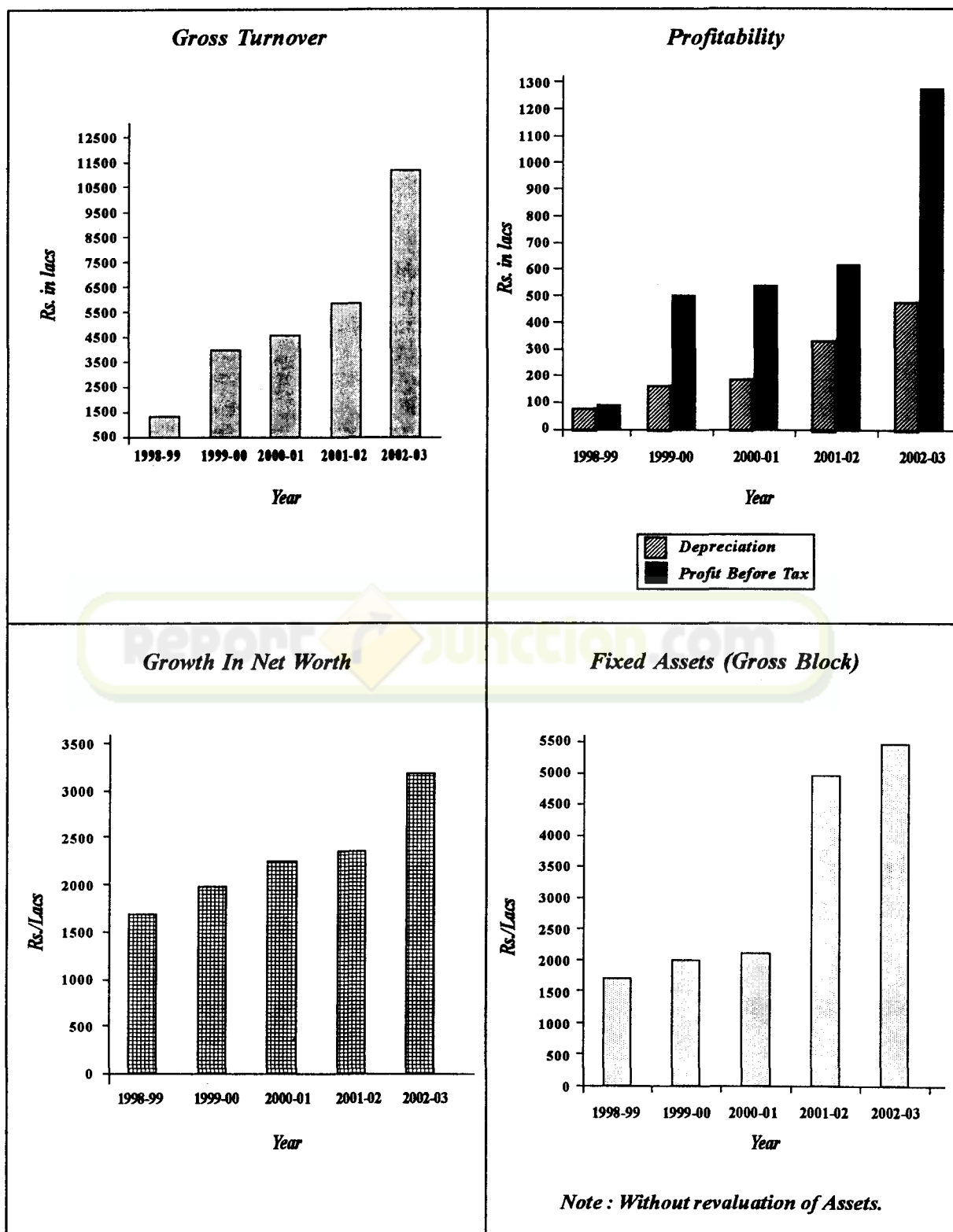




## **EIGHTEENTH ANNUAL REPORT - 2003**



***Sharda Motor Industries Ltd.***

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**BOARD OF DIRECTORS**

N. D. RELAN	<i>CHAIRMAN</i>
AJAY RELAN	<i>Managing Director</i>
SHARDA RELAN	<i>Whole Time Director</i>
ROHIT RELAN	<i>Director</i>
S. P. MARWAHA	<i>Director</i>
R. P. KAPUR	<i>Director</i>
R. P. CHOWDHRY	<i>Director</i>
N. K. MALHOTRA	<i>Executive Director</i>
RAJAN NARAYAN	<i>Director (Technical)</i>

**GENERAL MANAGER (F&A)**

D. A. AGGARWAL

**COMPANY SECRETARY**

NITIN VISHNOI

**AUDITORS**

M/S. S. R. DINODIA & CO.  
CHARTERED ACCOUNTANTS  
NEW DELHI

**BANKERS**

CANARA BANK  
CITI BANK  
PUNJAB NATIONAL BANK

**REGISTERED OFFICE**

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

**Sharda Motor Industries Ltd.****B. Other Entitlements**

1. Entertainment Expenses : Reimbursement of entertainment expenses incurred for company's guests subject to a maximum of Rs.10000/- per month.
2. Books & Periodicals : Actual subject to a maximum of Rs. 10000/- per month.
3. Attendant : Actual subject to a maximum of Rs. 6000/- per month.
4. Medical for Self & Family : Actual as per bills for self and family subject to maximum of Rs. 2000/- per month. In addition the company will provide a Medical Insurance Policy under any General Insurance Scheme, bearing annual premium not exceeding Rs. 15000/-.
5. Leave Travel Concession : Actual as per bills for self & family once in a year as per Company Rules.
6. Earned / Privilege Leave : As per Company Rules. Leave accumulated but not availed of during his tenure encashable as per Company Rules.
7. Car : Provision for Chauffer Driven Car for official purposes only and use for personal purposes shall be billed by the Company.
8. Telephone : Free telephone at residence, personal long distance calls to be paid by him.

