



SHARDA MOTOR INDUSTRIES LIMITED

(Our Company was incorporated on January 29, 1986 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana and received the Certificate of Commencement of Business on January 31, 1986. The Corporate Identification Number of our Company is L74899DL1986PLC023202. There has been no change in the name of our Company since incorporation)

Registered Office: D - 188, Okhla Industrial Area, Phase - I, New Delhi - 110 020
Tel.: +91 11 4733 4100, Fax: +91 11 2681 1676

Compliance Officer: Mr. Nitin Vishnoi, Company Secretary
Website: www.shardamotor.com, Email: nitin.vishnoi@shardamotor.com

INFORMATION MEMORANDUM FOR LISTING OF 5,946,326 EQUITY SHARES OF ₹ 10/- EACH OF SHARDA MOTOR INDUSTRIES LIMITED (THE "COMPANY" / "SMIL")
NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THE INFORMATION MEMORANDUM
GENERAL RISKS
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Equity Shares of the Company unless they can afford to take the risk of losing part or all of their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Equity Shares of our Company. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved. Specific attention of investors is invited to the section titled "Risk Factors" given on Page 5 of the Information Memorandum.
ABSOLUTE RESPONSIBILITY OF SHARDA MOTOR INDUSTRIES LIMITED
Sharda Motor Industries Limited having made all reasonable inquiries, accepts responsibility for and confirms that the Information Memorandum contains all information with regard to our Company, which is material, and that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omissions of which makes the Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
LISTING
The Equity Shares of our Company are presently listed on Delhi Stock Exchange Limited ("DSE") and proposed to be listed on BSE Limited ("BSE"). Our Company has submitted the Information Memorandum with BSE and the same has been made available on our Company's website viz. www.shardamotor.com . The Information Memorandum would also be made available on the website of BSE (www.bseindia.com).

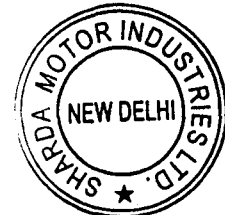
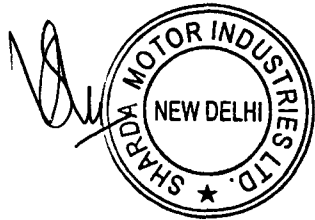


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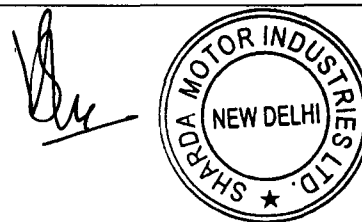
DEFINITIONS, ABBREVIATIONS AND INDUSTRY RELATED TERMS

Company Related Terms

Term	Description
"SMIL", "the Company", "our Company", "we", "us" or "our"	Unless the context otherwise requires, refers to, Sharda Motor Industries Limited, a public limited company incorporated under the Companies Act, 1956
Articles / Articles of Association / AOA	The Articles of Association of our Company, as amended from time to time
Statutory Auditors / Auditors	The Statutory Auditors of our Company, M/s. S. R. Dinodia & Co., Chartered Accountants, K- 39 Connaught Place New Delhi – 110 001
Board of Directors / the Board / our Board	The Board of Directors of Sharda Motor Industries Limited and includes its committee thereof
Directors / our Directors	The Director(s) of Sharda Motor Industries Limited, unless otherwise specified
Memorandum / Memorandum of Association / MOA	The Memorandum of Association of our Company, as amended from time to time
Registered Office / Our Registered Office	Registered Office of our Company situated at D - 188, Okhla Industrial Area, Phase - I, New Delhi - 110 020
Promoters	Mr. Narinder Dev Relan, Mrs. Sharda Relan, Mr. Ajay Relan and Mr. Rohit Relan
Promoter Group	Mrs. Ritu Relan, Mrs. Mala Relan, Ms. Aashita Relan,, Mr. Rishabh Relan, Mr. Aashim Relan, Mr. Pranav Relan, Mr. Ayush Relan, Narinder Dev Relan (HUF), Ajay Relan (HUF), Rohit Relan (HUF), Mr. Ram Prakash Chowdhry, Mrs. Indira Chowdhry, Bharat Seats Limited, Relan Industrial Finance Limited, Progressive Engineering and Automation Private Limited, Sharda Auto Solution Private Limited, Sharda Inoac Private Limited, Sharda Enterprises, A.N.I Hospitality LLP

Conventional and General Terms / Abbreviations

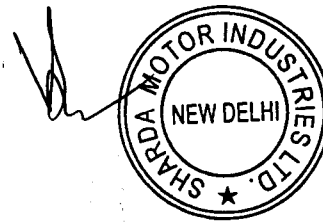
Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Depository Participant / DP	Depository participant as defined under the Depositories Act, 1996
DSE	Delhi Stock Exchange Limited
EGM	Extraordinary General Meeting
EPS	Earnings per Equity Share
Equity Shares	Equity Shares of our Company of face value ₹ 10/- each, unless otherwise specified in the context thereof
Financial Year / Fiscal Year / FY	Twelve months ending on March 31 of a particular year
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
Information Memorandum	This document dated May 09, 2013 filed with BSE and referred to as the Information Memorandum
LLP	Limited Liability Partnership
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
RBI	Reserve Bank of India



Term	Description
SCRA	Securities Contracts (Regulation) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time

Industry Related Terms

Term	Description
ACMA	Automotive Component Manufacturers Association
B2B	Business to Business
CSO	Central Statistical Organization
DIPP	Department of Industrial Policy and Promotion
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IIP	Index of Industrial Production
JIT	Just In Time
LCV	Light Commercial Vehicle
MPV	Multi Purpose Vehicle
MUV	Multi Utility Vehicle
OEM	Original Equipment Manufacturer
SME	Small and Medium Enterprise
SUV	Sport Utility Vehicle
UV	Utility Vehicle



CURRENCY OF FINANCIAL PRESENTATION

In the Information Memorandum, the terms “we”, “us”, “our”, the “Company”, “our Company”, “SMIL”, unless the context otherwise indicates or implies, refers to Sharda Motor Industries Limited. In the Information Memorandum, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (mn)” means “ten lac / lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In the Information Memorandum, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout the Information Memorandum, unless otherwise stated, all figures have been expressed in millions. Unless indicated otherwise, the financial data in the Information Memorandum is derived from our financial statements prepared in accordance with Indian GAAP and included in the Information Memorandum. Unless indicated otherwise, the operational data in the Information Memorandum is presented on a basis and refers to the operations of our Company. In the Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Information Memorandum will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Information Memorandum should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in the Information Memorandum, see the section Definitions and Abbreviations on page 1 of the Information Memorandum. In the section titled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

USE OF MARKET DATA

Unless stated otherwise, market data used throughout the Information Memorandum was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe market data used in the Information Memorandum is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.



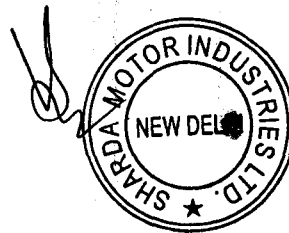
FORWARD LOOKING STATEMENT

We have included statements in the Information Memorandum which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, please refer to the sections titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis Report” on pages 5, 38 and 107, of the Information Memorandum respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor our Directors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.



RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information in the Information Memorandum, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risk we may face. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and they may lose all or part of your investment. Unless otherwise stated in the relevant risk factors set below, we are not in a position to specify or quantify the financial or other implications of any risk mentioned herein. The numbering of the Risk Factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

INTERNAL RISK FACTORS

- 1. There are certain legal proceedings involving us that, if determined against us, could have a material adverse impact on our financial condition and results of operations***

There are outstanding legal proceedings related to tax matters involving our Company that, if determined against us, could have a material adverse impact on our financial condition and results of operations. These tax proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in law or rulings against us by courts or tribunals, we may need to make provisions in our financial statements, which could adversely impact our reported financial condition and results of operations. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability.

We cannot provide any assurance that these matters will be decided in our favor. Further, there is no assurance that similar proceedings will not be initiated against us in the future. For further details of the cases mentioned above, please see "Outstanding Litigations and Material Developments" on page 111 of the Information Memorandum.

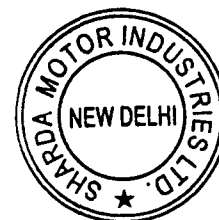
- 2. The Promoter and Promoter Group of our Company is holding 79.72% of the paid up equity share capital of our Company, which is not in conformity with the requirements of the proviso to Rule 19A of SCRR and Clause 40A of the listing agreement entered into with DSE. Failure to reduce the shareholding within specified time may result in action from Stock Exchange or any other regulatory authority.***

Our Promoter and Our Promoter Group holds 79.72% of the paid up equity share capital of our Company. In terms of the proviso to Rule 19A of SCRR and Clause 40A of the listing agreement entered into with DSE, the minimum public shareholding in any listed company should be atleast 75% of the paid up equity share capital. The said amendment was made in SCRR w.e.f. June 04, 2010 and the companies were provided a time period of three years from the date of such amendment to increase their public shareholding to atleast 25%. However no penalties / repercussions for non compliance with the said provision were notified.

If we fail to reduce our promoter shareholding to 75% or below by the said due date, we will be in non compliance with the conditions of the listing agreement and suitable action may be initiated by stock exchange or any other regulatory authority against us or our Promoter Group. Our Company has also given an undertaking to BSE that we shall comply with the clause 40A of the listing agreement as per the SCRR and timelines stipulated by SEBI.

- 3. Our Company requires a number of approvals, licenses, registrations and permits for its business(es) and the failure to obtain or renew them in a timely manner may adversely affect its operations.***

We require a number of approvals, licenses, registrations and permits for our business(s). Additionally, we may need to apply for renewal of approvals which expire, from time to time, as



and when required in the ordinary course. In absence of grant of such renewal, we may not be able to carry on our manufacturing operations. Furthermore, the government approvals and licenses are subject to various conditions. If we fail to comply, or a regulator claims that our Company has not complied with these conditions, our business, financial position and operations would be materially adversely affected.

4. *We may be subject to restrictive covenants, including restriction on raising of further capital, under term loans and working capital facilities provided to us by our Bankers.*

We have availed of several loans and financial facilities from our lenders. In respect of various agreements entered into by our Company with our Lender and sanction letters issued by them to us, we are bound by certain restrictive covenants regarding capital structure and other general restrictive covenants.

5. *We have certain contingent liabilities which are not acknowledged as debts and our financial condition may be adversely affected if such contingent liabilities materialize.*

We have certain contingent liabilities which are acknowledged as debts. The details are as under:

	(figures in ₹)	
	December 31, 2012 Unaudited	March 31, 2012 Audited
1. Contingent liabilities		
(a) Claims against the company not acknowledged as debts		
- Disputed State Tax Matters*	227,265	227,265
- Disputed Excise Matters**	44,224,378	44,224,378
- Disputed Service Tax Matters***	1,106,897	1,106,897
- Disputed Income Tax Matters****	9,204,855	9,204,855
(b) Other money for which the company is contingently liable*****	120,440,953	120,440,953
2. Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for in the Accounts, Net of Advance	63,411,603	63,411,603
Total	238,615,951	238,615,951

* Entry Tax of Rs. 227,265/- (March 31, 2012: Rs. 227,265/-) for Financial Year 2000-01, 2001-02 and 2002-03 against which the company has filed an appeal before Appellate Authority UP Trade Tax.

** Excise duty of Rs. 44,000,000/- (March 31, 2012: Rs. 44,000,000/-) under the Central Excise Rules, which is pending before the Custom, Central Excise & Service Tax Appellate Tribunal, Delhi. However, the company has filed the Writ petition against this

Another matter related to Cenvat Credit of Rs. 224,378/- (March 31, 2012: 224,378/-) under Cenvat Credit Rules is pending before the Appellate Authority of LTU Delhi.

*** Service Tax of Rs. 1,106,897/- (March 31, 2012: Rs. 1,106,897/-) under Service Tax Rules which is pending before the Custom, Excise and Service Tax Appellate Tribunal, Delhi

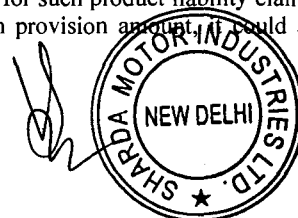
**** Income Tax demand of Rs. 5,432,553/- (March 31, 2012: 5,432,553/-) for Asst. year 2009-10 and Rs. 3,772,302/- (March 31, 2011: 3,772,302/-) for Asst. year 2004-05 under the Income Tax Act, is pending before the Commissioner of Income Tax LTU (Appeals), Delhi.

***** Foreign Letters of Credit of Rs. 120,440,953/- (March 31, 2012: Rs. 120,440,953/-)

6. *We are susceptible to product liability claims that may not be covered by warranties and assurances from our suppliers or by insurance, and which, if successful, could require us to pay substantial sums.*

Any defects in our products, including as a result of defective materials supplied to us, can adversely affect our business and could result in customer claims for damages or require us to undertake product recalls. Defects in our products that arise from defective materials or other inputs supplied by external suppliers may or may not be covered by warranties. An unusual number or amount of warranty claims against a supplier could adversely affect us as we depend on a limited number of suppliers for our materials.

Our Company is creating provision in financial statements for such product liability claims. If any product liability claim is decided against us beyond such provision amount, it could adversely



affect our business and financial condition. We also face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits. Even unsuccessful product liability claims would likely require us to spend money on litigation, divert management's time, adversely affect our goodwill and impair the marketability of our products.

7. *We may experience difficulties in expanding our business into new regions and markets in India and abroad and introducing our complete range of products.*

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India and beyond. Factors such as competition, culture, regulatory regimes, business practices and customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with other manufacturers who already have a presence in those geographies and markets and are therefore more familiar with local regulations, business practices and customs and have stronger relationships with customers.

Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas and adapting our marketing strategy and operations to different regions. Our inability to expand the acceptability of our products and markets may adversely affect our business prospects, financial conditions and results of operations.

8. *Our Company's business is dependent on its manufacturing facilities. The loss of or shutdown of operations at any of its manufacturing facilities may have a material adverse effect on its business, financial condition and results of operations.*

Our Company manufactures its products at multiple locations i.e. Chennai, Nashik, Greater Noida, Haridwar, Binola, Gurgaon, Pune, Ahmedabad. These manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued availability of services of the external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities.

Though our Company carries out planned shutdown of plants for maintenance and we have genset facilities to meet the entire requirement of our manufacturing operations and there have been no loss of production due to above factors so far, any stoppage of work due to unforeseen circumstances including the factors mentioned above may adversely affect our business, financial condition and results of operations.

9. *Our Company's inability to manage growth may lead to loss of opportunities and may hamper our Company's future growth plans.*

Our Company has been able to successfully execute its business strategy in the past, the same may not hold true in future. Our Company may be subject to growth related risks including capacity constraints and pressure on internal systems and controls. Its inability to deal with this growth could have material adverse impact on its business, operations and prospects. In order to manage its current operations and any future growth effectively, our Company has to continue to implement and improve its operational, financial and management information systems and to retain its employees. There can be no assurance that it will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support our Company's operations so that it will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth. Any failure on Company's part to scale up its infrastructure and management to meet the challenges of rapid growth could cause disruptions to its business and could be detrimental to its long-term business prospects. The products manufactured by the Company find application in industries such as automobile and auto ancillaries. The growth rate in these industries is crucial for our Company's growth. The major



demand for its products arises primarily due to the growth of these user industries. Any downward trend in any of these industries can affect company's turnover and profitability.

10. Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key operations personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Our inability to attract and retain talented professionals, or the resignation or loss of key operations personnel, may have an adverse impact on our business and future financial performance.

11. The insurance coverage taken by the Company may not be adequate to protect against certain business risks and this may have an adverse affect on the business operations.

The Company's insurance coverage is likely to cover all normal risks associated with the operation of the business but there can be no assurance that any claim under the insurance policies maintained by it will be honored fully, in part or on time. To the extent that the Company suffers loss or damage that is not covered by insurance or exceeds its insurance coverage, the Company's financial performance and cash flow may be adversely affected.

12. Any future issuance of Equity Shares by us may dilute investors' shareholding and adversely affect the trading price of our Equity Shares.

Any future issuance of Equity Shares by us may lead to the dilution of investors' shareholding in our Company, and adversely affect the trading price of our Equity Shares and our ability to raise capital through an issue of securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Additionally the disposal, pledge or encumbrance of Equity Shares by any of our major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. There is no assurance that we will not issue Equity Shares or that any major shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

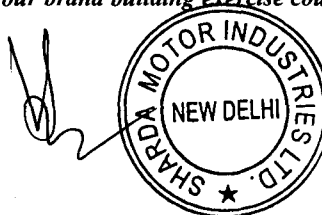
13. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

We have been regularly paying dividend in the last 5 years. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

14. Our Promoter Group may have the ability to determine the outcome of any shareholder resolution.

Our Promoter Group is the largest shareholders group in our Company, holding 79.72% of the paid up equity share capital of our Company. As significant shareholder, our Promoters may have interests which may affect the interests of shareholders and / or our interests and may have the ability to determine the outcome of any shareholder resolution.

15. We have not registered our corporate logo. If our logo is misused, we may not have legal remedial action against infringement of the same and our brand building exercise could also be affected.



Our Company's brand name / logo are not protected by intellectual property rights. It will have no legal recourse against any unauthorized use of the same. Further, our Company has not applied for registration of its logo or any brand which may lead to unauthorized use. Any such misuse may result in dilution of brand value and loss of business for the Company.

16. Certain of our promoter group entities have incurred losses during recent fiscal years.

Certain of our Promoter Group entities have incurred losses in recent fiscal years, details of which are given below:

Name of the Company	(₹ in millions)		
	March 31, 2012	March 31, 2011	March 31, 2010
Progressive Engineering and Automation Private Limited	(3.40)	-	-
Sharda Auto Solutions Private Limited	(0.12)	(0.16)	(0.04)

EXTERNAL RISK FACTORS

17. Any changes in the regulatory framework could adversely affect our operations and growth prospects

Our Company is re subject to various regulations and policies. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. New bills have been introduced / proposed to be introduced in the parliament for approval, namely Companies Bill, Direct Tax Code, Goods and Services Tax, etc. There can be no assurance that we will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse affect on our business, financial condition and results of operations.

18. Any slowdown in the rate of growth of Automotive industry or slowdown in the economy could affect our growth prospects and there may be decline in profits.

Automotive industry growth is linked to the economic growth and any deceleration in economic growth will also reflect in the growth of the automobile sector. Auto component industry catering to automobile industry will be adversely affected by any decline in the growth of the auto industry. Like all the other players in the auto component industry we will also be exposed to the risk of such deceleration in the growth of the industry.

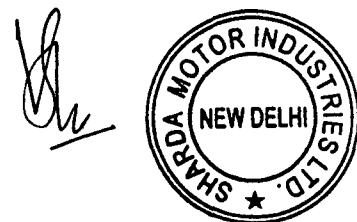
19. Our inability to face competition from international players may adversely affect our operations.

With the globalization of the Indian Economy more and more international players with latest technologies are entering the Indian automotive market. Indian companies are exposed to the competition from such players. Our inability to face such competition may adversely affect our operations.

20. Civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse affects on our operations and financial performance.

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our Equity Shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

21. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.



Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our ability to raise additional financing, and the interest rates and other commercial terms. This could impact our profitability and ability to obtain financing for capital expenditures and the price of our Equity Shares.

22. *Regional or International hostilities, terrorist attack or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government Policy. Such incidents could also create a greater perception that investment in Indian Companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our company's Equity Shares.*
23. *An active market for the Equity shares may not develop which may cause the price of the equity shares to fall and may limit investor's ability to sell the Equity Shares.*

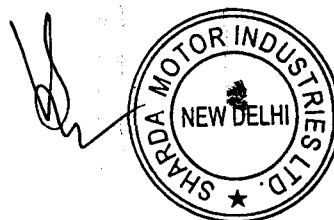
The Equity Shares are presently listed on DSE. There is no trading in the Equity Shares of the Company on DSE. The Equity Shares are proposed to be listed on BSE and applications have been made for the Equity Shares to be admitted to trading on the BSE. No assurance can be given that an active trading market for the equity shares will develop or as to the liquidity or sustainability of any such market, the ability of the holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares if an active market for the Equity Shares fail to develop or be sustain, the trading price of the Equity Shares could fall.

24. *The market value of the Equity Shares may fluctuate due to the volatility of the securities markets.*

The securities markets are volatile and stock exchanges have in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges have experienced problems, which, if these were to continue or recur, could affect the market price and liquidity of the securities of Indian Companies, including the Equity Shares. The governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on the market sentiment.

25. *Future issues or sales of equity Shares of our company may significantly affect the trading price of the Equity Shares.*

Issue of Equity Shares / convertible instruments by our Company or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur may significantly affect trading price of the Equity Shares. There can be no assurance that any shareholder will not dispose of, encumber, or pledge, his shares.



SUMMARY OF INDUSTRY AND BUSINESS

This is only a summary and does not contain all the information that the investor should consider before investing in our Equity Shares. You should read the following summary with the Risk Factors on page 5 of the Information Memorandum and the more detailed information about Sharda Motor Industries Limited and the financial statements included in the Information Memorandum.

INDUSTRY OVERVIEW

Indian Economy

Indian economy has been witnessing a phenomenal growth since the last decade. The overall growth of Real GDP at factor cost at constant prices, as per Estimates of the CSO, was 5.37 per cent in 2012-13 representing a decrease from the growth of 6.53 per cent in 2011-12. The government with its inclusive growth agenda and continued thrust on infrastructure development and renewed interest in economic reforms can certainly sustain the growth momentum.

As per the latest estimates available on the Index of Industrial Production (IIP), The General Index stood for the month of December 2012 stands at 179.3, which is 0.6% higher as compared to the level in the month of December 2011. The cumulative growth during April-December 2012-13 over the corresponding period of the previous year stands at 0.7%. The indices of Industrial Production for the mining, manufacturing and electricity sectors for the month of December 2012 stood at (-) 4.0%, (-) 0.7% and 5.2% respectively, as compared to December 2011. In terms of industries, as many as Twelve (12) out of the twenty two (22) industry groups (as per 2-digit NIC-2004) in the manufacturing sector have shown positive growth during the month of December 2012 as compared to the corresponding month of the previous year.

Indian Automotive Industry

Automotive industry is the key driver of any growing economy. It plays a pivotal role in country's rapid economic and industrial development. It caters to the requirement of equipment for basic industries like steel, non-ferrous metals, fertilizers, refineries, petrochemicals, shipping, textiles, plastics, glass, rubber, capital equipments, logistics, paper, cement, sugar, etc. It facilitates the improvement in various infrastructure facilities like power, rail and road transport. Due to its deep forward and backward linkages with almost every segment of the economy, the industry has a strong and positive multiplier effect and thus propels progress of a nation.

The automotive sector, comprising of the automobile and auto component sub sectors, is one of the key segments of the economy having extensive forward and backward linkages with other key segments of the economy. It contributes about 4 per cent in India's Gross Domestic Product (GDP) and 5 per cent in India's industrial production. The automotive sector includes passenger cars; light, medium and heavy commercial vehicles; multi-utility vehicles such as jeeps, scooters, motor-cycles, three wheelers, tractors, etc; and auto components like engine parts, drive and transmission parts, suspension and braking parts, electricals, body and chassis parts; etc. The well-developed Indian automotive industry ably fulfils this catalytic role by producing a wide variety of vehicles like passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, scooters, motorcycles, mopeds, three wheelers, tractors etc.

For details refer to "Industry Overview" on page 32 of the Information Memorandum.

BUSINESS OVERVIEW

For details refer to "Our Business" on page 38 of the Information Memorandum.



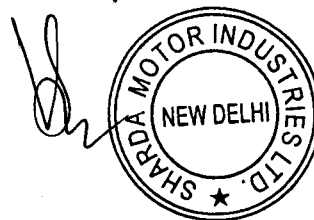
SUMMARY OF FINANCIAL STATEMENTS

The following summary of financial and operating information is derived from the financial statements of our Company for the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 as described in the Report of M/s S. R. Dinodia & Co, Chartered Accountants in the section titled "Financial Statements" on page 58 of the Information Memorandum.

SUMMARY OF FINANCIAL STATEMENTS

Standalone Summary Statement of Reformatted Assets and Liabilities

Particulars	(Amount in Rs)				
	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Non-Current Assets					
Fixed Assets					
Tangible Assets	2,106,813,285	1,622,337,086	1,082,639,692	952,228,552	906,404,516
Intangible Assets	186,232,762	192,162,443	20,591,213	9,720,932	837,856
Capital Work-In-Progress	105,145,078	208,064,605	97,418,260	198,547,763	138,670,445
Non-Current Investment	13,900,000	214,400,000	214,412,665	214,412,665	14,413,808
Long-Term Loans and Advances	143,496,026	181,910,045	134,816,833	97,534,702	102,488,181
Other Non-Current Assets	532,627	520,264	458,038	426,821	458,466
Total (A)	2,556,119,778	2,419,394,443	1,550,336,701	1,472,871,435	1,163,273,272
Current Assets					
Current Investments	200,500,000	-	-	-	-
Inventories	620,937,758	656,614,310	389,829,676	277,085,948	180,607,924
Trade receivables	943,067,684	761,433,453	409,642,413	358,337,595	395,785,422
Cash and Bank Balances	35,082,826	23,449,881	79,413,635	20,850,135	178,001,366
Short-Term Loans and Advances	71,200,160	106,069,260	657,053,523	720,194,776	644,631,211
Other Current Assets	105,152	6,114,842	265,731	265,731	230,159
Total (B)	1,870,893,580	1,553,681,746	1,536,204,978	1,376,734,185	1,399,256,082
Grand Total (C=A+B)	4,427,013,358	3,973,076,189	3,086,541,679	2,849,605,620	2,562,529,354
Non-Current Liabilities					
Long-Term Borrowings	88,321,250	1,685,361,250	129,660,626	352,288,126	503,545,930
Deferred Tax Liabilities (Net)	95,079,801	115,033,959	65,491,867	48,897,260	45,153,549
Other Long Term Liabilities	77,018,741	287,167,447	366,075	822,166	1,396,980
Long Term Provisions	32,846,285	24,289,506	3,063,346	2,904,554	2,164,778
Total (D)	293,266,077	595,027,162	198,581,914	404,912,107	552,261,237
Short-Term Borrowings	1,087,028,663	726,319,201	609,070,367	427,162,913	289,740,279
Trade Payable	1,082,498,411	1,104,187,582	845,978,716	826,311,762	621,496,045
Other Current Liabilities	455,199,001	252,495,326	271,690,769	176,186,938	79,850,802
Short Term Provisions	46,938,427	39,963,363	46,472,317	42,277,188	53,807,820
Total (E)	3,258,196,656	2,122,965,472	1,773,212,169	1,471,938,800	1,044,894,946
Grand Total (F=D+E)	2,964,930,579	2,717,992,634	1,971,794,083	1,876,850,907	1,597,156,183
Net Worth (C-F)	1,462,082,779	1,255,083,555	1,114,747,596	972,754,714	965,373,171
Net Worth represented by Share Capital	59,463,260	59,463,260	59,463,260	59,463,260	59,463,260
Reserve and Surplus	1,402,619,519	1,195,620,295	1,055,284,336	913,291,453	905,909,911
	1,462,082,779	1,255,083,555	1,114,747,596	972,754,713	965,373,171
Less: Miscellaneous Expenditure	-	-	-	-	-
Net Worth	1,462,082,779	1,255,083,555	1,114,747,596	972,754,713	965,373,171



Summary Statement of Profits and Losses, As Reformatted

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Revenue from operations	7,514,218,884	7,002,053,872	4,661,966,954	3,397,657,815	3,632,239,591
Other income	58,150,461	38,678,791	43,588,501	92,359,057	80,859,436
Total Revenue	7,572,369,345	7,040,732,663	4,705,555,455	3,490,016,872	3,713,099,027
Expenses:					
Cost of materials consumed	4,924,646,786	4,825,144,498	3,065,433,912	2,371,064,141	2,395,795,350
Purchase of Traded goods	538,168,826	420,107,541	345,547,228	299,951,631	281,257,251
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	14,896,092	(54,867,298)	28,968,602	(31,507,092)	(28,392,039)
Employee benefits expense	392,264,495	348,242,167	185,103,197	143,499,252	164,842,922
Finance costs	93,310,498	81,672,665	83,788,648	91,722,995	38,256,193
Depreciation and amortization expense	312,600,469	241,820,880	149,204,857	126,321,597	139,481,876
Other expenses	995,705,046	910,743,269	533,657,140	383,810,115	411,323,438
Total expenses	7,271,592,212	6,772,863,723	4,391,703,584	3,384,862,640	3,402,564,991
Profit before exceptional and extraordinary items and tax	300,777,133	267,868,940	313,851,871	105,154,232	310,534,036
Exceptional items	-	(14,448,468)	-	-	-
Profit Before Tax	300,777,133	282,317,408	313,851,871	105,154,232	310,534,036
Tax expense:					
Current Tax	60,000,000	56,000,000	86,000,000	23,500,000	86,000,000
Less: MAT credit entitlement	15,000,000	32,900,000	-	-	-
Net Current Tax expense	45,000,000	23,100,000	86,000,000	23,500,000	86,000,000
Deferred Tax	(19,954,159)	49,542,092	16,594,607	3,743,711	(8,156,201)
Fringe Benefit Tax	-	-	-	240,000	3,250,000
Tax Adjustment for earlier years	(377,620)	-	(304,659)	(1,440,061)	-
Profit (Loss) for the period	276,108,912	209,675,316	211,561,923	76,950,582	229,440,237
Basic	46.43	35.26	35.58	12.94	38.59
Diluted	46.43	35.26	35.58	12.94	38.59



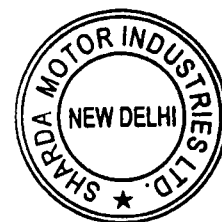
Statement of Reformatted Standalone Cash Flow Statement

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before taxation and extraordinary items:	300,777,132	282,307,446	313,984,889	106,064,376	310,883,120
Adjustments for:					
Provision for Wealth Tax	377,086	160,785	133,018	220,248	263,566
Depreciation and amortization charges	312,600,469	241,820,879	149,204,857	126,321,597	139,481,876
Interest Income	(2,018,008)	(854,160)	(1,271,600)	(62,186,184)	(11,399,933)
Finance Cost	74,822,857	72,774,527	75,276,089	87,106,309	34,095,731
Dividend Income	(7,202,160)	(5,402,104)	(4,500,502)	(4,504,937)	(2,700,056)
Loss/(Profit) on sale/disposal of fixed assets (net)	(30,850,615)	(26,580,506)	(16,561,800)	(937,220)	(16,800,702)
Amount Written off (net)	(10,032,599)	(5,842,021)	2,781,120	(22,603,281)	57,788
Foreign exchange loss/(gain)	-	-	(15,287,359)	29,269,817	(19,477,499)
Loss/(Profit) on sale/disposal of Investments (net)	-	-	-	476,914	5,600
Miscellaneous Expenses written off	-	-	-	-	1,082,926
Cash generated from operations before Working Capital Changes	638,474,162	558,384,845	503,758,712	259,227,639	435,492,417
Adjustments for:					
Decrease/(Increase) in Trade Receivable	(181,634,231)	(351,791,040)	(51,304,818)	37,447,827	34,773,277
Decrease/(Increase) in Inventories	35,676,551	(266,784,633)	(112,743,728)	(96,478,024)	53,739,498
Decrease/(Increase) in Other Receivable	17,610,956	525,917,130	71,097,177	(24,500,054)	(446,073,954)
(Decrease)/Increase in Trade Payables and Other Payable	54,303,660	568,050,686	27,638,006	173,867,718	10,817,092
Cash generated from/(used in) Operations	564,431,098	1,033,776,988	438,445,349	349,565,106	88,748,330
Amount Written off (net)	10,032,599	5,842,021	(2,781,120)	-	-
Warranty Claims	7,975,814	11,460,143	2,923,875	-	-
Income Taxes paid/FBT (net)	(36,100,989)	(51,628,443)	(94,070,334)	(46,476,787)	(86,627,080)
Prior Period Expenses/(Income)	-	-	-	(689,896)	(85,518)
Net Cash Flow from/(used in) Operating Activities	546,338,522	999,450,709	344,517,770	302,398,423	2,035,732
Extraordinary Item (Gross)	-	-	-	-	-
Net Cash Flow from/(used in) Operating Activities(after Extraordinary Item) (A)	546,338,522	999,450,709	344,517,770	302,398,423	2,035,732
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES					
Purchase of Fixed Assets / Technical Know-How	(676,316,559)	(1,100,524,013)	(271,799,779)	(297,642,345)	(621,456,972)
Sale of Fixed Assets	78,271,720	62,563,532	63,100,277	56,037,445	331,160,791
Sale of Investments	-	-	-	24,229	2,500
Purchase of Investment	-	-	-	-	(500,360)
Interest Received	1,985,381	854,159	1,271,600	62,186,184	11,399,933
Investment in Subsidiary	-	-	-	(200,500,000)	-
Dividend Income	7,202,160	5,402,104	4,500,502	4,504,937	2,700,056
Amount Received/(Paid) for FD's	20,264	(62,229)	-	-	-
Net Cash from / (used in) Investing Activities (B)	(588,837,034)	(1,031,766,447)	(202,927,400)	(175,89,550)	(276,694,052)



Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds/(Repayment) from borrowings (net)	198,178,836	118,580,709	61,818,259	55,122,986	544,627,950
Finance Cost	(74,822,857)	(72,774,527)	(75,276,089)	(87,106,309)	(34,095,731)
Dividend Paid (Including Corporate Dividend Tax)	(69,224,522)	(69,454,198)	(69,569,040)	(52,176,781)	(69,569,040)
Net Cash from / (used in) Financing Activities (C)	54,131,457	(23,648,016)	(83,026,870)	(84,160,104)	440,963,179
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)	11,632,945	(55,963,754)	58,563,500	(157,151,231)	166,304,858
Cash and Cash Equivalents at the beginning of the year/period	23,449,881	79,413,635	20,850,135	178,001,366	11,696,508
Cash and Cash Equivalents at the end of the year/period	35,082,826	23,449,881	79,413,635	20,850,135	178,001,366
Components of cash and cash equivalent includes					
-Cash and cheques on hand	51,052	62,281	8,143	32,766	8,165
With banks					
- On current account	24,966,442	23,326,530	49,328,278	20,761,357	16,483,780
- On deposit account unrestricted	10,065,332	61,070	30,077,214	56,012	161,509,421
Total	35,082,826	23,449,881	79,413,635	20,850,135	178,001,366



GENERAL INFORMATION

Our Company was incorporated on January 29, 1986 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana as Sharda Motor Industries Limited and received the Certificate of Commencement of Business on January 31, 1986. The Corporate Identification Number of our Company is L74899DL1986PLC023202. There has been no change in the name of our Company since incorporation.

