



# **27th**

## **Annual Report**

### **2011-12**

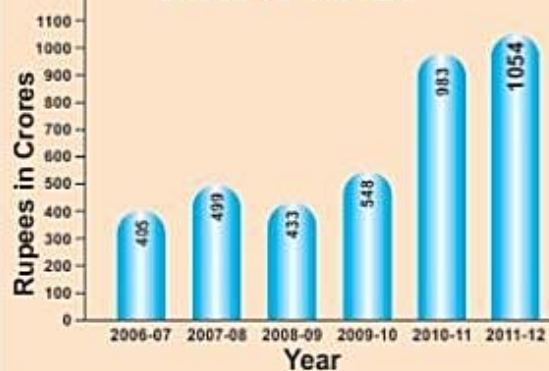


**Sharda Motor Industries Limited**



# PERFORMANCE HIGHLIGHTS

## GROSS TURNOVER



## PROFITABILITY



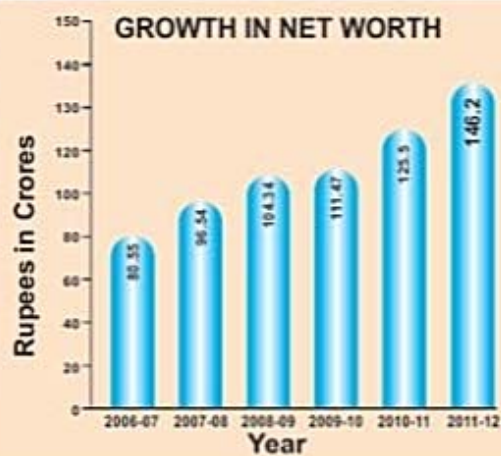
## EARNING PER SHARE



## FIXED ASSETS (GROSS BLOCK)



## GROWTH IN NET WORTH



**BOARD OF DIRECTORS**

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

**PRESIDENT (LEGAL) & CFO**

PRADEEP RASTOGI

**SR. VICE PRESIDENT (F&A)**

D. A. AGGARWAL

**COMPANY SECRETARY**

NITIN VISHNOI

**AUDITORS**

M/S. S. R. DINODIA & CO.  
CHARTERED ACCOUNTANTS  
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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## Chairman's Message

Dear Shareholders

Warm Greeting to all of you

The fiscal year 2011-12 has been one of the most challenging years for the Company. The combined effect of European debt crisis and global economic slowdown along with the domestic challenges viz. availability high cost raw material have impacted auto Ancillary industries hence the performance of Your Company.

I am extremely happy to present before you a snapshot of the achievements made by your Company during last fiscal.

The Revenue from operation of the Company for the year under review has increased to Rs. 75,142.19/- Lacs as compared to Rs 70,020.54/- Lacs in the previous financial year, registering a growth of 7.31%. The Profit before interest, depreciation and tax (PBIDT) of the Company increased to Rs. 7,066.88/- Lacs during the year under review as compared to Rs. 6058.04 /- Lacs in the previous financial year registering an increase of 16.65%. Net profit after tax (PAT) during the year under review increased to Rs. 2,761.09/- Lacs as compared to Rs. 2,096.78/- Lacs during the previous financial year registering an increase of 31.68.%.

This Performance has enabled the Board of Directors to recommend a dividend of Rs.10/- per share of Rs. 10/- each subject to the Shareholder's approval in the ensuing Annual General Meeting.

During the period under review pursuance to order dated 25th July' 2012 of Hon'ble High Court Delhi, wholly owned subsidiary Company i.e Sharda Sejong Auto Components (India) Limited, has



been Amalgamated with the your Company.

Your Company has always followed the highest standards of best Management practices to ensure Corporate Governance and considers it as more of an ethical requisite than a regulatory necessity.

The innovativeness and spirit of the SMIL employees, which has always been one of its greatest strengths, I am sure will meet the challenges ahead and enable the company to successfully fulfill its long term vision.