**OTHER TERMS APPLICABLE TO THE APPOINTMENT**

- a. Notwithstanding anything herein, where in any financial year during the currency of tenure of the Appointee, the Company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and other entitlements as specified above, subject to the provisions of the Companies Act, 1956 and / or other applicable Rules.
- b. The appointment may be terminated by either party by giving, in writing, to other party, three calendar months notice or lesser notice as may be agreed mutually."
8. **To consider and, if thought fit to pass with or without modification (s), the following resolutions as Special Resolutions:**

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consent, approvals and permissions as may be needed the remuneration package of Mr. Ajay Relan, Managing Director of the Company be and is hereby revised, with effect from 1<sup>st</sup> April' 2003 till the expiry of his present tenure of appointment i.e. upto 31<sup>st</sup> August' 2006, in the following manner:-

Salary : From Rs.1,50,000/- (Rupees One Lakh Fifty Thousand only) to Rs. 3,00,000/- (Rupees Three Lakhs only) per month.

**RESOLVED FURTHER THAT** save as aforesaid the other terms of appointment of Mr. Ajay Relan shall remain unaltered as approved vide Resolution at item No.7 at Sixteenth Annual General Meeting of the Company held on 4<sup>th</sup> September' 2001."

**Sharda Motor Industries Ltd.****NOTICE**

NOTICE is hereby given that the Eighteenth Annual General Meeting of Sharda Motor Industries Limited will be held at Habitat World at India Habitat Centre, Lodhi Road, New Delhi, on Thursday the 4<sup>th</sup> September, 2003 at 12:00 Noon to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2003 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 2002-03
3. To appoint a Director in place of Mr. Ajay Relan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. P. Kapur who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s S.R.Dinodia & Co., Chartered Accountants, as Auditors of the Company and to fix their remuneration.

