



31st Annual Report 2015 - 16



BOARD OF DIRECTORS

KISHAN N PARIKH

N. D. RELAN

AJAY RELAN

SHARDA RELAN

ROHIT RELAN

R. P. CHOWDHRY

O. P. KHAITAN

PROF. ASHOK KUMAR BHATTACHARYA

BIRESWAR MITRA

SATINDER KUMAR LAMBAH

Chairman

Co-Chairman (ceased w.e.f. 2nd June, 2016)

Managing Director & CEO

Director

Director

Director

Director (ceased w.e.f. 6th December, 2015)

Director

Executive Director

Director

PRESIDENT (LEGAL) & CFO

PRADEEP RASTOGI

VICE PRESIDENT & COMPANY SECRETARY NITIN VISHNOI

AUDITORS
STATUTORY AUDITORS

M/S. S. R. DINODIA & CO. LLP

CHARTERED ACCOUNTANTS

NEW DELHI

SECRETARIAL AUDITORS

M/S V.K. CHAUDHARY & CO.

COMPANY SECRETARIES

NOIDA

COST AUDITORS

M/S GURDEEP SINGH & ASSOCIATES

COST ACCOUNTANTS

NEW DELHI

BANKERS

YES BANK LIMITED

IDFC BANK

CITI BANK

ICICI BANK

STATE BANK OF INDIA

PUNJAB NATIONAL BANK

REGISTERED OFFICE

D-188, OKHLA INDUSTRIAL AREA,

PHASE - I, NEW DELHI - 110 020

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CIN: L74899DL1986PLC023202

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SHRI NARINDER DEV RELAN

1929-2016

An inspiration for hard work and honesty.

Managing Director's Message

Dear Valued Stakeholders,

Our founder Chairman Late Shri N.D. Relan left us for his heavenly abode on 2nd June, 2016 leaving behind his rich legacy and values. His principles will continue to inspire us in the future and will help us in tackling the problems in critical situations.

He may have left us, but at SMIL, we are committed to the future growth of the Company, in line with his vision and inspiration of trust, determination and excellence. We will take forward his abiding philosophy of doing work with the highest level of integrity and nurturing long term relationships with all the stakeholders.

To help the auto component industry, the government has announced various reforms in annual budgets, policies and programmes. Forward looking policy measures such as announcement of introduction of GST, consolidation of various exports schemes, simplification of procedures to help integrate India into the global value chain, improving ease of doing business index through online and e-governance interventions and reducing the transaction costs augur well for the industry.



Your Company has recorded growth in revenues, reserves and profits during the year under review. Continued growth in the shareholders' value and strong financial base are the key focus areas for the management.

Keeping in view the great contribution of our employees at all levels, I would like to thank them for their commitment and hard work and for achieving the milestones of excellence year after year. I also take this opportunity to offer sincere thanks to our valued customers, suppliers, Central and State Governments, local communities and contractors for their continuous support and assistance.

Vision of Late Shri N.D. Relan brought us to the threshold of the next phase of growth and returns. Now, our collective endeavour shall ensure it.

NOTICE

NOTICE is hereby given that the Thirty First (31st) Annual General Meeting (AGM) of the members of Sharda Motor Industries Limited will be held at PHD Chamber of Commerce & Industry, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi- 110016, India, on **Wednesday, the 07th day of September, 2016** at 11:30 a.m. (IST) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31st March, 2016 along with the reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend for the financial year 2015-16.
3. To appoint a director in place of Shri Bireswar Mitra (DIN 06958002) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Shri Rohit Relan (DIN 00257572) who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s S. R. Dinodia & Co. LLP, Chartered Accountants (Registration No. 01478N / N500005), the retiring auditors of the Company, as Statutory Auditors of the Company, to hold office commencing from the conclusion of this AGM until the conclusion of the next AGM and to authorize the Board of Directors, to fix their remuneration for the period.

SPECIAL BUSINESS:**6. TO APPOINT SHRI SATINDER KUMAR LAMBAH AS AN INDEPENDENT DIRECTOR**

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Satinder Kumar Lambah (DIN: 07425155), who was appointed as an additional director of the Company by the Board of Directors w.e.f. 5th February, 2016, in terms of Section 161 of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company, and to hold office for a period of five consecutive years i.e. from 5th February, 2016 to 4th February, 2021.”

7. TO RE-APPOINT SHRI AJAY RELAN AS MANAGING DIRECTOR OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) and subject to such consent, approvals and permissions as may be needed in this regard, approval of the shareholders do hereby accorded for the re-appointment of Shri Ajay Relan (DIN: 00257584) as Managing Director & CEO of the Company for a further period of five years with effect from 1st September, 2016 on payment of such remuneration and other benefits subject to tax deduction as per the Income Tax Act, as set out hereunder:

Salary : Rs 16,75,000/- per month in the range of Rs. 15,00,000 to Rs. 25,00,000 per month as may be agreed between the Board of Directors/ Nomination & Remuneration Committee and Shri Ajay Relan.