In conclusion, I would like to express my thank to you all for your valuable belief in SMIL and thank the management and employees for their diligent efforts which have enabled the Company to fulfill its designated role with the framework of development and modernization effectively. I would also like to extend my gratitude to all other stakeholders including bankers for their confidence and interest in the Company.

I would like to thanks to all Board Members for their consistent supports and direction which has greatly contributed to SMIL path to success.

I along with Board of Directors sincerely thank all our shareholders, customers, bankers and stakeholders for their continued support and faith reposed in your Company and look forward to a bright year ahead.

## Message From MD

Dear Shareholders



Ajay Relan

In the Year 2011- 2012, we as a nation, have faced many economic issues. I would like to share with you couple of them which have impacted the nation as a whole and industry in particular.

To begin with, my concern is with GDP growth which has been only around 6.5%. This is the lowest GDP growth in the last ten years. Among the many sectors of Industries which have been affected, I believe that the Manufacturing Sector has been affected the most.

Inflation was a matter of concern through out the year together with high borrowing costs. Inflation has eased a little in the last few weeks. But, there are still concerns with crude oil price, it continues to trade around \$100 Per Barrel. The weakening Rupee, in the last few months, has further increased the cost of import of petroleum and petroleum products along with other imports of essential industrial materials.

I believe, now in certain ways, we have evolved a business model that is well geared to convert this difficult time in to opportunity. The structured manner of approaching markets, strength of customer relationships and ability to service

customers as partners holds us in good stead. While we continue to look at home markets, we are also reaching out to global opportunities.

I firmly believe that sustainability has to be at the heart of our business model and will help us drive faster growth and reduce costs. We see this as a source of competitive advantage for the business now and in the years ahead.

I would like to thank each and every one of our employees whose commitments and efforts made 2011-12 yet another successful year for the Company. At the end, I would also like to thank you, all our shareholders, for your continued support in our journey of delivering consistent, competitive, profitable and responsible growth.

## NOTICE

NOTICE is hereby given that the Twenty- Seventh Annual General Meeting of Sharda Motor Industries Limited will be held at Habitat World, India Habitat Centre, Lodhi Road, New Delhi on **Wednesday the 12th September, 2012 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, 2012 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 2011-12
3. To appoint a Director in place of Shri N. D. Relan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Professor Ashok Kumar Bhattacharya who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Rohit Relan who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s S. R. Dinodia & Co., Chartered Accountants, the retiring auditors of the Company, as Auditors of the Company, to hold office commencing from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Director, to fix their remuneration for the period.

### SPECIAL BUSINESS

- 7 TO CONSIDER AND, IF DEEMED FIT, TO PASS THE FOLLOWING RESOLUTION, WITH OR WITHOUT MODIFICATION, AS A SPECIAL RESOLUTION.**

**"RESOLVED THAT** pursuant to provisions of Section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2011(including any statutory modification(s) or re-enactment thereof, for the time being force) and all other applicable provisions, if any of the Companies Act, 1956, consent of the company be and is hereby accorded to the appointment of Shri Aashim Relan, son of Shri Ajay Relan, Managing Director and a relative of Shri N. D. Relan , Chairman and Smt. Sharda Relan, Director of the Company, to hold and continue to hold an Office or Place of Profit as "Chief Operating Officer (COO) (or any other designation and roles which the Board / Committee of the Board may decide from time to time) with effect from 28th June 2012, on such remuneration and terms and conditions as set out in the explanatory statement attached to this Notice."

- 8. TO CONSIDER AND, IF DEEMED FIT, TO PASS THE FOLLOWING RESOLUTION, WITH OR WITHOUT MODIFICATION, AS A SPECIAL RESOLUTION**

**"RESOLVED THAT** pursuant to section 113 of the Companies Act, 1956 read with the companies (issue of share certificate) Rule 1960, and any other applicable provisions/rules/schedule, if any, of the Company Act 1956, including any statutory amendment or reenactments, in accordance with article of association of the company, and other applicable law time being in force, if any, consent of the company be and is hereby accorded that the minimum physical lot of share certificate of the company shall be hundred and Board of Directors of the company be and are hereby authorised to modify the minimum physical lot of share certificate.

