Party (ies) in the ordinary course of business and on arm length basis.

However, the revised Clause 49 of the Listing Agreement which shall effective from 1st October' 2014, requires that all Related Party Transactions shall be approved by the Audit Committee and all the material Related Party Transactions shall be approved by shareholders through Special Resolution.

As per revised Clause 49 of the Listing Agreement, a transaction shall be considered material if the transaction(s) during a financial year exceeds 5% of the annual turnover or 20% of net worth of the company as per last audited financial statement of the company, whichever is higher.

Keeping in the view of intent of the Companies Act 2013 and revised listing agreement and for the better Corporate Governance, the Audit Committee and Board of Directors' of the company have approved in their respective meetings held on 22nd May 2014

and recommended for seeking the approval of the shareholders for the contract / arrangement your company has entered into with M/s Bharat Seats Limited being an associate company as per the provisions of Companies Act, 2013, for the Sale, purchase or supply of any goods, materials and tools. The said contract (s) / arrangement(s) are continuous (perpetual) in its nature and are entered into on actual basis in the ordinary course of business and on arm's length basis hence the same falls under the category of exempted Related Party Transactions under the Companies Act 2013. Since the said transaction(s) shall be material in its nature, as the definition of Clause 49 of the listing agreement which shall effective from 1st October' 2014, thus the Board of Directors recommended for the approval of the shareholders for the Financial Year 2014-2015 and onwards for above said transaction(s).

Other details of the transaction(s) are hereunder:

DETAILS OF CONTRACT(S)/ ARRANGEMENT(S) (PER ANNUM) WEF 1ST APRIL 2014				
1.	Name of the related party	Bharat Seats Limited		
2.	Nature of Relation	Associate Company		
3.	Name of the directors or key managerial personnel who are related	As per disclosure of interest received by Company under Section 184 of the Companies Act 2013, in form MBP-1, the following directors are deemed interested in above said contract		
		Name of the directors	Designation	Nature of interest or concern
		Shri N.D. Relan	Co-Chairman	Director and member
		Shri Ajay Relan	Managing Director	Director and member
		Smt Sharda Relan	Director	Director and member
		Shri Rohit Relan	Director	Director and member
		relatives (as per the provision of Section 2(76) of the Act 2013) of above mention interested directors are deemed interested in said contract.		
4.	Nature, material terms, monetary value and particulars of the contract or arrangement	Name of transaction	Material terms and particulars of the contract or arrangement	Monetary value
		Sale, purchase or supply of Goods, materials	perpetual in its nature and are entered into on actual basis in the ordinary course of business and on arm's length basis	Rs. 500 Crores
		Selling or otherwise disposing of or buying property of any kind and Tools	on actual basis in the ordinary course of business and on arm's length basis	Rs. 100 Crores

In terms of Section 188 of the Companies Act, 2013, Shri N.D. Relan Co-Chairman, Shri Ajay Relan Managing Director, Smt. Sharda Relan and Shri Rohit Relan, Director of the Company and their relatives shall be deemed to be interested in this resolution and shall be abstained from voting.

By Order of the Board

For **SHARDA MOTOR INDUSTRIES LTD.**

Place : New Delhi
Dated : 22nd May, 2014

Nitin Vishnoi
Company Secretary
M.No. F3632

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Twenty- Ninth Annual Report together with the Audited Accounts for the year ended 31st March' 2014.

1. FINANCIAL RESULTS:

	Year Ended 31.03.2014	(Rs. In Lacs) Year Ended 31.03.2013
Revenue from operations	81832.88	89833.33
Other Income	1320.09	699.53
Total Revenue	83152.97	90532.86
Profit before Financial Charges, Depreciation	8388.89	9380.93
Less : Financial Costs	1624.81	1093.28
Profit before Depreciation & Taxes	6764.08	8287.65
A. Depreciation	4555.21	3576.18
B. Exceptional items	-	357.43
C. Taxation		
– Current Tax	-	1270.00
– Deferred Tax Charged/ (Released)	700.80	483.24
– Adjustments for earlier years	6.58	5.82
Net Profit after Tax	1501.49	2594.98
Add: Profit brought forward from Previous year	1952.75	1548.87
Profit available for appropriation	3454.24	4143.85
APPROPRIATIONS		
Proposed Dividend	297.32	297.32
Tax on Proposed Dividend	50.53	48.23
Interim Dividend	297.32	297.32
Tax on Interim Dividend	50.53	48.23
Transferred to General Reserves	1000.00	1500.00
Balance carried forward to Balance Sheet	1758.54	1952.75

2. OPERATIONS

During the year under review, the gross revenue from operations and other income for the year was Rs. 83152.97 lacs as against Rs. 90532.86 lacs of previous year. The profit before finance charges, depreciation and taxation is Rs. 8388.89 Lacs for the financial year under review as against 9380.93 lacs of previous year. The profit after tax was Rs. 1501.49 lacs as compared to Rs. 2594.98 lacs last year.

3. DIVIDEND

Your Directors are pleased to recommend a total dividend of Rs. 10 per Equity Share i.e. @ 100% on the paid-up Equity Share Capital of the Company for the year ended 31st March 2014, this includes an interim dividend of Rs. 5 per Equity Share i.e. @50% on the Paid-up Equity Share Capital of the Company paid during the year under review.

Final dividend of Rs. 5 per Equity Share, if approved at the ensuing Annual General Meeting, shall be paid out of the profit of the Company to those share holders whose name appear on Register of Member on 3rd September 2014.

The Cash outflow on account of dividend including interim dividends on equity share capital will be Rs 695.70 Lacs including dividend tax of Rs 101.06 Lacs.

4. DIRECTORS

The newly enacted Companies Act, 2013 and the Revised Clause 49 of Listing Agreements, inter alia, prescribed certain specific procedures for selection, manner of appointment, roles, functions, duties, remuneration and reappointment of Independent Directors (IDs),

The existing composition of the Company's board is fully in conformity with the applicable provisions of the Act 2013, and revised

Clause 49 of the Listing Agreement having the following directors as non-executive IDs, namely Shri K N Parikh, Shri O.P Khaitan and Prof. Ashok Kumar Bhattacharya.

In terms of the provisions of Section 149(10) read with Section 149(5) of the Act 2013, IDs are eligible to hold office for a term upto five consecutive years on the Board and eligible for re-appointment for the second term on passing special resolutions by the Company. During the period, they will not be liable to 'retire by rotation' as per the provisions of Sections 150(2), 152(2) read with Schedule IV to the Act 2013.

It is, therefore, proposed to appoint them as IDs for a consecutive period of five years at the AGM. necessary declarations have been obtained from them, as envisaged under the Act 2013. Both the Nomination and Remuneration Committee and the Board also ensured that their appointments as IDs are in compliance with the requirements under the relevant statutes and that there were appropriate balance of skills, experience and knowledge in the Board, so as to enable the Board to discharge its functions and duties effectively.

In terms of the provisions of sub-Section (6) read with explanation to Section 152 of the Act 2013, two-third of the total number of directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Shri N.D. Relan (holding DIN 00240280) and Shri Rohit Relan (holding DIN 00257572) Directors of the Company, is therefore, liable to retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

The brief resume of these directors proposed to be appointed and re-appointed and other relevant information have been furnished in the Notice convening the AGM. Appropriate resolutions for their appointment / re-appointment are being placed for approval of the members at the AGM.

The Board, therefore, recommends their appointment /re-appointment as directors of the Company.

5. 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.

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. 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.

9. 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'.

10. 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.

11. 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, 2014 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.

12. FIXED DEPOSITS

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

13. STOCK EXCHANGE INFORMATION

The Equity Shares of the Company continue to remain listed on the Bombay Stock Exchange Limited and the annual listing fees for the financial year 2014-15, has been paid.

The equity shares of the Company has been Delisted from Delhi Stock Exchange with effect from 28th April, 2014.

14. 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.

15. AUDITORS

M/s S.R. Dinodia & Co. LLP (Formerly Known as M/s S.R. Dinodia & Co.), 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 141 of the Companies Act, 2013.

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

16. AUDITORS' REPORT

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

17. COST AUDITORS

The Board of Director of the Company appointed M/s. Gurdeep Singh Associates, cost Accountants, as cost auditors of the Company for the year ended 31st March' 2014. The audit reports of the cost accounts of the Company for the year ended 31st March' 2014 will be submitted to Central Government in due course.

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 (read with Corresponding and Section 164(2) of the Companies Act, 2013. 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., Mahindra & Mahindra Ltd., M/s. Samsung Electronics India Ltd., M/s. Tata Motors Ltd. and M/s. Bharat Seats Ltd.

Your Directors also extend their appreciation to Yes Bank Limited, ICICI Bank Limited, State Bank of India, Punjab National Bank, CITI Bank, HDFC 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.

On behalf of the Board of Directors
For **SHARDA MOTOR INDUSTRIES LTD.**

Place : New Delhi
Dated : 22nd May, 2014

N. D. Relan
Co-Chairman
(DIN: 00240280)

Ajay Relan
Managing Director
(DIN: 00257584)

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' 2014.

A. Employed throughout the year ended 31st March' 2014 in receipt of Remuneration not less than Rs. 6,0 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	Co-Chairman /Overall Supervision	89.69	B.Com 61 Yrs.	01.07.2003	84 Yrs.	Chairman Bharat Seats Ltd.
Shri Ajay Relan	Managing Director / Supervision of business affairs of the Company	84.75	B.Com (Hons), OPM Program, From Harvard Business School, USA 30 Yrs.	01.09.1986	53 Yrs.	First Employment

B. Employed for part of the year ended 31st March' 2014 in receipt of remuneration not less than Rs. 500,000/- per month.
Notes:-

1. 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.
2. The nature of employment in all cases is contractual.
3. 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.
4. Shri N. D. Relan, Co-Chairman, is holding 19.82% Equity Shares of the Company in pursuance of Section 217(2A) of the Companies Act, 1956 and Rules made thereunder.
5. Shri Ajay Relan, Managing Director, is holding 21.88% Equity Shares of the Company in pursuance of Section 217(2A) of the Companies Act, 1956 and Rules made thereunder.

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, 2014.

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.

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:

- To accommodate the need for rigorous development and to sustain in the competitive market, benchmarking is carried out by a team with special set of skills and an eye for intricate details. The team is duly supported by expert comments of R&D engineers
- R&D has on date benchmarked 32 vehicle exhaust systems for value addition and has implemented muffler internal optimization and catalyst optimization for several programs
- State of the art research and development facility which has a history of designing and developing cleaner, quieter and safer exhaust systems with its technical capabilities ranging for on-road, off-road, non-road and non-automobile applications
- The reputation of the facility is obtained by its customer oriented approach in overall cost reduction, efficient and improved utilization resources, compliance to regulatory norms and requirements and the ability to manage extended enterprises for product innovations/improvements and add value to the existing systems
- Achieved Cummins Power Generation Arrow VPI Phase 2 business by tool commonization. Proposed tool commonization for KY and Arrow VPI Phase 5. Modularization of Mufflers for all CPG Gensets is in progress.
- Demonstrated catalytic converter optimization to M&M for getting all their converter business.
- Modularization of SUV mufflers for all Mahindra vehicles is proposed.
- Demonstrated to TATA Motor Ltd. Overall cost reduction, efficiency, improved utilization / productivity of existing manufacturing facilities..

3. Future plan of action:

The research facility functions 6 days a week with a strength of 55 engineers on a dictum to constantly work on innovative technologies to stand apart from conventional suppliers and also thrive to save every fraction of a penny by improving the effectiveness and efficiency of the systems developed by the company. The commitment entrusted by every individual of R&D is earning new assignments and the facility has stringent guidelines to improve cost optimization of existing products, effective utilization of raw materials and production of better quality products.

4. Expenditure on R&D:

	(Rs. in Lacs)
	2013-14
a) Capital	2034.23
b) Recurring	679.24
Total	2713.47
c) Total R&D expenditure as a percentage of total sales, net of Excise Duty.	3.32

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

- Remarkable and profit oriented improvements are carried out for innovative product development with a dynamic Program Management team combined with Concept, Design and Validation counterparts.
- Value addition to products with improved performance of exhaust system has been the integral part and aim of the research facility
- Advanced technology familiarization is being absorbed by attending seminars and working together with customers through internship programs
- Laying great emphasis on the absorption of the design and manufacturing technology of automotive components.
- The facility is 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 programs
- Analyzing feedback from users to improve products and services
- Analyzing feedback from users to improve products and services.