Registered Office

D - 188, Okhla Industrial Area,
Phase - I, New Delhi - 110 020
Tel.: +91 11 4733 4100
Fax: +91 11 2681 1676
Email: nitin.vishnoi@shardamotor.com
Website: www.shardamotor.com

Registrar of Companies

Registrar of Companies, NCT of Delhi & Haryana,
IFCI Tower, 61 Nehru Place, New Delhi - 110 019

Board of Directors of our Company

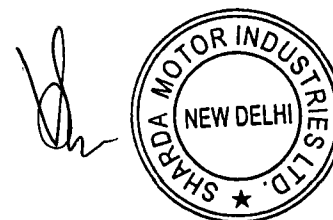
Sr. No.	Name & Designation	Age (in years)	DIN	Status
1.	Mr. Kishan Nagin Parikh S/o Sh. Nagin B Parikh	45	00453209	Chairman (Non Executive Independent)
2.	Mr. Narinder Dev Relan S/o Sh. R K Relan	83	00240280	Co-Chairman & Whole Time Director
3.	Mr. Ajay Relan S/o Sh. Narinder Dev Relan	51	00257584	Managing Director
4.	Mrs. Sharda Relan W/o Sh. Narinder Dev Relan	77	00252181	Non Independent Non Executive Director
5.	Mr. Rohit Relan S/o Sh. Narinder Dev Relan	57	00257572	Non Independent Non Executive Director
6.	Mr. Ram Prakash Chowdhry S/o Sh. S L Chowdhry	87	00337775	Non Independent Non Executive Director
7.	Mr. Om Prakash Khaitan S/o Sh. Srimohan Khetan	70	00027798	Independent Non Executive Director
8.	Prof. Ashok Kumar Bhattacharya S/o Sh. Sudhir Kumar Bhattacharya	67	02804551	Independent Non Executive Director
9.	Mr. Udayan Banerjee S/o Sh. Pangshu Mohan Banerjee	66	00339754	Whole Time Director

For details of our Directors, refer to section titled "Our Management" on page 43 of the Information Memorandum.

Investor can contact the Compliance Officer or the Registrar and Share Transfer Agent in case of any investor grievance and / or Equity Share transfer related issue

Compliance Officer

Mr. Nitin Vishnoi
Company Secretary
Sharda Motor Industries Limited
D - 188, Okhla Industrial Area,
Phase - I, New Delhi - 110 020
Tel.: +91 11 4733 4100
Fax: +91 11 2681 1676
Email: nitin.vishnoi@shardamotor.com
Website: www.shardamotor.com



Registrar and Share Transfer Agent

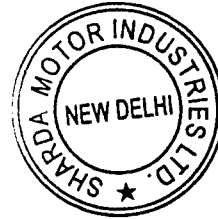
Alankit Assignments Limited
SEBI Regn.: INR000002532
Alankit House, 2E / 8
Jhandewalan Extension
New Delhi - 110 055
Tel.: +91 11 4254 1234, 2354 1234
Fax: +91 11 2355 2001, 4254 1967
E-mail: info@alankit.com
Website: www.alankit.com
Contact Person: Mr. Jagdeep Kumar Singh

Bankers to our Company

Yes Bank Limited
ICICI Bank Limited
HDFC Bank Limited
Citi Bank
Punjab National Bank
Canara Bank
State Bank of India

Auditors to our Company

M/s S. R. Dinodia & Co.
Chartered Accountants,
K - 39 Connaught Place
New Delhi - 110 001



CAPITAL STRUCTURE

The Share Capital of our Company as of the date of the Information Memorandum is set forth below:

Particulars	in ₹ millions (except share data) Aggregate Value at Nominal Price
(A) Authorised Share Capital 50,000,000 Equity Shares of face value ₹ 10 each	500.00
(B) Issued, Subscribed and Paid up share capital before the Issue 5,946,326 Equity Shares of face value ₹ 10 each	59.46

Notes to the Capital Structure:

1. Changes in Authorised Share Capital

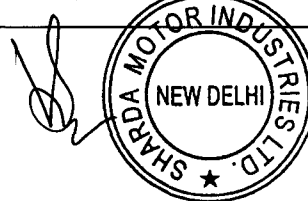
The details of changes in authorised share capital of our Company since Incorporation are as follows:

Date of Meeting	Cumulative No. of Equity Shares	Face Value (₹)	Authorised Share Capital (in ₹)	Particulars
NA	2,000,000	10	20,000,000	Since Incorporation
February 14, 1994	5,000,000	10	50,000,000	Increased from ₹ 20,000,000 to ₹ 50,000,000 by members in Extra Ordinary General Meeting
July 22, 2004	10,000,000	10	100,000,000	Increased from ₹ 50,000,000 to ₹ 100,000,000 by members in the Annual general Meeting
December 16, 2006	25,000,000	10	250,000,000	Increased from ₹ 100,000,000 to ₹ 250,000,000 by members through postal ballot
NA	50,000,000	10	500,000,000	Increased from ₹ 250,000,000 to ₹ 500,000,000 vide order of the Hon'ble High Court of Delhi pursuant to the Scheme of amalgamation of Sharda Sejong Auto Components (India) Limited into our Company

2. Equity Share Capital History

(in ₹, except share data)

Date of Allotment	No. of Equity Shares	Cumulative No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Cumulative Paid up Capital (in ₹)	Nature of consideration	Category of Allottees
February 05, 1986	70	70	10.00	10.00	700	Cash	Subscribers to MOA
June 16, 1986	53,970	54,040	10.00	10.00	540,400	Cash	Allotment to then Promoters and others
November 14, 1986	260	54,300	10.00	10.00	543,000	Cash	Allotment to then Promoters and others
June 24, 1987	935,700	990,000	10.00	10.00	9,900,000	Cash	Initial Public Offering
May 25, 1991	(4,000)	986,000	10.00	NA	9,860,000	NA	Forfeiture of partly paid up Equity Shares
August 04, 1991	4,000	990,000	10.00	10.00	9,900,000	Cash	Re-issue of forfeited Equity Shares
August 05, 1991	495,000	1,485,000	10.00		14,850,000	Bonus	Bonus Issue in the ratio of 1:2
July 20, 1994	1,485,000	2,970,000	10.00		29,700,000	Bonus	Bonus Issue in the ratio of 1:1
October 24, 2002	3,163	2,973,163	10.00		29,731,630	Other than cash (except for 2 shares issued against fractions arising out of allotment)	Issue in pursuance of Amalgamation scheme approved by Delhi High Court
November 12, 2005	2,973,163	5,946,326	10.00		59,463,260	Bonus	Bonus Issue in the ratio of 1:1



3. Our Shareholding Pattern

The table below presents our shareholding pattern as on March 31, 2013

Category Code	Category of Shareholders	Number of Share holder	Total Number of Shares	Number of Shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a %age of (A+B)	As a %age of (A+B+C)	No. of shares	As a %age
(A)	Shareholding of Promoters and Promoter Group							
(1)	Indian							
	Individuals / Hindu Undivided Family	16	4,740,616	4,650,016	79.72	79.72	-	-
	Bodies Corporate	0	0	0	0	0	-	-
	Sub Total	16	4,740,616	4,650,016	79.72	79.72	-	-
(2)	Foreign							
	Total Shareholding of Promoters and Promoter Group (A)	16	4,740,616	4,650,016	79.72	79.72	-	-
(B)	Public Shareholding							
(1)	Institutions							
	Financial Institutions / Banks	0	0	0	0	0	-	-
	Sub Total	0	0	0	0	0	-	-
(2)	Non-Institutions							
	Bodies Corporate	11	110,035	108,185	1.85	1.85	-	-
	Individuals							
	Individual shareholders holding nominal share capital up to ₹ 1 lakh	473	373,925	244,824	6.29	6.29	-	-
	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	29	719,800	341,200	12.10	12.10	-	-
	Any Other (Specify)							
	Hindu Undivided	5	1,950	1,950	0.03	0.03	-	-
	Non Resident Indians	0	0	0	0	0	-	-
	Clearing Members	0	0	0	0	0	-	-
	Sub Total	518	1,205,710	696,159	20.28	20.28	-	-
	Total Public Shareholding (B)	518	1,205,710	696,159	20.28	20.28	-	-
	Total (A) + (B)	534	5,946,326	5,346,175	100.00	100.00	-	-
(C)	Shares held by Custodian and against which Depository Receipts have been issued							
	Total (A) + (B) + (C)	534	5,946,326	5,346,175	100.00	100.00	-	-

4. Shareholding of our Promoter and Promoter Group in our Company is as under:

Sr. No.	Name of the shareholder	Total Shares held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+ (B)+ (C)	Number	As a %age	As a % of grand total (A)+ (B)+ (C) of sub clause (I)
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)	(VII)
1.	Mr. Ajay Relan	810,378	13.63	NA	NA	NA
2.	Mrs. Ritu Relan	792,520	13.33	NA	NA	NA
3.	Mrs. Sharda Relan	742,520	12.49	NA	NA	NA
4.	Mrs. Mala Relan	571,260	9.61	NA	NA	NA
5.	Mr. Narinder Dev Relan	488,020	8.21	NA	NA	NA
6.	Mr. Rohit Relan	478,818	8.05	NA	NA	NA
7.	Mr. Aashim Relan	291,200	4.90	NA	NA	NA
8.	Mr. Rishabh Relan	148,800	2.50	NA	NA	NA



Sr. No.	Name of the shareholder	Total Shares held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+ (B)+ (C)	Number	As a percentage	As a % of grand total (A)+ (B)+ (C) of sub clause (I) (a)
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)	(VII)
9.	Mr. Pranav Relan	126,200	2.12	NA	NA	NA
10.	Mr. Ayush Relan	104,000	1.75	NA	NA	NA
11.	Mrs. Indira Chowdhry	90,000	1.51	NA	NA	NA
12.	Rohit Relan (HUF)	44,400	0.75	NA	NA	NA
13.	Narinder Dev Relan (HUF)	30,000	0.50	NA	NA	NA
14.	Ajay Relan (HUF)	19,200	0.32	NA	NA	NA
15.	Ms. Aashita Relan	2700	0.04	NA	NA	NA
16.	Mr. Ram Prakash Chowdhry	600	0.01	NA	NA	NA
Total		4,740,616	79.72			

5. Equity Shares held by Top Ten Shareholders

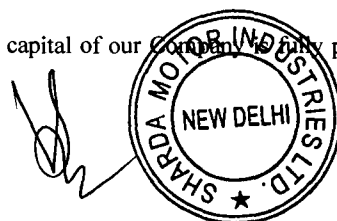
- (a) Our shareholders and the number of Equity Shares of ₹ 10 each held by them as on the date of the Information Memorandum is as follows:

S. No.	Name of the Shareholders	No. of Equity Shares	% of total Shareholding
1.	Ajay Relan	810,378	13.63
2.	Ritu Relan	792,520	13.33
3.	Sharda Relan	742,520	12.49
4.	Mala Relan	571,260	9.61
5.	Narinder Dev Relan	488,020	8.21
6.	Rohit Relan	478,818	8.05
7.	Aashim Relan	291,200	4.90
8.	Rishabh Relan	148,800	2.50
9.	Pranav Relan	126,200	2.12
10.	Ayush Relan	104,000	1.75
Total		4,553,716	76.59

- (b) Our shareholders and the number of Equity Shares of ₹ 10 each held by them as on 10 days prior to the date of the Information Memorandum is as follows:

S. No.	Name of the Shareholders	No. of Equity Shares	% of total Shareholding
1.	Ajay Relan	810,378	13.63
2.	Ritu Relan	792,520	13.33
3.	Sharda Relan	742,520	12.49
4.	Mala Relan	571,260	9.61
5.	Narinder Dev Relan	488,020	8.21
6.	Rohit Relan	478,818	8.05
7.	Aashim Relan	291,200	4.90
8.	Rishabh Relan	148,800	2.50
9.	Pranav Relan	126,200	2.12
10.	Ayush Relan	104,000	1.75
Total		4,553,716	76.59

6. Our Promoter, Promoter Group, Directors and their relatives and Directors of the Promoter have not sold or purchased any shares of our Company during the period of six months preceding the date of the Information Memorandum.
7. Our Promoter, Promoter Group, Directors and their relatives and Directors of the Promoter have not financed the purchase by any other person of the Equity Shares of our Company during the period of six months immediately preceding the date of the Information Memorandum.
8. As on the date of filing of the Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments.
9. As on the date of the Information Memorandum, the issued capital of our Company is fully paid up.



10. The Equity Shares held by the Promoters are not subject to any pledge.
11. Neither we, nor our Directors, Promoters, Promoter Group Entities have entered into any buyback and / or standby arrangements and / or similar arrangements for the purchase of our Equity Shares from any person.
12. We do not have any Employees Stock Option Scheme or Employees Stock Purchase Scheme.
13. As on the date of the Information Memorandum, we have 534 members.
14. The Company had paid brokerage at the rate of 1.50% on the nominal value of the Equity Shares offered to the public in terms of its Prospectus dated May 15, 1987 for the Initial Public Offering. Further, since the issue was not underwritten, no underwriting commission had been paid by the Company.



STATEMENT OF TAX BENEFITS

To
The Board of Directors,
Sharda Motor Industries Ltd.,
D-188, Okhla industrial Estate,
Phase I, New Delhi-110020

Dear Sir,

We hereby report that the enclosed statement states the possible tax benefits available to the 'Company' and its shareholders under the Income Tax Act, 1961, Wealth Tax Act, 1957, and the Gift Tax Act, 1958 presently in force in India.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their investment in the Company.

We do not express any opinion or provide any assurance as to whether:

- i. Whether the Company or its Shareholders will continue to obtain these benefits in future or,
- ii. The conditions prescribed for availing the benefits have been / would be met with.

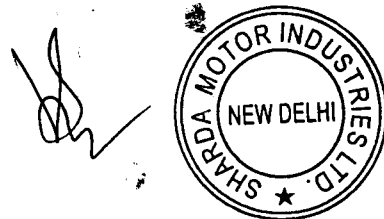
The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of Law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Sharda Motor Industries Limited. We shall not be liable to Sharda Motor Industries Limited for any claim, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For S.R. Dinodia & CO
Chartered Accountants
Firm Registration No: 001478N

Sandeep Dinodia
M.No.083689

Place: New Delhi
Date: 3rd April, 2013



TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

- This statement sets out below the possible tax benefits available to the Company and to the shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.
- This Statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to specific tax implications arising out of their participation in the issue;
- In respect of non-residents, the tax rates and the consequent taxation, mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
- The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint shareholders.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 AND OTHER DIRECT TAX LAWS PRESENTLY IN FORCE IN INDIA

SPECIAL TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS

List of Special Tax Benefits available to the Company

Tax benefits are available to the following units set up in notified tax exempted area.

- A. Sharda Motor Industries Ltd, Plot No 4, Sector 2, IIE, Ranipur, Haridwar (Uttaranchal)

The benefits available to this Unit are as under:

1. **Under Central Excise Act 1944:** NIL
2. **Under Income Tax Act 1961 (IT Act):**
 - 2.1 **Deduction under section 80-IC of the IT Act:** As per Section 80IC of the I.T Act, the company is entitled for claiming deduction of 100% of the profits generated by its manufacturing undertakings at Uttaranchal for five assessment years commencing with the year in which the undertaking begins to manufacture and thereafter @ 30% of the profits for the next five years. Such claim of deduction can only be made out of the net taxable income of the company available after adjusting brought forward losses/ un-absorbed depreciation (if any). The initial Assessment year in the case of Haridwar Unit is A.Y. 2005-06
3. **Under Central Sales Tax Act:** 1% CST against Form "C" up to 19th February, 2014, reference to Uttaranchal Government Finance Department Notification No6222/1.F/2.2000-2001 Dehradun Dated 25th July 2001
4. **Central Capital Investment Subsidy:** The company is entitled to Central Capital Investment subsidy @15% on the total Capital Investment in Plant & Machinery subjected to maximum amount of Rs.30 lacs subjected to fulfilment of conditions of the Central Capital Investment subsidy Scheme announced vide No.1(10)/2001-NER Government of India, Ministry of Commerce & Industry,(Department of Industrial Policy & Promotion)New Delhi, dated 8th January, 2003.

- B. Sharda Motor Industries Ltd, P-12 First Avenue, Mahindra World City, Natham Sub-Post Chengalpattu Taluk, Kancheepuram Distt-603002

The benefits available to this Unit are as under:



Deduction under Section 35 of the Income Tax Act, 1961

The Company is an integrated research led automobile company with one in-house R & D center located at Kancheepuram Distt. which is already approved from Department of Scientific and Industrial Research (DSIR).

Under Section 35(2AB) of the Income Tax Act 1961, The company would be entitled to weighted deduction of a sum equal to two times of any expenditure incurred (Other than the expenditure incurred on the acquisition of any land or building) for scientific research related to the business of the Company, to the extent of expenditure incurred on approved in-house research and development facilities on fulfillment of prescribed conditions.

Company is eligible for deduction under section 35(1)/35(1)(iv) of the Income Tax Act 1961, if the expenditure is incurred for and R&D center which is approved by the DSIR.

GENERAL TAX BENEFITS:

I. BENEFITS TO THE COMPANY UNDER INCOME TAX ACT, 1961

1. Deductions/exemptions/benefits available while computing business income

1.1. Depreciation

The company is entitled to claim depreciation on specific tangible and intangible assets owned by it and used for the purpose of its business under Section 32 of the IT Act.

1.2. Additional Depreciation

As per Sec 32(1)(ia), In case of any new plant and machinery (other than ships and aircraft) which has been acquired and installed after 31st Day of March 2005 by the manufacturing units/undertakings of the company and **is put to use for 180 days or more**, the company is entitled to a additional depreciation equal to twenty percent of the actual cost of such machinery or plant subject to the fulfillment of the conditions specified in Section 32 of the IT Act in the year in which it is first put to use.

Unabsorbed depreciation, if any, for an Assessment Year (AY) can be carried forward **without any time limit** and set off against any source of income in the subsequent AYs.

1.3. Preliminary expenses

As per Section 35D, the company is eligible for deduction in respect of specified preliminary expenses incurred by the company in connection with extension of its industrial undertaking or in connection with setting up a new industrial unit. The eligible expenses inter-alia include those incurred in connection with the issue for public subscription of shares, being underwriting commission, brokerage and charges for drafting, typing, printing and advertisement of prospectus of an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions and limits specified in the said section.

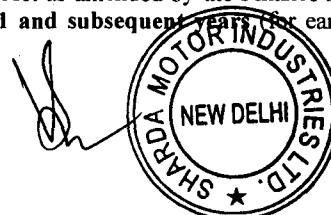
1.4. Carry forward of business loss:

As per Sec 72, Business losses, if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.

1.5. Minimum Alternative Tax and credit thereof

Where the amount of tax payable by the company under the normal provisions of the IT Act is less than 18.5% of the book profits (as worked out as per the relevant provisions), the company would be required to pay tax @ 18.5% of such book profits, including any applicable surcharge and cess. Such tax is referred to as Minimum Alternate Tax (MAT).

The difference between the MAT payable under section 115JB of the IT Act and the tax on its total income payable for that assessment year shall be allowed to be carried forward as "MAT credit" upto 10 assessment years succeeding the assessment year in which such MAT was paid in accordance with the provisions of section 115JAA of the IT Act as amended by the Finance Act, 2010 w.e.f. 1st April 2010 and shall apply to AY 2010-11 and subsequent years for earlier



assessment years, carry forward is allowed up-to 7 assessment years). The MAT credit can be utilized to be set off against taxes payable on the total income computed under the provisions of the IT Act other than 115JB thereof if any, in the subsequent assessment years in accordance with the provisions of section 115JAA of the IT Act.

2. Deductions/exemptions/benefits available while computing capital gains

- 2.1. As per section 10(38) of the IT Act, the Company would be entitled to an exemption from tax in respect of long-term capital gains arising from sale of equity shares or units of equity oriented mutual fund (equity oriented mutual funds are those funds where more than sixty five percent of the investible funds are invested in equity shares of domestic companies), provided that the transaction of sale of such equity shares or units has happened on Recognized Stock Exchange in India and is chargeable to Securities Transaction Tax ("STT"). The shares/units would be considered as long term capital assets provided they are held for a period exceeding 12 months.

However, such income shall be taken into account while computing the book profits under section 115JB of the IT Act.

- 2.2. As per section 111A of the IT Act, short-term capital gains on sale of equity shares or units of an equity oriented fund, where the transaction of such sale is subject to STT (as explained in para 2.1 above), would be chargeable to income-tax at a concessional rate of 15% (plus applicable surcharge and education cess).
- 2.3. As per section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains arising on transfer of listed securities (other than those covered in para 2.1 above)/units or zero coupon bonds (shares/units/ bonds would be considered as long term capital assets provided they are held for a period exceeding 12 months), would be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation, as provided in the second proviso to section 48 of the IT Act, or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the Company.
- 2.4. As per section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains arising on transfer of unlisted securities would be taxed at a rate of 20% (plus applicable surcharge and education cess) subject to indexation benefit.
- 2.5. As per section 54EC of the IT Act and subject to the conditions specified therein, long-term capital gains [not exempt under section 10(38)], can be claimed as exempt from tax to the extent such capital gains are invested in certain notified bonds (currently bonds issued by National Highways Authority of India and Rural Electrification Corporation Limited have been notified for this purpose) within six months from the date of transfer. If only part of the capital gains is so reinvested, the exemption shall be allowed proportionately. However, it is also provided under section 54EC that investments made on or after 1st April 2007 in such bonds, should not exceed Indian Rupees five million during any financial year. Further, it may be noted that if such bonds are transferred or converted into money (availing loan or advance on the security of such bonds would be considered as conversion into money for this purpose); within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier, would become chargeable to tax as long-term capital gains in the year in which the bonds are so transferred or converted into money.

3. Deductions/exemptions/benefits available in respect of Dividend income

- 3.1. As per section 10(34) of the IT Act, the Company would be eligible for an exemption in respect of income by way of dividend (interim or final) referred to in section 115-O of the IT Act, received from a domestic company. Further, any expenditure incurred in/attribution to earning such dividend income is disallowable under section 14A of the IT Act read with Rule 8D of the Rules.
- 3.2. As per section 115-O(1) of the IT Act, the Company is required to pay Dividend Distribution Tax at a rate of 15% (plus applicable surcharge and education cess) on any amount declared, distributed or paid by way of dividends (whether interim or otherwise).



Further, as per Section 115-O(1A) of the IT Act, for the purposes of computing DDT, the Company would be eligible to reduce from such dividend, the amount of dividend received from its subsidiary companies, subject to fulfillment of specified conditions.

3.3. As per section 10(35) of the IT Act, the Company will be eligible for an exemption in respect of the following income (other than capital gain referred to in para (A)(2) above):

- Income received from units of mutual funds specified under section 10(23D) of the IT Act;
- Income received in respect of units from the Administrator of specified undertaking; and
- Income received in respect of units from the specified company.

4. Other deductions/exemptions/benefits

4.1. As per section 70 of the IT Act, the Company is entitled to intra-head set-off of loss in an assessment year in the following manner:

- Loss from a source against income from another source within the same head of income (except loss under the head 'capital gain')
- Short term capital loss against capital gain (whether short term or long term)
- Long term capital loss against Long term capital gain

4.2. As per section 71(1) and 71(2) of the IT Act, the Company is entitled to inter-head 'set-off' of loss (other than capital gains) under any other head of income for that assessment year. As per section 71(3), the Company is not entitled to 'set-off' loss under the head 'Capital Gains' against income under any other head.

4.3. As per section 72(1) of the IT Act, the Company is entitled to 'set-off' brought forward business loss, not being loss sustained in a speculation business, against business income in subsequent years. In accordance with the provisions of section 72(3), such losses can be carried forward for eight years.

4.4. As per the conditions of section 32(2) read with section 72(2) of the IT Act, the Company is entitled to 'set-off' brought forward unabsorbed depreciation against income in subsequent years. Further, subject to provisions of section 32(2) including all amendments therein vide Finance Act (No.2) of 1996 and Finance Act 2001, unabsorbed depreciation can be carried forward for unlimited period.

4.5. As per section 74(1)(a) of the IT Act, the Company is entitled to 'set-off' brought forward short term capital loss against income under the head 'Capital gains'. Further, as per the provisions of section 74(1)(b), the Company is entitled to set-off long term capital loss against long term capital gains only. As per section 74(2), such capital losses can be carried forward for eight years.

4.6. As per section 80G of the IT Act, the Company will be entitled for a deduction of qualifying amount in respect of specified donations. For donations exceeding rupees ten thousand, the same is required to be paid in cheque as prescribed by Finance Act 2012.

4.7. In accordance with the provisions of section 90 of the IT Act, the Company may choose to apply the provisions of IT Act or the provisions of tax treaty entered into by India with other foreign countries, whichever are more beneficial. Also, subject to the provisions of IT Act and the treaty, the Company can claim foreign tax credit in India in respect of doubly taxed income (i.e. where taxes are paid on same income in India as well as outside India).

II. TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY

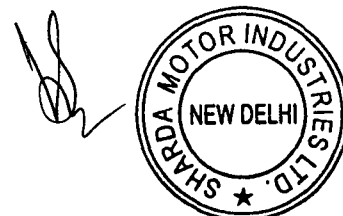
Under the IT Act

A. SPECIAL TAX BENEFITS

There are no special tax benefits available to the shareholders of the Company.

B. GENERAL TAX BENEFITS

1. To all shareholders



- 1.1. As per section 10(34) of the IT Act, the shareholders will be eligible for an exemption in respect of income by way of dividend (interim or final) referred to in section 115-O of the IT Act, received on shares from a domestic company. Further, any expenditure incurred in/attribution to earning such dividend income is disallowable under section 14A of the IT Act read with Rule 8D of the Rules.
- 1.2. As per section 10(38) of the IT Act, long-term capital gains arising from sale of equity shares or units of equity oriented mutual fund (equity oriented mutual funds are those funds where more than sixty five percent of the investible funds are invested in equity shares of domestic companies), are exempt provided that the transaction of sale of such equity shares or units has happened on Recognized Stock Exchange in India and is chargeable to Securities Transaction Tax ("STT"). The shares/units would be considered as long term capital assets provided they are held for a period exceeding 12 months.

However, such income shall be taken into account while computing the book profits under section 115JB for corporate assesses.

- 1.3. As per section 111A of the IT Act, short-term capital gains on sale of equity shares or units of an equity oriented mutual fund, where the transaction of such sales is subject to STT, shall be chargeable to income-tax at a concessional rate of 15% (plus applicable surcharge and education cess). Relevant slabs for basic exemption, as applicable to the assesses, will need to be taken into consideration as per relevant Finance Act.

2. To resident shareholders

In addition to the tax benefits specified in para II(A)(1) above, following are the exemptions/deductions available to the resident shareholder:

- 2.1. As per section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains arising on transfer of listed securities (other than those covered in para 1.2 above) units or zero coupon bonds (shares/units/ bonds would be considered as long term capital assets provided they are held for a period exceeding 12 months), would be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation, as provided in the second proviso to section 48 of the IT Act, or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder.
- 2.2. As per section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains arising on transfer of unlisted securities would be taxed at a rate of 20% (plus applicable surcharge and education cess) subject to indexation benefit.
- 2.3. As per section 54EC of the IT Act and subject to the conditions specified therein, long-term capital gains [not exempt under section 10(38)], can be claimed as exempt from tax to the extent such capital gains are invested in certain notified bonds (currently bonds issued by National Highways Authority of India and Rural Electrification Corporation Limited have been notified for this purpose) within six months from the date of transfer. If only part of the capital gains is so reinvested, the exemption shall be allowed proportionately. However, it is also provided under section 54EC that investments made on or after 1st April 2007 in such bonds, should not exceed Indian Rupees five million during any financial year. Further, it may be noted that if such bonds are transferred or converted into money (availing loan or advance on the security of such bonds would be considered as conversion into money for this purpose), within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier, would become chargeable to tax as long-term capital gains in the year in which the bonds are so transferred or converted into money.
- 2.4. As per section 54F of the IT Act and subject to the conditions specified therein, long term capital gains arising to an individual or Hindu Undivided Family (HUF), for instance, on transfer of long term capital asset of the Company, will be exempt from capital gain tax, if the net consideration from sale of asset is used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. Provided that the following provision shall not apply where the assessee owns more than one residential house property, other

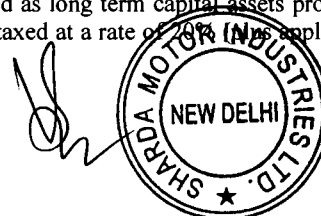


than the new asset on the date of transfer of the original asset, OR purchases any residential house, other than the new asset within a period of one year after the date of transfer of the original asset OR constructs any residential house, other than the new asset, within a period of three years after the date of transfer of the original asset. Further, it may be noted that if such house property is transferred within a period of three years from the date of its purchase, or as the case may be its construction, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the new house property is transferred.

3. To non-resident shareholders (other than Foreign Institutional Investors and Foreign Venture Capital Investors)

In addition to the tax benefits specified in para II(A)(1) above following are the exemptions/deductions available to the non-resident shareholder:

- 3.1. As per section 90 of the IT Act, the non-resident shareholders, who are eligible to claim treaty benefits (subject to furnishing of Tax Residency Certificate in the format as may be specified), will be entitled to choose the provisions of the IT Act or the provisions of tax treaty entered into by India with other foreign countries, whichever are more beneficial, while deciding taxability in India.
- 3.2. A non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin) has an option of being governed by the provisions of Chapter XII-A of the IT Act, which *inter-alia* entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.
 - a) As per section 115D read with section 115E of the IT Act and subject to the conditions specified therein, long-term capital gains arising on transfer of shares in an Indian company not exempt under section 10(38), will be subject to income-tax at the rate of 10% (plus applicable surcharge and education cess) without indexation benefit.
 - b) As per section 115F of the IT Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset being shares in an Indian company (shares would be considered as long term capital assets provided they are held for a period exceeding 12 months) shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or specified savings certificates. If part of such net consideration is invested within the prescribed period of six months in any specified asset (for instance, shares in Indian company) or specified savings certificate, the exemption will be allowed on a proportionate basis. The amount so exempted shall be chargeable to tax subsequently, if the specified assets or any such savings certificates are transferred or converted into money within three years from the date of their acquisition.
 - c) As per section 115G of the IT Act, non-resident Indians are not obliged to file a return of income under section 139(1) of the IT Act, if their source of income is only investment income and/or long-term capital gains defined in section 115C of the IT Act, provided income-tax has been deducted at source from such income as per the provisions of chapter XVII-B of the IT Act.
 - d) As per section 115-I of the IT Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income & tax on such total income for that assessment year will be computed in accordance with the other provisions of the IT Act.
- 3.3. As per the first proviso to section 48 of the IT Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. However, cost indexation benefit will not be available in such a case while computing the capital gain.
- 3.4. As per section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains arising on transfer of listed securities (other than those covered in para 1.2 above)/units or zero coupon bonds (shares/units/ bonds would be considered as long term capital assets provided they are held for a period exceeding 12 months), would be taxed at a rate of 10% (plus applicable



surcharge and education cess) after indexation, as provided in the second proviso to section 48 of the IT Act, or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the Company. However, in view of the divergent judicial precedents on this aspect, the applicability of this section needs to be evaluated on a case to case basis.