**"FURTHER RESOLVED THAT** the Board of Directors be and is hereby authorised to accept or refuse the re-mate request bellow the minimum physical lot of share certificate (i.e. 100 (hundred share certificate).

**"FURTHER RESOLVED THAT** the Board of Directors be and is hereby authorised to recover the administrative chargers from members to process the Re-mate or D-mate, share certificate of the company"

**"FURTHER RESOLVED THAT** no further permission or consent or/reference to the member shall be required for creating, modifying to internal rule and regulation to process the re-mate or de-mate request and other request in connection with physical lot of share certificate.

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

Place : New Delhi  
Dated : 27th July, 2012

**NITIN VISHNOI**  
Company Secretary



**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
3. The Register of the Members and Share Transfer Books of the Company will remain closed from **5th September, 2012 to 12th September, 2012** (both days inclusive).
4. Shareholders desirous of obtaining any information/clarification concerning the accounts or intending to raise any query are required to forward the same to the company so as to enable the Management to keep the information ready.
5. Dividend if approved by members at Annual General Meeting will be paid to those members, whose names appear on the Register of Members on **12th September, 2012**.
6. 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
31.03.2005	01.08.2005	30.08.2012
31.03.2006	25.10.2005*	23.11.2012
31.03.2006	25.08.2006	23.09.2013
31.03.2007	27.01.2007*	25.02.2014
31.03.2007	25.07.2007	23.08.2014
31.03.2008	28.01.2008*	26.02.2015
31.03.2008	04.08.2008	02.09.2015
31.03.2009	28.01.2009*	26.02.2016
31.03.2009	27.06.2009*	26.07.2016
31.03.2009	24.08.2009	22.09.2016
31.03.2010	28.01.2010*	26.02.2017
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

\* Interim Dividend

7. Members are requested to intimate change, if any, in their postal addresses immediately to:  
Alankit Assignments Ltd.  
(Registrar & Transfer Agent)  
Alankit House, 2E/21,  
Jhandewalan Extension,  
New Delhi 110055.
8. Annual Listing fee for the year 2012-13 has been paid to Delhi Stock Exchange wherein shares are listed.
9. Members/proxies should bring the attendance slips duly filled in and signed for attending the meeting.

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

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

<b>Name of Director</b>	<b>Shri N. D. Relan</b>	<b>Shri Rohit Relan</b>	<b>Professor Ashok Kumar Bhattacharya</b>
Date of Birth & Age	31.05.1929	02.07.1955	14.02.1946
Nationality	Indian	Indian	British (PIO)
Appointed on	29.08.1986	25.05.1991	28.10.2009
Qualifications	B.Com	FCA,OPM,USA	Masters in Physical Chemistry from IIT, Kharagpur and Phd from Churchil College, University of Cambridge
Expertise in specific functional areas	Accounts, Finance, Business Management & Capital Market	Accounts, Finance, Business Management& Capital Market	Research & Development
Directorships held in other Public companies (excluding foreign and private companies)	M/s Bharat Seats Limited M/s Relan Industrial Finance Ltd. M/s PEBCO Motors Limited M/s Sharda Sejong Auto Components (I) Ltd.	M/s Bharat Seats Limited M/s Relan Industrial Finance Ltd. M/s Sharda Sejong Auto Components (I) Ltd.	None
Membership / Chairmanship of Committees across public Companies	<b>Audit Committee</b> Bharat Seats Ltd. Pebco Motors Limited Sharda Sejong Auto Components (I) Ltd. <b>Remuneration Committee</b> Bharat Seats Ltd. Pebco Motors Limited <b>Shareholders Grievance Committee</b> Bharat Seats Ltd	None	None
Shareholding of Non-Executive Directors in Sharda Motor Industries Ltd	488,020	478,818	Nil

11. The Securities and Exchange Board of India (SEBI) vide circular ref. no. MRD/DoP/Cir-05/ 2009 dated May 20, 2009 has clarified that for securities market transactions and off-market / private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company / RTAs for registration of such transfer of shares.