Benefit derived as a result of the above efforts:

- A patent is filed on muffler new technology. We are becoming the best supplier of Mahindra & Mahindra. Three new businesses of HYUNDAI are awarded without SEJONG support. Cummins business share increased. TATA is considering us for all forth coming programs.
- We are currently approaching all OEMs to consider us for converter design and converter internal buying which will increase three fold of the company's current revenue.
- IB system DVP and PV validation were performed in the facility, reducing outsourcing charges-Cost saving.
- All testing and validation for M&M S101 Gasoline and Diesel are completed in our facility without any out-sourcing-Cost saving.
- Import substitution and 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
11. 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. 2782.31lacs.

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 Financial Statement' forming part of the Annual Report of the Company for the year 2013-14.

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, 2014 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

SMIL philosophy on Corporate Governance is embedded in the rich legacy of ethical governance practices most of which were in place even before they were mandated. The Company has documented internal governance policies and put in place a formalized system of Corporate Governance which sets out the structure, processes and practices of governance within the Company.

The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

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 2014 the Board of Directors of the Company consists of Nine Directors headed by its Non Executive/ Independent Chairman, Shri K N Parikh. The composition of the Board is in conformity of Clause 49 of the Listing Agreement, which stipulates that at least one third of the Board should comprise of Independent Directors if the Chairman is a Non 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 Five times during the financial year 2013-14, on 28th May' 2013, 9th August' 2013, 31st October' 2013, 16th December' 2013 and 29th January'2014. 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, 2014 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	Director identification Number	Category of Directorship	No of Board Meetings attended during 2013-14	Attendance at Last AGM held on 2nd September, 2013	Directorship of other Public Companies#		Committees position held in other Public Company##		Share holding\$
						Chairman	Member^	Chairman	Member^	Ordinary share of Rs. 10/- each
1.	Shri K N Parikh (Chairman)	00453209	Independent/ Non- Executive	1	YES	-	3	-	2	Nil
2.	Shri N. D. Relan (Co- Chairman)	00240280	Non Independent / Executive	5	YES	2	1	1	3	480960
3.	Shri Ajay Relan (Managing Director)	00257584	Non Independent / Executive	5	YES	-	2	-	-	804578
4.	Smt. Sharda Relan (Director)	00252181	Non Independent / Non-Executive	5	YES	-	1	-	-	697520
5.	Shri Rohit Relan (Director)	00257572	Non Independent/ Non-executive	5	YES	-	2	-	-	473218
6.	Shri R. P. Chowdhry (Director)	00337775	Non Independent / Non-Executive	5	YES	-	-	-	-	600
7.	Shri O. P. Khaitan (Director)	00027798	Independent / Non- Executive	5	YES	-	7	4	5	Nil
8.	Shri Udayan Banerjee (Executive Director)	00339754	Non Independent / Executive	5	YES	-	-	-	-	Nil
9.	Prof. Ashok Kumar Bhattacharya (Director)	02804551	Independent / Non- Executive	1	NO	-	-	-	-	Nil

^ Membership includes Chairmanship

excludes Directorship in association, private, foreign and Section 25 Companies

Represents Chairmanship/ Membership of Audit committee and Shareholder Grievance Committee.

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 2013-14 four Audit Committee meetings were held 28th May' 2013, 9th August' 2013, 31st October' 2013 and 29th January' 2014.

The composition of the Audit Committee and their attendance at the Committee meetings held during the year ended 31st March, 2014 is as under:

S. No	Member Director & Designation	Category	No. of Meetings attended during 2012-13
1	Shri O. P. Khaitan (Chairman)	Independent / Non-Executive	4
2	Shri N. D. Relan	Non Independent / Executive	4
3	Shri K N Parikh	Independent / Non-Executive	1

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. Chairman of the Committee was present at the last Annual General Meeting held on 2nd September, 2013.

The 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 2013-14 two Remuneration Committee Meetings were held i.e. on 28th May' 2013 and 29th January' 2014.

The composition of the Committee and their attendance at the Committee meeting held during the year ended 31st March, 2014, 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	2
2.	Shri R. P. Chowdhry*	Non-Independent/Non-Executive	2
3.	Shri K N Parikh	Independent/Non-Executive	2
4.	Prof. Ashok Kumar Bhattacharya	Independent/Non-Executive	None

Appointed, w.e.f. 29.01.2014

* Resigned from chairmanship of the Committee w.e.f. 29.01.2014

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 2013-14 are tabulated hereunder:

(However company has made an application to the Central Government for the increase of managerial remuneration, in excess of limits prescribed under Schedule XIII of the Companies Act, 1956, and the approval is awaited.)

Executive Directors
(Rs.)

Name of Director	Salary	Commission	Perks	Total
Shri N. D. Relan	6650000	-	2319362	8969362
Shri Ajay Relan	6200000	-	2275194	8475194
Shri Udayan Banerjee	2304000	-	708097	3012097
Total	15154000	-	5302653	20456653

Non-Executive Directors
(Rs.)

Name of Director	Sitting fee	Commission	Total
Smt. Sharda Relan	100000	900000	1000000
Shri Rohit Relan	100000	900000	1000000
Shri R. P. Chowdhry	150000	-	150000
Shri O. P. Khaitan	200000	-	200000
Shri K N Parikh	60000	-	60000
Prof. Ashok Kumar Bhattacharya	20000	-	20000
	630000	1800000	2430000

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.
- 7) Details of the shares held by Non-Executive Directors as on 31.03.2014 are tabulated hereunder:

S. No.	Name of Non-Executive Director	No. of Shares held
1	Smt. Sharda Relan	697520
2	Shri Rohit Relan	473218
3	Shri R. P. Chowdhry	600

S. No.	Name of Non-Executive Director	No. of Shares held
4	Shri O. P. Khaitan	Nil
5	Shri K N Parikh	Nil
6	Prof. Ashok Kumar Bhattacharya	Nil

(iii) SHAREHOLDERS GRIEVANCE COMMITTEE:-

During the year 2013-14 four Shareholders' Grievance Committee meetings were held on 28th May' 2013, 9th August' 2013, 31st October' 2013 and 29th January' 2014.

The Shareholders' Grievance Committee comprises of the following persons:

S. No	Member Director & Designation	Category	No. of Meeting attended during the year
1	Shri K N Parikh	Independent/Non-Executive	1
2	Shri O. P. Khaitan	Independent/Non-Executive	4
3	Shri R. P. Chowdhry	Non Independent /Non-Executive	4

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.

Shareholder/Investor Complaints :

Complaint pending as on 1st April 2013	:	NIL
During the period 1st April, 2013 to 31st March 2014	:	NIL
Complaint disposed off during the year ended 31st March 2014	:	NIL
Complaints unresolved to satisfaction of shareholders as on 31st March 2014	:	NIL
No of pending Complaints	:	Nil

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, 2014.

4. GENERAL BODY MEETINGS:-
A) Annual General Meetings

The details of last three Annual General Meetings are as follows:

AGM NO.	Year	Venue	Date	Time	No. of Special Resolutions
28th	2012-13	India Habitat Centre, New Delhi	02.09.2013	12:30 pm	Three
27th	2011-12	India Habitat Centre, New Delhi	12.09.2012	12:30 pm	Two
26th	2010-11	India Habitat Centre, New Delhi	8.08.2011	12:30 pm	One

All special resolution moved at last Annual General Meetings were passed by show of hands by requisite majority of members attending the meeting.

B) Extraordinary General Meetings

The details of Extraordinary General Meetings (EGM) of the shareholders of the Company, held during the period under review are as follows:

S. No.	Date of EGM	Venue	Time	Business for which EGM held
1	16.05.2013	India Habitat Centre, New Delhi	12:30 pm	To consider and approve, the resolution under Section 81 of the Companies Act, 1956 to bring down the promoter's shareholding to 75%

Above said resolution were passed by show of hands by requisite majority of members attending the meeting.

C) RESOLUTIONS PASSED THROUGH POSTAL BALLOT

In March, 2014 company had obtained the approval of its' Members under Section 192 A of the Companies Act, 1956; pertaining to

Resolution No. 1 Special Resolution under Section 180(1) (a) and (c), of the Companies Act, 2013, for in modification of Resolution passed by shareholder of the Company through postal ballot on 2nd June, 2014 in respect of borrowing limits.

Resolution No. 2 to 4 special Resolution under Section 198,269, 309 and other applicable provisions of Companies Act, 1956 for payment of Minimum Remuneration Shri N D Relan, Whole Time Director designated as Co-Chairman, Shri Ajay Relan, Managing Director and Shri Udayan Banerjee, Whole Time Director designated as Executive Director, with approval of Central Governments.

Voting pattern and procedure for postal ballot

- The Board of Directors of the Company had; at its meeting held on 29th January, 2014 appointed Shri A.K. Goyal, as the scrutinizer for conducting the postal ballot voting process.
- The postal ballot process was carried out in a fair and transparent manner. The Postal ballot form had been kept under safe custody in sealed and temper proof ballot box before commencing the scrutiny of such postal ballot forms.
- All the postal ballot forms received up to the close of working hour on 5th March, 2014 the last date and time fixed by the Company for receipt of the forms had been considered.
- The results of the postal ballot were announced on 7th March 2014, at the Registered office of the Company as per the Scrutinizer's Reports as under:

Particular	Special Resolution No. 1. (u/s 180 (1) (a)&(C)	Special Resolution No. 2.(u/s 198,269,309)	Special Resolution No. 3.(u/s 198,269,309)	Special Resolution No. 4.(u/s 198,269,309)
Number of valid postal ballot forms received	54	54	54	54
Number of invalid postal ballot forms received	NIL	NIL	NIL	NIL
Number of shares (Paid-up Capital)(1)	5946326	5946326	5946326	5946326
No. of Votes Polled (2)	4547494	4545094	4545094	4545094
% of Votes Polled on Outstanding shares 3= (2/1)*100	76.48	76.44	76.44	76.44
No. of Votes in favour (4)	4547494	4544694	4544694	4545094
No. of Votes against the (5)	-	400	400	-
No Vote cast	NIL	2400	2400	2400
% of Votes in favour on votes polled 6=(4/2)*100	100%	99.99%	99.99%	100 %
% of Votes against on votes polled 7=(5/2)*100	NIL	0.01%	0.01%	NIL

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 Financial Statement 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, Shri N.D. Relan and Shri Rohit Relan 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.

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, 2014. 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 45 days 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 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	:	3rd September' 2014
Time	:	12.30 p.m.
Venue	:	Habitat World, India Habitat Centre, Lodhi Road, New Delhi

B. Financial Calendar 1st April' 2014 to 31st March, 2015:

First Quarterly Results	:	On or before 14th day of August, 2014*
Second Quarterly Results	:	On or before 14th day of November, 2014
Third Quarterly Results	:	On or before 14th day of February, 2015
Audited yearly Results for the Year ended 31st March, 2014	:	On or before 30th day of May, 2015

C. Date of Book Closure : 26th August, 2014 to 3rd September, 2014 (Both days inclusive)
D. Dividend Payment:

An interim dividend of Rs.5.00 per Equity Share i.e. 50% on the paid up equity capital of the Company for the financial year 2013-14, was paid on 29th January, 2014. 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 continue to remain listed on the Bombay Stock Exchange Limited and the annual listing fees for the financial year 2014-15, has been paid.

The equity shares of the Company has been Delisted from Delhi Stock Exchange with effect from 28th April, 2014

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 2014-15 to both the depositories.

F. Stock Code

The Bombay Stock Exchange Ltd. : 535602 (Scrip Cod)
 Delhi Stock Exchange Ltd. : 19102
 ISIN No. : INE597101010

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

Month	Open	High	Low	Close	No. of Shares	No. of Trades	Total Turnover	Deliverable Quantity	% Deli. Qty to Traded Qty	* Spread	
										H-L	C-O
May 13	524.00	550.20	427.95	499.10	40182	826	19823818	40182	100.00	122.25	-24.90
Jun 13	477.10	514.90	359.50	360.95	34188	738	15910174	31640	92.55	155.40	-116.15
Jul 13	361.50	400.00	258.00	294.95	73330	1282	21592083	70872	96.65	142.00	-66.55
Aug 13	281.50	344.00	260.00	288.30	6969	372	2031550	5914	84.86	84.00	6.80
Sep 13	305.05	342.00	221.05	337.75	4503	208	1339810	4126	91.63	120.95	32.70
Oct 13	292.05	387.50	292.05	329.90	4412	257	1407810	3751	85.02	95.45	37.85
Nov 13	310.00	356.80	269.00	340.25	1007	82	308599	942	93.55	87.80	30.25
Dec 13	313.00	326.90	240.10	289.00	1212	100	351019	1075	88.70	86.80	-24.00
Jan 14	286.00	344.30	280.00	300.00	6371	116	1890548	6367	99.94	64.30	14.00
Feb 14	300.00	304.00	261.00	275.60	46802	113	13484044	46792	99.98	43.00	-24.40
Mar 14	263.00	291.75	262.00	274.00	10022	340	2758312	9266	92.46	29.75	11.00

- Since company has got listing permission on Bombay stock exchange on 22nd May 2013, hence transaction data available with Bombay stock exchange, from month of May 2013.
- during the period under review no transaction took place through DSE.