- 3.5. As per section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains arising on transfer of unlisted securities (being shares in a private Limited Company) would be taxed at a rate of 20% (plus applicable surcharge and education cess) subject to indexation benefit. The tax payable on long-term capital gains arising on sale of shares in a Publicly held unlisted company would be @10% (plus applicable surcharge and education cess).
- 3.6. As per section 54EC of the IT Act and subject to the conditions specified therein, long-term capital gains [not exempt under section 10(38)], can be claimed as exempt from tax to the extent such capital gains are invested in certain notified bonds (currently bonds issued by National Highways Authority of India and Rural Electrification Corporation Limited have been notified for this purpose) within six months from the date of transfer. If only part of the capital gains is so reinvested, the exemption shall be allowed proportionately. However, it is also provided under section 54EC that investments made on or after 1st April 2007 in such bonds, should not exceed Indian Rupees five million during any financial year. Further, it may be noted that if such bonds are transferred or converted into money (availing loan or advance on the security of such bonds would be considered as conversion into money for this purpose), within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier, would become chargeable to tax as long-term capital gains in the year in which the bonds are so transferred or converted into money.
- 3.7. As per section 54F of the IT Act and subject to the conditions specified therein, long term capital gains arising to an individual or Hindu Undivided Family (HUF), for instance, on transfer of long term capital asset of the Company, will be exempt from capital gain tax, if the net consideration from sale of asset is used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. Provided that the following provision shall not apply where the assessee owns more than one residential house property, other than the new asset on the date of transfer of the original asset , OR purchases any residential house, other than the new asset within a period of one year after the date of transfer of the original asset OR constructs any residential house , other than the new asset, within a period of three years after the date of transfer of the original asset. Further, it may be noted that if such house property is transferred within a period of three years from the date of its purchase, or as the case may be its construction, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the new house property is transferred.

4. To mutual funds

- 4.1. As per section 10(23D) of the IT Act, mutual funds registered under the Securities and Exchange Board of India Act 1992 and such other mutual funds set up by public sector banks or public financial institutions authorized by the Reserve Bank of India and subject to the conditions specified therein, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the Company.

5. To venture capital companies / funds

In terms of section 10(23FB) of the IT Act, venture capital companies/ funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the Company.

6. To foreign institutional investors ('FIIs')

In addition to the tax benefits specified in para 1 above, following are the exemptions/deductions available to FIIs:

- 6.1. As per section 90 of the IT Act, FIIs being non residents, who are eligible to claim treaty benefits (subject to furnishing of Tax Residency Certificate in the format as may be specified), will be



entitled to choose the provisions of IT Act or the provisions of tax treaty entered into by India with other foreign countries, whichever are more beneficial, while deciding taxability in India.

6.2. The income by way of long-term capital gains [not exempt under section 10(38) of the IT Act] or short term capital gains realized by FIIs on sale of such securities of the Company would be taxed at the following rates as per section 115AD of the IT Act-

- Short-term capital gains, other than those referred to under section 111A of the IT Act shall be taxed @ 30% (plus applicable surcharge and education cess).
- Short-term capital gains, referred to under section 111A of the IT Act shall be taxed @ 15% (plus applicable surcharge and education cess).
- Long-term capital gains shall be taxed @10% (plus applicable surcharge and education cess) without any cost indexation.
- It may be noted that first proviso to section 48, which provides protection against exchange rate fluctuations (where shares are subscribed in convertible foreign exchange) would not be available to FII's.

6.3. As per section 54EC of the IT Act and subject to the conditions specified therein, long-term capital gains [not exempt under section 10(38)], can be claimed as exempt from tax to the extent such capital gains are invested in certain notified bonds (currently bonds issued by National Highways Authority of India and Rural Electrification Corporation Limited have been notified for this purpose) within six months from the date of transfer. If only part of the capital gains is so reinvested, the exemption shall be allowed proportionately. However, it is also provided under section 54EC that investments made on or after 1st April 2007 in such bonds, should not exceed Indian Rupees five million during any financial year. Further, it may be noted that if such bonds are transferred or converted into money (availing loan or advance on the security of such bonds would be considered as conversion into money for this purpose), within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier, would become chargeable to tax as long-term capital gains in the year in which the bonds are so transferred or converted into money.

A. Under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957 and therefore no wealth tax is payable on shares.

B. Under the Gift Tax Act

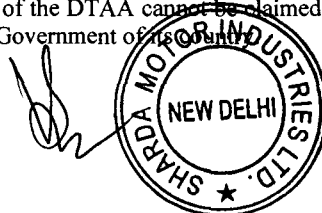
Gift Tax is not leviable in respect if any gifts made on or after 1st October,1998. Therefore, any gift of shares of the Company will not attract Gift Tax.

C. Security Transaction Tax (STT) as per Chapter VII of Finance (No.2) Act 2004, as amended by Finance Act 2012

STT in respect of any taxable securities transaction shall be collected from the seller or the buyer, on the value of such transaction, by every recognized stock exchange or the prescribed person in case of any Mutual Fund, at the rate specified in section 98 of the Finance Act.

Notes:

1. All the above benefits are as per the provisions of the Income-tax Act, 1961, Income-tax Rules, circulars, notifications as amended by Finance Act, 2012 and the Wealth Tax Act, 1957, presently in force in India. All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders.
2. Certain amendments have been proposed in the Finance Bill, 2013 which are yet to be approved by the Parliament. Investor is advised to consult his or her own tax consultant with respect to the specific tax implications if such amendments are implemented.
3. The current IT Act is proposed to be replaced by New Direct Tax Code 2010 (DTC) likely date of which is not certain. The tax implications on account of proposed DTC have not been examined by us.
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident has fiscal domicile. The Finance Act 2012 has prescribed that beneficial provisions of the DTAA cannot be claimed unless the non-resident obtains a certificate of residency from the Government of the country.



5. Wherever applicable, the benefits mentioned hereinabove are subject to fulfillment of the specified conditions and up to the limits as mentioned in the relevant provisions.
6. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

The above Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.



INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government bodies and industry websites/publications. Industry websites/publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in the Information Memorandum is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agencies. The information / data in this has been sourced from the following:

Website of Statistics and Programme Implementation – www.mospi.nic.in

Website of Department of Industrial Policy & Promotion – www.dipp.gov.in

Website of Planning Commission - www.planningcommission.nic.in

Website of Federation of Indian Chambers of Commerce and Industry - www.ficci.com

Website of Business Portal of India – www.business.gov.in

Website of Automotive Component Manufacturers Association of India – www.acmainfo.com

Website of Society of Indian Automobile Manufacturers - www.siamindia.com

Website of SME Tool Kit - www.smetoolkit.org

OVERVIEW OF THE INDIAN ECONOMY

Indian economy has been witnessing a phenomenal growth since the last decade. The overall growth of Real GDP at factor cost at constant prices, as per Estimates of the CSO, was 5.37 per cent in 2012-13 representing a decrease from the growth of 6.53 per cent in 2011-12. The government with its inclusive growth agenda and continued thrust on infrastructure development and renewed interest in economic reforms can certainly sustain the growth momentum.

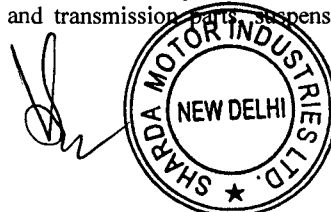
As per the latest estimates available on the Index of Industrial Production (IIP), The General Index stood for the month of December 2012 stands at 179.3, which is 0.6% higher as compared to the level in the month of December 2011. The cumulative growth during April-December 2012-13 over the corresponding period of the previous year stands at 0.7%. The indices of Industrial Production for the mining, manufacturing and electricity sectors for the month of December 2012 stood at (-) 4.0%, (-) 0.7% and 5.2% respectively, as compared to December 2011. In terms of industries, as many as Twelve (12) out of the twenty two (22) industry groups (as per 2-digit NIC-2004) in the manufacturing sector have shown positive growth during the month of December 2012 as compared to the corresponding month of the previous year.

The Foreign Direct Investment (FDI) investment was USD 46.55 Billion in 2011-12 and USD 27.20 Billion from April-December, 2012 as per provisional figures by RBI. The cumulative amount of FDI inflows from April 2000 – December 2012 amounts to USD 280.41 Billion. The FDI equity inflows for the period April 2012 to December 2012 was USD 16.95 Billion and the cumulative FDI equity inflows for the period April 2000 to December 2012 was USD 187.80 Billion.

INDIAN AUTOMOTIVE INDUSTRY

Automotive industry is the key driver of any growing economy. It plays a pivotal role in country's rapid economic and industrial development. It caters to the requirement of equipment for basic industries like steel, non-ferrous metals, fertilizers, refineries, petrochemicals, shipping, textiles, plastics, glass, rubber, capital equipments, logistics, paper, cement, sugar, etc. It facilitates the improvement in various infrastructure facilities like power, rail and road transport. Due to its deep forward and backward linkages with almost every segment of the economy, the industry has a strong and positive multiplier effect and thus propels progress of a nation.

The automotive sector, comprising of the automobile and auto component sub sectors, is one of the key segments of the economy having extensive forward and backward linkages with other key segments of the economy. It contributes about 4 per cent in India's Gross Domestic Product (GDP) and 5 per cent in India's industrial production. The automotive sector includes passenger cars; light, medium and heavy commercial vehicles; multi-utility vehicles such as jeeps, scooters, motor-cycles, three wheelers, tractors, etc; and auto components like engine parts, drive and transmission parts, suspension and



braking parts , electricals, body and chassis parts; etc. The well-developed Indian automotive industry ably fulfils this catalytic role by producing a wide variety of vehicles like passenger cars, light, medium and heavy commercial vehicles, multi-utility vehicles such as jeeps, scooters, motorcycles, mopeds, three wheelers, tractors etc.

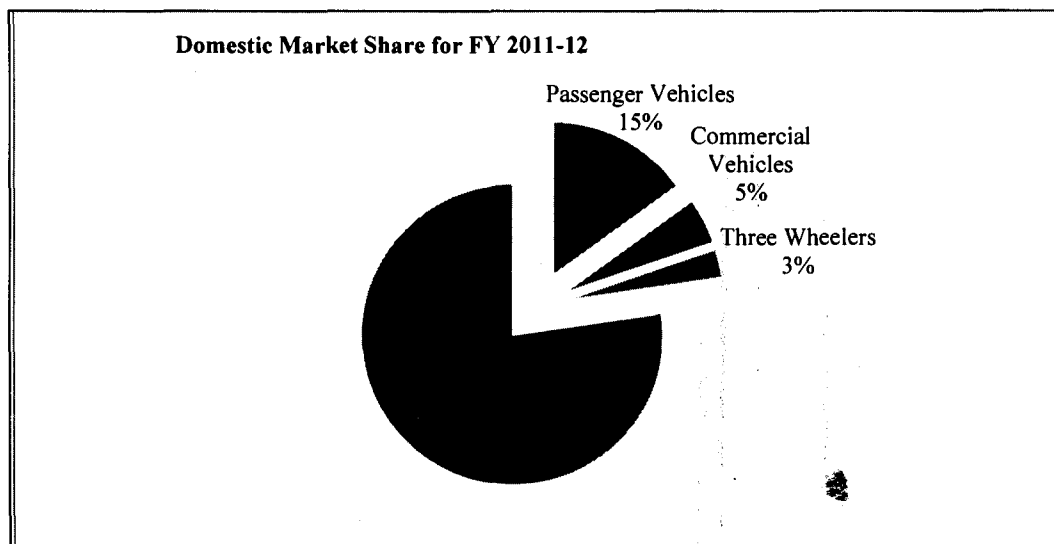
The Automotive industry is divided primarily into two major segments – light vehicles and heavy vehicles-

- Light Vehicles consist of passenger cars, multi-purpose vehicles (MPVs), sport utility vehicles (SUVs) and sports cars as well as light commercial vehicles such as pick-up trucks and vans.
- Heavy Vehicles include trucks, buses, prime movers and special-purpose vehicles that are predominantly used for commercial applications.

Among light vehicles, passenger cars are further divided into basic cars, small cars, mid-sized cars, large cars and large-plus cars based on their length. They are also divided into economy, non-premium, premium and super-premium cars depending on their price, brand positioning and level of trim/accessories.

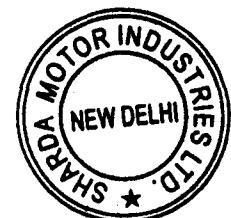
The auto component industry, which is an important part of automotive sector, comprises about 500 firms in the organized sector and more than 10,000 firms in the small and unorganized sector has been one of the fastest growing segments of Indian manufacturing. It has the capability to manufacture the entire range of auto parts and has rapidly added to its capacity base. Indian auto components industry has an important place at the global level.

In India, automotive is one of the largest industries showing impressive growth over the years and has been significantly making increasing contribution to overall industrial development in the country. Presently, India is the world's second largest manufacturer of two wheelers, fifth largest manufacturer of commercial vehicles as well as largest manufacturer of tractors. It is the fourth largest passenger car market in Asia as well as a home to the largest motor cycle manufacturer. The installed capacity of the automobile sector has been 9,540,000 vehicles, comprising 1,590,000 four wheelers (including passenger cars) and 7,950,000 two and three wheelers. The sector has shown great advances in terms of development, spread, absorption of newer technologies and flexibility in the wake of changing business scenario.



Source: www.siamindia.com

At present, 100% foreign direct investment (FDI) is permissible under the automatic route in this sector, including passenger car segment. The import of technology for technology upgradation on royalty payment of 5% without any duration limit and lump sum payment of USD 2 million is also allowed under automatic route in this sector. The Indian automotive industry has already attained a



turnover of ₹ 1,65,000 crore (34 billion USD) and has provided direct and indirect employment to 1.31 crore people in the country.

Growth Drivers of Indian Automobile Market

- Rising industrial and agricultural output
- Rising per capita income
- Favorable demographic distribution with rising working population and middle class Urbanization
- Increasing disposable incomes in rural Agri-sector
- Availability of a variety of vehicles models meeting diverse needs and preferences
- Greater affordability of vehicles
- Easy finance schemes
- Favorable government policies
- Robust production

India's Position in World's Production

- Well-developed, globally competitive auto ancillary industry
- Established automobile testing and R&D centers
- Among one of the lowest cost producers of steel in the world
- World's second largest manufacturer of two wheelers
- Fifth largest manufacturer of commercial vehicles
- Manufactures largest number of tractors in the world
- Ninth largest car manufacturer in world

India's Growing Automobile Production

Automobile Production Trends (Number of Vehicles)							
Category	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Passenger Vehicles	1,309,300	1,545,223	1,777,583	1,838,593	2,357,411	2,983,772	3,123,528
Commercial Vehicles	391,083	519,982	549,006	416,870	567,556	760,735	911,547
Three Wheelers	434,423	556,126	500,660	497,020	619,194	799,553	877,711
Two Wheelers	7,608,697	8,466,666	8,026,681	8,419,792	10,512,903	13,349,349	15,453,619
Grand Total	9,743,503	11,087,997	10,853,930	11,172,275	14,057,064	17,892,409	20,366,432

Source: www.siamindia.com

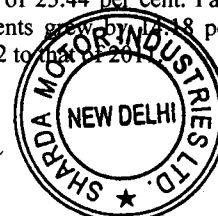
Domestic Sales

- Passenger car sales increased by 4.66 per cent to 2.62 million units (from 2.50 million units in 2011), two-wheelers sales by 14.16 per cent to 13.44 million units. But the sales of three-wheeler decreased by 2.43 per cent to 513,251 units.

Automobile Domestic Sales Trends (Number of Vehicles)							
Category	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Passenger Vehicles	1,143,076	1,379,979	1,549,882	1,552,703	1,951,333	2,501,542	2,618,072
Commercial Vehicles	351,041	467,765	490,494	384,194	532,721	684,905	809,532
Three Wheelers	359,920	403,910	364,781	349,727	440,392	526,024	513,251
Two Wheelers	7,052,391	7,872,334	7,249,278	7,437,619	9,370,951	11,768,910	13,435,769
Grand Total	8,906,428	10,123,988	9,654,435	9,724,224	12,295,395	15,481,381	17,376,632

Exports

In the FY 2011-12, overall automobile exports registered a growth rate of 25.44 per cent. Passenger vehicles, two wheelers, commercial vehicles and three wheelers segments grew by 18 per cent, 27.13 per cent, 25.15 per cent, 34.41 per cent respectively in the year 2012 to 2011.

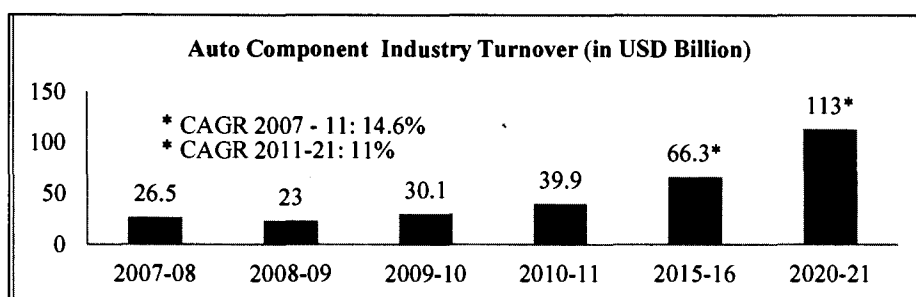


Automobile Exports Trends							(Number of Vehicles)
Category	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Passenger Vehicles	175,572	198,452	218,401	335,729	446,145	444,326	507,318
Commercial Vehicles	40,600	49,537	58,994	42,625	45,009	74,043	92,663
Three Wheelers	76,881	143,896	141,225	148,066	173,214	269,968	362,876
Two Wheelers	513,169	619,644	819,713	1,004,174	1,140,058	1,531,619	1,947,198
Grand Total	806,222	1,011,529	1,238,333	1,530,594	1,804,426	2,319,956	2,910,055

Source: www.siamindia.com

AUTOMOTIVE COMPONENT INDUSTRY

According to the Automotive Component Industry in India, the Indian auto component industry is expected to reach a turnover worth USD 113 billion by 2020-21 from USD 43.4 billion in 2011-12. The exports from the industry are expected to grow at a compound annual growth rate (CAGR) of 17% during 2012-21.



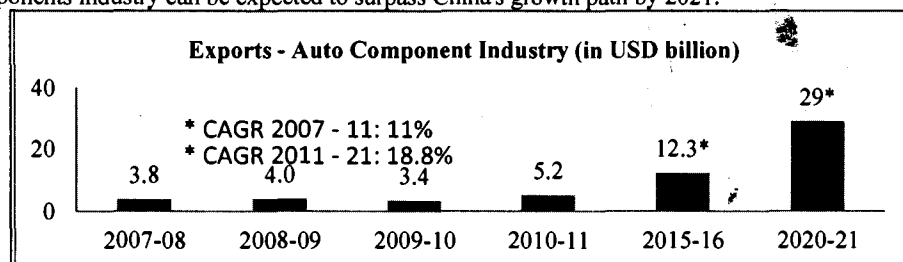
Figures for financial year – April to March (* Estimates)

Source: www.acmainfo.com

In an analysis of medium to heavy-duty Hybrid and Electric Commercial Vehicle Market in China and India, Frost and Sullivan estimated that the component revenues from India will reach USD 212 million by 2020, which would account for 11 % of the global component market.

The vision of Automotive Mission Plan (AMP 2006-16) aims India to emerge as the destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of USD 145 billion accounting to more than 10% of the gross domestic product (GDP) and to provide additional employment to 25 million people by 2016.

As per data published by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, the amount of cumulative foreign direct investment (FDI) inflow into the automobile industry during April 2000 to November 2012 was worth USD 7,518 million, amounting to 4 per cent of the total FDI inflows (in terms of USD). And it is expected that the Indian automobile and auto components industry can be expected to surpass China's growth path by 2021.



Figures for financial year – April to March (* Estimates)

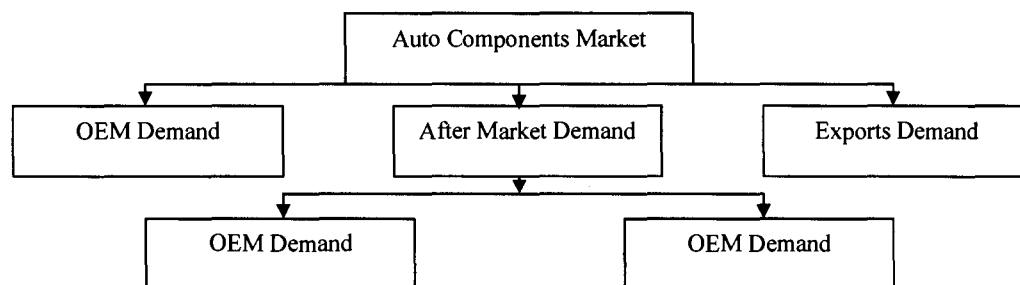
Source: www.acmainfo.com



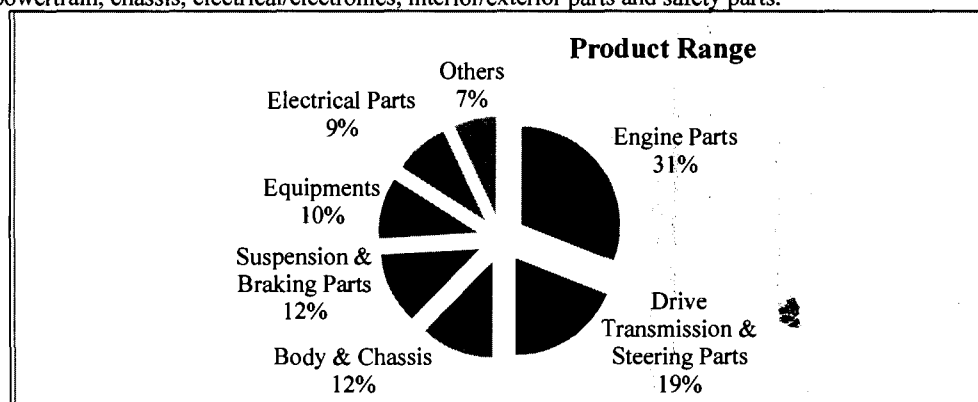
According to estimates available from industry association ACMA, the global automotive component industry is estimated to be more than USD1trn .It is forecasted to hit USD1.9trn by 2015. Out of the total auto-component market in 2015, around 40%, USD700 billion market is expected to be driven by low cost countries globally.

India is one of the fastest growing low-cost manufacturers of auto components in the world. The auto-component market is estimated to be USD19 billion in 2008-09 in India, of which USD3.8 billion is the export market. With the growth in automobile sector, entry of new players in India, rising income and export, auto component manufacturers in India has potential to rise at a CAGR of 13% to touch USD40 billion by 2015.

It has been estimated that approximately 4% of the auto component manufacturing companies cater to 80% of the B2B demand arising from OEMs. The auto components industry is dominated by SMEs. Major auto component manufacturing company's are clustered in Indore in Central India; Jamshedpur-Kolkata in the East; Pune in the West; Manesar and Kanpur in the North; Chennai in South India.



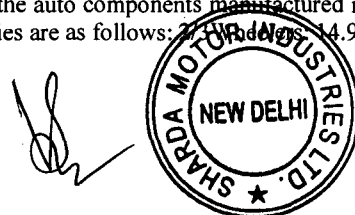
The automotive components market can be divided into two segments – OE components and aftermarket components. OE components are procured by OEMs and are used in the production/assembly of new vehicles as well as for servicing the vehicles manufactured by OEMs. OE components for light vehicles can be further categorized by functionality such as body parts, powertrain, chassis, electrical/electronics, interior/exterior parts and safety parts.



Source: www.acmainfo.com

Aftermarket components are sold directly to spare parts dealers and distributors as well as independent (third-party) vehicle-servicing stations.

Indian auto-component market is segmented into OEMs (accounting for 60% of the total market), replacement market and exports (contributing 20% each to the total market). It has been estimated that approximately 4% of the auto-component manufacturing companies cater to 80% of the B2B demand arising from OEMs. Engine parts represents around one-third of the auto components manufactured in India. The growth rate of components of different vehicle categories are as follows: Trucks: 14.95 per cent; Cars: 15.4 per cent; Commercial Vehicles: 26.1 per cent.



Key Challenges being faced by the Indian Companies

- Low capital base of players in the industry
- Limited generation of surplus funds for re-investment due to tight working capital cycle
- Lack of awareness of business opportunities
- Lack of experience to international environment
- Limited geographical diversity of markets
- Obsolete technology
- Poor infrastructure facilities
- Volatile factors of production, mainly due to frequent fluctuations & instability in the prices of commodities & raw materials such as steel, aluminum, polymers, etc
- Power cost in India is amongst the highest when compared with the other competing countries globally.
- Product substitutes due to emergence of new technologies.
- Increasing need for technology upgradation/innovation to compete and survive in the global market
- High level of dependence on traders and agents to perform business in the overseas markets that threatens their competitiveness in the global market.
- Poor understanding of global business dynamics
- Less than five domestic players with revenues more than US\$250mn; the industry has highly fragmented market.
- High interest rates in India as compared to other competing countries.
- Direct and indirect taxes burden are relatively higher than the tax rates followed in other competing countries



OUR BUSINESS

Our Company is engaged in the manufacturing and assembly of Auto Components and White Goods Components. Our Company supplies the manufactured products to car and utility vehicle manufacturers and Tier - I air conditioner suppliers. Our product range includes various automobile component such as Exhaust System, Catalytic Converter, Independent Front Suspension, Seat Frames, Seat Covers (Two Wheelers & Four Wheelers), Soft Top Canopies, Air Conditioners cabinets. We have state of the art manufacturing facilities across thirteen locations in seven states in India.

Our Company was incorporated in 1986 by Mr. Narinder Dev Relan and his associates and has over 27 years of experience in the automotive component industry. Our Company holds the distinctions of developing the first catalytic converter in India for automobile application for Tata Safari in 1997.

Our significant customers include Mahindra & Mahindra Limited, Hyundai Motor India Limited, Tata Motors Limited, Carrier Airconditioning & Refrigeration Limited, Cummins (EXP), Bharat Seats Limited and Panasonic etc. The products are made as per customers suggested specifications and designs and a non-stop in-house technical development in our R&D Centre ensure better quality with improved cost economics.

Our Product range

Product Category	Customer / End User Profile
Automotive Exhaust Systems	Cars, SUV's
Automotive Catalytic Converters	Cars & SUV's/UV/LCV/MPV
Automotive Maniverter	Cars & SUV's/UV
Independent Front Suspensions	SUV's/ UV/LCV/MPV
Automotive Canopies	MUV
Automotive Seat Trims	Cars & Two wheelers
Automotive Seat Frames	Cars
Assembly of Front & Rear Axles	SUV's/ UV/LCV/MPV
Powder Coated Pressed Parts & sub Assemblies (AC cabinets)	White Goods
Plastic Flexible Hoses	White Goods

Our Competitive Strength

Wide range of product offerings and applications across cars and utility vehicles division

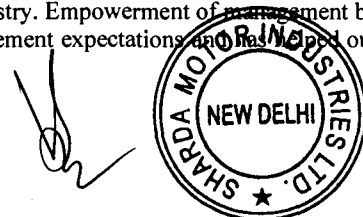
Our Company offers a diverse portfolio of products designed to meet our customers evolving needs. Our product portfolio includes exhaust system, independent front suspension, seat frames, soft top canopies, pressed part - room air conditioners. We supply these components for a broad range of vehicle types, including passenger vehicles and trucks. We believe that our ability to offer a broad range of components allows us to address various component requirements of OEMs. Our diverse product portfolio also protects us from the variable demand that can be experienced by one or more particular vehicle programs and we expect to continue to seek to diversify our product portfolio to meet our customers' needs. Our proximity to OEMS is one of the biggest advantages for OEMS to get JIT supply.

Strong track record and long standing relationship with reputed customers in automobile industry

We have a successful track record of regularly supplying our products to our customers. This is because of our ability to provide high quality Automotive Components to these customers on a continuous and uninterrupted basis. We have consistently and successfully demonstrated the ability to manage key client relationships. This is reflected in the long duration of our relationships and the repeat orders for our products from some of our large customers. We believe that we are preferred supplier to many companies in Automobile sector.

Competent Management Team

We believe that our experienced management has substantially contributed to the growth of our business operations. Our Promoters Mr. Narinder Dev Relan, Mr. Ajay Relan and Mr. Rohit Relan have more than 27 years of experience in Auto Component industry. Empowerment of management by delegation of authority has been our strength in meeting management expectations and we have



Company in building a large team of experienced professionals. We believe that the experience of our senior management team has translated into improved product quality, increased profitability and improved margins which give us competitive edge.

Ability to continuously expand product offerings

We have a well qualified and experienced design team of mechanical engineers engaged in developing new solutions for our customers to suit their business needs. We have in house Research and Development facility at Chennai which enables us to create new products for further diversification of our product offerings in the automobile industry.

Technology absorption and product design and development

We lay emphasis on the absorption of the design and manufacturing technology of automotive components. We have a team of highly qualified and experienced automobile engineers who are fully committed towards achieving the corporate objective of growth and excellence. We have been continuously making efforts in the areas of Quality improvement, waste, reduction, process capability in major equipment and cost optimization to improve the market acceptance of our products. We impart training programs by foreign technicians in various manufacturing techniques, participate in conferences, seminars and exhibitions.

Strategic geographic location

We operate our factories from locations near to our key customers, which we believe gives us a competitive advantage over our competitors. Most of our operations are concentrated in the automotive industrial centre like Gurgaon, Noida, Nashik, Chakan (Pune), Sanand and Kancheepuram (Tamil nadu). We believe that our strong research and manufacturing facilities backed by factories strategic location has enabled us to procure orders from our customers.

Manufacturing facilities

The existing manufacturing facilities of our Company are as under:

Plant	Product	Address
Binola Plant	Seat Frames & White Goods components	58 KM, Delhi Jaipur Highway, Behind Terry Soft, Village & P. O. Binola
Chakan Plant	Exhaust systems	Plot No. A-1/8, MVML Vendor Park MIDC, Phase IV, Nigo JE Chakan, Pune (Maharashtra)
Chennai Plant I	Exhaust systems	G-20, Sipcot Industrial Park, Irungattu Kottai, Sriperumbudur Taluka, Kancheepuram Dist. (Tamil Nadu)
Chennai Plant II	Tube mill & Sheet metal components	Mahindra World City, Changanpattu Taluk, Kancheepuram Dist. Industrial Park (Tamil Nadu)
Gurgaon Plant I	Seat Trim	Plot No.276, Udyog Vihar, Phase-VI, Gurgaon (Haryana)
Gurgaon Plant II	Seat Trim	Plot No. 366, Pace City - II, Udyog Vihar, Phase IV, Gurgaon. (Haryana)
Greater Noida Plant	Sheet metal components & Seat Frame	Plot No.4, Sector-31, Greater Noida, Distt. Gautam Budh Nagar, (Uttar Pradesh)
Haridwar Plant	White Goods components, Exhaust systems & Fuel Tank	Plot No. 4, Sector-2, I.I.E. Ranipur, Haridwar (Uttanchal)
Nashik Plant I	Suspension parts	Plot No.112, M.I.D.C., Satpur, Nasik (Maharashtra)
Nashik Plant II	Exhaust systems	Plot No. 52/1, 52/2, 53/2A, 54A, 54B, 54C & 54D, Behind Ceat Company, Satpur, Nashik (Maharashtra)
Pathredi Plant	Sheets metal components and Seats Frames	C - 506, Block - C, Pioneer Industrial park, (Village Bhudka), Pathredi, Gurgaon (Haryana)
Sanand Plant	Exhaust Systems / Catalytic Converters / S.T.A. / Seat Frame	Plot No. C-8 Tata Motor, Vendor Park, North Kotpura, Sanand, Ahmedabad (Gujarat)
Surajpur Plant	Canopy, Seats Covers	Plot No. 558, 559, Surajpur Bypass Industrial Area, Greater Noida, (Uttar Pradesh)



Technical Collaboration

In order to acquire the latest know-how to establish the quality requirements of all customers in Automobile and White Goods industry, we have entered into technical collaborations with Sejong Industrial Co. Ltd., Bosal Nederland B.V., Ricardo Plc (U.K.), Sango Co., Ltd. (Japan). We have also developed Scorpio Exhaust System jointly with Mahindra & Mahindra Limited and Indigo Exhaust System for Tata Motors Limited.