Further, SEBI vide circular Ref.no. MRD/DoP/SE/ RTA / Cir-03/2010 dated January 07, 2010, has clarified that for deletion of name of the deceased shareholder(s), transmission of shares to the legal heir(s) and for transposition of shares, it shall be mandatory to furnish a copy of PAN card to the Company /RTAs.

- 12 The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 stating that the Companies can now despatch their documents to the shareholders through electronic mode. As a result, the Companies are now permitted to send various notices/ documents to the shareholders on their registered e-mail address and will be deemed for serving notices/documents including those covered under Section 219 of the Companies Act, 1956(the Act) read with Section 53 of the Act.

In view of the above circular, we propose to send in future all documents including the Annual Report, which inter alia, includes notice convening Annual General Meeting, Auditors' Report, Directors' Report and Financial Statements, in electronic form to the email address registered by you and made available to us by the Depositories.

The members of the Company holding shares in physical form are requested to send their mail ids to the Company's Registrar & Transfer Agent (e-mail address mentioned in the Annual report under Corporate Governance), for future correspondences by the Company through this mode. Further, in case members holding shares in electronic form wish to change their e-mail address, are requested to inform the respective Depository Participants accordingly.

The Company is sure that the members would welcome the "Green Initiative" taken by the MCA and the company's desire to participate in the same going forward, as it will ensure prompt receipt of communication and avoid loss in postal transit.

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

Place : New Delhi  
Dated : 27th July, 2012

**NITIN VISHNOI**  
Company Secretary



**ANNEXURE TO NOTICE****Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956****ITEM NO. 7**

Approval of the members is being sought under section 314 and other applicable provisions, if any, of the Companies Act, 1956 for the appointment of Shri Aashim Relan, who is the son of Shri Ajay Relan, Managing Director and a relative of Shri N. D. Relan, Chairman and Smt. Sharda Relan, Director of the Company, to hold and continue to hold office in the Company, with effect from 28th June 2012.

The terms of appointment of Shri Aashim Relan are as follows:

**Salary:** Basic Rs 180,000/- per month.

**Other Entitlements**

1.	Medical for Self & Family	:	Actual for self and family including Premium of medical claim Policy (ies)
2.	Leave Travel Concession	:	For self and family as per Company Rules.
3.	Earned / Privilege Leave	:	As per Company Rules. Leaves accumulated but not availed of during his tenure encashable as per Company Rules.
4.	Provident Fund	:	Company's Contribution towards Provident Fund, Pension Fund & Superannuation Fund as per the Company Rules.
5.	Gratuity	:	Gratuity as per the Payment of Gratuity Act, 1972 including any amendment or re-enactment thereof.

He will also be entitled for such other perquisites and allowances in accordance with the rules of the Company or as may be agreed upon by the Board of Directors and Shri. Aashim Relan from time to time, including reorganize/ restructure the remuneration package in accordance with provisions of Section 314 and Director's Relatives (Office or Place of Profit) Rules, 2011, subject to maximum permissible limit prescribe under the said Rules.

Shri Aashim Relan is young and dynamic personality; he did his graduation in economics major from "Emory University, Atlanta (U.S.A)". He was one of the top rankers in academics.

Taking into consideration his qualifications, it is proposed to appoint Shri Aashim Relan in the Company to be primarily responsible for business development in domestic and international market and finance planning.

Your Board of Director's believes that Shri Aashim Relan is fit for successfully handling this responsibility.

The proposed appointment of Shri Aashim Relan has been approved by the Board and recommended his appointment for your approval.