H. 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,

I. 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 has 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.

J. Shareholding

I) Distribution of Shareholding as on 31st March, 2014

S. No.	No. of Equity Shares held	Shareholders Nos.	% of Shareholders	No. of Shares held	% of Shareholding
1.	Upto – 100	624	61.96	6247	0.15
2.	101-500	176	17.47	46794	0.78
3.	501-1000	55	5.46	42826	0.72
4.	1001 – 5000	83	8.24	205835	3.46
5.	5001 – 10000	15	1.49	107350	1.80
6.	10001 – 20000	22	2.18	298506	5.02
7.	20001 – 30000	8	0.79	213891	3.59
8.	30001 - 40000	4	0.39	1144891	2.43
9.	40001 – 50000	3	0.29	142510	2.39
10.	50001 – 100000	7	0.69	465820	7.83
11.	100001 - 500001	7	0.69	2046238	34.41
12.	500001 - Above	3	0.29	2225418	37.42
	Total	1007	100	5946326	100

II) Shareholding Pattern as on 31st March, 2014

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares
					As a percentage of(A+B)1
(I)	(II)	(III)	(IV)	(V)	(VI)
(A)	Shareholding of Promoter and Promoter Group²				
1	Indian				
(a)	Individuals/ Hindu Undivided Family	16	4458556	4458556	74.98
	Sub Total(A)	16	4458556	4458556	74.98
B1	Public shareholding				
1	Institutions				
(a)	Financial Institutions / Banks	1	38228	38228	0.64
	Sub-Total (B)(1)	1	38228	38228	0.64
B 2	Non-institutions				
(a)	Bodies Corporate	28	228619	226769	3.84
(b)	Individuals				

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	927	375487	261371	6.31
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	31	840030	697530	14.13
(c)	Any Other				
(c-i)	Clearing member	1	5211	5211	0.09
(c-ii)	NRI (Nri-Repatriable)	3	195	195	0.00
	Sub-Total (B)(2)	990	1449542	1191076	24.38
(B)	Total Public Shareholding (B)=(B)(1)+(B)(2)	991	1487770	1229304	25.02
	TOTAL (A)+(B)	1007	5946326	5687860	100.00

As on 31st March, 2014, 95.65% of the Company's total paid-up capital representing 5,687,860 Equity Shares was held in dematerialized form and balance 4.35% representing 258,466 Equity Shares were held in physical form.

K. Reconciliation of Share Capital 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.

L. Outstanding GDRs / ADRs / Warrants : Not Issued.

N. Plant Locations:

1	58 KM, Delhi Jaipur Highway, Behind Terry Soft, Village & P. O. Binola-122413
2	Plot No. A-1/8, MVML Vendor Park MIDC, Phase-IV, Nigo JE Chakan, Pune-411013
3	G-20, Sipcot Industrial Park, IrungattuKottai, Sriperumbudur Taluka, Kancheepuram Dist. Tamilnadu-602 105
4	Mahindra World City, Changalpattu Taluk, Kancheepuram Dist. Industrial Park, Tamilnadu-603002
5	Plot No. 276, Udyog Vihar, Phase-VI, Gurgaon (Haryana)
6	Plot no. 366, Pace City -II, Udyog Vihar, Phase-IV, Gurgaon-122001
7	Plot No.4, Sector-31, Greater Noida, Distt. Gautam Budh Nagar, (U.P.)
8	Plot No. 4, Sector-2, I.I.E. Ranipur, Haridwar (Uttanchal)
9	Plot No.112, M.I.D.C., Satpur, Nasik-7, Maharashtra
10	Plot No. 52/1, 52/2, 53/2A, 54A, 54B, 54C & 54D, Behind Ceat Company, Satpur, Nashik - 422007
11	C-506, Block _C, Pioneer Industrial Park (Village Bhudka) Pathredi, Gurgaon (Haryana)
12	Plot No. C-8 Tata Motor, Vendor Park, North Kotpura, Sanand, Ahmedabad, Gujrat.
13	Plot No. 558, 559, Surajpur Bypass Industrial Area, Greater Noida, (U.P.)

Address for Investors Correspondence: For Shares held in Physical Form

Shri Jagdeep Kumar Singh
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:

nitin.vishnoi@shardamotor.com or pradeep@shardamotor.com

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 2013-14.

For Sharda Motor Industries Ltd

Ajay Relan
Managing Director
DIN 00257584

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, 2014, the Company has complied with the requirements of the said sub-clause.

PLACE : New Delhi
DATE : 22nd May 2014

Pradeep Rastogi
Chief Financial Officer
M.No. 085838

Ajay Relan
Managing Director
DIN 00257584

**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 2014, 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 state that no Investor grievances during the year ended on 31st March 2014 was received by Company.

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 2014

Sandeep Dinodia
Partner
M. No. 083689

MANAGEMENT DISCUSSION AND ANALYSIS

Investors are cautioned that statements in this management discussion and analysis describing your Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect your Company's operations include a downtrend in the automobile industry global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relation and interest costs.

A. INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

Over the years, Indian auto industry has been recording tremendous growth and has emerged as a major contributor to India's Gross Domestic Product (GDP) and has become as one of the key sectors of the Indian Economy. Thus the automotive industry occupies a significant place in the Indian economy. Due to the increasing interest of the Global Automobile OEMs, India is emerging as a global hub for auto component sourcing and is set to break into the league of the top five vehicle producing nations worldwide. The country is also emerging as a sourcing hub for engine components. The Indian auto component sector covers a wide range of industries, including engine parts, drive transmission and steering parts, body and chassis, suspension and braking parts, equipment and electrical parts etc. The dynamic Indian automotive industry has ably demonstrated this catalytic ability by producing a wide variety of world class vehicles in the form of passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as off-roaders, scooters, motorcycles, mopeds, three wheelers, tractors etc., even at a time when the global economy was reeling under a depressed business environment.

The Indian automobile sector is expected to hit the fast lane of growth driven by factors like a strong economic rebound, increase in availability of finance and new product launches both by existing domestic and global players and those entering the market. According to data of Automotive Component Manufacturers' Association (ACMA), the passenger vehicles production in India is expected to reach 10 million units by 2020-21 and industry is estimated to grow at a compound annual growth rate (CAGR) of 14% by 2021.

It is expected that the auto sector will report a sequential spurt in revenue growth on high volumes and innovative pricing in the near term. The substantial growth in volumes is expected to boost sales growth of the automotive sector.

The key to success in the industry is to improve labour productivity, labour flexibility, and capital efficiency. Having quality manpower, infrastructure improvements, and raw material availability also play a major role. Access to latest and most efficient technology and techniques will bring competitive advantage to the major players. Utilizing manufacturing plants to optimum level and understanding implications from the government policies are the essentials in the Automotive Industry of India.

B. OPPORTUNITIES & THREATS

OPPORTUNITIES

The Indian Auto component Industry has always been riding over the Indian Automobile industry. SMIL has developed quality products for existing customers, which enable us to obtain additional business of new parts from existing clients as well as new clients, and also believe that ability to be accessible to customers, flexible approach & ability to meet the customers' requirements and positive attitude in servicing customers has helped increase customer satisfaction levels and is a competitive strength.

India's cost effective manufacturing base, due to economies of scale, coupled with comparative low R&D and sourcing costs are increasing affordability and attracting major OEMs. Launch of new models, especially fuel variants, should deliver growth for the industry.

India is emerging as a destination of choice in the world for design and manufacture of automobile and auto components and Global and Indian OEMs are focusing their efforts to develop innovative products and technologies.

Relatively low-penetration levels: In terms of current market size, the Indian vehicle market is relatively small as compared to the other emerging auto markets like China, South Korea and Brazil. Despite strong growth witnessed for nearly a decade, penetration of cars in India continues to remain the lowest among emerging markets.

Export Potential: Sourcing from low-cost countries has increased, which in turn, has enhanced India's potential as an automotive hub.

Product Development Capabilities: India is emerging as a R&D and manufacturing hub for low cost compact cars.

THREATS

The auto component industry has been exposed to many threat of varying intensity. The hardening of interest rate, tightening money supply, volatility in the price of raw materials and other inputs, currency fluctuations, OEM's demand for price reduction, stiff competition because of the entry of Multinationals and their home country partnership, stringent in emission norms and Just In Time supplies are the major risks and challenges faced by the Companies. It is forcing Companies to plan operations effectively and produce quality components at lower costs.

C. SEGMENT-WISE / PRODUCT-WISE PERFORMANCE

Segment-wise performance report is forming part of Annual Report for the year ended 31st March' 2014.

D. RISKS AND CONCERNS

Risk is an integral part of the business process, to enhance the risk management process, the company has mapped the risks. A system has been formulated based on Balanced Score Card with various appropriate measures and accountabilities to identify, assess, prioritise and mitigate the risks. Reports generated from the system are monitored regularly to ensure that appropriate corrective actions are taken. 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 and transfers risk to opportunity.

The Company is exposed the Following risk 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.

Manufacturing risks: The Company manufactures its products at multiple locations and its operations could be affected by disruption in its supply chain due to any natural calamities and work stoppages at its suppliers' end due to load shedding, labour problems, etc.

Input Costs: Input costs on account of commodities like steel, non-ferrous, precious metals, rubber and petroleum products have risen over the year and resulted in higher input costs. While the Company Continues to pursue cost reduction initiatives, rises in commodity prices and other costs resulting from inflationary pressures, could impact the Company's profitability to the extent that the same are not absorbed by the market through price increases and/or could have a negative impact on the demand. In addition, because of intense price competition and the high level of fixed costs, the Company may not be able to adequately address changes in commodity prices even if they are foreseeable.

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 risk: Availability of credit at affordable interest, fluctuations in price of raw material in the domestic/international Market and price reduction by demanded by OEMs in are an area of great concern.

Exchange Rates: The Company's operations are subject to risk arising from fluctuations in exchange rates with reference to countries in which it operates. These risks primarily relate to fluctuations of Pound to US Dollar, Japanese Yen, and Euro, and fluctuations of Indian Rupee against Pound, US Dollar and Euro.

Completion Indian automobile Industries is expected to be one of the fastest Growing Market in the world many global player are significant expanding their presence in India. There is a concern that this will result in an even increasing level of competition and intense pressure on the profit margin of all participants.

E. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an adequate and effective system of internal control implemented by Management having regard to the size and nature of the business activities of the Company to achieve operational efficiency, accuracy, compliance of policies and procedures, laws and regulations and close monitoring. The exercise is carried out across all the location of the Company aimed at promoting effectiveness & efficiency of operations while emphasizing compliance to policies, applicable laws & regulations to achieve business objectives including performance and profitability goals and safeguarding of resources. This ensures the control and safeguarding of the Company's assets against loss through inefficiency, waste, negligence or fraud. The Company is well structured and policy guidelines are well documented with pre-defined authority.

The Audit Committee of the Company is reviewing the internal controls including the internal audit reports, financial result of the Company at least once in every three months and provides its support to all operational and finance functions of the Company

through regular monitoring and suggestions. the Company at least once in every three months and provides its support to all operational and finance functions of the Company through regular monitoring and suggestions.

F. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements have been prepared in accordance with the requirements of allocable Corporate Laws 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.

G. HUMAN RESOURCES AND DEVELOPMENT

SMIL is a people centric organization. Our employees are greatest strength and assets; therefore we want them to be at their best. Their competency and trained workforce is the key reason for growth of the company. To enhance the productivity, company has developed their people by providing innovative and professional environment. It has an efficient recruitment policy and human resource management processes, which enables to attract and retain competent & talented employees. It has in place various employee motivation & retention strategies with focus on quality recruitment. When we hire people, we look for positive attitude and exemplary behaviour so that they can imbibe our value system

To keep ourselves abreast with time and technology, we regularly assess the competencies important for the development of our business and arrange for appropriate training and development programmes to cater different learning needs of our employees in the areas of technology, management, leadership, cultural and other soft skills. The company is constantly working on development of competencies and teamwork of concerned employees at all levels. We are a learning organization. We have an environment, which helps to leverage the knowledge of every employee.

The Company had 1313 permanent employees as on 31st March 2014. The industrial relations remained peaceful and cordial throughout the year

H. 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 is regularly 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 of the Listing Agreement.