**SPECIAL BUSINESS**

6. To appoint Mr. Rajan Narayan as a Director who was appointed by the Board of Directors of the Company as an Additional Director on 1<sup>st</sup> April' 2003 and who holds office under Section 260 of the Companies Act, 1956 upto the conclusion of this Annual General Meeting and in respect of whom the company has, as required by Section 257 of the Companies Act, 1956, received notice in writing from member proposing his candidature for the office of director and signifying his intention to move following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Rajan Narayan be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby accords its approval for the appointment of Mr. Rajan Narayan as a whole-time director to be designated as Director (Technical) of the company for a period of Three years with effect from 1<sup>st</sup> April 2003 to 31<sup>st</sup> March 2006 on payment of remuneration and other benefits subject to tax deduction as per the Income Tax Act, as set out hereunder:

**A. Salary** : **Basic** : Rs. 1,40,000/- (Rupees One Lakh Forty Thousand only) per month.

**HRA** : Rs. 20,000/- (Rupees Twenty Thousand only) per month.

**Sharda Motor Industries Ltd.****NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 Hours before the Meeting.
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
3. The Register of the Members and Share Transfer Books of the Company will remain closed from 01.09.2003 to 04.09.2003 (both days inclusive).
4. Shareholders desiring any information in respect of accounts are required to write to the company so as to enable the Management to keep the information ready.
5. Dividend if approved by members at Annual General Meeting will be paid to those members, whose names appear on the Register of the members on 4<sup>th</sup> September, 2003.
6. Pursuant to Section 205A (5) read with Section 205 C of the Companies Act, 1956 (as amended) any money transferred to the unpaid dividend account of a Company remaining unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to Investor Education and Protection Fund and thereafter no claims shall lie against the fund or the Company. So, you are advised to claim the same from the Company immediately. The due dates of transfer of the following dividends to the Fund are as under:

Financial Year Ended	Date of Declaration of Dividend	Proposed Due date for transfer to IEP Fund
31.03.1996	21.08.1996	01.10.2003
31.03.1997	03.09.1997	14.10.2004
31.03.1998	04.09.1998	15.10.2005
31.03.1999	01.09.1999	12.10.2006
31.03.2000	30.08.2000	10.10.2007
31.03.2000	30.03.2000 (Interim Dividend)	10.05.2007
31.03.2001	04.09.2001	03.10.2008
31.03.2002	05.09.2002	04.10.2009

7. Members are requested to intimate change, if any, in their registered addresses immediately.
8. Members are requested to bring their copy of the Annual Report to the Meeting.

**Sharda Motor Industries Ltd.**

9. **To consider and, if thought fit to pass with or without modification (s), the following resolutions as Special Resolutions:**

**"RESOLVED THAT** in supersession of earlier Resolutions passed vide Item No.9 by the shareholders in 15<sup>th</sup> Annual General Meeting of the company held on 30<sup>th</sup> August' 2000 and pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), a sum not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of Section 198, 349 and 350 of the Act, be paid to and distributed between the non-whole-time directors viz Mrs.Sharda Relan and Mr. Rohit Relan in such manner and / or proportion as may be decided and directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year.

**"FURTHER RESOLVED THAT** in case of absence or inadequacy of profits, in any financial year, no commission shall be paid to them for that financial year."

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311 & 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consent, approvals and permissions as may be needed, the company accords its approval to the appointment of Mr. N. D. Relan who has attained the age of 74 years, as the Whole-time Director of the Company with effect from 1<sup>st</sup> July' 2003 for 5 years on following terms and conditions:-