As mentioned above Shri Aashim Relan, son of Shri Ajay Relan, Managing Director and a relative of Shri N. D. Relan, Chairman and Smt. Sharda Relan, Director of the Company. His appointment and payment of remuneration is therefore covered under section 314 of the Act, requiring consent of shareholders by Special Resolution. Hence the Special Resolution contained in the accompanying Notice which your Directors recommend for your approval.

None of the Directors of the Company is concerned or interested in this resolution except Shri N. D Relan chairman, Shri Ajay Relan, Managing Director and Smt. Sharda Relan, Director of the Company.

**ITEM NO - 8**

In order to follow the better corporate governance practices, in line with Green Initiative taken by The Ministry of Corporate Affairs by encouraging paperless compliances, your Board of Directors proposes to fix a minimum lot size of physical share certificate of 100 nos., subject to your approval.

This will be also avoid/reduce the unnecessary paper work and expenses of printing, posting cost and other incidental cost.

The Board of Directors recommends passing of resolution as set out at item No. 08 of the notice.

None of the Director of the Company is interested in above said resolution.

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

Place : New Delhi  
Dated : 27th July, 2012

**NITIN VISHNOI**  
Company Secretary

## DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Twenty-Seventh Annual Report together with the Audited Accounts for the year ended 31st March' 2012.

### 1. FINANCIAL RESULTS:

	Year Ended 31.03.2012	(Rs. In Lacs) Year Ended 31.03.2011
Revenue from operations	75,142.19	70,020.54
Other Income	581.50	386.79
Total Revenue	75,723.69	70,407.33
Profit before Financial Charges, Depreciation	7,066.88	6058.04
Less : Financial Costs	933.10	816.73
Profit before Depreciation & Taxes	6133.78	5241.31
A. Depreciation	3,126.00	2,418.21
B. Taxation		
— Current Tax	450.00	231.00
— Deferred Tax Charged/ (Released)	(199.54)	495.42
— Adjustments for earlier years	(3.79)	(0.10)
<b>Net Profit after Tax</b>	2761.09	2,096.78
Add: Profit brought forward from Previous year	1,478.88	1,575.50
<b>Profit available for appropriation</b>	4,239.97	3,672.28
<b>APPROPRIATIONS</b>		
Proposed Dividend	297.32	297.32
Tax on Proposed Dividend	48.23	49.38
Interim Dividend	297.32	297.32
Tax on Interim Dividend	48.23	49.38
Transferred to General Reserves	2,000.00	1,500.00
Balance carried forward to Balance Sheet	1,548.87	1,478.88

### 2. OPERATIONS

During the year under review, the gross revenue from operations and other income for the year was Rs. 75,723.69 lacs as against Rs. 70,407.33 lacs showing a increase of 6.72% over the previous year's gross revenue. The profit before finance charges, depreciation and taxation is Rs. 7,066.88 lacs for the financial year under review as against Rs. 6,058.04 lacs for the previous year showing the increase of 16.65 %. The profit after tax increase by 31.68 % to Rs. 2,761.09 lacs as compared to Rs. 2,096.78 lacs, last year.

### 3. DIVIDEND

In January, 2012, your Company had paid an interim dividend of Rs.5.00 per share. Your Directors has further recommended a final Dividend of Rs.5.00 per Equity Share @ 50% on the paid-up Equity Share Capital of the Company for the year ended 31st March' 2012.

The Final Dividend, if approved at the forthcoming Annual General Meeting, shall be paid out of the profits of the Company to those shareholders whose names appear on 12th September, 2012. Thus, the total dividend for the year 2011-12 would be Rs.10.00 per equity share.

The Cash outflow on account of dividend including interim dividends on equity share capital will be Rs.691.10 Lakhs including dividend tax of Rs.96.46 Lakhs.

### 4. CRISIL RATING

CRISIL has, after due consideration, reaffirmed the "CRISIL A1" (pronounced "CRISIL A one") rating for the captioned Debt Programme. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.