Statements in this management discussion and analysis describing your Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect your Company's operations include a downtrend in the automobile industry global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relation and interest costs.

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s SHARDA MOTOR INDUSTRIES LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of M/S SHARDA MOTOR INDUSTRIES LIMITED, ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular No. 8/2014 dated 4th April 2014 of the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

6. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- 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;
- 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;
- the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular No.8/2014 dated 4th April 2014 of the Ministry of Corporate Affairs;
- On the basis of written representations received from the directors as on 31st March 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For S. R. DINODIA & CO.
CHARTERED ACCOUNTANTS,
REGN. NO. 001478N/N500005

PLACE : New Delhi
DATED : 22nd May, 2014

(SANDEEP DINODIA)
PARTNER
M.NO. 083689

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of report on legal and regulatory requirements' paragraph on 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 not granted loan 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 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 6471.84 lacs and closing balance is Rs.6292.16 lacs. 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 and year end balance of such advances is Rs.666.61 lacs
- (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, has been 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 Lacs 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) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view of determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is 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	2.27 lacs	2001 to 2003	Appellate Authority UP Trade Tax
2.	Service Tax under Finance Act, 1994	Service Tax	11.07 lacs	2008-2009	CESTAT, Custom, Central Excise & Service Tax, Appellate Tribunal, Delhi
3.	Central Excise Act	CENVAT Credit	2.24 lacs	2007	Adjudicating Authority, Large Taxpayer Unit Delhi

- x) The Company does not have accumulated losses as at 31st March, 2014 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. LLP
 CHARTERED ACCOUNTANTS,
 REGN. NO. 001478N/N500005

PLACE : New Delhi
 DATED : 22nd May, 2014

Sandeep Dinodia
 Partner
 M.NO. 083689

BALANCE SHEET AS AT MARCH 31, 2014

(Rupees in Lacs)

PARTICULARS	Note No.	As At March 31, 2014	As At March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	594.63	594.63
Reserves and Surplus	4	17,184.04	16,378.25
		<u>17,778.67</u>	<u>16,972.88</u>
Non-Current Liabilities			
Long-Term Borrowings	5	4,321.73	1,096.34
Deferred Tax Liabilities (Net)	6	2,134.87	1,434.04
Other Long Term Liabilities	7	213.48	295.34
Long-Term Provisions	8	383.04	349.66
		<u>7,053.12</u>	<u>3,175.38</u>
Current Liabilities			
Short-Term Borrowings	9	17,800.03	13,996.79
Trade Payables	10	10,588.53	13,583.20
Other Current Liabilities	10	3,077.87	2,771.24
Short-Term Provisions	8	407.87	414.76
		<u>31,874.30</u>	<u>30,765.99</u>
TOTAL		<u>56,706.09</u>	<u>50,914.25</u>
ASSETS			
Non-Current Assets			
Fixed Assets	11		
Tangible Assets		27,363.97	23,294.26
Intangible Assets		2,497.66	2,744.03
Capital Work-in-Progress	11.1	713.35	1,070.06
Non-Current Investments	12	139.00	139.00
Long-Term Loans and Advances	13	3,003.52	2,217.92
Other Non-Current Assets	14	1,244.92	1,149.31
		<u>34,962.42</u>	<u>30,614.58</u>
Current Assets			
Inventories	15	7,104.45	8,588.48
Trade Receivables	14	10,513.68	10,104.08
Cash and Bank Balances	16	2,400.02	632.56
Short-Term Loans and Advances	13	1,724.57	973.25
Other Current Assets	14	0.95	1.30
		<u>21,743.67</u>	<u>20,299.67</u>
TOTAL		<u>56,706.09</u>	<u>50,914.25</u>
Summary of Significant Accounting Policies	2		
The accompanying notes are integral part of the financial statements			

As per our Audit Report of even date attached
 For **S.R. DINODIA & CO. LLP**,
 CHARTERED ACCOUNTANTS
 Regn No.: 01478N / N500005

For and on Behalf of
 the Board of Directors

Sandeep Dinodia
 Partner
 M.NO. 083689

Pradeep Rastogi
 President-Legal & CFO
 M.No. 085838

N. D. Relan
 Co-Chairman
 DIN 00240280

PLACE : New Delhi
 DATED : 22nd May, 2014

Nitin Vishnoi
 Company Secretary
 M. No. F3632

Ajay Relan
 Managing Director
 DIN 00257584

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON MARCH 31, 2014

(Rupees in Lacs)

PARTICULARS	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue From Operations	17	81,832.88	89,833.33
Other Income	18	1,320.09	699.53
Total Revenue		83,152.97	90,532.86
Expenses:			
Cost of Materials Consumed	19	53,213.99	59,633.22
Purchase of Traded Goods	20	5,914.60	6,330.42
Changes in inventories of Finished goods, Work-in-progress and Stock-in-Trade	21	(83.98)	(237.63)
Employee Benefits Expense	22	4,852.86	4,610.18
Finance Costs	23	1,624.81	1,093.28
Depreciation and Amortization Expense	11	4,555.21	3,576.18
Other Expenses	24	10,866.61	10,815.74
Total Expenses		80,944.10	85,821.39
Profit Before Exceptional and Extraordinary Items and Tax		2,208.87	4,711.47
Exceptional Item	25	-	357.43
Profit Before Tax		2,208.87	4,354.04
Tax Expense:			
Current Tax		448.00	1,270.00
Less: MAT Credit Entitlement		448.00	-
Net Current Tax Expense		-	1,270.00
Deferred Tax		700.80	483.24
Tax Adjustment for Earlier Years		6.58	5.82
Profit (Loss) For the Year		1,501.49	2,594.98
Earnings per equity share:			
	29		
Basic (In Rupees)		25.25	43.64
Diluted (In Rupees)		25.25	43.64
Summary of Significant Accounting Policies	2		

The accompanying notes are integral part of the financial statements

As per our Audit Report of even date attached
 For **S.R. DINODIA & CO. LLP**,
 CHARTERED ACCOUNTANTS
 Regn No.: 01478N / N500005

For and on Behalf of
 the Board of Directors

Sandeep Dinodia
 Partner
 M.NO. 083689

Pradeep Rastogi
 President-Legal & CFO
 M.No. 085838

N. D. Relan
 Co-Chairman
 DIN 00240280

PLACE : New Delhi
 DATED : 22nd May, 2014

Nitin Vishnoi
 Company Secretary
 M. No. F3632

Ajay Relan
 Managing Director
 DIN 00257584

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

PARTICULARS	(Rupees in Lacs)	
	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation & Extraordinary items	2,208.87	4,711.47
Adjustment for:		
Depreciation written off	4,555.21	3,576.18
Interest Income	(165.14)	(72.76)
Finance Cost	1,355.85	833.28
Dividend Income	(72.00)	(72.00)
(Profit) / Loss on Sale of Fixed Assets (Net)	(384.87)	(486.74)
Amount written off (net)	(597.27)	262.09
Provision for Wealth Tax	2.73	3.47
	-	-
Operating profit before Working Capital changes	6,903.38	8,754.99
Adjustment for:		
Decrease / (Increase) in Trade Receivables	(409.60)	(673.40)
Decrease / (Increase) in Increase in Inventories	1,484.03	(2,379.10)
Decrease / (Increase) in Other Receivables	(872.83)	(293.20)
Increase / (Decrease) in Trade Payable	(2,994.67)	3,320.22
Increase / (Decrease) in Other Payables	754.27	(3,004.40)
Amount written off (Net)	597.27	(262.09)
Warranty Claims	25.07	(2.82)
Cash Generated from operation	5,486.92	5,460.25
Direct Taxes paid (Net of Income Tax Refund)	(539.66)	(1,154.45)
Net Cash flow from Operating Activities (A)	4,947.26	4,305.75
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	566.95	1,393.05
Purchase of Fixed Assets/Technical know-how	(8,338.03)	(8,457.91)
Changes in Investment due to merger	-	2,005.00
Interest Received	165.14	72.76
Dividend Income	72.00	72.00
Amount received/(paid) for FDR's	(95.61)	(1,143.98)
Creditors for Capital Expenditure	(55.50)	147.30
Net Cash used in Investing Activities (B)	(7,685.05)	(5,911.78)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	6,554.50	3,412.15
Finance Cost	(1,355.85)	(833.29)
Dividend paid (including Corporate Dividend Tax)	(693.39)	(691.10)
Net Cash used in Financing Activities (C)	4,505.26	1,887.76
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	1,767.46	281.73
CASH & CASH EQUIVALENTS-OPENING BALANCES	632.56	350.83
CASH & CASH EQUIVALENTS-CLOSING BALANCES	2,400.02	632.56
Cash & Cash Equivalents include :		
Cash in hand	0.58	0.31
Balances with Scheduled Banks	-	-
- In Current Account	2,399.44	131.46
- In Deposit Account	-	500.79
	2,400.02	632.56

Note :

- Figures in brackets represent outflows
- Cash and Cash equivalents is Cash & Bank balances as per Balance Sheet.
- Previous year figures have been regrouped/ restated wherever necessary.

As per our Audit Report of even date attached
For **S.R. DINODIA & CO. LLP**,
CHARTERED ACCOUNTANTS
Regn No.: 01478N / N500005

For and on Behalf of
the Board of Directors

Sandeep Dinodia
Partner
M.NO. 083689

Pradeep Rastogi
President-Legal & CFO
M.No. 085838

N. D. Relan
Co-Chairman
DIN 00240280

PLACE : New Delhi
DATED : 22nd May, 2014

Nitin Vishnoi
Company Secretary
M. No. F3632

Ajay Relan
Managing Director
DIN 00257584

Notes to financial statement for the year ended on March 31, 2014

NOTE 1: CORPORATE INFORMATION

Sharda Motor Industries Limited ("the Company") 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 thirteen locations in seven states of India. Their production range includes Exhaust Systems, Catalytic Convertors, Suspension Systems, Sheet Metal Components and Plastic parts for the Automotive and White Goods Industries

NOTE 2: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of Sharda Motor Industries Limited ("the Company") have been prepared with generally accepted accounting principles in India ("GAAP"), and mandatory accounting standards issued by the Companies (Accounting Standards) Rules, 2006, (as amended) and the provisions of the Companies Act, 1956 ("the Act") as adopted by the Company. The Company has complied in all material respects with Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

NOTE 2.1: SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) Current-non-current classification

All assets and liabilities has been classified as current and non-current as per Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act,1956.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date;

Liabilities

An liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instrument do not affect its classification

Current Assets/ liabilities include the current portion of non-current financial assets/liabilities respectively. All other assets/ liabilities are classified as non-current.

Operating cycle

Operating Cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

(c) 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.

(d) (i) 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.

The assets are depreciated by the rate prescribed in schedule XIV of Companies Act, 1956

Particulars	Depreciation Rate in (%)
Office building	5
Factory building	10
Plant & Machinery	13.91
Office equipment	13.91
Computer	40
Furniture & Fixtures	18.10
Vehicle	25.89

- 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.

(d) (ii) 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 on straight line basis and recognized in the balance sheet at net of any accumulated amortization and accumulated impairment losses thereon.

(e) Inventories

Raw material, stores and spare parts are valued at lower of cost or net realizable value. Cost includes purchase price (excluding taxes which are 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 realizable value. The comparison of cost and net realizable 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 Realizable Value".

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

(f) 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.

(g) 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.

(h) Foreign Exchange Transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currencies as at the Balance sheet Date are translated at year end rates. The resultant exchange differences are recognised in the Statement of Profit and Loss. Non-Monetary assets are recorded at the rates prevailing on the date of transaction.

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.

Company has one representative office outside India is classified as integral foreign operation as those carry on their operations as if they were an extension of Company's operation according to the provision of Accounting Standard (AS) 11, The effects of Changes in foreign exchange rates. The financial statement of an integral foreign operation are translated into Indian Rupees as if the transaction of the foreign operation were those of company itself. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at year end rates. The resultant exchange differences are recognised in the Statement of Profit & Loss. Non-monetary assets are recorded at the rates prevailing at the rates on the date of the transaction.

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.

(i) 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.

(j) 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.

(k) 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 labor 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.

(l) Employee Benefit

- i) Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which related service is rendered.
- ii) 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.
- iii) 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.
- iv) 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.
- v) Actuarial gains / losses are immediately taken to Statement of Profit and Loss.
- vi) Terminal benefits are recognized as an expense immediately.

(m) Taxes on Income**(i) 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.

(ii) 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.

(n) 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.

(o) Leases

Lease arrangements where the risks and rewards incident to the ownership of assets substantially vests with the lesser, are recognized as operating leases. Lease payments under operating leases are recognized as an expense in the Statement of Profit and Loss.

(p) Earnings 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.