- |                               |   |
|-------------------------------|---|
| <b>A Salary</b>               | : Rs. 2,50,000/- (Rupees Two Lakhs & Fifty Thousand Only) per month.  |
| <b>B Commission</b>           | : Subject to a maximum of 1% (One Percent) of net profits of the Company computed in accordance with the provisions of the Companies Act, 1956. |
| <b>C Other Entitlements :</b> |   |
| 1. Medical for Self & Family  | : Actual as per bills for self & family subject to a ceiling of one month salary.   |
| 2. Leave Travel Concession    | : Actual as per bills for self & family once in a year as per the Company Rules.  |
| 3. Earned / Privilege Leave   | : As per Company Rules. Leave accumulated but not availed of during the tenure are encashable as per Company Rules.                             |
| 4. Club fees                  | : Actual fees for a maximum of two clubs excluding admission and life membership fees.  |
| 5. Car                        | : Provision for Chauffer Driven Car for official purposes only and use for personal purposes shall be billed by the Company.                    |
| 6. Telephone                  | : Free telephone at residence   |

**OTHER TERMS APPLICABLE TO THE APPOINTMENT**

- a.) Notwithstanding anything herein, where in any financial year during the currency of tenure of the Appointee, the Company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and other entitlements as specified above, subject to the provisions of the Companies Act, 1956 and / or other applicable Rules.
- b.) The appointment may be terminated by either party by giving, in writing, to other party, three calendar months notice or lesser notice as may be agreed mutually."

By Order of the Board  
For SHARDA MOTOR INDUSTRIES LTD.

Place : New Delhi  
Dated : 11<sup>th</sup> July' 2003

NITIN VISHNOI  
(Company Secretary)



***Sharda Motor Industries Ltd.*****ANNEXURE TO NOTICE**

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

**ITEM NO.6 & 7**

The Board of Directors of your company, in accordance with Section 260 of the Companies Act, 1956 and Articles of Association of the Company, had appointed Mr. Rajan Narayan, as an Additional Director with effect from 1<sup>st</sup> April' 2003 to strengthen the Board and to have benefits of his vast experience and expertise in the field of Automobile. He had worked for 'Guest Keen Williams Ltd.' for more than 24 years at key levels. He had also rendered his services, for more than three years, to 'Mahindra & Mahindra' at Chief Executive Level.

Mr. Rajan Narayan will hold the office as such until the conclusion of this Annual General Meeting and is eligible for reappointment since the company had received notice as required under Section 257 of the Companies Act, 1956, from member proposing his candidature for the office of Director of the Company.

The Board of Directors had also appointed Mr. Rajan Narayan as a whole-time director with the designation of Director (Technical) for a term of three years with effect from 1<sup>st</sup> April' 2003 on the terms of remuneration as mentioned in the proposed resolution herein above at item no.7.

In view of rich experience in the industry and expertise, the Board of Directors consider it beneficial and in the interest of the company to have him in the Board and recommend his appointment as the Director (Technical).

A brief profile Mr. Rajan Narayan appears under Note No. 09 in the accompanying Notice convening the Annual General Meeting.

None of the Director of the Company is interested in above resolution except Mr. Rajan Narayan who may be deemed to be concerned or interested to extent of remuneration payable to him.

**ITEM NO.8**

The member had, at the 16<sup>th</sup> Annual General Meeting of the Company held on 4<sup>th</sup> September' 2001, approved the terms & conditions of the appointment of Mr. Ajay Relan, Managing Director of the Company for a period of five years from 1<sup>st</sup> September' 2001 to 31<sup>st</sup> August' 2006.

But taking into consideration the increased business volumes of the company emerging added responsibilities of the Managing Director, it is appropriate that the remuneration package of the Managing Director should be revised in the light of present conditions. Therefore it is proposed, on the recommendations made by the 'Remuneration Committee' and 'Board of Directors' of the Company in their meetings held on 19<sup>th</sup> June' 2003 and 2<sup>nd</sup> July' 2003 respectively, that the Salary of the Managing Director be increased from Rs.150000/- per month to Rs.300000/- per month with retrospective effect from 1<sup>st</sup> April' 2003. However all other terms and conditions of his appointment will remain unchanged.

The Directors recommend the resolution at item no.8 of the Notice for the acceptance by the members.

A brief profile Mr. Ajay Relan appears under Note No. 09 in the accompanying Notice convening the Annual General Meeting.