Performance linked incentive/ Commission: A performance linked incentive on quarterly/ half-yearly/ annual basis based on the performance parameters provided that the overall managerial remuneration shall not exceed the limit laid down in the Companies Act, 2013 and Schedules / Rules made thereunder, as decided by Nomination & Remuneration Committee/ Board and agreed by Shri Ajay Relan.

Other Entitlements

- a) Expenditure of Housekeeping including maintenance and insurance premium thereof.
- b) Children Education Expenditure.
- c) Medical Expenses for self & family including Premium of Medi-Claim Policy(ies).
- d) Leave Travel Concession for self & family as per the Company Rules.

- e) Clubs Membership Fees / expenses
- f) Personal Accident Insurance for self & family.
- g) Leave Encashment as per the Company Rules.
- h) Provision for company maintained chauffeur driven car
- i) Free Telephone, Fax and other communication facilities at Residence
- j) Company's Contribution towards Provident Fund, Pension Fund, and Superannuation Fund as per the Company Rules.
- k) Such other perquisites and allowances in accordance with the rules / policies of the Company or as may be agreed to by the Board of Directors and Shri Ajay Relan.

"Family means the Spouse, Dependent Children and Parents of the appointee."

"FURTHER RESOLVED THAT where in any financial year during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and other entitlements as specified above, subject to limits laid down in the Companies Act, 2013 and Schedules/ Rules made there under."

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

"FURTHER RESOLVED THAT no further permission or consent of/ reference to the members shall be required for altering, varying and/ or increasing the remuneration of Shri Ajay Relan, Managing Director of the Company, by the Board of Directors/ Nomination and Remuneration Committee of the Company, provided that such alteration, variation and/ or increase shall be within the permissible ceiling limits as specified in the Companies Act, 2013 and Schedules and Rules made thereunder or within the limits approved by the Central Government, if required, as the case may be."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps for Central Government approval, if required, and to do all such acts, deeds and things and execute all such documents instruments and writings as may be required and to delegate all or any of its powers herein offered to any committee of Directors or Director(s) to give effect to the aforesaid resolution."

8. TO APPOINT SMT. SHARDA RELAN AS A WHOLE TIME DIRECTOR

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), and subject to such consent, approvals and permissions as may be needed in this regard, approvals of the shareholders do hereby accorded to the appointment of Smt. Sharda Relan (DIN: 00252181), as a Whole Time Director and Co-Chairperson of the Company for a period of five years with effect from 10th August, 2016 to 9th August, 2021 on payment of such remuneration and other perquisites subject to tax deduction as per the Income Tax Act, as set out hereunder:

Salary : Rs 17,25,000/- per month in the range of Rs. 15,00,000 to Rs. 25,00,000 per month as may be agreed between the Board of Directors/ Nomination & Remuneration Committee and Smt. Sharda Relan.

Performance linked incentive/ Commission: A performance linked incentive on quarterly/ half-yearly/ annual basis based on the performance parameters provided that the overall managerial remuneration shall not exceed the limit laid down in the Companies Act, 2013 and Schedules / Rules made thereunder, as decided by Nomination & Remuneration Committee/ Board and agreed by Smt. Sharda Relan.

Other Entitlements

- a) Expenditure of Housekeeping including maintenance and insurance premium thereof.
- b) Medical Expenses for self & family including Premium of Medi-Claim Policy(ies).
- c) Leave Travel Concession for self & family as per the Company Rules.
- d) Clubs Membership Fees / expenses
- e) Personal Accident Insurance for self & family.

- f) Leave Encashment as per the Company Rules.
- g) Provision for company maintained chauffeur driven car
- h) Free Telephone, Fax and other communication facilities at Residence
- i) Company's Contribution towards Provident Fund and Superannuation Fund as per the Company Rules.
- j) Such other perquisites and allowances in accordance with the rules/policies of the Company or as may be agreed to by the Board of Directors and Smt. Sharda Relan.

"FURTHER RESOLVED THAT where in any financial year during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and other entitlements as specified above, subject to limits laid down in the Companies Act, 2013 and Schedules/ Rules made there under."

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

"FURTHER RESOLVED THAT no further permission or consent of/ reference to the Members shall be required for altering, varying and/ or increasing the remuneration of Smt. Sharda Relan, Co-Chairperson of the Company, by the Board of Directors/ Nomination and Remuneration Committee of the Company, provided that such alteration, variation and/ or increase shall be within the permissible ceiling limits as specified in the Companies Act, 2013 and Schedules and Rules made thereunder or within the limits approved by the Central Government, if required, as the case may be."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps for Central Government approval, if required, and to do all such acts, deeds and things and execute all such documents instruments and writings as may be required and to delegate all or any of its powers herein offered to any committee of Directors or Director(s) to give effect to the aforesaid resolution."