(q) Cash Flow

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

(r) Cash and cash equivalents

Cash and Cash equivalents comprise cash balances on hand, cash balance with bank, and highly liquid investments with original maturities, at the date of purchase/ investment, of three months or less.

(s) 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.

(t) 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.

PARTICULARS	(Rupees in Lacs)	
	As At March 31, 2014	As At March 31, 2013
NOTE 3 : SHARE CAPITAL		
Authorised Shares		
50,000,000 (March 31, 2013 : 50,000,000) Equity Shares of Rs. 10/- each	5,000.00	5,000.00
	5,000.00	5,000.00
Issued, Subscribed & Paid-up Shares		
Equity Share Capital		
5,946,326 (March 31, 2013: 5,946,326) Equity Shares of Rs. 10/- each fully paid up	594.63	594.63
	594.63	594.63

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Equity Shares	March 31, 2014		March 31, 2013	
	No of shares.	Amount	No of shares.	Amount
At the beginning of the year	5,946,326	594.63	5,946,326	594.63
Add:- Issued during the year	-	-	-	-
Less:- Buy back during the year	-	-	-	-
Outstanding at the end of the year	5,946,326	594.63	5,946,326	594.63

b) Terms/rights attached to Equity shares

The company has only one class of Equity shares having a par value of Rs. 10 per share. Each shareholder is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend.

During the year ended 31st March, 2014, the amount of per share dividend recognized as distributions to Equity Shareholders was Rs. 10/- (March 31, 2013: Rs. 10/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shares in the company held by each shareholder holding more than 5 percent shares

Equity Shares	March 31, 2014		March 31, 2013	
	No of equity shares	% of holding	No of equity shares	% of holding
Mr. N.D Relan	450,960	7.58	488,020	8.21
Mrs. Sharda Relan	697,520	11.73	742,520	12.49
Mr. Ajay Relan	785,378	13.21	810,378	13.63
Mr. Rohit Relan	428,818	7.21	478,818	8.05
Mrs. Ritu Relan	742,520	12.49	792,520	13.33
Mrs. Mala Relan	496,260	8.35	571,260	9.61

	(Rupees in Lacs)	
	As At March 31, 2014	As At March 31, 2013
NOTE 4 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last financial statements	0.20	0.20
Addition during the year	-	-
Closing balance	0.20	0.20
General Reserve		
Balance as per last financial statements	14,425.30	12,477.13
Addition during the year	1,000.00	1,500.00
Addition due To Amalgamation with subsidiary Company	-	448.17
Closing balance	15,425.30	14,425.30
Surplus / (Loss) as per Statement of Profit & Loss		
Balances as per last financial statements	1,952.75	1,548.87
Add:- Profit for the year	1,501.49	2,594.98
	3,454.24	4,143.85
Less:- Appropriations:		
- Interim Dividend (Dividend amount per share Rs.5 (March 31,2013: Rs 5)	297.32	297.32
- Proposed Dividend on Equity Shares (Dividend amount per share Rs.5 (March 31,2013: Rs 5)	297.32	297.32
- Dividend Distribution Tax on Interim Dividend	50.53	48.23
- Dividend Distribution Tax on Proposed Dividend	50.53	48.23
- Transfer to General Reserves	1,000.00	1,500.00
Total Appropriation	1,695.70	2,191.10
Net Surplus in the Statement of Profit & Loss	1,758.54	1,952.75
Total Reserves & Surplus	17,184.04	16,378.25

	(Rupees in Lacs)			
	Non Current portion		Current Maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
NOTE 5 : LONG TERM BORROWINGS				
Secured Borrowings				
Term loans				
From Banks				
External commercial Borrowing	4,321.73	1,015.28	319.47	550.42
Rupee term loan	-	81.06	81.06	324.25
	4,321.73	1,096.34	400.53	874.67
Amount disclosed under 'Other Current Liabilities' (Note no. 10)	-	-	400.53	874.67
Long Term Borrowings	4,321.73	1,096.34	-	-

Note: Particulars of Security/Guarantees/Terms of Repayment/Default

Current Year Terms :

The ECB loan consists of 2 loans:

- First loan of US \$ 2.0 Million was taken in August, 2012 and repayable in 15 instalments of US\$ 133,333 commencing from 26.01.2014. The loan carries an interest rate of 8.45% p.a.

- ii) Second loan of US \$ 6.0 Million was taken in January, 2014 and repayable in Six instalments. The Loan carries an interest rate of 7.75% p.a. The repayment schedule of the said loan is as under:

Installment	Due Date	Amount Repayable in US\$
1	30/07/2015	600000
2	29/01/2016	600000
3	29/07/2016	1000000
4	31/01/2017	1000000
5	31/07/2017	1400000
6	30/01/2018	1400000

a) Term Loan (External Commercial Borrowing) - I Loan

First Exclusive charge over immovable assets at C-506 & 526, Pioneer Industrial Park, Patherdi, Bilaspur Chowk Manesar, Distt : Gurgaon and first exclusive charge on plant & machinery and other movable fixed assets purchased out of the proceeds of the loan.

b) Term Loan (External Commercial Borrowing) - II Loan

First Exclusive charge over immovable assets at G-20, Sipcot Industrial Park, Irungattu Kottai, Sriperumbudur, Kancheepuram Dist. Tamilnadu and first exclusive charge on plant & machinery and other movable fixed assets purchased out of the proceeds of the loan. The Borrower shall maintain a minimum security cover of 1.25 times during the entire tenor of the facility.

c) Rupee Term Loan

Mortgage in favour of bank in respect of Plot No. C - 8 , TML Vendor Park, Sanand Road, Kotepura, Sanand, Ahemdabad. The loan was taken in financial year 2010-11 and repayable in 16 Instalments of Rs. 81.06 Lacs beginning from 10.08.2010.

Previous Year Terms :

The ECB loan consists of 3 loans:

- i) First loan of US \$ 2.0 million was taken in July 2008 and repayable in 10 instalments of Rs.78.57 Lacs each commencing from 14.07.2009. The loan carries an interest rate of 10.25% p.a.
- ii) Second loan of US \$ 4.0 Million was taken in September, 2008 and repayable in 10 instalments of Rs.160.38 Lacs each commencing from 30.09.2009. The loan carries an interest rate of 7.5% p.a.
- iii) Third loan of US \$ 2.0 Million was taken in August, 2012 and repayable in 15 instalments of US\$ 133,333 commencing from 26.01.2014. The loan carries an interest rate of 8.45% p.a.

a) Term Loan (External Commercial Borrowing) - I & II Loan

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:

- i) Mahindra World City, Changalpattu Taluk, Kancheepuram Dist. Industrial Park, Tamilnadu-603002,
- 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, Kancheepuram 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 Cotepura, 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 & future

b) Term Loan (External Commercial Borrowing) - III Loan

First Exclusive charge over immovable assets at C-506 & 526, Pioneer Industrial Park, Patherdi, Bilaspur Chowk Manesar, Distt : Gurgaon and first exclusive charge on plant & machinery and other movable fixed assets purchased out of the proceeds of the loan.

c) Rupee Term Loan

Mortgage in favour of bank in respect of Plot No. C - 8 , TML Vendor Park, Sanand Road, Kotepura, Sanand, Ahemdabad. The loan was taken in financial year 2010-11 and repayable in 16 Instalments of Rs. 81.06 Lacs beginning from 10.08.2010.

	(Rupees in Lacs)	
	As At March 31, 2014	As At March 31, 2013
NOTE 6 : DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Assets		
Impact of expenditure charged to the Statement of Profit & Loss in the current year but allowed for tax purposes on payment basis	67.50	128.73
Total (A)	67.50	128.73
Deferred Tax Liabilities		
Fixed Assets: Impact of difference between Tax Depreciation and depreciation/ amortization charged for the financial reporting	2,202.37	1,562.77
Total (B)	2,202.37	1,562.77
Net Deferred Tax Liability (A-B)	2,134.87	1,434.04

	(Rupees in Lacs)			
	Long Term		Current Portion	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
NOTE 7 : OTHER LONG TERM LIABILITIES				
Gratuity	55.05	43.87	7.30	6.03
Advances from Customers	0.01	-	1,238.69	394.02
Others	158.42	251.47	-	-
	213.48	295.34	1,245.99	400.05
Amount disclosed under Other Current Liabilities (Current portion of long term liabilities)	-	-	1,245.99	400.05
	-	-	1,245.99	400.05

	(Rupees in Lacs)			
	Long Term		Short Term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
NOTE 8 : PROVISIONS				
Provision for Employee Benefits (Refer Note no. 22.1)				
Leave Encashment	93.00	84.69	57.29	65.74
Other Provisions				
Provision for warranty claim (Refer Note no. 8.1)	290.04	264.97	-	-
Proposed Dividend	-	-	297.32	297.32
Tax on Proposed Dividend	-	-	50.53	48.23
Wealth Tax	-	-	2.73	3.47
	383.04	349.66	407.87	414.76

	(Rupees in Lacs)	
	As At March 31, 2014	As At March 31, 2013
NOTE 8.1 : DISCLOSURE REQUIRED BY AS-29		
(PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES)		
Opening balance (as on 1st April)	264.97	267.78
Provision made during the year	167.17	182.89
Amount used/reversed/paid during the year	142.10	185.70
Closing balance (as on 31st March)	290.04	264.97

	(Rupees in Lacs)	
	As At March 31, 2014	As At March 31, 2013
NOTE 9 : SHORT TERM BORROWINGS		
Secured Borrowing		
Loans repayable on demand		
From Banks-Secured		
Cash credit from Banks	7,527.27	4,464.76
Others		
From Banks		
Bills Discounted	168.42	378.66
Buyers Credit	2,702.18	4,932.80
Others	1,110.00	-
Unsecured Borrowing		
Loans and advances from Related parties	6,292.16	4,220.57
Directors		
	17,800.03	13,996.79

a) Cash Credit/Buyer's Credit

- (i) Secured by charge on inventories and books debts
- (ii) Equitable mortgage of leasehold land and building, situated at Plot No.4, Sector 31, Greater Noida Industrial Development Area, U.P., and plant & Machinery and other assets
- (iii) Rate of Interest
 - Cash Credit : 11.5% - 12.5%
 - Buyer's Credit: 3.0% - 3.5%

b) Bills Discounted

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

c) Directors Loan

Payable on demand. The loan is taken on an interest rate of 10% - 12%.

	(Rupees in Lacs)	
	As At March 31, 2014	As At March 31, 2013
NOTE 10 : OTHER CURRENT LIABILITIES		
Trade Payables (Refer note below for details of dues to micro and small enterprises)	10,588.53	13,583.20
	10,588.53	13,583.20
Other Liabilities:		
Current maturities of long-term debt (Note No. 5)	400.53	874.67
Unclaimed dividend	37.65	36.02
Statutory dues	669.38	713.42
Interest Accrued but not due on borrowings	70.52	37.78
Current portion of Long Term Liabilities (Note no. 7)	1,245.99	400.05
Creditors for Capital Expenditure	653.80	709.30
	3,077.87	2,771.24
	13,666.40	16,354.44

- a) The above does not includes any amount due to be transferred to investor education & protection fund
- b) Pursuant to amendments to Schedule VI to Companies Act, 1956 vide notification number GSR 719 (E) dated November 16, 2007, there are no amount due as of March 31, 2014 due to micro, small & medium enterprises as defined in Industries (Development and Regulation) Act, 1951, hence it has not been disclosed in the books of the company (March 31, 2013 Rs. Nil). Further no interest during the year have been paid or payable under the terms of MSMED Act' 2006

Notes to financial statement for the year ended on March 31, 2014

NOTE 11 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				EPRECIATION/AMORTISATION			NET BLOCK	
	AS AT 01 APRIL, 2013	ADDITION	DEDUCTION / ADJUSTMENT	AS AT 31 MARCH, 2014	AS AT 01 APRIL, 2013	FOR THE YEAR	WRITTEN BACK	AS AT 31 MARCH, 2014	AS AT 31 MARCH, 2013
A. Tangible Assets									
Land									
- Lease Hold	837.46	-	-	837.46	58.22	8.67	-	66.89	779.24
- Free Hold	1,410.09	-	-	1,410.09	6.78	-	-	6.78	1,403.31
Buildings	9,063.82	441.88	-	9,505.70	2,411.78	671.56	-	3,083.34	6,652.04
Plant and Equipment	21,360.36	6,908.06	236.45	28,031.97	9,380.24	2,566.61	56.28	11,890.57	16,141.40
Vehicles	1,116.67	99.28	8.79	1,207.16	717.82	124.57	7.20	835.19	371.97
Office Equipments and Furniture & Fixtures	1,189.81	256.62	0.61	1,445.82	757.34	117.85	0.58	874.61	571.21
Electric fitting	2,624.14	272.22	0.30	2,896.06	975.91	237.00	-	1,212.91	1,648.23
Total	37,602.35	7,978.06	246.15	45,334.26	14,308.09	3,726.26	64.06	17,970.29	23,294.26
B. Intangible Assets									
Software Development	388.94	59.46	-	448.40	322.09	68.67	-	390.76	57.64
Technical Knowhow & Guidance	5,088.81	523.12	-	5,611.93	2,411.63	760.28	-	3,171.91	2,440.02
Total	5,477.75	582.58	-	6,060.33	2,733.72	828.95	-	3,562.67	2,744.03
C. Capital Work in Progress									
	1,070.06	713.35	1,070.06	713.35	-	-	-	-	1,070.06
Total	1,070.06	713.35	1,070.06	713.35	-	-	-	-	1,070.06
Total (A+B+C)	44,150.16	9,273.99	1,316.21	52,107.94	17,041.81	4,555.21	64.06	21,532.96	30,574.98
March 31, 2013	37,531.98	8,660.37	2,042.19	44,150.16	13,550.06	3,576.18	84.43	17,041.81	23,981.90

Notes :

1. Borrowing cost Capitalised during the year amounting to Rs. NIL (March 31, 2013 Rs. 26.66 Lacs)
2. Leasehold Land represents the cost of Land acquired at Singur (West Bengal), Lease deed in respect of which is under execution.