Raw materials

The principal raw materials that we use in our production are Steel and Fabric.

Research and Development

Our Company has its own R&D facility at Chennai, which has been recognized by the Department of Scientific and Industrial Research (DSIR), Government of India. It is well equipped with the latest testing equipments. A team of highly qualified engineers are fully committed towards attaining targets set by our management. Our Company's R&D Centre continues and expands its research work in improving the design, process and methods for manufacturing the automotive emission control systems, as per emission guidelines.

Competition

The automotive component and auto ancillary industries are extremely competitive. Our main competitors are Faurecia, Tenneco, Eberspacher, JBM, Krishna Maruti Limited, Caparo Maruti Limited.

Utilities**Electricity**

To power our operations, we need a substantial amount of electricity. Our manufacturing units purchase electricity from their respective local electricity board and captive generators.

Water

Our manufacturing facilities source water from local municipal corporations.

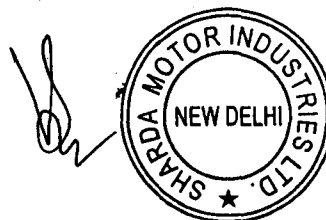
Transportation

Our operations use road as a mode of transportation to supply our customers with adequate amounts of finished goods and within their required deadlines.

Insurance

Our insurance coverage includes fire insurance, theft and burglary, property insurance that covers our plant and machinery, stocks and buildings and offices at various locations. The vehicles we own are covered by motor insurance policies. All employees are covered by a group personal accident policy and a group mediclaim policy. We also have an individual personal accident policy for certain key managerial personnel.

Our operations are subject to hazards inherent in large-scale manufacturing, such as risk of equipment failure and work accidents. We are also subject to the effects of natural disasters and acts of terrorism. The hazards we face include those that may cause injury and loss of life, damage to and destruction of property and equipment and environmental damage. We believe that our insurance coverage is in accordance with industry custom, including with respect to the terms of and the coverage provided by such insurance.



HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on January 29, 1986 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana. We received the Certificate of Commencement of Business on January 31, 1986. The Corporate Identification Number of our Company is L74899DL1986PLC023202.

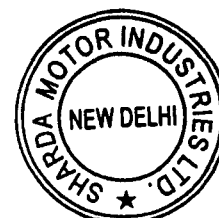
Our Company is promoted by Mr. Narinder Dev Relan, Mrs. Sharda Relan, Mr. Ajay Relan and Mr. Rohit Relan. In June 1987 our Company came with an Initial Public Offering of ₹ 9,357,000 comprising 935,700 Equity Shares of ₹ 10 each at par. Presently our Equity Shares are listed on Delhi Stock Exchange Limited.

Changes in Registered Office

Date of Change	Existing Registered Office	New Registered Office
Since Incorporation	S 233, Panchshila Park, New Delhi - 110 017	
May 15, 1987	S 233, Panchshila Park, New Delhi - 110 017	D - 152, Okhla Industrial Area, Phase - I, New Delhi - 110 020
January 01, 1988	D - 152, Okhla Industrial Area, Phase - I, New Delhi - 110 020	B - 238, Okhla Industrial Area, Phase - I, New Delhi - 110 020
July 07, 2003	B - 238, Okhla Industrial Area, Phase - I, New Delhi - 110 020	D - 188, Okhla Industrial Area, Phase - I, New Delhi - 110 020

Key Events and Mile Stones

Year	Key Events / Milestone / Achievements
1987	Initial Public Offering for 935,700 Equity Shares of ₹ 10 each at par. The shares of the Company got listed on Delhi Stock Exchange Limited.
1994	Set up a plant at Plot No. 276, Udyog Vihar, Phase-VI, Gurgaon (Haryana) with manufacturing facility of seat trim known as Gurgaon Plant I
1995	Set up a plant at Plot No. 558, 559, Surajpur Bypass Industrial Area, with manufacturing facility of seat trim & canopy, extruded plastic Components, known as Surajpur Plant
1998	Set up Chennai Plant I (Exhaust) at G-20, Sipcot Industrial Park, Irungattu Kottai, Sriperumbudur Taluka, Kancheepuram Dist., Tamil Nadu
2002	Scheme of amalgamation of Korin India Limited with our Company was approved with appointed date being September 01, 2001 Set up a plant at Plot No.112, M.I.D.C., Satpur, Nasik, (Maharashtra) with manufacturing facility of Suspension known as Nashik Plant - I
2005	Set up a plant at 58 KM, Delhi Jaipur Highway, Village & P. O. Binola, with manufacturing facility of Seat Frame & With Goods known as Binola plant Set up a plant at Plot No. 4, Sector-2, I.I.E. Ranipur, Haridwar (Uttanchal) with manufacturing facility of White Goods, Exhaust & Fuel Tank Known as Haridwar Plant Approval of DSIR, Government of India obtained for our Research & Development Center at G-20, Sipcot Industrial Park, Irungattu Kottai, Sriperumbudur Taluka, Kancheepuram Dist., Tamil Nadu
2006	Set up a plant at Mahindra World City, Changalpattu Taluk, Kancheepuram District Industrial Park, Tamil Nadu with manufacturing facility of Tube mill & Sheet Metal Known as Chennai Plant II Set up a plant at Plot No. 52/1, 52/2, 53/2A, 54A, 54B, 54C & 54D, Satpur, Nashik with manufacturing facility of Exhaust known as Nashik Plant - II
2010	Set up Sanand Plant at Plot No. C-8 Tata Motor, Vendor Park, North Kotpura, Sanand, Ahmedabad, Gujarat for Tata Nano Components Inauguration of newly built Research & Development Block at Mahindra World City, Changalpattu Taluk, Kancheepuram District Industrial Park, Tamil Nadu
2011	Set up Chakan Plant (Exhaust) at Plot No. A-1/8, MVML Vendor Park MIDC, Phase IV, Nigo JE Chakan, Pune Set up Gurgaon Plant II at Plot No. 366, Pace City - II, Udyog Vihar, Phase IV, Gurgaon. (Haryana)

Year	Key Events / Milestone / Achievements
2012	Set up Pathredi Plant at C- 506, Block - C, Pioneer Industrial park, (Village Bhudka), Pathredi, Gurgaon (Haryana) Scheme of amalgamation of Sharda Sejong Auto Components (India) Limited, wholly owned subsidiary of our Company, with our Company was approved with appointed date being April 01, 2011

Our Main Objects

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

1. To manufacture and/or deal in automobile, automobile parts including seat covers spare parts and components of machineries and to act agents for manufacturers of various parts and components, etc.
2. To acquire and hold by way of investment, shares, stocks, debentures, debenture stock, bonds, obligations or securities, by original subscription, participation in syndicates, tender, purchase, exchange or otherwise and to subscribe for the same or to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof and to carry on business of money lending and to carry on the business of dealers in shares, stocks, debentures, debenture stock, bonds, obligations, units securities and other investments."

Changes in the activities of our Company during the preceding five years

There have been no changes in the activities of our Company during the preceding five years preceding the date of the Information Memorandum, which may have a material adverse effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Scheme of Amalgamation

(a) Korin India Limited with SMIL

Korin India Limited was amalgamated with SMIL to integrate the business the business synergies and reap benefit of consolidation through focused management with appointed date of amalgamation being September 01, 2001.

(b) Sharda Sejong Auto Components (India) Limited with SMIL

Sharda Sejong Auto Components (India) Limited, wholly owned subsidiary of SMIL, was amalgamated with SMIL resulting in elimination of overhead outstanding and other expenses, facilitate administrative convenience and to ensure optimum utilization of available services and resources of both the companies. The appointed date of amalgamation of Sharda Sejong Auto Components (India) Limited with SMIL was April 01, 2011.

Subsidiary / Associate Companies

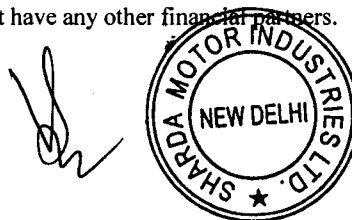
We do not have any subsidiary company as on the date of the Information Memorandum. Bharat Seats Limited and Relan Industrial Finance Limited are Associate Companies of our Company. For details of Bharat Seats Limited and Relan Industrial Finance Limited, refer to the chapter titled "Our Promoter Group" on page 51 of the Information Memorandum.

Strategic Partners

As on the date of the Information Memorandum, we do not have any Strategic Partners.

Financial Partners

As on the date of the Information Memorandum, we do not have any other financial partners.



OUR MANAGEMENT

As per the Articles of Association of our Company, we shall not have less than three or more than twelve Directors on our Board of Directors. The following table sets forth certain details regarding the Board of Directors as on the date of the Information Memorandum:

Sr. No.	Name, Designation, Father's Name, Address, occupation	Nationality	Age (Years)	Directorships in other entities
1.	<p>Mr. Kishan Nagin Parikh Chairman (Non Executive Independent) S/o Sh. Nagin B. Parikh 8-A, Monalisa, 17, Camac Street Kolkata - 700 017</p> <p>DIN: 00453209 Occupation: Business Date of appointment: December 16, 2005 Term: Liable to retire by rotation</p>	Indian	45	<ul style="list-style-type: none"> • Pebco Motors Limited • Pebco Industries Limited • Brisco Private Limited • Calcutta Commodities (1965) Private Limited • Aersoft Trading & Marketing Private Limited • Bharat Seats Limited • Jamshedpur Air-Connect Private Limited
2.	<p>Mr. Narinder Dev Relan Co- Chairman & Whole Time Director S/o Sh. R. K. Relan 25, Sardar Patel Marg, Chanakya Puri New Delhi - 110 020</p> <p>DIN: 00240280 Occupation: Industrialist Date of appointment: August 29, 1986 Term: Liable to retire by rotation</p>	Indian	83	<ul style="list-style-type: none"> • Bharat Seats Limited • Relan Industrial Finance Limited • Pebco Motors Limited • Progressive Engineering and Automation Private Limited • Sharda Inoac Private Limited
3.	<p>Mr. Ajay Relan Managing Director S/o Sh. Narinder Dev Relana 25, Sardar Patel Marg, Chanakya Puri New Delhi - 110 020</p> <p>DIN: 00257584 Occupation; Industrialist Date of appointment: January 29, 1986 Term: Re-appointed as Managing Director from 01/09/2011 to 31/08/2016</p>	Indian	51	<ul style="list-style-type: none"> • Bharat Seats Limited • Relan Industrial Finance Limited • Progressive Engineering and Automation Private Limited • Sharda Inoac Private Limited
4.	<p>Mrs. Sharda Relan Non Independent Non-Executive Director W/o Sh. Narinder Dev Relan 25, Sardar Patel Marg, Chanakya Puri New Delhi - 110 020</p> <p>DIN: 00252181 Occupation; Industrialist Date of appointment: January 29, 1986 Term: Liable to retire by rotation</p>	Indian	77	<ul style="list-style-type: none"> • Relan Industrial Finance Limited • Sharda Auto Solutions Private Limited
5.	<p>Mr. Rohit Relan Non Independent Non-Executive Director S/o Sh. Narinder Dev Relan 25, Sardar Patel Marg, Chanakya Puri New Delhi - 110 020</p> <p>DIN: 00257572 Occupation: Industrialist Date of appointment: May 25, 1991 Term: Liable to retire by rotation</p>	Indian	57	<ul style="list-style-type: none"> • Bharat Seats Limited • Relan Industrial Finance Limited • Progressive Engineering and Automation Private Limited • Sharda Inoac Private Limited




Sr. No.	Name, Designation, Father's Name, Address, occupation	Nationality	Age (Years)	Directorships in other entities
6.	Mr. Ram Prakash Chowdhry Non Independent Non-Executive Director S/o Sh. S L Chowdhry 10, Anand Lok, New Delhi - 110 049 DIN: 00337775 Occupation: Business Date of appointment: August 29, 1986 Term: Liable to retire by rotation	Indian	87	• Nil
7.	Mr. Om Prakash Khaitan Independent Non-Executive Director S/o Sh. Srimohan Khaitan N-12, Panch Sheel Park, New Delhi - 110 017 DIN: 00027798 Occupation: Solicitor Date of appointment: December 16, 2005 Term: Liable to retire by rotation	Indian	70	<ul style="list-style-type: none"> • JK Tyre & Industries Limited • Honda Siel Power Products Limited • Shriram Pistons and Rings Limited • ECE Industries Limited • VLCC Health Care Limited • Bengal & Assam Company Limited • Howden Insurance Brokers India Private Limited • Nipshell Builders Private Limited
8.	Prof. Ashok Kumar Bhattacharya Independent Non-Executive Director S/o Sh. Sudhir Kumar Bhattacharya 46, Wake Green Road, Moseley Birmingham, B139PF, United Kingdom DIN: 02804551 Occupation: Professor Date of appointment: October 28, 2009 Term: Liable to retire by rotation	British	67	• Nil
9.	Mr. Udayan Banerjee Whole Time Director S/o Sh. Pangshu Mohan Banerjee D - 688, C. R. Park, New Delhi - 110 019 DIN: 00339754 Occupation: Service Date of appointment: June 01, 2004 Term: Re-appointed as Whole Time Director from 01/04/2010 to 31/03/2015	Indian	66	• Nil

Brief Profile of Directors

Mr. Kishan Nagin Parikh, 45 years, Independent Chairman of our Company. He 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.

Mr. Narinder Dev Relan, 83 years, is the Co-Chairman and Whole Time Director of our Company. He is a Commerce Graduate from Delhi University and has a vast experience of 60 years in the field of Business Management, Accounts & Finance and Capital Market. He is one of the oldest Member of Delhi Stock Exchange Limited and has been the Vice-President of Delhi Stock Exchange Limited from 1986 to 1987. He has been the driving force behind the growth of the Company and is presently looking after the administrative and financial functions of the Company.

Mr. Ajay Relan, 51 years, is the Managing Director of our Company. He completed his B.Com (Hons.) and took three years training from Harvard Business School, U.S.A under Owner/President Management (O.P.M.) Programme. He is a dynamic entrepreneur having a vast experience in the line of manufacture of automobile components and setting up of new projects and its successful implementation. He is responsible for overall manufacturing operations, Plant Research & Development, Product Development and complete supervision of the Company.



Mrs. Sharda Relan, 77 years, is the Non Independent Non-Executive Director and one of the promoters of our Company. She is also associated with various charitable institutions and is an active member of Inner Wheel Club and Child Society of India. She plays an active role in various social organizations.

Mr. Rohit Relan, 57 years, is the Non Independent Non-Executive Director of our Company. He is a Fellow Member of the Institute of Chartered Accountants of India and he took three years training from Harvard Business School, U.S.A under Owner/President Management (O.P.M.) Programme and is Managing Director of Bharat Seats Ltd, a joint venture company of Maruti Udyog Limited and Suzuki Motor Limited, Japan. He has a vast experience in the line of Finance and Total Productivity Maintenance.

Mr. Ram Prakash Chowdhry, 87 years, is the Non Independent Non-Executive Director of our Company. He is Bachelor of Engineering (Civil) from Aligarh Muslim University. After completing his Engineering he ventured into his own construction business and has implemented various projects for government and private sector. He is on the Board of our Company since incorporation.

Mr. Om Prakash Khaitan, 70 years, Independent Non Executive Director, 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.

Mr. Ashok Kumar Bhattacharya, 67 years, Independent Non Executive Director, 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.

Mr. Udayan Banerjee, 66 years, Whole Time Director, holds a degree in MSc. in Applied Science from Indian Institute of Technology, Kharagpur. In 1970 he joined Bata Shoes Limited as Management Trainee and in 1981 he moved to Stepwel Industries Limited as Production Manager. In 1987 he started his own Technical and Marketing Consultancy firm. He was a consultant to UNCTAD – GATT (presently known as World Trade Organisation). In 1997 he joined our Company as a Vice President and presently looking after Business Development.

Relationship between the Directors

Following Directors of our Company are related to each other:

Sr. No.	Name of the Director	Related to	Nature of Relationship
1.	Mr. Narinder Dev Relan	Mrs. Sharda Relan Mr. Ajay Relan Mr. Rohit Relan	Husband Father Father
2.	Mrs. Sharda Relan	Mr. Narinder Dev Relan Mr. Ajay Relan Mr. Rohit Relan	Wife Mother Mother
3.	Mr. Ajay Relan	Mr. Narinder Dev Relan Mrs. Sharda Relan Mr. Rohit Relan Mr. Ram Prakash Chowdhry	Son Son Brother Daughter's spouse
4.	Mr. Rohit Relan	Mr. Narinder Dev Relan Mrs. Sharda Relan Mr. Ajay Relan	Son Son Brother
5.	Mr. Ram Prakash Chowdhry	Mr. Ajay Relan	Spouse's father



None of our Directors, have held or are holding directorships in any listed companies whose shares have been or were suspended from being traded on the BSE and / or the NSE or whose shares have been or were delisted from the stock exchange(s). We also confirm that:

- we have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which our Director were selected as Director or member of Senior Management.
- the service contracts entered into with our Managing Director / Whole Time Director does not provide for any benefit upon termination of employment except the retirement benefits payable to them as Provident Fund, Superannuation and Gratuity as per the policies of our Company.

Remuneration of our Directors

Mr. Narinder Dev Relan

Mr. Narinder Dev Relan was re-appointed as Whole Time Director our Company in the Annual General Meeting held on August 04, 2008 for a period of five years w.e.f July 01, 2008. The details of his remuneration are as under:

Basic Salary	₹ 800,000/- per month in the range of ₹ 500,000 to ₹ 1,500,000 per month
Commission	Such amount or percentage of the net profit as may be decided by the Board of Directors / the Remuneration Committee from year to year
Perquisites and Benefits	Expenditure of Housekeeping including maintenance and insurance premium thereof
	Children Education Expenditure
	Medical Expenses for self & family including Premium of Medi-Claim Policy
	Leave Travel Concession for self & family as per the Company Rules
	Clubs Membership Fees / expenses
	Personal Accident Insurance for self & family
	Leave Encashment as per the Company Rules
	Provision for Company maintained chauffeur driven car
	Free Telephone, Fax and other communication facility at Residence
	Company's Contribution towards Provident Fund, Pension Fund and Superannuation Fund as per the Company Rules
	Gratuity as per the Payment of Gratuity Act, 1972 including any amendment or re-enactment thereof
	Such other perquisites and allowances in accordance with the rules of the Company

Mr. Ajay Relan

Mr. Ajay Relan was re-appointed as Managing Director of our Company in the Annual General Meeting held on August 08, 2011 for a period of five years w.e.f September 01, 2011. The details of his remuneration are as under:

Basic Salary	₹ 1,200,000/- per month in the range of ₹ 1,000,000 to ₹ 2,000,000
Commission	Such amount or percentage of the net profit as may be decided by the Board of Directors / the Remuneration Committee from year to year
Perquisites and Benefits	Expenditure of Housekeeping including maintenance and insurance premium thereof
	Children Education Expenditure
	Medical Expenses for self & family including Premium of Medi-Claim Policy
	Leave Travel Concession for self & family as per the Company Rules
	Clubs Membership Fees / expenses
	Personal Accident Insurance for self & family
	Leave Encashment as per the Company Rules
	Provision for Company maintained chauffeur driven car
	Free Telephone, Fax and other communication facility at Residence
	Company's Contribution towards Provident Fund, Pension Fund and Superannuation Fund as per the Company Rules
	Gratuity as per the Payment of Gratuity Act, 1972 including any amendment or re-enactment thereof
	Such other perquisites and allowances in accordance with the rules of the Company



Mr. Udayan Banerjee

Mr. Udayan Banerjee was appointed as Whole Time Director of our Company in the Annual General Meeting held on August 18, 2010 for a period of five years w.e.f April 01, 2010. The details of his remuneration are as under:

Basic Salary	In the range of ₹ 75,000 to ₹ 200,000 per month
HRA	In the range of ₹ 50,000 to ₹ 120,000 per month
Perquisites and Benefits	Reimbursement of entertainment expenses subject to a maximum of ₹10,000 per month
	Books & Periodicals: Actual subject to a maximum of ₹ 3,000 per month
	Attendant Allowance: Subject to a maximum of ₹ 5,000 per month
	Medical Expenses for self & family subject to maximum of ₹ 5,000 per month
	Leave Travel Concession for self & family as per the Company Rules
	Leave Encashment as per the Company Rules
	Provision for chauffeur driven car
	Free Telephone at Residence, personal long distance calls to be paid by him
	Company's Contribution towards Provident Fund, Pension Fund and Superannuation Fund as per the Company Rules
	Gratuity as per the Payment of Gratuity Act, 1972 including any amendment or re-enactment thereof
Such other perquisites and allowances in accordance with the rules of the Company	

Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE with respect to corporate governance will be applicable to us immediately upon the listing of our Company's Equity Shares on the Stock Exchange. Our Company has complied with the corporate governance requirements as per Clause 49 of the Listing Agreement. In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following committees of the Board:

1. Audit Committee

The Audit Committee was reconstituted by our Board in their meeting held on February 06, 2013 in accordance with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The Audit Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Om Prakash Khaitan	Chairman	Independent Non Executive Director
2.	Mr. Narinder Dev Relan	Member	Whole Time Director
3.	Mr. Kishan Nagin Parikh	Member	Independent Non Executive Director

Our Company Secretary is the Secretary to the Committee.

2. Remuneration Committee

The Remuneration Committee was reconstituted by our Board in their meeting held on February 06, 2013 in accordance with the requirements of Clause 49 of the Listing Agreement. The Remuneration Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Ram Prakash Chowdhry	Chairman	Non Independent Non Executive Director
2.	Mr. Kishan Nagin Parikh	Member	Independent Non Executive Director
3.	Prof. Ashok Kumar Bhattacharya	Member	Independent Non Executive Director

Our Company Secretary is the Secretary to the Committee.

3. Shareholders / Investors Grievances Committee

The Shareholders / Investors Grievances Committee was reconstituted by our Board in their meeting held on February 06, 2013 in accordance with the requirements of Clause 49 of the Listing Agreement. The Shareholders Grievances Redressal Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Kishan Nagin Parikh	Chairman	Independent Non Executive Director
2.	Mr. Ram Prakash Chowdhry	Member	Non Independent Non Executive Director
3.	Mr. Om Prakash Khaitan	Member	Independent Non Executive Director



Our Company Secretary is the Secretary to the Committee.

Interests of Directors

All of our directors may be deemed to be interested to the extent of remuneration or fees, if any, payable to them, for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and / or reimbursement of expenses and / or commission, if any, payable to them and to the extent of related party transactions.

Shareholding of our Directors

S. No.	Name of the Shareholders	No. of Equity Shares	% of total Shareholding
1.	Mr. Ajay Relan	810,378	13.63
2.	Mrs. Sharda Relan	742,520	12.49
3.	Mr. Narinder Dev Relan	488,020	8.21
4.	Mr. Rohit Relan	478,818	8.05
5.	Mr. Ram Prakash Chowdhry	600	0.01

Changes in the Board of Directors in the last 3 years

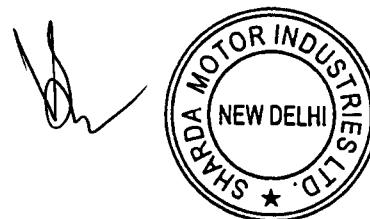
Except the following, there has been no change in the Board of Directors of our Company during the last three years:

Name of Director	Date of appointment	Date of cessation	Reason for change
Mr. Gulshan Lal Tandon	December 16, 2005	August 02, 2012	Cessation due to death
Mr. Lekh Raj Channa	January 10, 2013	March 30, 2013	Resigned from the Board

Key Managerial Personnel

In addition to Mr. Narinder Dev Relan, Mr. Ajay Relan and Mr. Udayan Banerjee, the following are Key Managerial Personnel of our Company. All our Key Managerial Personnel are permanent employees of our Company.

Name	Designation	Age (years)	Qualification	Experience (years)	Date of Joining	Previous Employment
Mr. Aashim Relan	Chief Operating Officer	23	Graduation in economics - Emory University, USA	1	28/06/2012	-
Mr. Anil Badhwar	President - Manufacturing	65	Bachelor of Engineering (Mechanical)	42	23/05/2007	VXL Engineers Ltd.
Dr. Sivanand Rajadurai	(Head - R & D Centre)	61	Ph.D. (Physical Chemistry)	30	01/11/2009	ACS Industries
Mr. Bireswar Mitra	President (COO Nasik Plant)	67	B. Tech (Mechanical Engineering)	27	26/08/2002	Finolex Cables Ltd.
Mr. Pradeep Rastogi	President - Legal & CFO	52	B.Com(H), Fellow Chartered Accountant, LLB	29	23/10/2003	Lodha & Co.
Mr. Nitin Vishnoi	Company Secretary	43	B.Com (H), Fellow Company Secretary	20	01/07/1998	Financial Eyes (I) Ltd.
Mr. N. R. Pillai	General Manager (Personnel & Administration / HR)	75	PG Diploma in Personnel Management & Industrial Relations	56	01/04/1996	Bharat Aluminium Company Ltd.



OUR PROMOTERS

The Promoters of our Company are Mr. Narinder Dev Relan, Mrs. Sharda Relan, Mr. Rohit Relan and Mr. Ajay Relan

1. Mr. Narinder Dev Relan



Passport No.	: Z2161608
PAN	: AAHPR1325A
Bank a/c No.	: 5-701732-008 with Citibank N.A., Connaught Place, New Delhi

Mr. Narinder Dev Relan, 83 years, is the Co-Chairman and Whole Time Director of our Company. He is a Commerce Graduate from Delhi University and has a vast experience of 60 years in the field of Business Management, Accounts & Finance and Capital Market. He is one of the oldest Member of Delhi Stock Exchange Limited and has been the Vice-President of Delhi Stock Exchange Limited from 1986 to 1987. He has been the driving force behind the growth of the Company and is presently looking after the administrative and financial functions of the Company.

2. Mrs. Sharda Relan



Passport No.	: Z2161408
PAN	: AAKPR2245N
Bank a/c No.	: 5-701733-004 with Citibank N.A., Connaught Place, New Delhi

Mrs. Sharda Relan, 77 years, is the Non Independent Non-Executive Director and one of the promoters of our Company. She is also associated with various charitable institutions and is an active member of Inner Wheel Club and Child Society of India. She plays an active role in various social organizations.

3. Mr. Ajay Relan



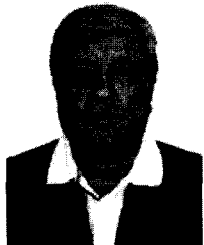
Passport No.	: Z1878150
PAN	: AAEPR4256P
Bank a/c No.	: 5-701735-007 with Citibank N.A., Connaught Place, New Delhi

Mr. Ajay Relan, 51 years, is the Managing Director of our Company. He completed his B.Com (Hons.) and took three years training from Harvard Business School, U.S.A under Owner/President Management (O.P.M.) Programme. He is a dynamic entrepreneur having a vast experience in the line of manufacture of automobile components and setting up of new projects and its successful implementation. He is responsible for overall manufacturing operations, Plant, Research & Development, Product Development and complete supervision of the Company.

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4. Mr. Rohit Relan



Passport No.	: G3088494
PAN	: AAEPR4255Q
Bank a/c No.	: 5-701734-019 with Citibank N.A., Connaught Place, New Delhi

Mr. Rohit Relan, 57 years, is the Non Independent Non-Executive Director of our Company. He is a Fellow Member of the Institute of Chartered Accountants of India and he took three years training from Harvard Business School, U.S.A under Owner/President Management (O.P.M.) Programme and is Managing Director of Bharat Seats Ltd, a joint venture company of Maruti Udyog Limited and Suzuki Motor Limited, Japan. He has a vast experience in the line of Finance and Total Productivity Maintenance.

Other confirmation

Our Promoters have confirmed that they have not been declared as willful defaulters by the RBI or any other Governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

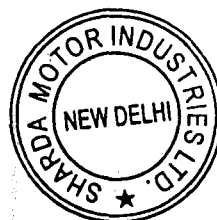
Interest of Promoters

The Promoter shall be deemed as interested to the extent of Equity Shares held by it or by the companies / firms / ventures promoted by it, if any and dividend or other distributions payable to it in respect of the said Equity Shares. Except as stated above and in the section titled "Financial Information" on page 72 & 104 of the Information Memorandum, and to the extent of shareholding in our Company, our Promoters do not have any other interest in our business.

Related party transactions

For details of related party transactions refer to "Financial Information" on page 72 & 104 of the Information Memorandum.

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OUR PROMOTER GROUP

Given below is the list of entities which forms part of our Promoter Group. All the Promoter Group Companies are unlisted except Bharat Seats Limited which is a listed entity on BSE Limited. None of the Promoter Group Companies have made any public issue in the preceding three years. None of the Promoter Group Company has become a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and is not under winding up or liquidation. For details on litigations and disputes pending against the Promoter Group Entities please refer to the section titled "Outstanding Litigations and Material Developments" on page 111 of the Information Memorandum.

1. Bharat Seats Limited

Bharat Seats Limited was incorporated on March 06, 1986 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana and received the Certificate of Commencement of Business. The Corporate Identification Number of the company is L34300DL1986PLC023540. The Registered Office of the company is situated at D – 188, Okhla Industrial Area, Phase – I, New Delhi – 110 020. The main object of the company is to manufacture and / or deal in seats for automobile and other applications, spare parts and components for the seats and to act as agents for manufacturers of seats and its various parts and components. Equity shares of Bharat Seats Limited are listed on BSE.