None of the Directors of the company is interested in the above resolution except Mr. Ajay Relan himself and Mr. N. D. Relan, Mrs. Sharda Relan and Mr. Rohit Relan being relatives of Mr. Ajay Relan.



**Sharda Motor Industries Ltd.****9. INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT.**

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

Name of Director	Mr.N.D.Relan	Mr.Ajay Relan	Mr.R.P.Kapur	Mr.Rajan Narayan
Date of Birth & Age	31st May' 1929 74 Years	3rd Dec.' 1961 41 Years	2nd Oct.' 1927 75 Years	14th April' 1942 61 Years
Appointed on	29th Aug.' 1986	29th Jan.' 1986	29th Aug.' 1986	1st April' 2003
Qualification	B.Com	B.Com (Hons), OPM Program From Harvard Business School, USA.	Master of Engineering From Sheffield University, U.K.	B.Tech (Hons) From I.I.T. Kharagpur.
Expertise in specific functional areas	Accounts, Finance, Business Management and Capital Market.	Business Management	Administration	Production, Process & Quality Control Management
Directorship held in other public Companies	1. Bharat Seats Ltd. 2. Relan Industrial Finance Ltd. 3. PEBCO Ltd. 4. Sharda Houwa India Ltd.	1. Bharat Seats Ltd. 2. Relan Industrial Finance Ltd. 3. Sharda Houwa India Ltd.	1. Phelp Doge- Metdist Mining India P Ltd.	1. Mahindra Construction Co. Ltd.
Membership / Chairmanship of Committees across public companies	None	None	Of Sharda Motor Ind.Ltd Audit-Member Shareholders Grievance-Member Remuneration - Chairman	None

By Order of the Board  
For SHARDA MOTOR INDUSTRIES LTD.

Place : New Delhi  
Dated : 11<sup>th</sup> July' 2003

NITIN VISHNOI  
(Company Secretary)

**Sharda Motor Industries Ltd.****DIRECTOR'S REPORT**

To the Members,

Your Directors are pleased to present the Eighteenth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March' 2003.

**FINANCES :**

	Year Ended 31.03.2003	(Rs. in Lacs) Year Ended 31.03.2002
Sales	11190.82	5884.47
Profit before Other Income, Depreciation & Financial Charges	1660.73	974.93
Add: Other Income	169.62	28.27
Profit before Depreciation, Financial Charges & Provisions	1830.35	1003.20
Less:		
a) Depreciation	480.32	334.24
b) Financial Charges	73.76	52.79
c) Provision for taxation		
- Current Tax	107.51	46.93
- Deferred Tax	240.21	(268.42)
<b>Net Profit after Tax</b>	<b>928.55</b>	<b>837.66</b>
Add: Profit brought forward from Previous year	316.51	86.37
<b>Profit available for appropriation</b>	<b>1245.06</b>	<b>924.03</b>
<b>APPROPRIATIONS</b>		
Proposed Dividend	89.19	89.10
Tax on Proposed Dividend	11.43	-
Transferred from Deferred Tax Reserve	(268.42)	-
Transferred to Deferred Tax Reserve	-	268.42
Transferred to General Reserves	400.00	250.00
Balance carried forward to Balance Sheet	1012.86	316.51

**OPERATIONS**

The Directors have pleasure to report that the Company worked well during the year under report. During the year under review, the turnover of your Company was Rs.111.91 crores as against Rs.58.84 crores for the previous financial year registering an increase of 90%.

**DIVIDEND**

The Directors recommend a Dividend of Rs.3/- per share @ 30% amounting to Rs.89.19 Lacs for the year ended 31<sup>st</sup> March, 2003.

**DIRECTORS**

Mr. Ajay Relan and Mr. R. P. Kapur, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

Mr. N. D. Relan and Mr. Rajan Narayan are proposed to be appointed as Whole-time Directors of the Company on payment of remuneration within limit prescribed under the Companies Act, 1956 and Rules made there under, the details of which are given in the Notice of the Annual General Meeting.