		(Rupees in Lacs)	
NOTE 11.1: PRE OPERATIVE EXPENDITURE AND CAPITAL WORK IN PROGRESS		As At March 31, 2014	As At March 31, 2013
(a) Pre Operative Expenditure	357.43	-	357.43
Less : Provision for pre-operative expenditure	357.43		357.43
(b) Capital Work in Progress		713.35	1,070.06
Total		713.35	1,070.06

NOTE 11.2: LEASES

Assets taken on operating lease:

The company has taken certain assets on non-cancelable operating lease and lease rent amounting to Rs. 317.84 Lac (March 31, 2013: Rs. 272.50 Lac) has been debited to the Statement of Profit & Loss. The future minimum lease payments as on 31st March, 2014

Not Later Than 1 year	317.84	272.50
Later than 1 year but not later than 5 years	1,272.99	1,089.99

General Description of Lease terms:

- i) Lease rentals are charged on the basis of agreed terms
- ii) Assets taken on lease over a period of 1 to 5 years.

NOTE 12 : INVESTMENTS

		(Rupees in Lacs)	
NOTE 12.1: NON CURRENT INVESTMENTS		As At March 31, 2014	As At March 31, 2013
Trade Investments (Valued at cost unless otherwise stated)			
Quoted Equity Instruments			
Investment in Associates			
9,000,000 Equity shares (March 31, 2013: 9,000,000), including Bonus Shares of 4,500,000 of Rs.2/- each , fully paid up of Bharat Seats Ltd.		90.00	90.00
Total Trade Investments (A)		90.00	90.00
Non Trade Investments (Valued at cost unless otherwise stated)			
Unquoted Equity Instruments			
Investment in Associates			
490,000 Equity shares (March 31, 2013: 490,000) of Rs. 10 each, fully paid up of Relan Industrial Finance Ltd.		49.00	49.00
Total Non Trade Investments (B)		49.00	49.00
Total Non current Investment (A+B)		139.00	139.00
Aggregate Value of Quoted Investments		90.00	90.00
Market Value of Quoted Investments		1,321.20	1,134.00
Aggregate value of Unquoted Investments		49.00	49.00

	(Rupees in Lacs)			
	Non Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
NOTE 13 : LOANS AND ADVANCES (Unsecured considered good unless otherwise stated)				
Capital Advances (Unsecured, considered good)	1,686.89	1,552.77	-	-
Security Deposits (Unsecured, considered good)	190.10	202.53	-	-
Advances Recoverable in cash or in kind (Unsecured, considered good)	-	-	576.85	446.89
Other Loans & Advances (Unsecured, considered good)				
Inter-Corporate Deposits	-	-	550.00	-
Interest Accrued but not due on Inter-Corporate Deposits	-	-	49.07	-
MAT Credit Entitlement	673.56	225.56	-	-
Advance tax (Net of Provision : Rs. 1688.23 Lacs)	318.67	237.06	-	-
Prepaid Expenses	134.30	-	160.92	86.93
Balance with Revenue Authorities	-	-	136.34	330.67
Advances to Vendors	-	-	251.39	108.76
	3,003.52	2,217.92	1,724.57	973.25

	(Rupees in Lacs)			
	Non Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
NOTE 14 : TRADE RECEIVABLES AND OTHER ASSETS				
Trade Receivables (Unsecured considered good unless otherwise stated)				
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-	2.92	62.89
Outstanding for a period less than 6 months from the date they are due for payment	-	-	10,510.76	10,041.19
	-	-	10,513.68	10,104.08
Other assets				
Insurance Claim Receivable	-	-	-	1.30
Other Receivables	-	-	0.95	-
Non Current Bank Balances (Note no. 16)	1,244.92	1,149.31	-	-
	1,244.92	1,149.31	0.95	1.30
	1,244.92	1,149.31	10,514.63	10,105.38

	(Rupees in Lacs)	
	As At March 31, 2014	As At March 31, 2013
NOTE 15 : INVENTORIES		
Raw materials	5,296.23	6,500.81
Consumable stores	149.18	207.14
Goods in Transit-Raw Material	107.60	413.08
Work In Progress	1,520.29	1,438.60
Finished Goods	9.84	2.22
Traded Goods	21.31	26.63
	7,104.45	8,588.48

NOTE 16 : CASH AND BANK BALANCES	(Rupees in Lacs)			
	Non Current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Cash & cash Equivalent				
Balances with Banks:-				
On Current Account	-	-	2,361.79	95.44
Unpaid Dividend Account	-	-	37.65	36.02
Deposit with original maturity for less than 3 months	-	-	-	500.79
Cash on hand	-	-	0.58	0.31
	-	-	2,400.02	632.56
Other Bank Balances				
Margin Money Deposit with original maturity of more than 12 Months	5.00	5.00	-	-
Fixed Deposit with original maturity of more than 12 Months	1,100.00	1,100.00	-	-
Interest Accrued but not due	139.92	44.31	-	-
	1,244.92	1,149.31	-	-
Amount disclosed under Non Current Assets (Note no.14)	1,244.92	1,149.31	-	-
	-	-	2,400.02	632.56

Note: Margin Money Deposit is Pledged with Canara Bank amounting to Rs. 5.00 Lacs (March 31, 2013: Rs. 5.00 Lacs)

NOTE 17 : REVENUE FROM OPERATIONS	(Rupees in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
	(a) Revenue from - Sale of Product	
- Finished goods	103,536.20	113,113.00
- Traded goods	6,860.75	7,356.17
	110,396.95	120,469.17
Less: Inter Unit Transfer	14,526.46	15,110.42
Net Revenue from sale of Product	95,870.49	105,358.75
(b) Revenue from -Sale of Services	181.43	199.79
(c) Other Operating Revenues	917.52	666.87
(d) Less: Excise duty	15,136.56	16,392.08
Total	81,832.88	89,833.33
Details of product sold		
a) Finished goods sold (Net of Inter Unit Transfer)		
- Metal Parts	78,583.51	83,756.91
- Fabric	10,185.57	11,558.57
- White Goods	240.66	2,687.10
	89,009.74	98,002.58
b) Traded goods sold		
- Audio Video	-	30.00
- Auto components	6,860.75	7,326.17
	6,860.75	7,356.17
Net Revenue from sale of product	95,870.49	105,358.75

		(Rupees in Lacs)		
		For the year ended March 31, 2014	For the year ended March 31, 2013	
c) Earning in foreign currency				
F.O.B. value of exports		2,782.31	1,690.69	
		2,782.31	1,690.69	
Details of Sale of Services				
a) Job Work		181.43	199.79	
		181.43	199.79	
Details of Other Operating Revenues				
a) Sale of Scrap		648.20	666.87	
b) Sale of Tools		269.32	-	
		917.52	666.87	
		(Rupees in Lacs)		
		For the year ended March 31, 2014	For the year ended March 31, 2013	
NOTE 18 : OTHER INCOME				
Dividend Income from				
Trade Investment		72.00	72.00	
Interest Income from				
FDR's		165.14	72.76	
Profit from Sale of Tools		384.87	486.74	
Other Income		698.08	68.03	
		1,320.09	699.53	
		(Rupees in Lacs)		
		For the year ended March 31, 2014	For the year ended March 31, 2013	
NOTE 19 : COST OF MATERIAL CONSUMED				
1. Raw Material				
(a) Balances of Raw Material at the beginning of the year		6,707.95	4,475.09	
(b) Add:- Addition during the year		51,951.45	61,866.08	
(c) Less:- Balances of Raw Material at the end of the year		5,445.41	6,707.95	
(d) Cost of Raw Material Consumed		53,213.99	59,633.22	
a) Details of raw material and components consumed				
Steel		8,155.08	18,075.61	
Fabric		6,555.89	7,358.71	
Others		38,503.02	34,198.90	
		53,213.99	59,633.22	
b) C.I.F Value of imports				
Raw material		10,207.74	14,303.97	
Capital Goods		2,054.32	391.51	
		12,262.06	14,695.48	
c) Details of Indigenous and imported material consumed				
Raw Material	Value (Rs.)	%	Value (Rs.)	%
- Imported	12,303.07	23.12	13,451.46	22.56
- Indigenous	40,910.92	76.88	46,181.76	77.44
	53,213.99	100.00	59,633.22	100.00

NOTE 20 : PURCHASES OF STOCK - IN - TRADE

Audio Video
Auto components

(Rupees in Lacs)	
For the year ended March 31, 2014	For the year ended March 31, 2013
-	0.81
5,914.60	6,329.61
5,914.60	6,330.42

**NOTE 21 : CHANGES IN INVENTORIES OF FINISHED GOODS,
IN-PROGRESS AND STOCK IN TRADE**
Inventories at the end of the year

Finished goods
Traded goods
Work- in- progress

(Rupees in Lacs)	
For the year ended March 31, 2014	For the year ended March 31, 2013
9.84	2.22
21.31	26.63
1,520.29	1,438.61
1,551.44	1,467.46

Inventories at the beginning of the year

Finished goods
Traded goods
Work- in- progress

2.22	9.15
26.63	81.54
1,438.61	1,139.14
1,467.46	1,229.83
(83.98)	(237.63)

(Excess)/Shortage of Closing stock over Opening Stock
Details of Inventory
Finished goods

Metals parts
Fabrics
White Goods

0.53	0.53
8.75	1.27
0.56	0.42
9.84	2.22

Traded goods

Audio video

21.31	26.63
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Work- in- Progress

Metal Parts
Fabric

1,337.00	1,196.37
183.29	242.23
1,520.29	1,438.60

NOTE 22 : EMPLOYEE BENEFITS EXPENSE

Wages & Other Benefits
Salaries & Other Benefits
Director's Remuneration
Contribution to Provident and other funds
Gratuity (refer note below)
Staff Welfare Expenses

(Rupees in Lacs)	
For the year ended March 31, 2014	For the year ended March 31, 2013
1,301.86	1,114.01
2,526.60	2,376.35
204.57	413.42
256.18	217.80
62.35	49.91
501.30	438.69
4,852.86	4,610.18

NOTE 22.1: EMPLOYEE BENEFITS

The company has classified the various benefit provided to employees as under

(i) Defined Contribution Plans

Contribution to Defined Contribution Plan, recognized as expenses for the year are as under :

Employer's Contribution to Provident Fund/ Pension Fund	213.20	186.71
Employer's Contribution to Employees State Insurance Scheme	42.39	30.61
Employer's Contribution to Employees Welfare Fund	0.59	0.48
	256.18	217.80

(ii) Defined Benefit plans

Gratuity Scheme: The employee's gratuity fund scheme managed by Life Insurance Corporation is a defined benefit funded plan. 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 employees benefit entitlement and measures each unit separately to built up the final obligation. The obligation for leave encashment is a defined unfunded benefit plan, which 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, 2014).