Board of Directors as on March 31, 2013

Mr. Narinder Dev Relan	Chairman
Mr. Yoichi Kojima	Nominee Director - Suzuki Motor Corporation
Mr. Inala Veerabhadra Rao	Nominee Director - Maruti Suzuki India Limited
Mr. Rohit Relan	Managing Director
Mr. Ajay Relan	Director
Mr. Prateep Kumar Lahiri	Director
Mr. Girish Narain Mehra	Director
Mr. Gautam Khaitan	Director
Mr. Kishan Nagin Parikh	Director
Mr. Ravindra Gupta	Director

Shareholding Pattern of Bharat Seats Limited as on March 31, 2013

Category Code	Category of Shareholders	Number of Shareholders	Total numbers of shares	Number of shares held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a %age of (A+B)	As a %age of (A+B+C)	No. of shares	As a %age
(A)	Shareholding of Promoter and promoter Group							
(1)	Indian							
(a)	Individuals/Hindu undivided Family	14	4,958,000	4,958,000	15.79	15.79	0	0
(b)	Bodies Corporate	3	13,693,000	13,693,000	43.61	43.61	0	0
	Sub-Total (A) (1)	17	18,651,000	18,651,000	59.40	59.40	0	0
(2)	Foreign							
(a)	Bodies Corporate	1	4,650,000	4,650,000	14.81	14.81	0	0
	Sub-Total (A) (2)	1	4,650,000	4,650,000	14.81	14.81	0	0
	Total Shareholding of Promoter and Promoter Group A=A(1)+A(2)	18	23,301,000	23,301,000	74.21	74.21	0	0
(B)	Public Shareholding							
(1)	Institutions							
(a)	Mutual Funds/UTI	2	1600	1600	0.01	0.01	0	0
(b)	Banks/Financial Institutions	1	34,000	34,000	0.11	0.11	0	0
	Sub-Total (B) (1)	3	35,600	35,600	0.11	0.11	0	0
(2)	Non-Institutions							
(a)	Bodies Corporate	175	670,674	662,664	2.14	2.14	0	0



Category Code	Category of Shareholders	Number of Shareholders	Total numbers of shares	Number of shares held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a %age of (A+B)	As a %age of (A+B+C)	No. of shares	As a %age
(b)	Individuals	14,594	6,611,338	6,047,820	21.06	21.06	0	0
	i. Individual shareholders holding nominal share capital upto ₹1 Lakh							
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	10	781,388	781,388	2.49	2.49	0	0
	Sub-Total (B) (2)	14,779	8,063,400	7,491,872	25.68	25.68	0	0
	Total Public Shareholding (B)=(B) (1)+(B)(2)	14,782	8,099,000	7,527,472	25.79	25.79	0	0
	Total (A)+(B)	14,800	31,400,000	30,828,472	100.00	100.00	0	0
(c)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	14,800	31,400,000	30,828,472	100.00	100.00	0	0

Shareholding of the Promoter and Promoter Group of Bharat Seats Limited is as under:

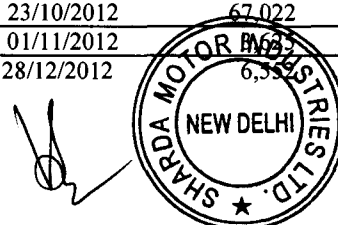
Sr. No.	Name of the shareholder	Total Shares held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+ (B)+ (C)	Number	As a percentage	As a % of grand total (A)+ (B)+ (C) of sub clause (I) (a)
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)	(VII)
1.	Maruti Suzuki India Limited	4,650,000	14.81	NA	NA	NA
2.	Suzuki Motor Corporation	4,650,000	14.81	NA	NA	NA
3.	Sharda Motor Industries Limited	9,000,000	28.66	NA	NA	NA
4.	Narinder Dev Relan	1,103,500	3.51	NA	NA	NA
5.	Rohit Relan	650,000	2.07	NA	NA	NA
6.	Ajay Relan	598,200	1.91	NA	NA	NA
7.	Mala Relan	382,500	1.22	NA	NA	NA
8.	Ritu Relan	262,500	0.84	NA	NA	NA
9.	Sharda Relan	184,500	0.59	NA	NA	NA
10.	Aashita Relan	460,500	1.47	NA	NA	NA
11.	Rishabh Relan	349,000	1.11	NA	NA	NA
12.	Aashim Relan	366,000	1.17	NA	NA	NA
13.	Pranav Relan	405,500	1.29	NA	NA	NA
14.	Ayush Relan	195,800	0.62	NA	NA	NA
15.	Relan Industrial Finance Limited	43,000	0.14	NA	NA	NA
	Total	23,301,000	74.21	NA	NA	NA

The high and low closing prices and associated volumes of securities traded during last three years are as follows:

Period	High (in ₹)	Date of High	Volume on date of high (no. of shares)	Low (in ₹)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (in ₹)
2010	27.50	02/12/2010	462,088	14.80	25/05/2010	28,435	21.80
2011	22.90	03/01/2011	17,145	12.40	19/12/2011	6,160	18.04
2012	18.60	02/05/2012	238,953	12.55	28/12/2012	6,552	15.22

The high and low closing prices and associated volume of securities traded during the last six months is as follows:

Period	High (in ₹)	Date of High	Volume on date of high (no. of shares)	Low (in ₹)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (in ₹)
October 2012	14.90	04/10/2012	18,537	12.75	23/10/2012	67,022	13.89
November 2012	13.90	06/11/2012	3,124	13.13	01/11/2012		13.45
December 2012	13.80	03/12/2012	9,019	12.55	28/12/2012	6,552	13.15



Period	High (in ₹)	Date of High	Volume on date of high (no. of shares)	Low (in ₹)	Date of Low	Volume on date of low (no. of shares)	Weighted Average Price (in ₹)
January 2013	14.00	07/01/2013	3,943	12.61	31/01/2013	1,684	13.41
February 2013	14.88	04/02/2013	84,296	12.90	01/02/2013	1,653	14.11
March 2013	13.53	12/03/2013	6,938	12.12	25/03/2013	9,875	12.86

There are no investor complaints pending against Bharat Seats Limited.

Financial performance

The audited financial results of Bharat Seats Limited for the financial years ended March 31, 2012, 2011 and 2010 are set forth below.

Particulars	(₹ in millions)		
	March 31, 2012	March 31, 2011	March 31, 2010
Total Income	4,326.11	4,424.38	3,370.85
Profit after Tax	56.84	82.34	38.40
Equity share capital	62.80	62.80	62.80
Reserves & Surplus	292.05	264.40	211.26
Net Worth	354.85	327.20	274.06
Book Value per share of face value ₹ 2/- each (in ₹)	11.30	10.42	8.73
Earnings per share of face value ₹ 2/- each (in ₹)	1.81	2.62	1.22

2. Relan Industrial Finance Limited

Relan Industrial Finance Limited was incorporated on January 07, 1987 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana and received the Certificate of Commencement of Business on January 15, 1987. The Corporate Identification Number of the Company is U65923DL1987PLC026603. The Registered Office of the company is situated at D - 188, Okhla Industrial Area, Phase - I, New Delhi - 110 020. The Company is carrying on its business as Stock Broker and registered as Stock Broker with National Stock Exchange of India Limited, BSE Limited and Delhi Stock Exchange Limited.

Board of Directors as on March 31, 2013

Mr. Narinder Dev Relan	Director
Mrs. Sharda Relan	Director
Mr. Rohit Relan	Director
Mr. Ajay Relan	Director
Mrs. Ritu Relan	Whole Time Director
Mrs. Mala Relan	Director
Mr. Ramesh Chander Midha	Director

Shareholding Pattern

Name	No. of equity shares	% of shareholding
Mr. Narinder Dev Relan	50,000	4.81
Mrs. Sharda Relan	50,000	4.81
Mr. Rohit Relan	70,000	6.73
Mr. Ajay Relan	80,000	7.69
Mrs. Ritu Relan	170,000	16.35
Mrs. Mala Relan	130,000	12.50
Sharda Motor Industries Limited	490,000	47.11
Total	1,040,000	100.00

Financial performance

The audited financial results of Relan Industrial Finance Limited for the financial years ended March 31, 2012, 2011 and 2010 are set forth below.

Particulars	(₹ in millions)		
	March 31, 2012	March 31, 2011	March 31, 2010
Total Income	17.15	24.09	22.10
Profit after Tax	2.71	0.07	3.09



Particulars	March 31, 2012	March 31, 2011	March 31, 2010
Equity share capital	10.40	10.40	10.40
Reserves & Surplus	28.52	25.81	25.75
Net Worth	38.92	36.21	36.15
Book Value per share of face value ₹ 10/- each (in ₹)	37.42	34.82	34.76
Earnings per share of face value ₹ 10/- each (in ₹)	2.60	0.06	2.97

3. Progressive Engineering and Automation Private Limited

Progressive Engineering and Automation Private Limited was incorporated on October 21, 2005 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana. The Corporate Identification Number of the company is U34300DL2005PTC142017. The Registered Office of the company is situated at D - 188, Okhla Industrial Area, Phase - 1, New Delhi - 110 020. The main object of the company is to manufacture, import, export and/or deal in engineering goods, including auto parts, parts and components and/ or to act as agents for manufacturers of engineering goods.

Board of Directors as on March 31, 2013

Mr. Narinder Dev Relan	Director
Mr. Rohit Relan	Director
Mr. Ajay Relan	Director
Mr. Ranjan Banerjee	Whole Time Director

Shareholding Pattern

Name	No. of equity shares	% of shareholding
Mr. Narinder Dev Relan	111,112	11.11
Narinder Dev Relan (HUF)	111,111	11.11
Mrs. Sharda Relan	111,111	11.11
Mr. Rohit Relan	55,778	5.58
Rohit Relan (HUF)	55,334	5.53
Mr. Ajay Relan	66,667	6.67
Ajay Relan (HUF)	66,667	6.67
Mrs. Ritu Relan	55,556	5.56
Mr. Pranav Relan	55,555	5.56
Mr. Ayush Relan	55,555	5.56
Mr. Rishabh Relan	55,555	5.56
Mrs. Mala Relan	66,667	6.67
Ms. Aashita Relan	66,666	6.67
Mr. Aashim Relan	66,666	6.67
Total	1,000,000	100.00

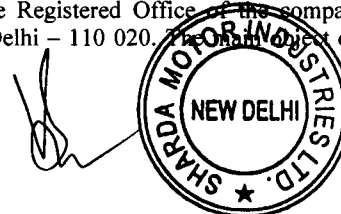
Financial performance

The audited financial results of Progressive Engineering and Automation Private Limited for the financial years ended March 31, 2012, 2011 and 2010 are set forth below.

Particulars	₹ in millions		
	March 31, 2012	March 31, 2011	March 31, 2010
Total Income	136.52	120.07	10.67
Profit / (Loss) after Tax	(3.40)	1.11	0.70
Equity share capital	10.00	10.00	10.00
Reserves & Surplus (net of miscellaneous expenses not written off)	(1.81)	(3.93)	(6.88)
Net Worth	8.19	6.07	3.12
Book Value per share of face value ₹ 10/- each (in ₹)	8.19	6.07	3.12
Earnings per share of face value ₹ 10/- each (in ₹)	(3.40)	1.11	0.70

4. Sharda Auto Solutions Private Limited

Sharda Auto Solutions Private Limited was incorporated on November 20, 2002 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana. The Corporate Identification Number of the company is U34300DL2002PTC117723. The Registered Office of the company is situated at D - 188, Okhla Industrial Area, Phase - I, New Delhi - 110 020. The main object of the



company is to manufacture, and/or deal in automobiles, automotive, automobile/automotive parts including bellows, tube bending, suspension parts, accessories, exhaust system, seats, seat cover, plastic / sheet metal parts of all kinds, spare parts and components of machinery and of all articles and things usual in the manufacture and maintenance and working thereof; to act as agents, sub-agents, dealers, sub-dealers, traders and franchise for the manufacture and of various parts and components.

Board of Directors as on March 31, 2013

Mrs. Sharda Relan Director
Mrs. Ritu Relan Director
Mrs. Mala Relan Director

Shareholding Pattern

Name	No. of equity shares	% of shareholding
Mrs. Sharda Relan	272,750	33.33
Mrs. Ritu Relan	272,750	33.33
Mrs. Mala Relan	272,750	33.34
Total	818,250	100.00

Financial performance

The audited financial results of Sharda Auto Solutions Private Limited for the financial years ended March 31, 2012, 2011 and 2010 are set forth below.

Particulars	₹ in millions		
	March 31, 2012	March 31, 2011	March 31, 2010
Total Income	0.00	0.00	0.00
Profit / (Loss) after Tax	(0.12)	(0.16)	(0.04)
Equity share capital	8.18	8.18	8.18
Reserves & Surplus	(0.71)	(0.59)	(0.42)
Net Worth	7.47	7.59	7.76
Book Value per share of face value ₹ 10/- each (in ₹)	9.13	9.28	9.48
Earnings per share of face value ₹ 10/- each (in ₹)	(0.15)	(0.20)	(0.04)

5. Sharda Inoac Private Limited

Sharda Inoac Private Limited was incorporated on February 15, 2012 under the Companies Act, 1956 with the Registrar of Companies NCT Delhi & Haryana. The Corporate Identification Number of the company is U34100DL2012PTC231568. The Registered Office of the company is situated at D - 188, Okhla Industrial Area, Phase - I, New Delhi - 110 020. The main object of the company is to manufacture, sale, import, export, act as agent and/or deal in extrusion parts, energy absorption parts and/or components and other automotive parts for the automotive industry.

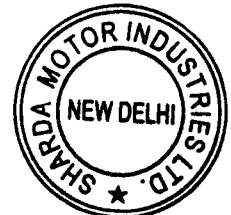
Board of Directors as on March 31, 2013

Mr. Narinder Dev Relan Director
Mr. Rohit Relan Director
Mr. Ajay Relan Director
Mr. Kunihiko Naito Director
Mr. Soichi Inoue Director
Mr. Yasuo Iida Director

Shareholding Pattern

Name	No. of equity shares	% of shareholding
Progressive Engineering and Automation Private Limited	5,000	50.00
Polyfoam Asia PTE Limited	5,000	50.00
Total	10,000	100.00

Sharda Inoac Private Limited is a newly incorporated company and hence no financial results are available.



6. A N I Hospitality LLP

A N I Hospitality LLP was incorporated on November 10, 2009 under the Limited Liability Partnership Act, 2008. The Limited Liability Partnership Identity Number (LLPIN) of A N I Hospitality LLP is AAA-0351. The Registered Office of the LLP is situated at D - 188, Okhla Industrial Area, Phase - I, New Delhi - 110 020. The LLP is into restaurant business.

Designated Partners as on March 31, 2013

Mrs. Mala Relan
Ms. Aashita Relan
Imperial Cuisines and Restaurants Private Limited
Mentor Trading and Capital Consultants Private Limited

Obligation of Contribution

Designated Partners	Amount of Contribution (in ₹)	%
Mrs. Mala Relan	12,500,000	27.18
Ms. Aashita Relan	13,000,000	28.26
Imperial Cuisines and Restaurants Private Limited	8,000,000	17.39
Mentor Trading and Capital Consultants Private Limited	12,500,000	27.17
Total	46,000,000	100.00

Financial performance

The audited financial results of A N I Hospitality LLP for the financial years ended March 31, 2012, 2011 and 2010 are set forth below.

Particulars	₹ in millions		
	March 31, 2012	March 31, 2011	March 31, 2010
Total Income	86.25	55.73	0.00
Profit / (Loss) after Tax	1.21	(5.30)	0.23
Contribution	41.91	40.70	46.00
Reserves & Surplus	0.23	0.23	0.23

7. Sharda Enterprises

Sharda Enterprises is a partnership firm. The Partners of the firm Mrs. Sharda Relan, Mrs. Ritu Relan and Mrs. Mala Relan entered into the partnership deed on July 11, 1990 to carry on the business to manufacture and sale of automobile parts including seat covers of all types and description and to trading in any item of automobile, handicrafts, readymade garments, leather item or any other similar items and such other business or businesses as may mutually be agreed upon among the partners.. The address of the firm is S 233, Panchsheel Park, New Delhi - 110 017

Particulars	₹ in millions		
	March 31, 2012	March 31, 2011	March 31, 2010
Profit after Tax	9.80	8.65	15.30
Capital	42.75	48.73	38.68

8. Narinder Dev Relan HUF

The members of Narinder Dev Relan HUF are Mr. Narinder Dev Relan and Mrs. Sharda Relan. The HUF is not carrying on any business.

9. Ajay Relan HUF

The members of Ajay Relan HUF are Mr. Ajay Relan, Mrs. Mala Relan, Ms. Aashita Relan and Mr. Aashim Relan. The HUF is not carrying on any business.

10. Rohit Relan (HUF)

The members of Rohit Relan HUF are Mr. Rohit Relan, Mrs. Ritu Relan, Mr. Pranav Relan, Mr. Rishabh Relan and Mr. Ayush Relan. The HUF is not carrying on any business.



DIVIDEND POLICY

The declaration and payment of dividend on the Equity Shares will be recommended by our Board and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board.

Details of dividend declared by our Company for the last five years are as under:

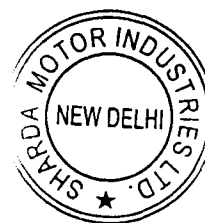
Financial Year	Face value per Equity Share (₹)	Dividend per Equity Share (₹)	% on Paid up Equity Capital
2012 - 2013*	10.00	5.00	50%
2011 - 2012	10.00	10.00	100%
2010 - 2011	10.00	10.00	100%
2009 - 2010	10.00	10.00	100%
2008 - 2009	10.00	10.00	100%
2007 - 2008	10.00	10.00	100%
2006 - 2007	10.00	10.00	100%
2005 - 2006	10.00	10.00	100%
2004 - 2005	10.00	10.00	100%
2003 - 2004	10.00	10.00	100%
2002 - 2003	10.00	3.00	30%

* Interim Dividend



FINANCIAL STATEMENTS

Particulars	Page No.
Reformatted financial statements of the Company for the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 as per the revised Schedule VI of the Companies Act, 1956	59
Unaudited condensed interim financial statements of the Company for the nine months period ended December 31, 2012	82



AUDITORS REPORT

To,

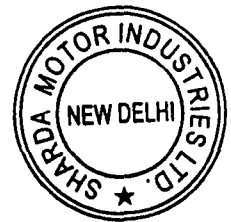
The Board of Directors,
Sharda Motor Industries Ltd.,
D-188, Okhla Industrial Area,
Phase-I, New Delhi-110020

1. We have examined the attached reformatted financial information of **Sharda Motor Industries Limited**, as approved by the Board of Directors of the Company for the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 proposed to be included in the Information Memorandum issued by the Company in connection with its proposed listing of equity shares and prepared in accordance with:
 - (a) Terms of the Paragraph B(1), Part II of schedule II of the Companies Act, 1956;
 - (b) The terms of engagement agreed upon with you in accordance with our engagement letter dated 14 March, 2013, requesting us to carry out work, proposed to be included in the Information Memorandum issued by the Company in connection with its proposed listing of equity shares.
2. This information have been extracted by the Management from the audited reformatted financial statements for the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 and have been adopted by Members / Board of Directors of the Company. We are of the opinion that the standalone restated financial information has been made after making adjustment for changes as per the revised Schedule VI under Companies Act, 1956 notified w.e.f. April 01, 2011.
3. This report should not in any way be construed as a re-issuance or redrafting of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial information referred to herein.
4. Our report is intended solely for use of the management and for inclusion in the Information Memorandum in connection with the proposed listing of equity shares. Our report should not be used for any other purpose except with our consent in writing.

For **S.R. DINODIA & CO.**,
CHARTERED ACCOUNTANTS
Regn No.: 001478N
Peer review cert. no. 004764

(**SANDEEP DINODIA**)
PARTNER
M. No. 083689

Place: New Delhi
Dated: 3rd April, 2013

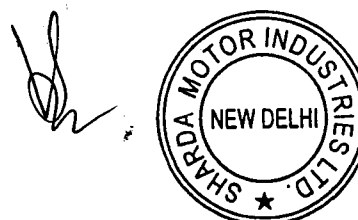


Standalone Summary Statement of Reformatted Assets and Liabilities

ANNEXURE - A
(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Non-Current Assets					
Fixed Assets					
Tangible Assets	2,106,813,285	1,622,337,086	1,082,639,692	952,228,552	906,404,516
Intangible Assets	186,232,762	192,162,443	20,591,213	9,720,932	837,856
Capital Work-In-Progress	105,145,078	208,064,605	97,418,260	198,547,763	138,670,445
Non-Current Investment	13,900,000	214,400,000	214,412,665	214,412,665	14,413,808
Long-Term Loans and Advances	143,496,026	181,910,045	134,816,833	97,534,702	102,488,181
Other Non-Current Assets	532,627	520,264	458,038	426,821	458,466
Total (A)	2,556,119,778	2,419,394,443	1,550,336,701	1,472,871,435	1,163,273,272
Current Assets					
Current Investments	200,500,000	-	-	-	-
Inventories	620,937,758	656,614,310	389,829,676	277,085,948	180,607,924
Trade receivables	943,067,684	761,433,453	409,642,413	358,337,595	395,785,422
Cash and Bank Balances	35,082,826	23,449,881	79,413,635	20,850,135	178,001,366
Short-Term Loans and Advances	71,200,160	106,069,260	657,053,523	720,194,776	644,631,211
Other Current Assets	105,152	6,114,842	265,731	265,731	230,159
Total (B)	1,870,893,580	1,553,681,746	1,536,204,978	1,376,734,185	1,399,256,082
Grand Total (C=A+B)	4,427,013,358	3,973,076,189	3,086,541,679	2,849,605,620	2,562,529,354
Non-Current Liabilities					
Long-Term Borrowings	88,321,250	1,685,361,250	129,660,626	352,288,126	503,545,930
Deferred Tax Liabilities (Net)	95,079,801	115,033,959	65,491,867	48,897,260	45,153,549
Other Long Term Liabilities	77,018,741	287,167,447	366,075	822,166	1,396,980
Long Term Provisions	32,846,285	24,289,506	3,063,346	2,904,554	2,164,778
Total (D)	293,266,077	595,027,162	198,581,914	404,912,107	552,261,237
Short-Term Borrowings	1,087,028,663	726,319,201	609,070,367	427,162,913	289,740,279
Trade Payable	1,082,498,411	1,104,187,582	845,978,716	826,311,762	621,496,045
Other Current Liabilities	455,199,001	252,495,326	271,690,769	176,186,938	79,850,802
Short Term Provisions	46,938,427	39,963,363	46,472,317	42,277,188	53,807,820
Total (E)	3,258,196,656	2,122,965,472	1,773,212,169	1,471,938,800	1,044,894,946
Grand Total (F=D+E)	2,964,930,579	2,717,992,634	1,971,794,083	1,876,850,907	1,597,156,183
Net Worth (C-F)	1,462,082,779	1,255,083,555	1,114,747,596	972,754,714	965,373,171
Net Worth represented by	59,463,260	59,463,260	59,463,260	59,463,260	59,463,260
Share Capital					
Reserve and Surplus	1,402,619,519	1,195,620,295	1,055,284,336	913,291,453	905,909,911
	1,462,082,779	1,255,083,555	1,114,747,596	972,754,713	965,373,171
Less: Miscellaneous Expenditure	-	-	-	-	-
Net Worth	1,462,082,779	1,255,083,555	1,114,747,596	972,754,713	965,373,171

The above statement should be read with the significant Accounting Policies and Notes to the Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as Reformatted as appearing in Annexure D



Summary Statement of Profits and Losses, As Reformatted

ANNEXURE - B
(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Revenue from operations	7,514,218,884	7,002,053,872	4,661,966,954	3,397,657,815	3,632,239,591
Other income	58,150,461	38,678,791	43,588,501	92,359,057	80,859,436
Total Revenue	7,572,369,345	7,040,732,663	4,705,555,455	3,490,016,872	3,713,099,027
Expenses:					
Cost of materials consumed	4,924,646,786	4,825,144,498	3,065,433,912	2,371,064,141	2,395,795,350
Purchase of Traded goods	538,168,826	420,107,541	345,547,228	299,951,631	281,257,251
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	14,896,092	(54,867,298)	28,968,602	(31,507,092)	(28,392,039)
Employee benefits expense	392,264,495	348,242,167	185,103,197	143,499,252	164,842,922
Finance costs	93,310,498	81,672,665	83,788,648	91,722,995	38,256,193
Depreciation and amortization expense	312,600,469	241,820,880	149,204,857	126,321,597	139,481,876
Other expenses	995,705,046	910,743,269	533,657,140	383,810,115	411,323,438
Total expenses	7,271,592,212	6,772,863,723	4,391,703,584	3,384,862,640	3,402,564,991
Profit before exceptional and extraordinary items and tax	300,777,133	267,868,940	313,851,871	105,154,232	310,534,036
Exceptional items	-	(14,448,468)	-	-	-
Profit Before Tax	300,777,133	282,317,408	313,851,871	105,154,232	310,534,036
Tax expense:					
Current Tax	60,000,000	56,000,000	86,000,000	23,500,000	86,000,000
Less: MAT credit entitlement	15,000,000	32,900,000	-	-	-
Net Current Tax expense	45,000,000	23,100,000	86,000,000	23,500,000	86,000,000
Deferred Tax	(19,954,159)	49,542,092	16,594,607	3,743,711	(8,156,201)
Fringe Benefit Tax	-	-	-	240,000	3,250,000
Tax Adjustment for earlier years	(377,620)	-	(304,659)	(1,440,061)	-
Profit (Loss) for the period	276,108,912	209,675,316	211,561,923	76,950,582	229,440,237
Basic	46.43	35.26	35.58	12.94	38.59
Diluted	46.43	35.26	35.58	12.94	38.59

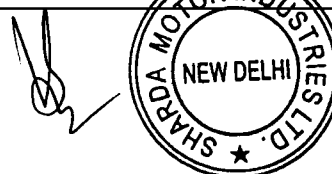
The above statement should be read with the significant Accounting Policies and Notes to the Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as Reformatted as appearing in Annexure D



Statement of Reformatted Standalone Cash Flow Statement

ANNEXURE - C
(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before taxation and extraordinary items:	300,777,132	282,307,446	313,984,889	106,064,376	310,883,120
Adjustments for:					
Provision for Wealth Tax	377,086	160,785	133,018	220,248	263,566
Depreciation and amortization charges	312,600,469	241,820,879	149,204,857	126,321,597	139,481,876
Interest Income	(2,018,008)	(854,160)	(1,271,600)	(62,186,184)	(11,399,933)
Finance Cost	74,822,857	72,774,527	75,276,089	87,106,309	34,095,731
Dividend Income	(7,202,160)	(5,402,104)	(4,500,502)	(4,504,937)	(2,700,056)
Loss/(Profit) on sale/disposal of fixed assets (net)	(30,850,615)	(26,580,506)	(16,561,800)	(937,220)	(16,800,702)
Amount Written off (net)	(10,032,599)	(5,842,021)	2,781,120	(22,603,281)	57,788
Foreign exchange loss/(gain)	-	-	(15,287,359)	29,269,817	(19,477,499)
Loss/(Profit) on sale/disposal of Investments (net)	-	-	-	476,914	5,600
Miscellaneous Expenses written off	-	-	-	-	1,082,926
Cash generated from operations before Working Capital Changes	638,474,162	558,384,845	503,758,712	259,227,639	435,492,417
Adjustments for:					
Decrease/(Increase) in Trade Receivable	(181,634,231)	(351,791,040)	(51,304,818)	37,447,827	34,773,277
Decrease/(Increase) in Inventories	35,676,551	(266,784,633)	(112,743,728)	(96,478,024)	53,739,498
Decrease/(Increase) in Other Receivable	17,610,956	525,917,130	71,097,177	(24,500,054)	(446,073,954)
(Decrease)/Increase in Trade Payables and Other Payable	54,303,660	568,050,686	27,638,006	173,867,718	10,817,092
Cash generated from/(used in) Operations	564,431,098	1,033,776,988	438,445,349	349,565,106	88,748,330
Amount Written off (net)	10,032,599	5,842,021	(2,781,120)	-	-
Warranty Claims	7,975,814	11,460,143	2,923,875	-	-
Income Taxes paid/FBT (net)	(36,100,989)	(51,628,443)	(94,070,334)	(46,476,787)	(86,627,080)
Prior Period Expenses/(Income)	-	-	-	(689,896)	(85,518)
Net Cash Flow from/(used in) Operating Activities	546,338,522	999,450,709	344,517,770	302,398,423	2,035,732
Extraordinary Item (Gross)	-	-	-	-	-
Net Cash Flow from/(used in) Operating Activities(after Extraordinary Item) (A)	546,338,522	999,450,709	344,517,770	302,398,423	2,035,732
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES					
Purchase of Fixed Assets / Technical Know-How	(676,316,559)	(1,100,524,013)	(271,799,779)	(297,642,345)	(621,456,972)
Sale of Fixed Assets	78,271,720	62,563,532	63,100,277	56,037,445	331,160,791
Sale of Investments	-	-	-	24,229	2,500
Purchase of Investment	-	-	-	-	(500,360)
Interest Received	1,985,381	854,159	1,271,600	62,186,184	11,399,933
Investment in Subsidiary	-	-	-	(200,500,000)	-
Dividend Income	7,202,160	5,402,104	4,500,502	4,504,937	2,700,056
Amount Received/(Paid) for FD's	20,264	(62,229)	-	-	-
Net Cash from / (used in) Investing Activities (B)	(588,837,034)	(1,031,766,447)	(202,927,400)	(375,389,550)	(276,694,052)



Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES					
Proceeds/(Repayment) from borrowings (net)	198,178,836	118,580,709	61,818,259	55,122,986	544,627,950
Finance Cost	(74,822,857)	(72,774,527)	(75,276,089)	(87,106,309)	(34,095,731)
Dividend Paid (Including Corporate Dividend Tax)	(69,224,522)	(69,454,198)	(69,569,040)	(52,176,781)	(69,569,040)
Net Cash from / (used in) Financing Activities (C)	54,131,457	(23,648,016)	(83,026,870)	(84,160,104)	440,963,179
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)	11,632,945	(55,963,754)	58,563,500	(157,151,231)	166,304,858
Cash and Cash Equivalents at the beginning of the year/period	23,449,881	79,413,635	20,850,135	178,001,366	11,696,508
Cash and Cash Equivalents at the end of the year/period	35,082,826	23,449,881	79,413,635	20,850,135	178,001,366
Components of cash and cash equivalent includes					
-Cash and cheques on hand	51,052	62,281	8,143	32,766	8,165
With banks					
- On current account	24,966,442	23,326,530	49,328,278	20,761,357	16,483,780
- On deposit account unrestricted	10,065,332	61,070	30,077,214	56,012	161,509,421
Total	35,082,826	23,449,881	79,413,635	20,850,135	178,001,366

The above statement should be read with the significant Accounting Policies and Notes to the Statements of Assets and Liabilities, Profits and Losses and Cash Flows, as Reformatted as appearing in Annexure D



A. SIGNIFICANT ACCOUNTING POLICIES**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

2: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles ("GAAP"), mandatory accounting standards as per the Company (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and other relevant provisions of the Companies Act, 1956 and guidelines issued by the Security Exchange Board of India as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

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) 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.

(c) 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

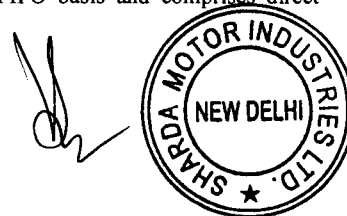
- Depreciation is calculated on a Pro rata basis from the date of installation till the date the assets are sold or disposed off. Assets costing individually Rs. 5,000/- or less are fully depreciated in the year of purchase.

- Cost of Leasehold Land is amortized over the period of Lease.

(d) 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.

(e) 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.

(f) 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.

(g) Foreign Exchange Transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

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.

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.

(h) 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.

(i) 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.

(j) 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 labour 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) Earnings Per Share

Basic earnings 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 Earnings 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.

(p) Cash Flow

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

(q) Warranty

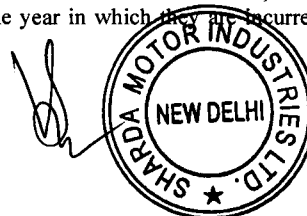
Warranty expenses are provided for in the year of sales based on technical estimates. In addition, specific provision is also made against customer claims for manufacturing.

(r) 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.

(s) 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.