9. TO RATIFY / APPROVE CONTINUATION OF EMPLOYMENT OF SHRI BIRESWAR MITRA AS A WHOLE TIME DIRECTOR

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

"RESOLVED THAT pursuant to recommendation of Nomination & Remuneration Committee and Board of Directors of the Company and in accordance with the provisions of Sections 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), approval of the shareholders be and is hereby accorded for the continuation of employment of Shri Bireswar Mitra (DIN: 06958002) as a Whole Time Director (designated as Executive Director), who has attained the age of 70 years in March, 2016, upto expiry of his present term of office i.e. 2nd September, 2019 as approved by the members by way of special resolution passed through Postal Ballot on 18th November, 2014.

"RESOLVED FURTHER THAT the remuneration and other terms and conditions of appointment of Shri Bireswar Mitra shall remain unaltered as already approved by the shareholders by special resolution through Postal Ballot on 18th November, 2014."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents instruments and writings as may be required and to delegate all or any of its powers herein offered to any committee of Directors or Director(s) to give effect to the aforesaid resolution."

10. TO RATIFY THE REMUNERATION TO BE PAID TO M/S. GURDEEP SINGH & ASSOCIATES, COST AUDITORS OF THE COMPANY

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

"RESOLVED THAT pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, and rules framed thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and such other permissions as may be necessary, the members hereby ratify the remuneration of Rs. 100,000/- (Rupees One Lac only) plus Service Tax as applicable and other out-of pocket expenses payable to M/s Gurdeep Singh & Associates, Cost Accountants, appointed by the Board of Directors of the Company to conduct the audit of cost records of the specified products (i.e. Accessories of Air conditioners, Parts of house hold & others and all types of Generator Parts) for the financial year 2016-17."

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents instruments and writings as may be required and to delegate all or any of its powers herein offered to any committee of Directors or Director(s) to give effect to the aforesaid resolution.”

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

Dated : 10th August, 2016
Place : New Delhi

Nitin Vishnoi
Company Secretary
M. No. F3632

NOTES:

1. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) in respect of the Special Businesses set out in the Notice, is annexed hereto. Additional information as required under Secretarial Standard-2 and Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) pertaining to the Directors proposed to be appointed/ re-appointed is 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/HERSELF 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 commencement of meeting. Proxies submitted on behalf of limited companies, societies etc. must be supported by appropriate resolutions/authority, as applicable.

Members are requested to note that a person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. 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 Thursday, 01st September, 2016 to Wednesday, 07th September, 2016 (both days inclusive) for determining the entitlement of the shareholders to the final dividend for 2015-16, if declared at the AGM.
4. Subject to the provisions of the Companies Act, 2013, final dividend, if declared by the members at the Annual General Meeting, will be paid to those members, whose names appears on the Company’s Register of Members as on Wednesday, 31st August, 2016 i.e. record date; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
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 Registrar and Transfer Agent, Alankit Assignments Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Alankit Assignments 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 Assignments 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 Assignments 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 having any question on financial statements or any agenda item proposed in the notice of AGM are requested to send their queries at an early date to enable the management to keep the relevant information ready at the meeting.
10. Members of the Company are informed that pursuant to the provisions of the Companies Act, 1956/2013 or any statutory re-enactment thereof, the amount of dividend which remains unclaimed/ unpaid for a period of 7 years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education & Protection Fund (“IEPF”) constituted by the Central Government and thereafter, no claims shall lie against the Company. So, you are advised to claim the same from the Company immediately. The due dates of transfer of the following dividends to IEPF are as under:

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	PROPOSED DUE DATE FOR TRANSFER TO IEPF
31.03.2009	24.08.2009	22.09.2016
31.03.2010	28.01.2010*	26.02.2017
31.03.2010	18.08.2010	16.09.2017
31.03.2011	22.01.2011*	20.02.2018
31.03.2011	08.08.2011	06.09.2018
31.03.2012	24.01.2012*	22.02.2019
31.03.2012	12.09.2012	10.10.2019
31.03.2013	06.02.2013*	04.03.2020
31.03.2013	02.09.2013	30.09.2020
31.03.2014	29.01.2014*	27.02.2021
31.03.2014	03.09.2014	01.10.2021
31.03.2015	10.02.2015*	08.03.2022
31.03.2015	26.08.2015	24.09.2022
31.03.2016	05.02.2016*	03.03.2023

* Interim Dividend

11. The Notice of the AGM along with the Annual Report 2015-16 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. Annual Report and Notice is also available on Company's website www.shardamotor.com
12. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Alankit Assignments Limited/Depositories.
13. In compliance with the provisions of Section 108 of the Act and the rules framed thereunder, Secretarial Standard-2 and Listing Regulations, Company is pleased to provide facility of remote e-voting to all its members to enable them to cast their votes on all resolutions set forth in this notice electronically. Remote e-voting is optional and not mandatory. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") for the purpose of providing remote e-voting facility to all its Members.

The instructions for e – voting are as under:

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

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders.
- (iii) 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)
- (iv) Enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) 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 sequence number in the PAN field. Sequence number is printed on Attendance Slip. In case the sequence number is less than 8 digits, enter the applicable number of zeros (0s) before the number after the first two characters of the name in CAPITAL letters. E.g. if your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).