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:

I. Changes in present value of Defined Benefit obligations :					(Rupees in Lacs)	
Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013			
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)		
Defined Benefit obligation as at the beginning of the year	463.04	150.43	388.59	117.42		
Current Service Cost	64.38	22.53	57.35	36.45		
Past Service Cost	-	-	-	-		
Interest Cost	37.04	12.03	33.42	10.10		
Actuarial (gain) / loss on obligations	(1.60)	(14.04)	(6.44)	(5.34)		
Benefits paid	(36.19)	(20.67)	(9.89)	(8.20)		
Defined Benefit obligation at the year end	526.67	150.28	463.04	150.43		

II. Change in the Fair Value of Plan Assets		
Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Gratuity (Funded)	Gratuity (Funded)
Fair value of plan assets at the beginning of the year	413.13	330.79
Expected return on plan assets	38.21	34.43
Actuarial gain/ (loss)	(0.75)	-
Employer Contribution	49.90	57.80
Benefits paid	(36.19)	(9.89)
Fair value of plant assets at the year end	464.32	413.13

III. Change in the Fair Value of assets and obligation				
Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Present value of obligation	526.67	150.28	463.04	150.43
Fair value of plan assets	464.32	-	413.13	-
Amount recognized in balance sheet	62.35	150.28	49.91	150.43

IV. Expenses/ (Income) recognized in the Statement of Profit & Loss				
Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Current Service Cost	64.38	22.53	57.35	36.45
Past Service Cost	-	-	-	-
Interest Cost	37.04	12.03	33.43	10.10
Expected Return on plan assets	(38.21)	-	(34.43)	-
Actuarial (gain)/ loss	(0.86)	(14.04)	(6.44)	(5.34)
Net Cost	62.35	20.53	49.91	41.21

V. Investment details of plan assets	
Particulars	Gratuity (Funded)
Insured with LIC	100%

VI. Actuarial Assumptions				
Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Mortality Table (LIC)	2006-2008 (Ultimate)	2006-2008 (Ultimate)	2006-2008 (Ultimate)	2006-2008 (Ultimate)
Discount rate (per annum)	9.10%	8.60%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.75%	0.00%	9.25%	0.00%
Rate of increase in Compensation levels	10.00%	10.00%	10.00%	10.00%

Note:

The estimate of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors on long term basis including supply and demand in the employment market.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of assets management, historical results of return on plan assets and the policy for plan assets management.

Defined benefit obligation (DBO), Plan assets, Deficit / (Surplus), for previous years

Particulars	As at March 31, 2013		As at March 31, 2012		As at March 31, 2011	
	Gratuity Scheme Funded Plan	Leave encashment Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Leave encashment Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Leave encashment Scheme Unfunded Plan
Present value of defined benefit obligation (DBO)	463.04	150.43	388.59	117.42	310.90	106.20
Value of plan assets	413.13	-	330.79	-	236.66	-
Deficit / (Surplus)	(49.91)	(150.43)	(57.80)	(117.42)	(74.24)	(106.20)

NOTE 23 : FINANCE COST	(Rupees in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
	Interest Expense	1,355.85
Other Borrowing Costs	141.46	134.02
Hedging Cost	127.50	125.97
	1,624.81	1,093.28

NOTE 24 : OTHER EXPENSES	(Rupees in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
	Consumption of tools	180.84
Power & Fuel	1,096.59	1,161.22
Hire Labour Charges	3,846.03	4,284.68
Manufacturing expenses	526.40	451.33
Rent, Rates & Taxes	319.32	283.46
Repair & maintenance		
-Repair to Building	76.55	88.53
-Repair to Plant & Equipments*	554.78	530.09
-Repair Others	194.37	219.89
Exchange Fluctuation	623.73	45.09
Royalty	201.70	245.56
Research & Development expenses (Refer Details below)	679.24	425.85
Travelling & conveyance	653.57	614.52
Insurance	65.49	60.57
Communication cost	69.85	63.67
Director's sitting fee & commission	24.30	85.70
Legal & Professional expenses	126.89	50.36
Bad debts written off	-	50.95
Prior Period Items((Refer Details below)		4.01
Selling & Distribution expenses	903.49	1,112.67
Auditor's Remuneration (Refer Details below)	24.11	17.21
Incremental effect of Excise Duty on Finished Goods	0.38	(0.71)
Miscellaneous expenses	698.98	859.31
	10,866.61	10,815.74

* Includes value of Stores and Spares consumed of Rs. 149.06 lacs (March 31, 2013 : Rs. 133.77 Lacs). Refer pt. (c) and (d) below.

a) Payment to Auditor

As Auditor

Audit fee	11.00	11.00
Tax Audit fee	3.10	3.10
In other capacity		
Management services	6.75	1.80
Taxation matter	2.65	0.81
Reimbursement of expenses	0.61	0.50
	24.11	17.21

		(Rupees in Lacs)		
		For the year ended March 31, 2014	For the year ended March 31, 2013	
b) Expenditure incurred in Foreign Currency				
Foreign Traveling		234.67	231.59	
Royalty		192.11	210.28	
Interest on Loan		63.23	-	
Technical Know-how / Guidance Fee / Consultancy		553.04	1,472.01	
Repair and Maintenance		10.78	11.45	
Buyers Credit Interest		64.08	129.34	
Legal & Professional Charges		44.82	-	
Subscription & Fee		1.15	1.79	
General Charges		5.67	-	
		1,169.55	2,056.46	
c) CIF Value of Import		419.73	427.57	
Machinery Spares & Consumables		419.73	427.57	
d) Details of Indigenous and imported material consumed Stores & Spares				
	Value (Rs. in lacs)	%	Value (Rs. in lacs)	%
Imported	36.78	24.67	47.31	35.37
Indigenous	112.28	75.33	86.46	64.63
	149.06	100.00	133.77	100.00
e) Research & Development Expenses				
Research & Development expenses include:				
- Purchases		16.25	6.08	
- Salary, Wages and other allowance		214.64	194.66	
- Travelling Expenses		89.20	28.74	
- Design, Development and other expenses		359.15	196.37	
		679.24	425.85	
f) Company's R&D Centre at Chennai which is recognised at DSIR, Govt. of India upto 31.03.2016 has incurred following expenditure from the year 2005-06 to 2013-14				
Financial Year	Capital Expenses	Revenue Expenses		
2005-06	-	257.07		
2006-07	-	292.03		
2007-08	-	189.59		
2008-09	-	235.01		
2009-10	28.50	127.62		
2010-11	802.57	210.90		
2011-12	787.84	351.17		
2012-13	93.07	425.85		
2013-14	2,034.23	679.24		
g) Prior Period Expense				
Electricity Charges		-	4.01	
		-	4.01	

	(Rupees in Lacs)	
	For the year ended March 31, 2014	For the year ended March 31, 2013
NOTE 25 : EXCEPTIONAL ITEMS		
Provision against Pre-operative Expenditure	-	357.43
	-	357.43
NOTE 26: FINANCIAL AND DERIVATIVE INSTRUMENTS		
Foreign currency exposure hedged by derivative instruments	4,641.20	1,087.80
Foreign currency exposure that are not hedged by derivative instruments	4,015.70	5,429.56
	8,656.90	6,517.36
i. Particulars of Unhedged Foreign Currency Exposure as at balance Sheet date:		
a) <u>Creditors</u>		
a.) Buyers Creditors	2702.18	4932.80
b.) Foreign credit in cash or kind	1313.52	496.76
	4015.70	5429.56
ii. Particulars of hedged Foreign Currency Exposure as at balance Sheet date:		
a) <u>Foreign Currency ECB</u>		
a.) CTBC Bank Loan USD \$ 6 ML	3594.00	-
b.) CITI Bank USD \$ 2 ML	1047.20	1087.80
	4641.20	1087.80

NOTE 27: 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

(b) Segment revenues, Results and Other Information

Particulars	Year Ended 31st March, 2014			Year Ended 31st March, 2013		
	Automotive Components & Accessories	White Goods	Total	Automotive Components & Accessories	White Goods	Total
External Sales (Gross)	94,490.71	2,478.73	96,969.44	103,536.53	2,688.88	106,225.41
Less: Excise duty	14,924.18	212.38	15,136.56	16,174.43	217.65	16,392.08
Other Income	1,074.99	6.65	1,081.64	505.93	48.77	554.70
Segment Revenue	80,641.52	2,273.00	82,914.52	87,868.03	2,520.00	90,388.03
Un-allocated Income			238.45			144.83
Total Revenue			83,152.97			90,532.86
Segment Results	5,149.18	(102.10)	5,047.08	7,003.27	66.79	7,070.06
Un-allocated Expenses			1,213.40			1,265.31
Operating Profit			3,833.68			5,804.75
Less: Exceptional Items			-			357.43
Interest Expenses (Net)			1,624.81			1,093.28
Current Income Tax			700.80			1,270.00
Deferred Tax			-			483.24
Tax adjustment for earlier year (Net)			6.58			5.82
Profit after tax			1,501.49			2,594.98
Segment Assets	53,918.52	985.79	54,904.31	48,812.79	1,201.71	50,014.50
Un-allocated Assets			1,801.76			899.75
Total			56,706.07			50,914.25
Segment Liabilities	15,031.49	384.01	15,415.50	15,293.31	506.68	15,799.99
Un-allocated Liabilities			238.32			723.56
Total			15,653.82			16,523.55
Capital Expenditure	8,532.20	28.42	8,560.62	8,538.08	122.29	8,660.37
Depreciation/Amortisation	4,448.53	106.68	4,555.21	3,460.27	115.91	3,576.18

NOTE 28 : RELATED PARTY DISCLOSURES

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

Name of the Related Party	Relationship
Sharda Sejong Auto components (India) Limited	Subsidiary Company #
a) Relan Industrial Finance Ltd.	Associate Companies
b) Bharat Seats Ltd.	
a) Mr.N.D Relan (Co. Chairman)	Key Managerial Personnel
b) Mr.Ajay Relan (Managing Director)	
c) Mr.Udayan Banerjee (Executive Director)	
a) Mr.Rohit Relan	Relatives of Key Managerial Personnel
b) Mrs.Sharda Relan	
c) Mrs.Mala Relan	
d) Mrs.Ritu Relan	
e) Ms Aashita Relan	
f) Mr.Aashim Relan	
g) Mr.Rishabh Relan	
h) Mr.Pranav Relan	
i) Mr.Ayush Relan	
a) Sharda Enterprises	
b) N.D.Relan (HUF)	
c) Ajay Relan (HUF)	
d) Rohit Relan (HUF)	
e) Sharda Auto Solutions Pvt. Ltd.	
f) A.N.I Hospitality LLP	
g) Progressive Engineering & Automation Pvt. Ltd.	

In pursuance of the order dated 25th July, 2012 of the Honorable High Court of Delhi, subsidiary company, has been amalgamated with the holding company ('Sharda Motor Industries Limited')

S.No	Nature of Transactions	Subsidiary Companies	Associate Companies	Associate Concern	Key Management Personnel	Relative of Key Management Personnel
i)	Sales during the Year	-	21336.19	-	-	-
	- Bharat Seats Ltd.	(-)	(23485.35)	(-)	(-)	(-)
	-Progressive Engineering	-	-	-	-	-
		(-)	(-)	(119.89)	(-)	(-)
ii)	Purchases During the year under review	-	-	-	-	-
		(-)	-	-	-	-
iii)	Loans taken during the year	-	-	-	453.86	-
	- N.D. Relan	(-)	(-)	(-)	(222.78)	(-)
	- Ajay Relan	-	-	-	1243.42	-
	- Rohit Relan	(-)	(-)	(-)	(508.55)	(-)
	- Sharda Relan	-	-	-	-	987.25
	- Sharda Relan	(-)	(-)	(-)	(-)	(400.04)
	- Sharda Relan	-	-	-	-	461.75
	- Sharda Relan	(-)	(-)	(-)	(-)	(189.38)
	Loan repaid during the Year	-	-	-	89.29	-
	- N.D. Relan	(-)	(-)	(-)	(79.04)	(-)
- Ajay Relan	-	-	-	622.50	-	
		(-)	(-)	(-)	(282.07)	(-)