B. NOTES ON ACCOUNTS

1. Capital Commitments

Particulars	(Amount in Rs)				
	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Estimated amount of Contracts remaining un-executed on capital account and not provided	63,411,603	86,828,717	177,458,667	24,730,279	135,317,977

2. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits"

The company has classified various employee benefits as under:

(A) Defined Contribution Plans

The company has recognised the following amount in the Profit and Loss Account for the year:

Particulars	(Amount in Rs)				
	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Contribution to Employees Provident Fund(including family pension)	16,960,633	14,349,927	8,686,151	9,460,996	10,488,968
Contribution to Employees State Insurance	3,648,634	3,270,271	1,222,575	939,716	1,603,804

(B) Defined Benefit Plans

(a) Gratuity

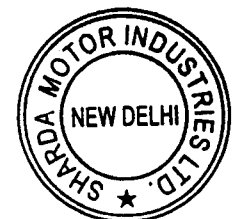
Valuations in respect of Gratuity have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

I. Changes in present value of Defined Benefit obligations :

Particulars	(Amount in Rs)				
	Gratuity (Funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Defined Benefit obligation as at the beginning of the year	31,090,302	22,388,056	14,170,616	11,375,035	11,993,369
Current Service Cost	4,950,739	4,087,894	2,517,918	2,260,701	1,748,367
Past Service Cost	-	3,436,154	-	-	-
Interest Cost	2,487,224	1,679,104	991,943	910,003	959,470
Actuarial (gain) / loss on obligations	1,086,078	(32,372)	(1,103,091)	400,398	549,836
Benefits paid	(755,239)	(468,534)	(441,442)	(775,521)	(3,876,007)
Defined Benefit obligation at the year end	38,859,104	31,090,302	16,135,944	14,170,616	11,375,035

II. Change in the Fair Value of Plan Assets

Particulars	(Amount in Rs)				
	Gratuity (Funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Fair value of plan assets at the beginning of the year	23,666,253	19,350,079	11,281,597	6,466,172	8,327,951
Expected return on plan assets	2,743,873	1,785,382	1,032,266	591,655	741,188
Actuarial gain/ (loss)	-	(74,984)	88,149	220,274	6,285
Employer Contribution	7,424,049	3,074,310	2,889,019	4,779,017	1,266,755
Benefits paid	(755,239)	(468,534)	(441,442)	(775,521)	(3,876,007)
Fair value of plant assets at the year end	33,078,936	23,666,253	14,849,589	11,281,597	6,466,172



III. Change in the Fair Value of assets and obligation

(Amount in Rs)

Particulars	Gratuity (Funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Present value of obligation	38,859,104	31,090,302	16,135,944	14,170,616	11,375,035
Fair value of plan assets	33,078,936	23,666,253	14,849,589	11,281,597	6,466,172
Amount recognized in balance sheet	5,780,168	7,424,049	(1,286,355)	(2,889,019)	(4,908,863)

IV. Expenses/ (Income) recognized in the Profit & Loss

(Amount in Rs)

Particulars	Gratuity (Funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Current Service Cost	4,950,739	4,087,894	2,517,918	2,260,701	1,748,367
Past Service Cost	-	3,436,154	-	-	-
Interest Cost	2,487,224	1,679,104	991,943	910,003	959,470
Expected Return on plan assets	(2,743,873)	(1,785,382)	(1,032,266)	(591,655)	(741,188)
Actuarial (gain)/ loss	1,086,078	42,612	(1,191,240)	180,124	543,551
Net Cost	5,780,168	7,460,382	1,286,355	2,759,173	2,510,200

V. Investment details of plan assets

(Amount in Rs)

Particulars	Gratuity (Funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Insured with LIC	100%	100%	100%	100%	100%

VI. Actuarial Assumptions

(Amount in Rs)

Particulars	Gratuity (Funded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Mortality Table (LIC)	1994-96 (Ultimate)				
Discount rate (per annum)	8.60%	8.00%	7.50%	7.00%	8.00%
Expected rate of return on plan assets (per annum)	9.25%	9.25%	9.25%	9.15%	9.15%
Rate of increase in Compensation levels	10.00%	10.00%	10.00%	10.00%	10.00%

(b) Leave encashment

Valuations in respect of Leave Encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

i. Changes in present value of Defined Benefit obligations :

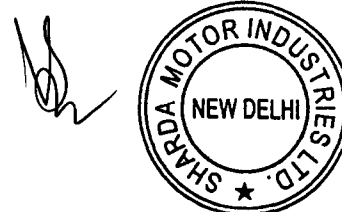
(Amount in Rs)

Particulars	Leave Encashment (Unfunded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Defined Benefit obligation as at the beginning of the year	10,619,987	7,554,729	5,620,573	4,189,040	4,410,011
Current Service Cost	2,018,638	3,583,654	1,397,443	1,114,569	518,785
Past Service Cost	-	-	-	-	-
Interest Cost	849,599	566,605	393,440	335,123	352,801
Actuarial (gain) / loss on obligations	(921,269)	(368,997)	(1,039,069)	309,369	(892,337)
Benefits paid	(824,730)	(716,004)	(444,538)	(327,528)	(200,220)
Defined Benefit obligation at the year end	11,742,225	10,619,987	5,927,849	5,620,573	4,189,040

ii. Change in the Fair Value of assets and obligation

(Amount in Rs)

Particulars	Leave Encashment (Unfunded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Present value of obligation	11,742,225	10,619,987	5,927,849	5,620,573	4,189,040
Fair value of plan assets	-	-	-	-	(4,189,040)
Amount recognized in balance sheet	11,742,225	10,619,987	(5,927,849)	(5,620,573)	-



iii. Expenses/ (Income) recognized in the Profit & Loss

(Amount in Rs)

Particulars	Leave Encashment (Unfunded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Current Service Cost	2,018,638	3,583,654	1,397,443	1,114,569	518,785
Past Service Cost	-	-	-	-	-
Interest Cost	849,599	566,605	393,440	335,123	352,801
Expected Return on plan assets	-	-	-	-	-
Actuarial (gain)/ loss	(921,269)	(368,997)	(1,039,069)	309,369	(892,337)
Net Cost	1,946,968	3,781,262	751,814	1,759,061	(20,751)

iv. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at the end of the year

(Amount in Rs)

Particulars	Leave Encashment (Unfunded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Insured with LIC	100%	100%	100%	100%	100%

v. Actuarial Assumptions

(Amount in Rs)

Particulars	Leave Encashment (Unfunded)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Mortality Table (LIC)	1994-96 (Ultimate)				
Discount rate (per annum)	8.60%	8.00%	7.50%	7.00%	8.00%
Expected rate of return on plan assets (per annum)	N.A	N.A	N.A	N.A	N.A
Rate of increase in Compensation levels	10.00%	10.00%	10.00%	10.00%	10.00%

3. Lease commitments:

The Company has certain premises and equipments on non - cancellable operating lease and minimum lease rent payable under said leases are as under:

(Amount in Rs)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended
	31 March 12	31 March 11	31 March 10	31 March 09	31 March 08
Not later than one year	13,200,000	13,200,000	12,540,000	22,316,100	207,00,000
Later than one year but not later than five years	52,800,000	52,800,000	48,00,000	99,343,230	207,00,000
Later than five years	-	-	-	85,953,843	-

4. Deferred Tax:

The Company follows Accounting Standard (AS -22) "Accounting for taxes on Income", notified under Companies (Accounting Standards) Rules, 2006. The Company has significant timing differences between accounting and tax records which suggest accounting for deferred tax assets which are as below:-

(Amount in Rs)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended
	31 March 12	31 March 11	31 March 10	31 March 09	31 March 08
Impact of expenditure charged to the Statement of Profit & Loss in the current year but allowed for tax purposes on payment basis	11,508,744	1,137,961	6,575,982	6,068,471	8,861,986
Impact of Difference between tax depreciation and depreciation/ amortization charged for the financial reporting.	106,588,545	126,431,920	72,067,850	54,965,731	54,015,534
Net Deferred tax liability	95,079,801	115,033,959	65,491,867	48,897,260	45,153,549

Deferred Tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.



5. Foreign currency exposure:

(a) Details of Foreign currency exposure hedged by a derivative instrument or otherwise

Particulars	Denomination	As at 31	As at 31	As at 31	As at 31	As at 31
		March 12	March 11	March 10	March 09	March 08
		(in Rs)	(in Rs)	(in Rs)	(in Rs)	(in Rs)
Payables	USD	462,138,110	55,225,000	112,187,500	173,737,500	22,09,00000

(b) Details of Foreign currency exposure not hedged by a derivative instrument or otherwise

Particulars	Denomination	As at 31	As at 31	As at 31	As at 31	As at 31
		March 12	March 11	March 10	March 09	March 08
		(in Rs)	(in Rs)	(in Rs)	(in Rs)	(in Rs)
Payables	USD	321,654,259	373,015,636	74,041,900	76,059,376	95,357,518

6. In the F.Y. 2007-08, Consequent to approval of shareholder through the postal ballot dated 12th September, 2007 the company has hived off its SIPCOT Unit, situated at G-20, SIPCOT Industrial Park, Irrungattukottai, Chennai-602105, as a going concern. In terms of transfer business deed dated 5th January, 2008, the company had transferred all of its assets and liabilities except land and building, at their book value as on 20th January, 2008, to M/S. Sharda Sijong Auto Components (India) Ltd. a wholly owned subsidiary of the company. Accordingly, the current year profit and loss account includes the results of SIPCOT Units only up to 20th January, 2008.

7. In the F.Y. 2007-08, the company had changed its accounting policy for the financial year 2007-08 with respect to foreign exchange fluctuation on purchase of fixed assets whereby all expenditure on account of exchange fluctuation was charged to statement of profit and loss as required by Companies (Accounting Standard) Rules, 2006 via notification no. GSR 739 (E) Issued on 7th December 2006, against its earlier policy of capitalized the same.

If the company followed the earlier method, the profit for the year would have been lower by Rs.96,377

8. In the F.Y. 2010-11, results include the figure pertaining to SIPCOT Unit situated at G20, SIPCOT Industrial Park, Kanchipuram, Chennai due to cancellation of transfer of business vide cancellation deed dated November 20, 2009. All assets and liabilities pertaining to SIPCOT Unit hitherto hived off to wholly owned subsidiary M/s Sharda Sejong Auto Components (India) Ltd. had returned back to the company at their respective book values as on commencement of business on 1st April, 2010. Hence F.Y. 2010-11 figures was not comparable with previous year figures.

9. In the F.Y. 2011-12, In the earlier years the company had invested in the shares with the intension of holding it for more than one year from the date on which investment was made. Thus, it was classified as long term investment as per AS-13 "Accounting for investment" however, since the subsidiary company is getting merged with Sharda Industries Ltd. In the next financial year, the said investment no more remains long term investment. Hence it is shown under current investments.

10. Raw Material and Components consumed:

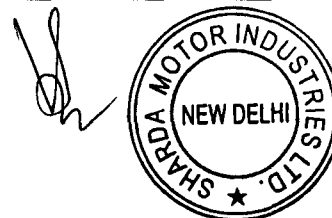
(Amount in Rs)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended
	31 March 12	31 March 11	31 March 10	31 March 09	31 March 08
Raw Material	4,924,646,786	48,251,144,498	3,065,433,912	2,371,064,141	2,395,795,350

i) Value of imported and indigenous Raw material and Stores & Spares consumed:

(Amount in Rs)

Particulars	2011-12		2010-2011		2009-10		2008-2009		2007-2008	
	(in Rs)	%	(in Rs)	%	(in Rs)	%	(in Rs)	%	(in Rs)	%
Imported										
Raw Material	1,093,827,549	22.21	1,139,008,091	23.61	730,357,677	23.83	687,598,419	29	665,902,746	27.79
Stores & Spares	5,931,668	41	4,919,353	39.11	4323193	39.15	-	-	-	-
Indigenous										
Raw Material	38,308,819,237	77.79	3,686,136,407	76.39	2,335,076,235	76.17	1683465722	71	1729892604	72.21
Stores & Spares	8,535,814	59	7,658,942	60.89	6,719,783	60.85	5,878,940	100	10,768,476	100



11. Managerial Remuneration

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Salary & Bonus	23,158,000	21,020,000	21,302,400	12,349,600	20,158,387
Contribution to PF and Other Funds*	-	-	-	-	-
Other Perquisites and Benefits	8,791,000	10,413,330	14,946,334	4,788,783	13,555,666
Total	31,949,000	31,433,330	36,248,734	17,138,383	33,714,053

* Contribution to Group Gratuity Fund and Compensated leave absences are not included since the same cannot be segregated

12. Payment to Auditors Including Service Tax:

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Statutory Auditor	860,000	860,000	595,000	550,000	545,000
Tax Auditor	310,000	310,000	250,000	250,000	200,000
Service Tax	169,332	141,110	107,635	82,400	106,249
Management Services	200,000	200,000	200,000	200,000	150,000
Certification	-	-	-	24,767	15,000
Taxation Matters	194,995	34,000	70,000	285,000	30,000
Out of pocket expenses	58,405	78,264	75,664	24,768	23,773
Total	1,792,732	1,623,374	1,298,299	1,416,935	1,070,022

13. Value of imports on CIF basis:

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Trading Goods/ Raw Material	1,093,827,549	1,126,532,325	701,212,894	676,587,850	590,519,617
Capital Goods	120,447,193	83,171,733	11,344,681	29,970,445	238,364,142
Machinery Spares & Consumables	-	44,753,431	8,149,101	-	-
Total	1,214,274,742	1,254,457,489	720,706,676	706,558,295	828,883,759

14. Expenditure in foreign currency:

(Amount in Rs)

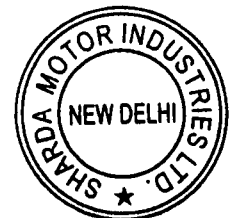
Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Foreign Travelling	17,785,104	15,160,229	3,143,185	9,289,410	13,798,923
Royalty	38,499,927	5,651,119	309,374	802,119	5,166,191
R & D Exps (Testing Fee)	-	6,398,697	3,000,587	2,343,684	-
TKH/Guidance Fee/Consultancy	48,988,918	-	1,793,575	-	30,624,776
Subscription & Fee	-	-	132,110	-	102,850
Tool and Accessories	-	-	-	468,833	-
Repair & maintenance	-	6,214,118	125,701	-	-
Shifting Charges	-	-	484,656	-	-
Handling Charges	367,517	995,559	-	-	-
Buyers credit interest	3,611,771	-	-	-	-
Total	109,253,237	34,419,722	8,989,188	12,904,046	49,692,740

15. FOB value of exports

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
FOB value of exports	34,493,162	26,239,881	15,268,678	11,777,606	16,978,112

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Standalone List of Contingent Liabilities

The Company has the following Contingent Liabilities for which no provision has been made in the books of accounts.

ANNEXURE - E

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
i) Foreign Letter of Credit	120,440,953	135,124,476	86,334,633	13,292,850	29,058,731
ii) Liability for interest Payable to Greater Noida Authority	-	-	-	-	5,996,942
a. Income Tax					
Demand Raised by Income Tax Authorities Pending in Appeal	9,204,855	-	-	-	-
- Amount deposited					
b. Service Tax					
The Additional Commissioner of Service Tax, Delhi	1,106,897	1,106,897	-	-	-
c. Excise duty					
Custom, Central Excise & Service Tax Appellate Tribunal	44,000,000	44,000,000	44,000,000	-	-
-Cenvat credit	224,378	-	-	-	-
The Additional Commissioner, Central Excise Large Tax Payer Unit	-	4,072,313	4,072,313	-	-
Adjudicating Authority	-	97,461	97,461	97,461	-
d. Trade Tax					
Entry Tax in Appellate Authority UP Trade Tax	227,265	227,265	227,265	227,265	227,265
e. Estimated Value of Contracts remaining to be executed on capital account not provided for in the accounts, net of advances	63,411,603	86,828,717	177,458,667	24,730,279	135,317,977

Standalone Statement of Dividend Declared

ANNEXURE - F

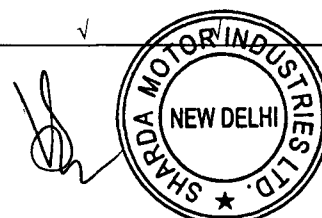
Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Equity Dividend					
Equity Share Capital	59,463,260	59,463,260	59,463,260	59,463,260	59,463,260
Share Warrant	-	-	-	-	-
Rate of Dividend	100%	100%	100%	100%	100%
Amount of Dividend					
Interim	29,731,630	29,731,630	29,731,630	29,731,630	29,731,630
Proposed	29,731,630	29,731,630	29,731,630	29,731,630	29,731,630
Tax on Dividend					
Interim	4,823,214	4,938,048	5,052,890	5,052,890	5,052,890
Proposed	4,823,214	4,938,048	5,052,890	5,052,890	5,052,890

Standalone Details of Related Party Transactions for the year ended

ANNEXURE - G

a. Enterprises where significant influence exists

Name	Relationship	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Sharda Sejong Auto components (India) Limited	Subsidiary Company	√	√	√	√	√
Relan Industrial Finance Ltd.		√	√	√	√	√
Bharat Seats Ltd.	Associate	√	√	√	√	√
Progressive Engineering & Automation Pvt. Ltd.	Companies	√	√	√		-



b. Key Management Personnel & Relatives

Name	Relationship	Year ended	Year ended	Year ended	Year ended	Year ended
		31 March 12	31 March 11	31 March 10	31 March 09	31 March 08
Key Management Persons:						
Mr.N.D Relan	Chairman	√	√	√	√	√
Mr.Ajay Relan	Managing Director	√	√	√	√	√
Mr.S.C Chopra	Executive Director*	-	-	-	-	√
Mr.Udayan Banerjee	Executive Director	√	√	√	√	√
Relatives of Key Management Persons:						
Mr.Rohit Relan	Son	√	√	√	√	√
Mrs.Sharda Relan	Spouse	√	√	√	√	√
Mrs.Mala Relan	daughter in law	√	√	√	√	√
Mrs.Ritu Relan	daughter in law	√	√	√	√	√
Ms Aashita Relan	Grand daughter	√	√	√	√	√
Mr.Aashim Relan	Grand Son	√	√	√	√	√
Mr.Rishabh Relan	Grand Son	√	√	√	√	√
Mr.Pranav Relan	Grand Son	√	√	√	√	√
Mr.Ayush Relan	Grand Son	√	√	√	√	√

* Ceases to be Director with effect from 21.01.2008

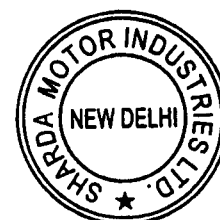
c. Enterprises over which the KMP has control

Related Party	Year ended	Year ended	Year ended	Year ended	Year ended
	31 March 12	31 March 11	31 March 10	31 March 09	31 March 08
N.D.Relan (HUF)	√	√	√	√	√
Ajay Relan (HUF)	√	√	√	√	√
Rohit Relan (HUF)	√	√	√	√	√
A.N.I Hospitality LLP	√	√	√	-	-
Sharda Enterprises	√	√	√	√	√

d. Transaction with Related Party

Nature of Transaction	Year ended	Year ended	Year ended	Year ended	Year ended
	31 March 12	31 March 11	31 March 10	31 March 09	31 March 08
Sharda Sejong Auto components (India) Limited					
Purchase of Goods	-	-	78,784,726	94,018,356	114,954,717
Sale of Goods	-	-	1,326,468,811	971,409,551	158,982,244
Rent received during the year	-	-	1,500,000	1,500,000	18,322,581
Interest received during the year	-	-	-	60,917,000	9,999,068
Corporate Expenses incurred on behalf	-	-	-	-	10,809,747
Sale of hiving off SIPCOT Unit	-	-	-	-	480,076,580
Purchase of Fixed Assets	-	-	1,381,186	14,300,428	26,097,396
Sale of Fixed Assets	-	-	7,495,571	35,077,659	21,610,103
Purchase of shares of subsidiary	-	-	-	200,000,000	-
Transfer from Sipcots business from subsidiary	-	782,182,533	-	-	-
Bharat Seats Ltd					
Sale of Goods	1,850,726,448	1,799,525,859	1,798,790,824	958,630,396	910,223,173
Dividend received	7,200,000	5,400,000	4,500,000	5,500,000	2,700,000
Advance received against supply of goods	68,900,000	20,000,000	24,000,000	5,000,000	12,600,000
Sale of Fixed Assets	50,166,483	21,540,837	55,348,525	-	-
Advance paid against sale of goods	43,174,617	24,000,000	-	-	-
Progressive Engineering & Automation Pvt. Ltd.					
Sale of Goods	80,971,121	50,664,123	1,704,938	-	-
Sharda Enterprises					
Rent Charges Paid	13,200,000	13,521,004	12,000,000	12,000,000	10,000,000

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Nature of Transaction	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Shri N.D. Relan					
Loans taken	6350000	30,000,000	13,500,000	38,900,000	44,000,000
Loan repaid	7,950,000	20,200,000	22,000,000	9,100,000	10,000,000
Interest paid on loans	7,260,947	5,099,466	7,094,260	6,826,951	461,973
Remuneration paid	13117000	12,994,000	16,481,000	6,894,000	13,879,000
Shri Ajay Relan					
Loans taken	20,700,000	49,281,575	42,950,000	59,080,000	53,400,000
Loan repaid	15,750,000	25,311,575	45,100,000	12,500,000	24,400,000
Interest paid on loans	11,309,188	6,754,387	9,306,363	6,779,133	1,014,675
Remuneration paid	12,543,000	12,757,000	15,750,000	6,304,000	12,842,000
Rent paid	-	-	-	250,000	-
Shri Udayan Banerjee					
Remuneration paid	2,719,000	2,481,000	327,000	2,091,000	1,820,000
Shri Rohit Relan					
Loans taken	18,000,000	49,030,000	29,250,000	65,270,000	52,193,052
Loan repaid	14,600,000	21,100,000	17,500,000	6,500,000	27,793,052
Interest paid on loans	14,248,529	9,778,730	9,683,284	6,723,917	804,879
Remuneration paid	1,500,000	1,300,000	1,500,000	500,000	1,500,000
Smt. Sharda Relan					
Loans taken	16,400,000	34,700,000	18,500,000	34,850,000	27,000,000
Loan repaid	1,050,000	13,400,000	18,500,000	2,300,000	24,000,000
Interest paid on loans	7,819,845	4,362,496	4,084,258	2,685,558	502,427
Remuneration paid	1,500,000	1,300,000	1,500,000	500,000	1,500,000
Smt. Mala Relan					
Remuneration paid	1,481,631	1,594,554	1,643,169	1,590,708	1,484,862
Relan Industrial Finance Ltd.					
Sale of Investments	-	12,665	-	-	-
S.C. Chopra					
Remuneration paid	-	1,594,554	1,643,169	1,590,708	1,708,000

e. Outstanding Balance

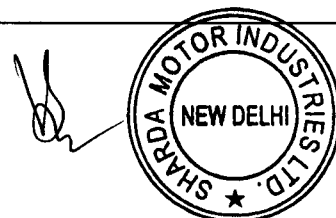
Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Amount Recoverable against Debtors					
Bharat Seats Ltd.	22,240,683	39,732,600	55,807,585	66,498,579	46,128,972
Progressive Engineering & Automation Pvt. Ltd.	8,248,188	14,379,769	1,706,063	-	-
Payable against business transactions					
Sharda Sejong Auto components (India) Limited	212,988,688	212,988,688	569,193,665	597,082,814	611,606,585
Unsecured Loan Outstanding					
Shri N.D. Relan	63,500,000	65,100,000	57,827,808	63,800,000	35,715,000
Shri Ajay Relan	102,350,000	97,400,000	76,948,589	75,580,000	30,342,000
Smt. Sharda Relan	72,200,000	122,850,000	37,638,567	35,993,350	4,374,730
Shri Rohit Relan	126,250,000	56,850,000	98,266,151	83,613,350	25,730,050

Standalone Statement of Share Capital

ANNEXURE - H

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Authorised Capital					
25,000,000 equity shares of Rs. 10 each	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000
Total -Authorized capital	250,000,000	250,000,000	250,000,000	250,000,000	250,000,000



Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Issued, Subscribed and fully paid-up capital					
5,946,326 equity shares of Rs. 10 each	59,463,260	59,463,260	59,463,260	59,463,260	59,463,260
Total -Issued, subscribed and fully paid up capital	59,463,260	59,463,260	59,463,260	59,463,260	59,463,260

Standalone Statement of Reserve and Surplus

ANNEXURE - I
(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Capital Reserve	20,000	20,000	20,000	20,000	20,000
General Reserve	1,402,599,519	1,195,600,295	1,055,264,336	913,271,453	905,889,911
Total	1,402,619,519	1,195,620,295	1,055,284,336	913,291,453	905,909,911

Standalone Statement of Long Term Borrowings

ANNEXURE - J
(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Non Current Borrowings					
Term Loan					
External Commercial Borrowings	47,790,000	95,580,000	129,660,626	352,288,126	502,862,501
Rupee Term Loan	40,531,250	72,956,250	-	-	-
Vehicle Loan	-	-	-	-	683,429
Total	88,321,250	168,536,250	129,660,626	352,288,126	503,545,930

Note:-

Terms and Conditions of Secured Loans Borrowings as on March 31, 2012:

Lender	Loan Document-ation	Loan Sanctioned	Loan Outstanding	Interest Rate P.A	Repayment Schedule	Details of Re-schedulment / Prepayment / Penalty / Default, if any
ICICI Bank Ltd ECB-1	Sanction Letter dated March 24, 2008	160,380,000	64,152,000	7.50%	10 half yearly installments of Rs.16,038,000/- each commencing from 30.9.2009.	NIL
ICICI Bank Ltd ECB-2	Sanction Letter dated November 20, 2007	78,570,000	31,428,000	10.25%	10 half yearly installments of Rs.7, 857,000/- each commencing from 14.07.2009.	NIL
ICICI Bank Ltd- Rupee Term Loan	Sanction Letter dated May 17, 2010	129,700,000	72,956,250	12.00%	16 installments after gap of 3 months of Rs.810,6250/- each commencing from 10.08.2010	NIL

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Standalone Statement of Short Term Borrowings

ANNEXURE - K

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Loans and advances from Related parties					
Directors	364,300,000	342,200,000	259,200,000	258,100,000	90,400,000
Working Capital from Bank					
Cash Credit	165,507,999	258,435,111	162,813,994	169,062,913	199,340,279
Buyer Credit	523,304,779	95,095,771	-	-	-
Biills Discounted	33,915,885	30,588,319	37,056,373	-	-
Short Term Loan	-	-	150,000,000	-	-
Total	1,087,028,663	726,319,201	609,070,367	427,162,913	289,740,279

Note: The above includes loans payable to related parties group as under:-

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Mr. N.D. Relan	63,500,000	65,100,000	55,300,000	63,800,000	34,000,000
Smt. Sharda Relan	72,200,000	97,400,000	35,550,000	35,550,000	3,000,000
Mr. Rohit Relan	126,250,000	122,850,000	94,920,000	83,170,000	24,400,000
Mr. Ajay Relan	102,350,000	56,850,000	73,430,000	75,580,000	29,000,000
Total	364,300,000	342,200,000	259,200,000	258,100,000	90,400,000

Lender	Loan Documenta tion	Loan Sanctioned	Loan Outstand- ing	Interest Rate P.A	Repayment Schedule	Details of Reschedulment / Prepayment / Penalty / Default, if any
Yes Bank- Cash Credit	Sanction Letter dated	Maximum Limit of Rs. 40 crores	165,507,999	11.50% - 13.50%	Rolled over yearly basis	NIL
Yes Bank- Buyers Credit	Sanction Letter dated	Maximum Limit of Rs. 55 crores	523,304,779	3.50% - 4.50%	60-360 days	NIL

Standalone Details of Other Long Term Liabilities & Provisions

ANNEXURE - L

(Amount in Rs)

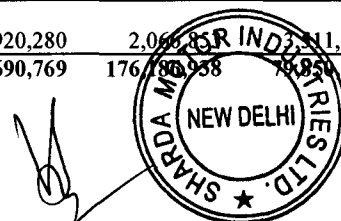
Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Other Long Term Liabilities					
Gratuity	4,135,229	5,336,971	366,075	822,166	1,396,980
Advances from Customers	55,041,392	53,634,759	-	-	-
Others	17,842,120	228,195,717	-	-	-
Total	77,018,741	287,167,447	366,075	822,166	1,396,980
Long Term Provisions					
Leave Encashment	6,068,052	5,487,087	3,063,346	2,904,554	2,164,778
Provision for warranty claim	26,778,233	18,802,419	-	-	-
Total	32,846,285	24,289,506	3,063,346	2,904,554	2,164,778

Standalone Details of Other Current Liabilities & Short Term Provisions

ANNEXURE - M

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Other Current Liabilities					
Current maturities of long-term debt	80,215,000	162,530,626	224,393,125	137,142,179	38,914,205
Unclaimed dividend	3,843,927	2,622,876	2,282,901	1,883,600	1,762,662
Statutory dues	74,084,965	67,212,295	35,029,297	31,139,956	30,727,593
Interest Accrued but not due on borrowings	4,842,708	1,848,782	9,065,166	3,954,350	4,934,459
Current portion of Long Term Liabilities	292,212,401	18,280,748	920,280	2,066,188	11,883
Total	455,199,001	252,495,326	271,690,769	176,186,278	80,851,802



Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Short Term Provisions					
Leave Encashment	5,674,173	5,132,900	2,864,503	2,716,019	2,024,262
Warranty Claims			7,342,276	4,418,401	16,718,774
Proposed dividend	29,731,630	29,731,630	29,731,630	29,731,630	29,731,630
Tax on proposed dividend	4,823,214	4,938,048	5,052,890	5,052,890	5,052,890
Wealth Tax	377,086	160,785	133,018	220,248	263,566
Fringe Benefit Tax	-	-	1,348,000	138,000	-
Income Tax	6,332,324	-	-	-	16,698
Total	46,938,427	39,963,363	46,472,317	42,277,188	53,807,820

Standalone Statement of Trade Payables

ANNEXURE - N
(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Creditors	1,025,886,251	1,048,243,952	763,597,964	634,471,411	511,068,749
Expenses Payable	56,612,160	55,943,630	39,332,241	36,345,986	34,833,706
Other Liabilities	-	-	43,048,512	155,494,365	75,593,590
Total	1,082,498,411	1,104,187,582	845,978,716	826,311,762	621,496,045

Note: The above expense payable includes payable of related parties:

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Mr. N.D. Relan	-	-	2,527,808	-	1,715,000
Smt. Sharda Relan	-	-	2,088,567	443,350	1,330,050
Mr. Rohit Relan	-	-	3,346,151	443,350	1,330,050
Mr. Ajay Relan	-	-	3,518,589	-	1,342,000
Total	-	-	11,481,115	886,700	5,717,100

Standalone Statement of Cash and Bank Balances

ANNEXURE - O
(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Non-Current					
Margin Money deposit (including interest accrued)	532,627	520,264	458,038	426,821	458,466
Total	532,627	520,264	458,038	426,821	458,466
Current					
Cash in Hand	51,052	62,281	8,143	32,766	8,165
Balances with Banks:-					
On Current Account	21,122,515	20,703,654	47,045,377	18,877,757	14,721,118
Unpaid Dividend Account	3,843,927	2,622,876	2,282,901	1,883,600	1,762,662
Deposits having maturity less than 3 months	10,065,332	61,070	30,077,214	56,012	161,509,421
Total	35,082,826	23,449,881	79,413,635	20,850,135	178,001,366

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Standalone Statement of Trade Receivables

ANNEXURE - P
(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Outstanding for a period exceeding 6 months from the date they are due for payment					
-Considered good	14,078,502	63,488,626	22,287,808	19,796,636	12,649,457
Outstanding for a period less than 6 months from the date they are due for payment					
-Considered good	928,989,182	697,944,828	387,354,605	338,540,959	383,135,965
Total	943,067,684	761,433,453	409,642,413	358,337,595	395,785,422

Note: The above includes debts due from related parties group as under:-

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Bharat Seats Ltd.	22,240,683	39,732,600	1,706,063	66,498,579	46,128,972
Progressive Engineering & Automation Pvt. Ltd.	8,248,188	14,379,769	55,807,585	1,123	-

Standalone Details of Loans and Advances

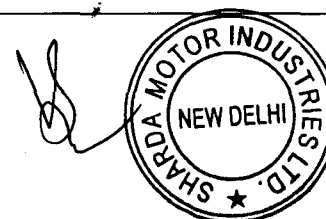
ANNEXURE - Q
(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Non Current					
Security Deposits	17,083,420	16,087,748	5,911,875	4,534,270	11,123,841
Capital Advances	70,378,100	129,710,100	128,904,958	93,000,432	91,364,340
Balance with Revenue Authorities	-	3,212,197	-	-	-
MAT Credit Entitlement	56,034,506	32,900,000	-	-	-
Total	143,496,026	181,910,045	134,816,833	97,534,702	102,488,181
Current					
Balance with Revenue Authorities	44,820,752	35,283,847	34,737,740	52,807,720	55,100,329
Advances to Vendors	12,162,415	-	-	-	-
Advance Tax	-	25,484,358	31,314,310	21,949,565	75,000
Security Deposits	-	-	511,389	7,369,540	163,965
Prepaid Expenses	10,548,884	7,625,066	6,374,853	7,016,110	8,663,778
Other Current Assets	-	-	5,723,480	5,709,356	3,482,461
Other Advances Recoverable in cash or in kind	3,668,109	37,675,989	578,391,751	625,342,486	577,145,678
Total	71,200,160	106,069,260	657,053,523	720,194,776	644,631,211

Note: The above includes loan and advances due from related parties group as under:-

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Sharda Sejong Auto Components (India) Ltd.	212,988,688	212,988,688	569,193,665	597,082,814	611,606,585



Standalone Statement Other Current Assets

ANNEXURE - R

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Non Current Assets					
Margin Money Deposit with original maturity of more than 12 Months	500,000	520,264	458,038	426,821	458,466
Interest Accrued but not due	32,627	-	-	-	-
Total	532,627	520,264	458,038	426,821	458,466
Current Assets					
Insurance Claim Recoverable	-	6,020,017	35,572	35,572	-
Duty Drawback Receivable	105,152	94,825	230,159	230,159	230,159
Total	105,152	6,114,842	265,731	265,731	230,159

Standalone Details of Investment

ANNEXURE - S

(Amount in Rs)

Particulars	Year ended 31 March 12	Year ended 31 March 11	Year ended 31 March 10	Year ended 31 March 09	Year ended 31 March 08
Current Investment					
Long Term, Traded Investments					
Investment in Equity Shares in Subsidiary Company Uquoted	200,500,000	-	-	-	-
Total-A	200,500,000	-	-	-	-
Non Current Investment					
Long Term, Traded Investments					
Investment in Equity Shares in Subsidiary Company Uquoted	-	200,500,000	200,500,000	200,500,000	500,000
Investment in Equity Shares in Associate Company Quoted	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Long Term, Non-Traded Investments					
Investment in Equity Shares Quoted	-	-	12,665	12,665	13,808
Investment in Equity Shares in Associate Company Unquoted	4,900,000	4,900,000	4,900,000	4,900,000	4,900,000
Total-B	13,900,000	214,400,000	214,412,665	214,412,665	14,413,808
Total Investments (A+B)	214,400,000	214,400,000	214,412,665	214,412,665	14,413,808

