



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

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



Ajay Relan

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	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.
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.