S.No	Nature of Transactions	Subsidiary Companies	Associate Companies	Associate Concern	Key Management Personnel	Relative of Key Management Personnel
	- Rohit Relan	-	-	-	-	328.79
	- Sharda Relan	(-)	(-)	(-)	(-)	(220.07)
		-	-	-	-	34.11
		(-)	(-)	(-)	(-)	(162.00)
v)	Interest paid on loans during the Year					
	- N.D. Relan	-	-	-	126.8	-
		(-)	(-)	(-)	(83.76)	(-)
	- Ajay Relan	-	-	-	187.73	-
		(-)	(-)	(-)	(125.64)	(-)
	- Rohit Relan	-	-	-	-	214.98
		(-)	(-)	(-)	(-)	(154.32)
	- Sharda Relan	-	-	-	-	123.52
		(-)	(-)	(-)	(-)	(79.20)
vi)	Rent paid during the Year					
	Sharda Auto Solutions Pvt. Ltd.		-	6.8	-	-
			(-)	(-)	(-)	(-)
	-Sharda Relan	-	-	-	-	67.42
		(-)	(-)	(-)	(-)	(21.24)
	-Sharda Enterprises	-	-	132.00	-	-
		(-)	(-)	(132.00)	(-)	(-)
vii)	Remuneration paid*					
	- N.D. Relan	-	-	-	89.69	-
		(-)	(-)	(-)	(215.97)	(-)
	- Ajay Relan	-	-	-	84.75	-
		(-)	(-)	(-)	(208.83)	(-)
	-U. Banerjee	-	-	-	30.13	-
		(-)	(-)	(-)	(28.62)	(-)
	-Sharda Relan	-	-	-	-	1.00
		(-)	(-)	(-)	(-)	(0.80)
	-Rohit Relan	-	-	-	-	1.00
		(-)	(-)	(-)	(-)	(0.80)
	-Mala Relan	-	-	-	-	14.45
		(-)	(-)	(-)	(-)	(-)
	-Aashim Relan	-	-	-	-	24.26
		(-)	(-)	(-)	(-)	(-)
viii)	Commission Paid					
	-Rohit Relan	-	-	-	-	9.00
		(-)	(-)	(-)	(-)	(20.00)
	-Sharda Relan	-	-	-	-	9.00
		(-)	(-)	(-)	(-)	(20.00)
ix)	Dividend Paid					
	- N.D. Relan	-	-	-	44.98	-
		(-)	(-)	(-)	(48.80)	(-)
	- Ajay Relan	-	-	-	78.54	-
		(-)	(-)	(-)	(81.04)	-
	-Sharda Relan	-	-	-	-	69.75
		(-)	(-)	(-)	(-)	(74.25)
	-Rohit Relan	-	-	-	-	42.88
		(-)	(-)	(-)	(-)	(47.88)
	-Aashim Relan	-	-	-	-	29.12
		(-)	(-)	(-)	(-)	(29.12)
	-Ayush Relan	-	-	-	-	10.40
		(-)	(-)	(-)	(-)	(10.40)
	-Pranav Relan	-	-	-	-	12.62
		(-)	(-)	(-)	(-)	(12.62)
	-Rishabh Relan	-	-	-	-	14.88
		(-)	(-)	(-)	(-)	(14.88)

S.No	Nature of Transactions	Subsidiary Companies	Associate Companies	Associate Concern	Key Management Personnel	Relative of Key Management Personnel
	-Mala Relan	-	-	-	-	49.63
		(-)	(-)	(-)	(-)	(57.13)
	-Ritu Relan	-	-	-	-	74.25
		(-)	(-)	(-)	(-)	(79.25)
	-Aashita Relan	-	-	-	-	0.27
		(-)	(-)	(-)	(-)	(0.27)
	-Ajay Relan(HUF)	-	-	1.92	-	-
		(-)	(-)	(1.92)	(-)	(-)
	-ND Relan (HUF)	-	-	3.00	-	-
		(-)	(-)	(3.00)	(-)	(-)
	-Rohit Relan (HUF)	-	-	4.44	-	-
		(-)	(-)	(4.44)	(-)	(-)
x)	Sale of Fixed Assets					
	-Bharat Seats Limited	-	-	-	-	-
		(-)	(1031.84)	(-)	(-)	(-)
xi)	Advance Received from Customers					
	Bharat Seats Limited (Tooling Advance)	-	666.61	-	-	-
		(-)	(225.00)	(-)	(-)	(-)
xii)	Advance Adjusted					
	-Bharat Seats Limited	-	-	-	-	-
		(-)	(1052.26)	(-)	(-)	(-)
xiii)	Sale of Investment					
		-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)
xiv)	Amount Written Back					
	-Bharat Seats Limited	-	9.8	-	-	-
		(-)	(-)	(-)	(-)	(-)
	-Progressive Engineering & Automation Pvt. Ltd.	-	2.56	-	-	-
		(-)	(-)	(-)	(-)	(-)
	Transfer of Sipcot Business From Subsidiary.	-	-	-	-	-
		(2129.89)	(-)	(-)	(-)	(-)
xv)	Net Outstanding Balance payable / (Receivable) as on 31.03.2014					
	-Bharat Seats Limited	-	(1759.25)	-	-	-
		(-)	(876.20)	(-)	(-)	(-)
	-Sharda Sejong	-	-	-	-	-
		(2129.89)	(-)	(-)	(-)	(-)
	-Progressive Engineering Ltd.	-	-	-	-	-
		(-)	(-)	(2.63)	(-)	(-)
	- N.D. Relan	-	-	-	1143.31	-
		(-)	(-)	(-)	(795.19)	(-)
	- Ajay Relan	-	-	-	1870.90	-
		(-)	(-)	(-)	(1264.14)	(-)
	-U. Banerjee	-	-	-	1.55	-
		(-)	(-)	(-)	(1.28)	(-)
	-Rohit Relan	-	-	-	-	2109.03
		(-)	(-)	(-)	(-)	(1460.47)
	-Sharda Relan	-	-	-	-	1185.12
		(-)	(-)	(-)	(-)	(767.38)
	-Mala Relan	-	-	-	-	0.46
		(-)	(-)	(-)	(8.00)	(0.59)
	-Aashim Relan	-	-	-	-	1.25
		(-)	(-)	(-)	(-)	(1.28)

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

NOTE 29 : EARNINGS PER SHARE		
The numerators and denominators used to calculate the Earnings per Share:		
Particulars	2013-14	2012-13
Profit/(Loss) attributable to Equity Shareholders (Rs.)- (A)	1,501.49	2,594.98
Basic/Weighted average number of Equity shares outstanding during the year - (B)	59.46	59.46
Nominal Value of Equity Shares (Rs.)	10	10
Basic/Diluted earnings per share (Rs.) - (A/B)	25.25	43.64

(Rupees in Lacs)

NOTE 30 : CONTINGENT LIABILITIES AND COMMITMENTS

	For the year ended March 31, 2014	For the year ended March 31, 2013
1. Contingent liabilities		
(a) Claims against the company not acknowledged as debts		
- Disputed State Tax Matters*	2.27	2.27
- Disputed Excise Matters **	2.24	442.24
- Disputed Service Tax Matters ***	11.07	11.07
	-	-
(b) Other money for which the company is contingently liable ****	1,784.98	789.83
2. Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for in the Accounts, Net of Advances	1,669.88	1,708.13
Total	3,470.44	2,953.55

* Entry Tax of Rs. 2.27 Lacs (March 31, 2013: Rs. 2.27 lacs) for Financial Year 2000-01, 2001-02 and 2002-03 against which the company has filed an appeal before Appellate Authority UP Trade Tax.

Another matter related to Cenvat Credit of Rs. 2.24 Lacs (March 31, 2013: 442.24 Lacs) under Cenvat Credit Rules is pending before the Appellate Authority of LTU Delhi.

^ Service Tax of Rs. 11.07 Lacs (March 31, 2013: Rs. 11.07 Lacs) under Service Tax Rules which is pending before the Custom, Excise and Service Tax Appellate Tribunal, Delhi

^^ Foreign Letters of Credit of Rs. 1784.98 Lacs (March 31, 2013: Rs. 789.83 Lacs)

NOTE 31

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

NOTE 32

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

NOTE 33

In pursuance of the order dated 25th July, 2012 of the Honorable High Court of Delhi, a scheme of amalgamation of the company with M/s Sharda Sejong Auto Components (India) Ltd., a wholly owned subsidiary of the company, has been approved. Hence, figures pertaining to current year are merged figures & are not comparable with that of the previous year.

NOTE 34

Figures are rounded off to nearest rupee in Lacs.

For and on Behalf of
the Board of Directors

Pradeep Rastogi
President-Legal & CFO
M.No. 085838

N. D. Relan
Co-Chairman
DIN 00240280

Nitin Vishnoi
Company Secretary
M. No. F3632

Ajay Relan
Managing Director
DIN 00257584

PLACE : New Delhi
DATED : 22nd May, 2014

Sharda Motor Industries Limited

(CIN: L74899DL1986PLC023202)

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

Website: www.shardamotor.com

Tel.: +91 11 4733 4100 Fax: +91 11 2681 1676

29TH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

I / We hereby record my/our presence at the 29th Annual General Meeting of the Company at Habitat World, India Habitat Centre, Lodhi Road, New Delhi on Wednesday, the 3rd September, 2014 at 12.30 p.m.

Member's Folio / DP ID-Client ID no.

Member's / Proxy's name in Block letters

Member's/Proxy's signature

Note:

1. Please complete the Folio / DP ID – Client ID No. and name, sign this Attendance Slip and handover at the Attendance Verification Counter at THE MEETING HALL
2. Electronic copy of the Annual Report for FY 2013-14 and the Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2013-14 and the Notice of the Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or who have requested for a hard copy.

E-VOTING PARTICULARS

EVEN (e-Voting event number)	User ID	Password / PIN

Note: Please read instructions given at Note No. 13 of the Notice of the 29th Annual General Meeting carefully before voting electronically

Sharda Motor Industries Limited

(CIN: L74899DL1986PLC023202)

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

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Form No. MGT-11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

I/We being the member(s) of shares of the above named company hereby appoint:

(1) Name:..... Address.....

E-mail id.....Signature.....or failing him;

(2) Name:..... Address.....

E-mail id.....Signature.....or failing him;

(3) Name:..... Address.....

E-mail id.....Signature.....

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company to be held on Wednesday, the 3rd September, 2014 at 12.30 p.m.. at at Habitat World, India Habitat Centre, Lodhi Road, New Delhi and at any adjournment thereof in respect of such resolutions as are indicated below:

S. No.	Resolutions
1.	To receive, consider and adopt the Balance Sheet as at 31st March, 2014 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 2013-14.
3	To appoint a Director in place of Shri N.D. Relan (holding DIN No.00240280) who retires by rotation and being eligible offers himself for re-appointment.
4	To appoint a Director in place of Shri Rohit Relan (holding DIN No. 00257572) who retires by rotation and being eligible offers himself for re-appointment.
5	To appoint M/s S. R. Dinodia & Co. LLP (formerly known as M/s S. R. Dinodia & Co.), Chartered Accountants (Registration No. 001478N / N500005), 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.
6	To appoint Shri K.N. Parikh as an Independent Director
7	To appoint Shri O.P Khaitan as an Independent Director
8	To appoint Prof. Ashok Kumar Bhattacharya as an Independent Director
9	Payment of remuneration to the Cost Auditor for the Financial Year 2014-15
10	Authorization for Related Party Transactions

Signed thisday of2014

Signature of shareholder

Signature of proxy holder(s)

Note:

1. this form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statements and Notes, please refer to the Notice of 29th Annual General Meeting
3. Please complete all details including details of member(s) in the above box before submission

Affix Re 1.00 Revenue Stamp

TEAM SMIL TEAM SMIL TEAM SMIL TEAM SMIL TEAM SMIL

BOARD OF DIRECTORS



N. D. RELAN
Co-Chairman



KISHAN N. PARIKH
Chairman



AJAY RELAN
Managing Director



SHARDA RELAN
Director



ROHIT RELAN
Director



R. P. CHOWDHRY
Director



O. P. KHAITAN
Director



PROF. ASHOK KUMAR BHATTACHARYA
Director



UDAYAN BANERJEE
Executive Director



SHARDA MOTOR INDUSTRIES LIMITED

Registered Office:





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



Sharda Motor Industries Ltd.

FORM A

(Pursuant to Clause 31(a) of Listing Agreement)

S.No.	Particular	Details
1	Name of Company	Sharda Motor Industries Limited
2	Annual financial statements for the year ended	31 st March, 2014
3	Type of Audit observation	Un-Qualified
4	Frequency of observation	Not- Applicable
5	To be signed by-	
	<ul style="list-style-type: none">• CEO/Managing Director	 Shri Ajay Relan
	<ul style="list-style-type: none">• CFO	 Shri Pradeep Rastogi
	<ul style="list-style-type: none">• Auditor of the company	<i>For S.R. DINODIA & CO. LLP.</i> <i>Chartered Accountants</i>  PARTNER M/S S.R.Dinodia & Co. LLP Chartered Accountants K-39, Connaught Circus, New Delhi - 110 001
	<ul style="list-style-type: none">• Audit Committee Chairman	 Shri O.P Khaitan
		Date : 7thAugust' 2014

CIN: L74899DL1986PLC023202

Regd. Office : D-188, Okhla Industrial Area, Phase-I, New Delhi - 110 020 (INDIA)

Tel.: 91-11-47334100, Fax : 91-11-26811676

E-mail : smil@shardamotor.com, Website : www.shardamotor.com