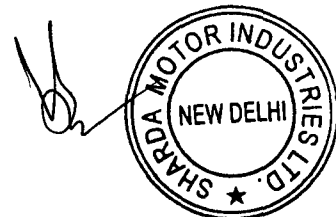
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STANDALONE SEGMENT REPORTING

ANNEXURE - T
(Amount in Rs)

Particulars	Year ended 31.03.12	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.08
Revenue:					
Net Sales/Income					
Automotive components & Accessories	7,256,789,923	6,347,073,735	4,116,254,071	2,931,630,584	3,199,095,887
White Goods	257,428,961	654,980,136	537,365,872	449,446,842	419,449,576
Others	-	-	8,347,012	16,580,389	13,694,128
Total	7,514,218,884	7,002,053,871	4,661,966,955	3,397,657,815	3,632,239,591
Results:					
Before interest, other income, depreciation, non-cash expenses and taxes, as restated:					
Automotive components & Accessories	771,001,897	628,428,698	548,564,049	306,910,584	477,464,682
White Goods	(876,766)	58,211,203	59,876,340	53,364,657	47,933,661
Corporate (Unallocable)	(10,022,062)	(6,555,919)	(12,037,710)	(5,872,595)	(49,095,124)
Others	-	-	(11,070,507)	(10,895,120)	(3,939,209)
Total	760,103,069	680,083,982	585,332,172	343,507,526	472,364,010
Add: Other Income:					
Automotive components & Accessories	46,617,347	32,749,296	30,343,334	22,719,583	20,377,271
White Goods	1,511,052	(626,424)	(63,550)	1,163,039	-
Corporate (Unallocable)	10,022,062	6,555,919	12,037,710	5,872,595	49,095,124
Others	-	-	(593)	(59,258)	(12,892)
Total	58,150,461	38,678,791	42,316,901	29,695,959	69,459,503
Less: Depreciation:					
Automotive components & Accessories	305,708,734	223,794,451	133,057,492	108,746,410	126,415,048
White Goods	6,891,734	18,026,429	12,685,923	16,820,942	14,019,723
Others	-	-	3,461,442	754,245	130,032
Total	312,600,468	241,820,880	149,204,857	126,321,597	140,564,803
Less: Non-cash Expenses:					
Automotive components & Accessories	-	-	-	-	-
White Goods	-	-	-	-	-
Corporate (Unallocable)	111,565,431	114,214,629	82,203,583	114,709,361	67,118,414
Others	-	-	-	-	-
Total	111,565,431	114,214,628	82,203,583	114,709,361	67,118,414
Profit / (Loss) before interest and taxes					
Automotive components & Accessories	511,910,510	437,383,543	445,849,891	220,883,757	371,426,905
White Goods	(6,257,448)	40,811,198	47,253,967	37,706,754	33,913,938
Corporate (Unallocable)	(111,565,431)	(114,214,628)	(82,203,583)	(114,709,361)	(67,118,414)
Others	-	-	(14,531,356)	(11,590,107)	(4,082,133)
Total	394,087,631	363,980,113	396,368,919	132,291,043	334,140,296
Less: Interest:					
Corporate (Unallocable)	93,310,498	81,672,665	82,517,048	29,536,811	26,856,260
Profit before taxes	300,777,133	282,307,448	313,851,871	102,754,232	307,284,036
Less: Taxes:					
Corporate (Unallocable)	24,668,221	72,632,131	102,289,948	25,803,650	77,843,799
Net Profit	276,108,912	209,675,317	211,561,923	76,950,582	229,440,237
Net Profit after tax attributable to Equity Shareholders	276,108,912	209,675,316	211,561,923	76,950,582	229,440,237



Other Information

(Amount in Rs)

Particulars	Year ended 31.03.12	Year ended 31.03.11	Year ended 31.03.10	Year ended 31.03.09	Year ended 31.03.08
Segment Assets					
Automotive components & Accessories	3,356,031,073	3,461,255,271	2,531,357,814	2,389,350,349	1,706,711,591
White Goods	873,345,399	173,485,149	192,988,956	244,166,409	262,546,437
Corporate (Unallocable)	182,692,372	338,174,989	315,476,891	306,320,399	893,710,530
Others	-	-	15,403,708	31,915,463	37,929,099
Total	4,412,068,844	3,972,915,409	3,055,227,369	2,971,752,620	2,900,897,657
Segment Liabilities					
Automotive components & Accessories	1,436,472,404	1,344,420,988	836,312,430	907,253,019	904,234,004
White Goods	53,284,904	11,119,281	71,246,757	108,137,778	122,088,591
Corporate (Unallocable)	26,419,948	165,552,798	32,509,643	15,877,023	28,758,802
Others	-	-	1,628,250	2,239,609	3,089,125
Total	1,516,177,256	1,521,093,067	941,697,080	1,033,507,429	1,058,170,522



**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR 9 MONTHS
PERIOD ENDED DECEMBER 31st, 2012**

**The Board of Directors
Sharda Motor Industries Ltd,
D-188, Okhla Industrial Area Phase-I
New Delhi-110020**

1. This Review report is issued in accordance with the terms of our agreement dated March 14th, 2013.
2. We have reviewed the accompanying Unaudited condensed interim financial statements of **Sharda Motor Industries Limited** (the "Company"), comprising its condensed Balance sheet as at December 31, 2012, and the condensed Statement of Profit & Loss and condensed Cash Flow Statement for the period then ended (herein after referred to as the "Unaudited Condensed Interim Financial Statements") prepared by the Management of the Company to include this review report in the proposed listing of equity shares by the Company with BSE Limited.

Management's Responsibilities

3. The Unaudited Condensed Interim Financial Statements are the responsibility of the Company's Management.
4. The Management of the company is responsible for ensuring that the Unaudited Condensed Interim Financial Statements are prepared in accordance with Accounting Standard 25 - Interim Financial Reporting - issued pursuant to the Companies (Accounting Standards) rules, 2006 as per section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India.
5. The responsibility of the Management includes the design, implementation and maintenance of internal control relevant to the preparation of the Unaudited Condensed Interim Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities

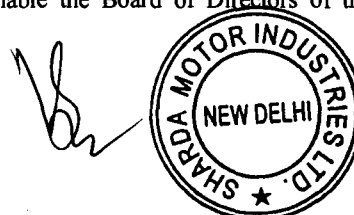
6. Our responsibility is to express a conclusion on the Unaudited condensed interim financial statements based on our review. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity - issued by the Institute of chartered Accountants of India.
7. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

8. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Interim Financial Statements does not give a true and fair view, in all material respects, in accordance with Accounting Standard 25 - Interim Financial Reporting - issued pursuant to the Companies (Accounting Standards) Rules, 2006 and the other accounting principles generally accepted in India.

Restrictions on use

9. This review report is addressed to and is provided to enable the Board of Directors of the Company



to include this review report in the proposed listing of equity shares by the Company with BSE Limited. Our work and findings shall in no way constitute advice or recommendations (regarding any commercial decisions associated with the issue of equity shares.

**For S.R. DINODIA & CO.,
CHARTERED ACCOUNTANTS
Regn No.: 001478N**

**(SANDEEP DINODIA)
PARTNER
M. No. 083689**

Date: 3rd April, 2013
Place: New Delhi



Condensed Balance Sheet as at December 31, 2012

(Amount in Rs.)

PARTICULARS	Note No.	December 31, 2012 Unaudited	March 31, 2012 Audited
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	59,463,260	59,463,260
Reserves and surplus	4	1,650,800,070	1,402,619,519
		1,710,263,330	1,462,082,779
Non-current liabilities			
Long-term borrowings	5	152,307,500	88,321,250
Deferred tax liabilities (Net)	6	143,798,779	95,079,801
Other Long term liabilities	7	40,483,756	77,018,741
Long-term provisions	8	32,382,194	32,846,285
		368,972,229	293,266,077
Current liabilities			
Short-term borrowings	9	1,281,209,004	1,087,028,663
Trade payables	10	1,404,224,172	1,082,498,411
Other current liabilities	10	258,865,571	455,199,002
Short-term provisions	8	2,155,803	46,938,427
		2,946,454,550	2,671,664,503
TOTAL		5,025,690,108	4,427,013,359
ASSETS			
Non-current assets			
Fixed assets			
	11		
Tangible assets		2,022,661,288	2,106,813,286
Intangible assets		270,055,612	186,232,762
Capital work-in-progress		237,115,879	105,145,078
Non-current investments	12	13,900,000	13,900,000
Long-term loans and advances	13	241,457,831	143,496,026
Other non-current assets	14	532,627	532,627
		2,785,723,236	2,556,119,779
Current assets			
Current Investments	12.2	-	200,500,000
Inventories	15	733,584,312	620,937,758
Trade receivables	14	999,859,253	943,067,684
Cash and Bank Balances	16	353,045,758	35,082,826
Short-term loans and advances	13	153,395,851	71,200,160
Other current assets	14	81,697	105,152
		2,239,966,872	1,870,893,580
TOTAL		5,025,690,108	4,427,013,359

Summary of Significant Accounting Policies

2

The accompanying notes are integral part of the financial statements

As per our report of even date attached

For S.R. Dinodia & Co.
Chartered Accountants
Regn No. 001478N

Sandeep Dinodia
Partner
M. No. 083689

Date: 3rd April, 2013
Place: New Delhi

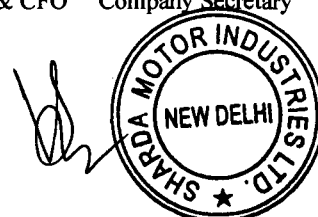
for & on behalf of Board of Directors

N.D. Relan
Co-Chairman

Ajay Relan
Managing Director

Pradeep Rastogi
President-Legal & CFO

Nitin Vishnoi
Company Secretary



Condensed Statement of Profit & Loss Account for the period 01st April 2012 to 31st December 2012

(Amount in Rs.)

PARTICULARS	Note No.	Figures for the	Figures for the period ended
		period ended December 31, 2012	December 31, 2011
		Unaudited	Unaudited
Revenue from operations	17	6,576,587,084	5,364,771,974
Other income	18	51,235,545	41,395,703
Total Revenue		6,627,822,629	5,406,167,676
Expenses:			
Cost of materials consumed	19	4,377,693,760	3,484,464,542
Purchase of Traded goods	20	476,858,510	393,606,981
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(17,244,900)	42,875,690
Employee benefits expense	22	344,540,781	303,919,973
Finance costs	23	74,081,985	64,356,274
Depreciation and amortization expense	11	257,957,317	227,349,837
Other expenses	24	763,852,163	724,695,358
Total expenses		6,277,739,616	5,241,268,656
Profit before exceptional and extraordinary items and tax		350,083,013	164,899,020
Exceptional items	25	-	3,619,000
Profit before tax		350,083,013	161,280,020
Tax expense:			
Current Tax		98,000,000	19,500,000
Net Current Tax expense		98,000,000	19,500,000
Deferred Tax		48,718,979	12,924,559
Profit (Loss) for the period		203,364,034	128,855,461
Earnings per equity share:	29		
Basic		34.20	21.67
Diluted		34.20	21.67
Summary of Significant Accounting Policies		2	

The accompanying notes are integral part of the financial statements

As per our report of even date attached

For S.R. Dinodia & Co.
Chartered Accountants
Regn No. 001478N

Sandeep Dinodia
Partner
M. No. 083689

Date: 3rd April, 2013
Place: New Delhi

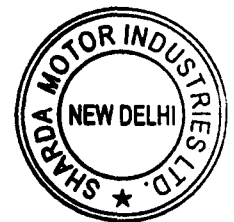
for & on behalf of Board of Directors

N.D. Relan
Co-Chairman

Pradeep Rastogi
President-Legal & CFO

Ajay Relan
Managing Director

Nitin Vishnoi
Company Secretary



Condensed Cash Flow Statement for the period ended December 31, 2012

(Amount in Rs.)

Particulars	Figures for the period ended December 31, 2012	Figures for the period ended December 31, 2011
Cash Flow From Operating Activity	507,058,836	362,262,891
Cash Flow From Investing Activity	(340,367,435)	(478,484,776)
Cash Flow From Finance Activity	149,472,344	108,256,830
Net Increase/(Decrease) in Cash and Cash Equivalents	316,163,745	(7,965,056)
Cash and Cash Equivalents at the beginning of the period	36,882,014	23,449,881
Cash and Cash Equivalents at the end of the period	353,045,758	15,484,825

As per our report of even date attached

For S.R. Dinodia & Co.
Chartered Accountants
Regn No. 001478N

for & on behalf of Board of Directors

Sandeep Dinodia
Partner
M. No. 083689

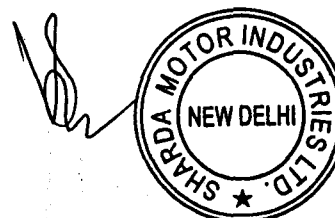
N.D. Relan
Co-Chairman

Ajay Relan
Managing Director

Date: 3rd April, 2013
Place: New Delhi

Pradeep Rastogi
President-Legal & CFO

Nitin Vishnoi
Company Secretary



Notes to the condensed financial statement for the period April 1, 2012 to December 31, 2012

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 Convector, 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 have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles ("GAAP"), mandatory accounting standards as per the Company (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and other relevant provisions of the Companies Act, 1956 and guidelines issued by the Security Exchange Board of India as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

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) 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.

(c) 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) 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.

(e) 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.

(f) 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.

(g) Foreign Exchange Transactions

Transactions in foreign currency are recorded on initial recognition at the exchange rate prevailing at the time of transaction.

Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate on each balance sheet date.

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.

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.

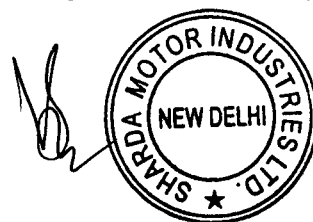
(h) Borrowing Costs

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.

(i) 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.

(j) 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.

(k) 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.

(l) 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

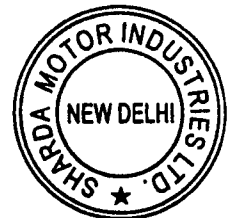
Deferred tax resulting from "timing difference between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only 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.

(m) 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.

(n) 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.



(o) 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.

(p) Cash Flow

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

(q) 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.

(r) 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.

(s) 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.

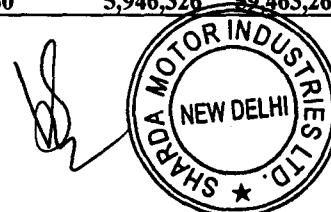
(Amount in Rs.)

	As At December 31, 2012	As At March 31, 2012
NOTE 3 : SHARE CAPITAL		
Authorised Shares		
25,000,000 (P.Y 25,000,000) Equity Shares of Rs. 10/- each	250,000,000	250,000,000
	250,000,000	250,000,000
Issued, Subscribed & Paid-up Shares		
Equity Share Capital		
5,946,326 (March 31, 2012: 5,946,326) Equity Shares of Rs. 10/- each fully paid up	59,463,260	59,463,260
	59,463,260	59,463,260

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

Equity Shares	December 31, 2012		March 31, 2012	
	No of shares.	Amount	No of shares.	Amount
At the beginning of the year	5,946,326	59,463,260	5,946,326	59,463,260
Add:- Issued during the year	-	-	-	-
Less:- Buy back during the year	-	-	-	-
Outstanding at the end of the year	5,946,326	59,463,260	5,946,326	59,463,260

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.

During the year ended 31st Dec, 2012, the amount of per share dividend recognized as distributions to Equity Shareholders was Rs.5/- (March 31, 2012: Rs. 10.00/-).

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

	December 31, 2012		March 31, 2012	
	No of shares.	% of holding	No of shares.	% of holding
Mr.N.D Relan	488,020	8.21	488,020	8.21
Mrs.Sharda Relan	742,520	12.49	742,520	12.49
Mr.Ajay Relan	810,378	13.63	810,378	13.63
Mr.Rohit Relan	478,818	8.05	478,818	8.05
Mrs.Ritu Relan	792,520	13.33	792,520	13.33
Mrs.Mala Relan	571,260	9.61	571,260	9.61

NOTE 4 : RESERVES AND SURPLUS

	As At December 31, 2012	As At March 31, 2012
Capital Reserve		
Balance as per last financial statements	20,000	20,000
Addition during the year	-	-
Closing balance	20,000	20,000
General Reserve		
Balance as per last financial statements	1,294,429,627	1,047,712,471
Addition during the year	-	200,000,000
Addition due To Amalgamation with subsidiary Company	-	-
Closing balance	1,294,429,627	1,247,712,471
Surplus / (Loss) as per Statement of Profit & Loss		
Balances as per last financial statements	152,986,408	147,887,824
Add:- profit for the year	203,364,034	276,108,912
	356,350,443	423,996,736
Less:- Appropriations:		
- Interim Dividend	-	29,731,630
- Proposed Dividend on Equity Shares	-	29,731,630
- Dividend Distribution Tax on Interim Dividend	-	4,823,214
- Dividend Distribution Tax on Proposed Dividend	-	4,823,214
- Transfer to any Reserves	-	200,000,000
Total Appropriation	-	269,109,688
Net Surplus in the Statement of Profit & Loss	356,350,443	154,887,048
Total Reserves & Surplus	1,650,800,070	1,402,619,519

NOTE 5 : LONG TERM BORROWINGS

	Non Current portion		Current Maturities	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Secured Borrowings				
Term loans				
From Banks				
External commercial Borrowing	136,095,000	47,790,000	47,790,000	47,790,000

[Handwritten Signature]



	Non Current portion		Current Maturities	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Rupee term loan	16,212,500	40,531,250	32,425,000	32,425,000
	152,307,500	88,321,250	80,215,000	80,215,000
Amount disclosed under 'Other Current Liabilities' (Note no. 10)	-	-	80,215,000	80,215,000
Long Term Borrowings	152,307,500	88,321,250	-	-

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

- a) Term Loan (External Commercial Borrowing)
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:
- Mahindra World City, Changalpattu Taluk, Kanchepuram Dist. Industrial Park, Tamilnadu-603002,
 - 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, Kanchepuram 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

The ECB loan consists of 2 loans:

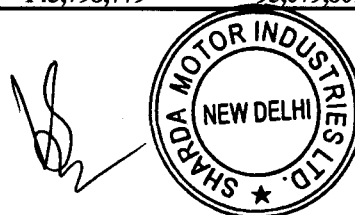
- First loan was taken in July 2008 and repayable in 10 installments of Rs.7,857,000/- each commencing from 14.07.2009. The loan carries an interest rate of 10.25% p.a.
- Second loan was taken in September, 2008 and repayable in 10 installments of Rs.16,038,000/- each commencing from 30.09.2009. The loan carries an interest rate of 7.5% p.a.

b) Rupee Term Loan

Mortgage in favour of bank in respect of Plot No. C - 8 , TML VENDER PARK, Sanand Road, Kotepura, Sanand, Ahemdabad. The loan was taken in financial year 2010-11 and repayable in 16 Instalments of Rs.8,106,250/- beginning from 10.08.2010.

NOTE 6 : DEFERRED TAX

	As At December 31, 2012	As At March 31, 2012
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	15,035,371	11,508,744
Total (A)	15,035,371	11,508,744
Deferred Tax Liabilities		
Fixed Assets: Impact of difference between Tax Depreciation and depreciation/ amortization charged for the financial reporting	158,834,150	106,588,545
Total (B)	158,834,150	106,588,545
	143,798,779	95,079,801



NOTE 7 : OTHER LONG TERM LIABILITIES

	Long Term		Current Portion	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Gratuity	7,808,408	4,135,229	3,104,811	1,644,939
Advances from Customers	9,316,009	55,041,392	66,508,655	77,578,594
Others*	23,359,339	17,842,120	-	212,988,868
	40,483,756	77,018,741	69,613,466	292,212,401
Amount disclosed under Other Current Liabilities (Current portion of long term liabilities)	-	-	69,613,466	292,212,401
	-	-	69,613,466	292,212,401

*Amount of Rs.Nil (March 31, 2012: 212,988,868) payable to Subsidiary company, Sharda Sejong Auto Components India Ltd. on account of transfer of business unit at G-20, Sipcot, Chennai. This amount has been shown in the current portion (March 31, 2012)

NOTE 8 : PROVISIONS

	Long Term		Short Term	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Provision for Employee Benefits (Refer Note no. 22.1)				
Leave Encashment	11,714,222	6,068,052	2,155,803	5,674,173
Others				
Provision for warranty claim (Refer Note no. 8.1)	-	-	20,667,972	26,778,233
Proposed dividend	-	-	-	29,731,630
Tax on proposed dividend	-	-	-	4,823,214
Wealth Tax	-	-	-	377,086
Income Tax (Net of Advance Tax: Rs.109,681,062/-)	-	-	-	-
	32,382,194	32,846,285	2,155,803	46,938,427

NOTE 8.1 : DISCLOSURE REQUIRED BY AS-29 "PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES"

	As At December 31, 2012	As At March 31, 2012
Opening balance (as on 1 st April)	26,778,233	18,802,419
Provision made during the year	13,277,484	14,557,108
Amount transferred from Subsidiary company	-	-
Amount used/reversed/paid during the year	19,387,745	6,581,294
Closing balance (as on 31 st Dec)	20,667,972	26,778,233

NOTE 9 : SHORT TERM BORROWINGS

	As At December 31, 2012	As At March 31, 2012
Secured Borrowing		
Loans repayable on demand		
From Banks-Secured		
Cash credit from Banks	440,071,844	165,507,999
Others		
From Banks		
Bills Discounted	18,064,786	33,915,885
Buyers Credit	443,495,717	523,304,779
Unsecured Borrowing		
Loans and advances from Related parties		
Directors	379,576,657	364,300,000
	1,281,209,004	1,087,028,663



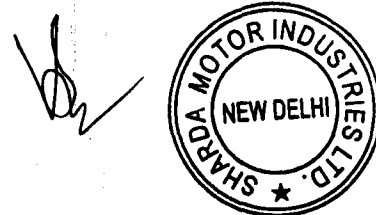
- a) Cash Credit/Buyer's Credit
- (i) Secured by charge on inventories and books debts
 - (ii) Equitable mortgage of leasehold land and building, situated at Plot No.4, Sector 31, Greater Noida Industrial Development Area, U.P., and plant & Machinery and other assets
 - (iii) Rate of Interest
Cash Credit : 11.5% - 13.5%
Buyer's Credit: 3.5% - 4.5%
- 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.
- c) Directors loan
Payable on demand. The loan is taken on an interest rate of 10% - 11%.

NOTE 10 : OTHER CURRENT LIABILITIES

	As At December 31, 2012	As At March 31, 2012
Trade Payables (Refer note below for details of dues to micro and small enterprises)	1,404,224,172	1,082,498,411
	1,404,224,172	1,082,498,411
Other Liabilities:		
Current maturities of long-term debt (Note No. 5)	80,215,000	80,215,000
Unclaimed dividend	3,073,547	3,843,927
Statutory dues	104,267,902	74,084,965
Interest Accrued but not due on borrowings	1,695,655	4,842,708
Current portion of Long Term Liabilities (Note no. 7)	69,613,466	292,212,401
	258,865,571	455,199,002
	1,663,089,743	1,537,697,413

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 Dec 31, 2012 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 (Previous Year Rs. Nil). Further no interest during the year have been paid or payable under the terms of MSMED Act' 2006



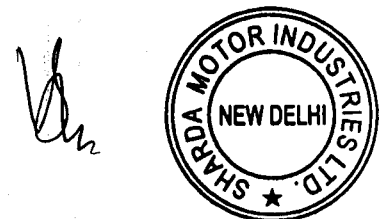
Notes to the condensed financial statement for the period April 1, 2012 to December 31, 2012

NOTE 11: FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK		
	AS AT 01 APRIL, 2012	ADDITION	DEDUCTI ON/ ADJUSTM ENT	AS AT 31 DEC., 2012	AS AT 01 APRIL, 2012	FOR THE YEAR	WRITTE N BACK	AS AT 31 DEC., 2012	AS AT 31 DEC., 2012	AS AT 31 MARCH, 2012
A. Tangible Assets										
Land										
- Lease Hold	114,175,953	-	-	114,175,953	5,641,107	647,386	-	6,288,494	107,887,459	108,534,846
- Free Hold	110,486,449	92,650	-	110,579,099	-	-	-	-	110,579,099	110,486,449
Buildings	650,913,750	22,173,656	-	673,087,406	190,908,865	35,085,333	-	225,994,198	447,093,207	460,004,883
Plant and Equipment	1,972,183,705	149,601,468	83,320,316	2,038,464,858	763,254,756	133,270,403	5,221,483	891,303,677	1,147,161,180	1,208,928,949
Vehicles	103,805,685	4,187,999	1,522,029	106,471,654	61,353,663	8,758,521	1,363,549	68,748,634	37,723,020	42,452,022
Office Equipments and Furniture & Fixtures	105,312,528	11,452,899	13,500	116,751,927	64,373,332	8,099,251	9,929	72,462,654	44,289,273	40,939,197
Electric fitting	212,074,212	9,099,267	1,874,650	219,298,829	76,607,272	14,763,508	-	91,370,780	127,928,049	135,466,941
Total	3,268,952,281	196,607,939	86,730,495	3,378,829,725	1,162,138,996	200,624,403	6,594,961	1,356,168,438	2,022,661,288	2,106,813,288
B. Intangible Assets										
Software Development	36,972,510	1,725,555	-	38,698,065	21,388,002	8,091,019	-	29,479,021	9,219,044	15,584,508
Technical Knowhow & Guidance	342,126,934	139,430,209	-	481,557,143	171,478,680	49,241,895	-	220,720,575	260,836,568	170,648,254
	379,099,443	141,155,764	-	520,255,208	192,866,682	57,332,914	-	250,199,596	270,055,612	186,232,762
C. Capital Work in Progress										
	105,145,078	237,115,879	105,145,078	237,115,879	-	-	-	-	237,115,879	105,145,078
Total	105,145,078	237,115,879	105,145,078	237,115,879	-	-	-	-	237,115,879	105,145,078
Total	3,753,196,802	574,879,582	191,875,572	4,136,200,812	1,355,005,678	257,957,317	6,594,961	1,606,368,033	2,529,832,778	2,398,191,128
March 31, 2012	3,077,595,007	943,713,169	268,111,375	3,753,196,801	1,055,030,874	312,600,468	12,625,664	1,355,005,678	2,398,191,123	2,022,564,135

NOTE 11: PRE OPERATIVE EXPENSES AND CAPITAL WORK IN PROGRESS

	As At December 31, 2012	As At March 31, 2012
(a) Pre Operative Expenses	35,975,183	35,859,379
(b) Capital Work in Progress	201,140,696	69,285,699
Total	237,115,879	105,145,078



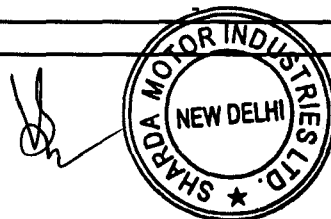
PARTICULARS	December 31, 2012		March 31, 2012	
	Unaudited		Audited	
NOTE 12 : INVESTMENTS				
NOTE 12.1: NON CURRENT INVESTMENTS				
Trade Investments (Valued at cost unless otherwise stated)				
Quoted Equity Instruments				
Investment in Associates				
9,000,000 Equity shares (March 31, 2011: 9,000,000), including Bonus Shares of 4,500,000 of Rs.2/- each , fully paid up of Bharat Seats Ltd.		9,000,000.00		9,000,000.00
Unquoted Equity Instruments				
Investment in Subsidiary				
20,050,000 Equity shares (March 31, 2011: 20,050,000) of Rs.10/- each , fully paid up of Sharda Sejong Auto Components India Ltd.		-		-
Total Trade Investments (A)		9,000,000.00		9,000,000.00
Non Trade Investments (Valued at cost unless otherwise stated)				
Unquoted Equity Instruments				
Investment in Associates				
490,000 Equity shares (March 31, 2011: 490,000) of Rs. 10 each, fully paid up of Relan Industrial Finance Ltd.		4,900,000.00		4,900,000.00
Total Non Trade Investments (B)		4,900,000.00		4,900,000.00
Total Non current Investment (A+B)		13,900,000.00		13,900,000.00
Aggregate Value of Quoted Investments		9,000,000.00		9,000,000.00
Market Value of Quoted Investments		116,460,000.00		127,350,000.00
Aggregate value of Unquoted Investments		4,900,000.00		4,900,000.00
NOTE 12.2: CURRENT INVESTMENTS				
Current portion of Long term Investment				
Unquoted Equity Instruments				
Nil Equity shares (March 31, 2012: 20,050,000) of Rs.10/- each , fully paid up of Sharda Sejong Auto Components India Ltd.**		-		200,500,000.00
		-		200,500,000.00

** in the earlier years the company had invested in the shares with the intention of holding it for more than 1 year from the date on which Investment was made. Thus, it was classified as Long term Investment as per AS 13 "Accounting for Investments". However, since the subsidiary company is getting merged with Sharda Motors Industries Limited in next financial year, the said investment no more remains Long term Investment. Hence, it is shown under Current Investments.

NOTE 13 : LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

	Non Current		Current	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Capital Advances	221,250,174	70,378,100	-	-
Security Deposits	20,207,657	17,083,420	-	-
Other Loans & Advances				



	Non Current		Current	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
MAT Credit Entitlement	-	56,034,506	-	-
Advance tax (Net of Provisions)	-	-	33,631,454	-
Prepaid Expenses	-	-	3,655,132	10,548,884
Balance with Revenue Authorities	-	-	40,295,103	44,820,752
Advances to Vendors	-	-	34,750,825	12,162,415
Other Advances Recoverable in cash or in kind	-	-	41,063,338	3,668,109
	241,457,831	143,496,026	153,395,851	71,200,160

NOTE 14 : TRADE RECEIVABLES AND OTHER ASSETS

	Non Current		Current	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Trade Receivables (Unsecured considered good unless otherwise stated)				
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-	23,010,927	14,078,502
Outstanding for a period less than 6 months from the date they are due for payment	-	-	976,848,326	928,989,182
	-	-	999,859,253	943,067,684
Other assets				
Insurance Claim Receivable	-	-	-	-
Other Receivables	-	-	81,697	105,152
Non Current Bank Balances (Note no. 16)	532,627	532,627	-	-
	532,627	532,627	81,697	105,152
	532,627	532,627	999,940,950	943,172,836

NOTE 15 : INVENTORIES

	As At December 31, 2012	As At March 31, 2012
Raw materials	593,356,776	429,733,392
Consumable stores	-	17,775,766
Goods in Transit-Raw Material	-	50,445,964
Work In Progress	134,037,424	113,913,931
Finished Goods	368,337	914,579
Traded Goods	5,821,775	8,154,126
	733,584,312	620,937,758

NOTE 16 : CASH AND BANK BALANCES

	Non Current		Current	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Cash & cash Equivalent				
Balances with Banks:-				
On Current Account	-	-	24,870,888	21,122,515

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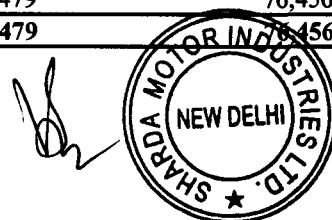


	Non Current		Current	
	December 31, 2012	March 31, 2012	December 31, 2012	March 31, 2012
Unpaid Dividend Account	-	-	3,073,547	3,843,927
Deposit with original maturity for less than 3 months	-	-	325,073,968	10,065,332
Cash on hand	-	-	27,356	51,052
	-	-	353,045,758	35,082,826
Other Bank Balances				
Margin Money Deposit with original maturity of more than 12 Months	500,000	500,000	-	-
Interest Accrued but not due	32,627	32,627	-	-
	532,627	532,627	-	-
Amount disclosed under Non Current Assets (Note no.14)	532,627	532,627	-	-
	-	-	353,045,758	35,082,826

Note: Margin Money Deposit is Pledged with Canara Bank (March 31, 2012: Rs. 500,000)

PARTICULARS	Figures for the period ended December 31, 2012 Unaudited	Figures for the period ended December 31, 2011 Unaudited
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NOTE 17 : REVENUE FROM OPERATIONS		
(a) Revenue from - Sale of Product		
-Finished goods	8,310,458,426	7,110,625,414
-Traded goods	553,680,823	450,150,868
	8,864,139,248	7,560,776,282
Less: Inter Unit Transfer	1,139,192,650	1,368,984,103
Net Revenue from sale of Product	7,724,946,598	6,191,792,179
(b) Revenue from -Sale of Services	14,445,716	12,710,103
(c) Other Operating Revenues	46,779,479	52,448,312
(d) Less: Excise duty	1,209,584,709	892,178,620
Total	6,576,587,084	5,364,771,974
Details of product sold		
a) Finished goods sold (Net of Inter Unit Transfer)		
-Metal Parts	6,143,260,351	6,877,499,523
-Fabric	807,816,508	904,366,302
-White Goods	220,188,916	246,505,777
	7,171,265,776	8,028,371,603
b) Traded goods sold		
- Audio Video	2,553,723	7,214,200
- Auto components	551,127,100	608,998,185
	553,680,823	616,212,385
Net Revenue from sale of product	7,724,946,598	8,644,583,988
Details of Sale of Services		
a) Job Work	14,445,716	22,401,091
	14,445,716	22,401,091
Details of Other Operating Revenues		
a) Other Operating Revenues	46,779,479	76,456,536
	46,779,479	76,456,536



NOTE 18: OTHER INCOME

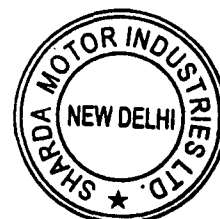
	Figures for the period ended December 31, 2012 Unaudited	Figures for the period ended December 31, 2011 unaudited
Dividend Income from		
Trade Investment	7,197,925	7,200,000
Non Trade Investment	2,160	2,000
Interest Income from		
FDR's	4,615,474	1,697,892
Profit from Sale of Tools	37,415,977	15,706,885
Other Income	2,004,009	16,788,926
	51,235,545	41,395,703

NOTE 19 : COST OF MATERIAL CONSUMED

	Figures for the period ended December 31, 2012 Unaudited	Figures for the period ended December 31, 2011 Unaudited		
1. Raw Material				
(a) Balances of Raw Material at the beginning of the year	447,509,158	459,260,167		
(b) Add:- Addition during the year	4,523,541,378	3,593,191,941		
(c) Less:- Balances of Raw Material at the end of the year	593,356,776	567,987,566		
(d) Cost of Raw Material Consumed	4,377,693,760	3,484,464,542		
Total	4,377,693,760	3,484,464,542		
a) Details of raw material and components consumed				
Steel	1,666,559,646	1,666,559,646		
Fabric	530,811,158	530,811,158		
Others	2,180,322,956	2,727,275,982		
	4,377,693,760	4,924,646,786		
b) C.I.F Value of imports				
Raw material	1,093,827,549	1,093,827,549		
Capital Goods	120,447,193	120,447,193		
	1,214,274,742	1,214,274,742		
c) Details of Indigenous and imported material consumed				
Raw Material	Value (Rs.)	%	Value (Rs.)	%
-Imported	1,093,827,549	24.99	1,093,827,549	22.21
-Indigenous	3,283,866,211	75.01	3,830,819,237	77.79
	4,377,693,760	100.00	4,924,646,786	100.00

NOTE 20 : PURCHASES OF STOCK - IN - TRADE

	Figures for the period ended December 31, 2012 Unaudited	Figures for the period ended December 31, 2011 Unaudited
Audio Video	77,450	300,698
Auto components	476,781,060	393,306,283
	476,858,510	393,606,981



NOTE 21 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK IN TRADE

	Figures for the period ended December 31, 2012	Figures for the period ended December 31, 2011
	Unaudited	Unaudited
Inventories at the end of the year		
Finished goods	368,337	-
Traded goods	5,821,775	9,784,004
Work- in- progress	134,037,424	85,104,874
	140,227,536	94,888,878
Inventories at the beginning of the year		
Finished goods	914,579	-
Traded goods	8,154,126	13,603,516
Work- in- progress	113,913,931	124,161,052
	122,982,636	137,764,568
(Excess)/Shortage of Closing stock over Opening Stock	(17,244,900)	42,875,690
Details of Inventory		
Finished goods		
Metals parts	-	354,811
Fabrics	-	559,768
White Goods	-	-
		914,579
Traded goods		
Audio video	5,821,775	8,154,126
Work- in- Progress		
Metal Parts	-	99,884,811
Fabric	-	14,029,120
		113,913,931

NOTE 22 : EMPLOYEE BENEFITS EXPENSE

	Figures for the period ended December 31, 2012	Figures for the period ended December 31, 2011
	Unaudited	Unaudited
Wages & Other Benefits	77,379,287	80,166,409
Salaries & Other Benefits	176,871,642	145,894,125
Director's Remuneration	25,835,683	24,868,885
Contribution to Provident and other funds	18,491,582	18,284,769
Gratuity (refer note below)	10,913,219	5,885,206
Staff Welfare Expenses	35,049,368	28,820,579
	344,540,781	303,919,973

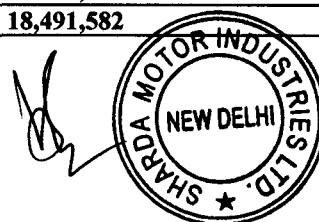
NOTE 22.1: EMPLOYEE BENEFITS

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	16,204,014	16,928,039
Employer's Contribution to Employees State Insurance Scheme	2,281,262	3,648,634
Employer's Contribution to Employees Welfare Fund	6,306	32,594
	18,491,582	20,609,267



NOTE 23 : FINANCE COST

	Figures for the period ended December 31, 2012	Figures for the period ended December 31, 2011
	Unaudited	Unaudited
Interest Expense	53,369,915	56,187,177
Other Borrowing Costs	20,712,071	8,169,097
	74,081,985	64,356,274

NOTE 24 : OTHER EXPENSES

	Figures for the period ended December 31, 2012	Figures for the period ended December 31, 2011
	Unaudited	Unaudited
Consumption of tools	12,333,693	13,512,503
Power & Fuel	87,965,095	81,486,865
Hire Labour Charges	315,450,498	269,124,878
Manufacturing expenses	37,762,364	13,311,343
Rent, Rates & Taxes	20,529,020	21,193,583
Repair & maintenance		
-Repair to Building	6,774,788	14,726,149
-Repair to Plant & Equipments*	37,370,678	48,151,700
-Repiar Others	16,356,630	25,347,828
Exchange Fluctuation	13,197,662	49,547,372
Royalty	19,007,742	14,809,778
Research & Development expenses (Refer Details below)	30,887,475	24,156,008
Travelling & conveyanve	41,300,336	37,247,225
Insurance	4,585,008	3,477,554
Communication cost	4,857,229	4,634,068
Director's sitting fee & commission	430,000	430,000
Legal & Professional expenses	4,180,308	1,681,573
Bad debts written off	2,570,995	-
 Selling & Distribution expenses	 67,193,185	 70,615,507
 Auditor's Remuneration (Refer Details below)	 1,027,500	 1,027,500
Miscellaneous expenses	40,071,958	30,213,923
	763,852,163	724,695,358

* Includes value of Stores and Spares consumed of Rs. 10,512,341/- (P.Y. Rs. 14,467,482/). Refer pt. (c) and (d) below.

a) Payment to Auditor

As Auditor		
Audit fee	1,027,500	871,236
Tax Audit fee	-	310,000
In other capacity		
Management services	-	200,000
Taxation matter	-	194,995
Reimbursement of expenses	-	58,405
	1,027,500	1,634,636



b) Expenditure incurred in Foreign Currency

Foreign Traveling	17,785,104	17,785,104
Royalty	38,499,927	38,499,927
Technical Know-how / Guidance Fee / Consultancy	48,988,918	48,988,918
Repair and Maintenance	-	-
Buyers Credit Interest	3,611,771	3,611,771
Handling Charges	367,517	367,517
	109,253,237	109,253,237

b) Expenditure incurred in Foreign Currency

Foreign Traveling	17,785,104	17,785,104
Royalty	38,499,927	38,499,927
Technical Know-how / Guidance Fee / Consultancy	48,988,918	48,988,918
Repair and Maintenance	-	-
Buyers Credit Interest	3,611,771	3,611,771
Handling Charges	367,517	367,517
	109,253,237	109,253,237

c) CIF Value of Import

Machinery Spares & Consumables	47,051,588	47,051,588
	47,051,588	47,051,588

d) Details of Indigenous and imported material consumed

Stores & Spares	Value (Rs.)	%	Value (Rs.)	%
Imported	5,931,668	41.00	5,931,668	41.00
Indigenous	8,535,814	59.00	8,535,814	59.00
	14,467,482	100	14,467,482	100.00

e) Research & Development Expenses

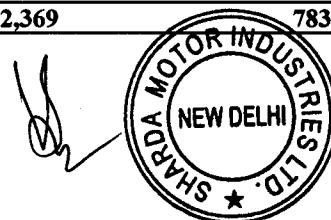
Research & Development expenses include:		
- Purchases	318,204	296,626
- Salary, Wages and other allowance	12,557,745	15,445,417
- Travelling Expenses	1,512,017	2,995,133
- Design, Development and other expenses	16,499,509	5,418,832
	30,887,475	24,156,008

NOTE 25: EXCEPTIONAL ITEMS

	Figures for the period ended December 31, 2012	Figures for the period ended December 31, 2011
	Unaudited	Unaudited
Reversal of provisions	-	3,619,000
	-	3,619,000

NOTE 26: FINANCIAL AND DERIVATIVE INSTRUMENTS

	Figures for the period ended December 31, 2012	Figures for the period ended December 31, 2011
	Unaudited	Unaudited
Foreign currency exposure hedged by derivative instruments	462,138,110	462,138,110
Foreign currency exposure that are not hedged by derivative instruments	321,654,259	321,654,259
	783,792,369	783,792,369



NOTE 27: SEGMENT WISE REPORTING

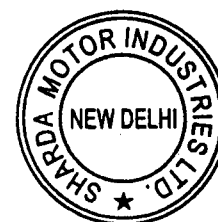
(a) Composition of Business Segments:

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	Nine Months ended	
	December 31, 2012	December 31, 2011
	Unaudited	Unaudited
Segment Revenue		
a. - Automotive Components & Accessories	7,600,604,314	6,074,556,000
b. - White Goods	138,788,000	182,395,000
Total	7,739,392,314	6,256,951,000
Less: Inter Segment Revenue	-	-
Net sales / income from operations	7,739,392,314	6,256,951,000
Segment Results		
Profit (+)/Loss(-) before tax and interest from each segment)		
a. - Automotive Components & Accessories	508,564,013	319,155,021
b. - White Goods	2,010,000	(5,804,000)
c. Unallocable Income / (Expenditure) (Net)	(86,409,000)	(85,760,000)
Total	424,165,013	227,591,021
Less: Interest	74,082,000	62,692,000
Profit Before Tax & Exceptional Item	350,083,013	164,899,021
Exceptional Item - (Income) / Expenditure	-	3,619,000
Profit (+)/Loss(-) before tax	350,083,013	161,280,021
Capital Employed (Segment assets-Segment Liabilities)		
a.- Automotive Components & Accessories	5,000,762,108	3,272,789,000
b. - White Goods	24,928,000	47,461,000
Total	5,025,690,108	3,320,250,000

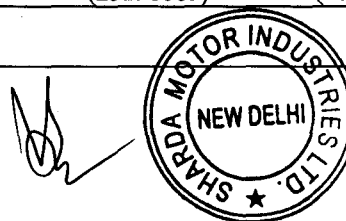


NOTE 28: RELATED PARTY DISCLOSURES

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.	
c) Progressive Engineering & Automation Pvt. Ltd.	
a) Mr.N.D Relan (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) A.N.I Hospitality LLP	

Sr. No.	Nature of transactions	Associate Companies	Associate Concern	Key Management Personnel	Relatives of Key Managerial Concern
i)	Sales during the quarter under review	1769726690 (1313184895)	-	-	-
ii)	Purchases During the quarter under review	-	-	-	-
iii)	Loans taken during the year	-	-	47336189 (16300000)	38658468 (12700000)
iv)	Loan repaid during the quarter under review	-	-	35411000 (27500000)	35307000 (11850000)
v)	Interest paid on loans during the quarter under review	-	-	15304229 (13509742)	17147182 (16147670)
vi)	Rent paid during the quarter under review	-	12375144 (9900000)	-	500000 (-)
x)	Remuneration paid*	-	-	25835683 (25298885)	2822400 (1008000)
xi)	Dividend Received	7200000 (7200000)	-	-	-



		(-)		
xii)	Sale of Fixed Assets	(4,930,738)		
	Advance Received	22500000		
xiv)	from Customers	(68726759)		
		91267234		
xv)	Advance Adjusted	(-)		
	Net Outstanding			
	Balance payable /			
	(Receivable) as on	150502019	177775189	201801468
xvi)	31.12.2012	(72435652)	(166100000)	(195350000)

NOTE 29: EARNINGS PER SHARE

The numerators and denominators used to calculate the Earnings per Share:

Particulars	December 31, 2012	March 31, 2012
Profit/(Loss) attributable to Equity Shareholders (Rs.)- (A)	203,364,034	128,855,461
Basic/Weighted average number of Equity shares outstanding during the year - (B)	5,946,326	5,946,326
Nominal Value of Equity Shares (Rs.)	10	10
Basic/Diluted earnings per share (Rs.) - (A/B)	34.20	21.67

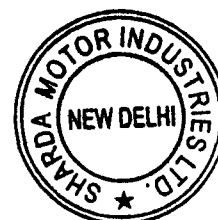
NOTE 30 : CONTINGENT LIABILITIES AND COMMITMENTS

	December 31, 2012 Unaudited	March 31, 2012 Audited
1. Contingent liabilities		
(a) Claims against the company not acknowledged as debts		
- Disputed State Tax Matters*	227,265	227,265
- Disputed Excise Matters**	44,224,378	44,224,378
- Disputed Service Tax Matters***	1,106,897	1,106,897
- Disputed Income Tax Matters****	9,204,855	9,204,855
(b) Other money for which the company is contingently liable*****	120,440,953	120,440,953
2. Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for in the Accounts, Net of Advance	63,411,603	63,411,603
Total	238,615,951	238,615,951

* Entry Tax of Rs. 227,265/- (March 31, 2012: Rs. 227,265/-) for Financial Year 2000-01, 2001-02 and 2002-03 against which the company has filed an appeal before Appellate Authority UP Trade Tax.

** Excise duty of Rs. 44,000,000/- (March 31, 2012: Rs. 44,000,000/-) under the Central Excise Rules, which is pending before the Custom, Central Excise & Service Tax Appellate Tribunal, Delhi. However, the company has filed the Writ petition against this. Another matter related to Cenvat Credit of Rs. 224,378/- (March 31, 2012: 224,378/-) under Cenvat Credit Rules is pending before the Appellate Authority of LTU Delhi.

*** Service Tax of Rs. 1,106,897/- (March 31, 2012: Rs. 1,106,897/-) under Service Tax Rules which is pending before the Custom, Excise and Service Tax Appellate Tribunal, Delhi



**** Income Tax demand of Rs. 5,432,553/- (March 31, 2012: 5,432,553/-) for Asst. year 2009-10 and Rs. 3,772,302/- (March 31, 2011: 3,772,302/-) for Asst. year 2004-05 under the Income Tax Act, is pending before the Commissioner of Income Tax LTU (Appeals), Delhi.

***** Foreign Letters of Credit of Rs. 120,440,953/- (March 31, 2012: Rs. 120,440,953/-)

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.

for & on behalf of Board of Directors

N.D. Relan
Co-Chairman

Ajay Relan
Managing Director

Date: 3rd April, 2013
Place: New Delhi

Pradeep Rastogi
President-Legal & CFO

Nitin Vishnoi
Company Secretary



MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Investors are cautioned that this discussion in this section of the Annual report may contain statements that involve risks and uncertainties and describing the company's objective, projections, estimates, and expectations may be "Forward-looking Statements" within the meaning of applicable securities laws and regulations. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. Consequently, actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The information contained herein may not be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other person(s) without written permission of the Company.

A. Industry Structure, Developments and Outlook

Automotive industry occupies a prominent place in Indian Economy, with deep rooted forward and backward linkages with several key segments of the economy, the automotive industry has a strong multiplier effect and is capable of being the driver of economic growth. The industry has grown steadily through the last decade positioning India as a Right Cost Country (RCC) for global manufacturing of products across segments such as Farming Equipments, Two & Four Wheelers, and the Commercial Vehicle Industries. The well-developed Indian automotive industry ably fulfils this catalytic role by producing a wide variety of vehicles - passenger cars, light, medium and heavy commercial vehicles and multi-utility vehicles. Being one of the largest industries in India, the Automotive Industry has been witnessing impressive growth during the last decade. It has been able to restructure itself, absorb newer technology, align itself to the global developments and realize its potential. This has significantly increased automotive industry's contribution to overall industrial growth in the country. Over a period of time the global automotive industry has not only positioned India as a manufacturing base but is also increasingly investing to make India its global R&D hub.

The growth of the Auto-industry depends on various factors Viz. rising industrial and agricultural output, rising per capita income, favourable demographic distribution with rising working population and middle class urbanisation, Increasing disposable incomes in rural agri-sector ,availability of a variety of vehicle models meeting diverse needs and preferences, Greater affordability of vehicles ,easy finance schemes, favourable government policies, robust production, infrastructure development. This augments the automatic growth of Auto Ancillary Industries.

SMIL's operations span across twelve manufacturing units located across six states in the country. In order to meet the market opportunities, your Company has continuously been working under the philosophy for providing the highest quality products and services to its customers. The Company's Management has been focusing on lean management of working capital, building people capability and elimination of waste. All endeavors are made to maximize gains and reduce costs, under the umbrella of Continuous Improvement System.

The Indian economy is expected to grow at a higher rate during 2012-13. However, due to higher borrowing cost adverse currencies fluctuation and surge in commodity & fuel prices, the growth in automobile industry is moderate during the current fiscal year.

B. Opportunities & Threats

Opportunities

The fortune of the Auto Component Industry is closely linked to that of the Automobile Industry. Your company has developed a comprehensive range of products for customers, which enable us to obtain additional business 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.



The Indian auto component industries are driven by the following factors:

- Proficiency in technical know-how facilitated re-engineering capabilities in line with customer demands.
- Enhanced automation reduced production costs.
- Flexibility of production in terms of batch size and enhanced capacity utilisation.
- High competence in design, development and simulation attracted new international buyers.
- Enhanced product and process integration using India's IT-based engineering solutions and qualified workforce.
- Access to cutting-edge global technologies, comprising ISO/QS certifications benchmarked in line with global standard the opportunities for the country's automotive sector.

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 produces quality components at lower costs.

Some other threats for auto component industry are as follow:

- Slow down in US, Europe and Indian economy could affect the sales of the Company.
- Fluctuating crude price could impact the margins of the Company.
- Hardening of Indian rupee will affect the Company's competitiveness in the export market and profit performance.
- Power shortage is a major concern for the Company.
- The cost of import is moving up and are putting pressures on margins
- In the line of WTO directions, import duties were lowered for automotive components, which results in competition from the overseas players from low cost countries.
- Increase in Inflation, Tightening of liquidity position and Hardening of consumer interest rates will adversely affect the domestic automotive market.

C. Segment-wise / Product-Wise Performance

Segment-wise performance has been reported under Note 27 b forming part of Annual Report for the year ended 31st March' 2012.

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.

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.

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.

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 concerned that this will result in an even increasing level of competition and intense pressure on the profit margin of all participants.

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 Indian Rupee against Pound, US Dollar and Euro & Yen.

E. Internal Control System and their Adequacy

The company has proper and adequate systems of internal control to ensure protection of assets, proper financial & operating functions and compliance with the policies, procedures, applicable Acts and Rules. The Company's internal controls are supplemented by sound internal audit practices. The Audit Committee at their meetings regularly reviews the financial, operating, internal audit & compliance reports to improve performance. The heads of various monitoring /operating cells are present for the Audit Committee meetings to answer queries raised by the Audit Committee.

The internal Control designed to ensure that financial and other are reliable for preparing financial statement and collating other data and for maintaining accountability of assets. The scope of internal audit extends to all functions and locations of company. The Company has also complied with revised clause 49 of the listing agreement.

F. Discussion on Financial Performance With Respect to Operational Performance

The financial statements have been prepared in accordance with the requirements of Companies Act, 1956 and applicable accounting standards issued by the Institute of Chartered Accountants 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

With the business growth, the challenge to recruit employees with right knowledge, skill and competence was immense due to fact that the number of new hires increased during the year under report.

Your management believes that Employees are primary builders and the foundation stone of an organization. Proper management of human resource is very vital for the success of an organization. The Company focuses on recruiting the best talent in the industry as the right people steer the organization in the right direction.



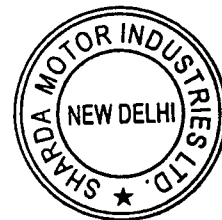
Your company provides an environment to its employees to take higher responsibilities and stretch assignments from very early stages of their career. In the manufacturing units, for each activity there is a person declared as the owner of that activity, who takes the onus of maintaining and improving the activity.

Industrial relation was cordial at all the sites of the company during the year under report. As at 31st March' 2012, the total number of employees on Company's roll stood at 1276.

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 has started 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 (V) of the Listing Agreement.



OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no material outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company (in the name of our Company and / or entities which were acquired by our Company), our Directors and our Promoters and there are no defaults, non-payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits, other unclaimed liabilities against our Company or Directors or Promoters and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Directors and our Promoters and Promoter Group Companies.

Save as stated herein:

- There are no outstanding or pending material litigation, suit, criminal or civil prosecution, proceedings initiated for offence (irrespective of whether specified under paragraph (I) of Part 1 of the Schedule XIII of the Companies Act) or litigations for tax liabilities against the Company, its Promoters, Directors or Promoter Group Companies except as under:

Authority	Nature	(₹ in millions) Amount
Appeal pending before Central Excise and Service Tax Appellate Tribunal and Commissioner of Central Excise and Service Tax LTU	Wrong availment of CENVAT credit, service tax on ECB loan and CENVAT transfer from one unit to another.	46.04
Show cause notices issued	Wrong availment of CENVAT credit, and CENVAT transfer & stock from one unit to another.	24.07

- There are no material defaults, non payment or overdues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds, fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, its Promoters or Promoter Group Companies

MATERIAL DEVELOPMENT AFTER THE DATE OF LAST AUDITED FINANCIAL STATEMENTS AS ON MARCH 31, 2012

In the opinion of our Board, there have not arisen since the date of the last audited financial statements i.e. March 31, 2012, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months.




MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The main provisions of the Articles of Association of our Company are given under:

SHARES

- 4 The Company shall have power to issue Preference Shares carrying right of redemption out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purpose of such redemption, or liable to be redeemed at the option of the Company, and the Board may subject to the provisions of Section 80 of the Act, exercise such power in such manner as it thinks fit.
- 5 Subject to the provisions of these Articles, the shares shall be under the control of the Directors who may allot or otherwise dispose of the same on such terms and condition, and at such time as the Directors think fit and with power to issue any shares as fully paid up in consideration, of services rendered to the Company in its formation or otherwise, provided that where the Directors decide to increase the issued capital of the Company by the issue of further shares, the provisions of Section 81 of the Act will be complied with. Provided further that the option or right to call of shares shall not be given to any person except with the sanction of the company in general meeting.
- 5A (a) Subject to provisions of Sections 86 of the Act, Companies (issue of Share Capital with differential voting rights) Rules 2001 and applicable stock exchange requirements, if any, issued and amended from time to time, the Company shall have the power to issue equity shares with differential rights as to dividend, voting or otherwise and the resolution authorizing such issue shall prescribe the manner, terms and conditions of such issue
- (b) All the provisions of Memorandum and Articles of Association shall be applicable to the Equity Share Capital with Differential Rights with such modifications and variations wherever necessary as to differential right to dividend, voting or otherwise as the case may be and further subject to the terms and conditions of the issue of such Equity Share Capital with differential rights.
- 6 Subject to the provisions of the Act it shall be lawful for the company to issue at a discount, shares of a class already issued.
- 6A Notwithstanding anything contained in these articles, the Company is hereby authorized to buy-back such of its own shares or other securities as it may consider necessary, subject to such limits, upon such terms and conditions, and in accordance with the provisions of the Section 77A, 77AA and 77B of the Act or any statutory modification thereto and such other regulations and guidelines as applicable in this regard.
- 7 Subject to the provisions of Section 76 of the Act the Company may at any time pay such commission as may be lawful to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures of the Company. Such commission may be satisfied by payment of cash or by allotment of the fully or partly paid shares or debentures as the case may be or partly in one way or partly in the other.
- 8 The Company may pay a reasonable sum of brokerage, subject to the ceiling prescribed under the Act.
- 9 Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any trust, benami or equitable or other claim to or interest in such shares or any fractional part of a share whether or not it shall have express or other notice thereof.

CERTIFICATE

- 11 Every member shall be entitled free of charge to one certificate in for all the shares of each class registered in his name or, if any member so wishes, to several certificates each for one or more of such shares. Unless the Conditions of issue of any shares otherwise provide, the Company shall either within three months after the date of allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in case of issue of bonus shares) or within one month of receipt of the application for registration of the transfer, sub division, consolidation, renewal or exchange of any of its shares, as the case may be, complete, and have ready for delivery the certificates of such shares. Every certificate of shares, shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set out in the Companies (Issue of Share Certificate) Rules, 1960.
- 12 (1) If any certificate of any share or shares be surrendered to the Company for sub-division or consolidation or if



any certificate be defaced, torn or old, decrepit, worn-out or where the cages on the reverse for recording transfer have been duly utilised, then upon surrender thereof to the Company, the Board, may order the same to be cancelled and may issue new certificate in lieu thereof, and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given a new certificate in lieu thereof; shall be given to party entitled to the shares to which such lost or destroyed certificate relates. Where a new certificate has been issued as aforesaid it shall state on the face of it and against the stub or counterfoil that it is issued as aforesaid and against the stub or counter foil that it is issued in lieu of a share certificate or is a duplicate issued for the one so replaced and, in the case certificate issued in place of one which has been lost or destroyed, the word "duplicate" shall be stamped or punched in bold letters across the face thereof. For every certificate issued under this Article, there shall be paid to the Company such out of pocket expenses incurred by the Company in investigating evidence as the Board may determine.

- (2) No fee shall be charged for sub-division and consolidation of share and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading, for sub-division of renounceable letters of rights; for issue of new certificate in replacement of those which are old, decrepit or worn out, or where the cages on the reverse for recording transfers have been fully utilised. Provided that the Company may charge such fees as may be agreed by it with the Stock Exchange with which its shares may be enlisted for the time being for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed, and for sub-division and consolidation of share and debenture certificates and for sub-division of letter of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market units of trading.

DEMATERIALISATION

- 12A (i) Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialize its existing securities, rematerialize its securities held in the Depositories and / or offer its fresh securities in dematerialized form pursuant to the provisions of the Depositories Act, 1956 and the rules framed thereunder, if any.
- (ii) Every person subscribing to or holding securities of the Company shall have the option to receive security (ies), Certificate(s) or to hold the securities with Depository. Such a person who is the beneficial owner of the securities can at any time opt out of the Depository if permitted by the law, in respect of any security in the manner provided by the Depository Act and Company shall within the time prescribed, issue to the beneficial owner of the securities, the required certificate of the securities. If a person opts to hold his securities with a depository, the Company shall intimate such Depository, the details of allotment of the Security and on receipt of the information, the Depository shall enter in its records the name of the allottees as the beneficial owner.
- (iii) All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to Depository in respect of the Securities held by it on behalf of the Beneficial owners.
- (iv) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purpose of effecting transfer of ownership security on behalf of the beneficial owners.
(b) Save as otherwise provided in (a) above, the Depository as the Registered owner of the securities shall not have any voting rights or any other rights in respect of the Securities held by it.
(c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the company. The beneficial owner of the securities shall be entitled to all rights and benefits and be subject to all the liabilities in respect of his securities, which are held by the Depository.
- (v) Notwithstanding anything to the contrary contained in the Act or Articles, where securities are held in a Depository, the records of the beneficial ownership may be served by Depository on the Company by means of electronic mode or by delivery of floppies or disks.
- (vi) Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.
- (vii) Notwithstanding anything to the contrary contained in the Act or Articles, where securities are dealt with by the Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.



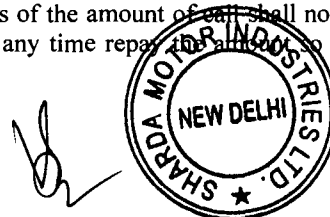
- (viii) Nothing contained in the Act or these Articles regarding the necessity of having distinctive number on securities issued by the Company shall apply to securities held with a Depository.
- (ix) The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles

JOINT HOLDERS OF SHARES

- 13 Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefit of survivorship subject to provisions following and to the other provisions of these Articles relating to joint-holders:-
- (a) The Company shall not be bound to register more than three persons as the joint-holder of any share.
- (b) The joint-holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such shares.
- (c) On the death of any one of such joint-holders the survivor or survivors shall be the only person recognised by the Company as having any title to or interest in such share but the Board may deem require such evidence of death as it may deem fit.
- (d) Only the person whose name stands first in the Register as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share.

CALLS

- 14 The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereto made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalments.
- 15 A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
- 16 Not less than 30 (Thirty) days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
- 17 If by the terms of issue of any share or otherwise, the whole or part of the amount of issue price thereof is made payable at any fixed time or by instalments at fixed times, every such amount or issue price or instalment thereof shall be payable as if it was a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or instalments accordingly.
- 18 If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the instalment shall be due, shall pay interest for the same at the rate of 12 (Twelve) per cent per annum, from the day appointed for the payment thereof to the actual payment or at such other rate as the Directors may determine but they shall have power to waive the payment thereof wholly or in part
- 19 On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.
- 20 The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of call then made, upon the share in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 6 (Six) per cent per annum as the member paying such sum as advance and the Board agree upon. Money so paid in excess of the amount of call shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving such member not less than three months notice in writing.



FORFEITURE AND LIEN

- 21 If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the Directors may at any time thereafter, during such time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same together with any interest that may have accrued and expenses, that may have been incurred by the Company by reasons of such non-payment.
- 22 The notice shall name a day (not being less than 30 (Thirty) days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place or places appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
- 23 If the requirement of any such notice as aforesaid be not complied with, any shares in respect which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such share as herein provided.
- 23A The provisions contained in these Articles as to forfeiture and lien of shares shall also apply mutatis mutandis to the Bonds, Debentures, etc.
- 24 When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
- 25 Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot or otherwise dispose off the same in such manner as they think fit.
- 27 Any member whose shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest and the expenses, owing upon or in respect of such shares, at the time of all installments, interest and the forfeiture together with interest thereupon, from the time of the forfeiture until payment at 12(Twelve) per cent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of shares at the time of forfeiture but shall not be under any obligation to do so.
- 28 The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.
- 29 A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof, shall constitute a written title to such shares.
- 30 The Company shall have a first and paramount lien upon all the shares (not fully paid up) registered in the name of each member (whether a solely or jointly with others), and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any share shall be created except upon the footing and condition that Article 9 hereof is to have full effect. Unless other wise agreed, the registration of a transfer of shares, shall operate as a waiver of the Company's lien, if any, on such shares.
- 31 For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his committee, curator bonis or other person recognised by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for thirty days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such member, and the residual (if any) be paid to such member, his executors, administrators or other representatives or persons so recognised as aforesaid.
- 32 Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the



purchaser's name to be entered in the register in respect of the shares sold and after his name has been entered in the Register in respect of such shares his title to such shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION

- 34 Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or transferee has been delivered to the Company together with the certificate or certificates of the shares, or if no such certificate is in existence along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by or on behalf of the transferor and by or on behalf of transferees and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.
- 35 Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee in the manner prescribed by the Act, and, subject to the provisions of Articles 8, 37 and 38 hereof, the company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- 36 Before registering any transfer tendered for registration, the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within seven days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer.
- 39 (1) No transfer shall be made to a minor or person of unsound mind.
(2) No fee shall be charged for registration of transfer, grant of probate, grant of letter of administration, certificate of death or marriage, Power of Attorney or similar other instruments.
- 41 If the Directors refuse to register the transfer of any shares, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company or intimation given, send to the transferor and the transferee or the person giving intimation of such transfer, notice of such refusal.
- 42 On giving seven days' notice by advertisement in a news paper circulating in the District in which the Office of the Company is situated, the Register of Members may be closed during such time as the Directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.
- 43 The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint holders) shall be the only person whom the Company shall recognise as having any title to the shares registered in the name of such member and, in case of the death of any one or more of the joint-holders of any registered shares the survivors shall be only persons recognised by the Company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognising any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate or letters of administration or succession certificate, or other legal representation, as the case may be from a competent Court, provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.
- 44 Any person becoming entitled to or to transfer shares in consequence of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this article, or of his title as the Directors think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as 'The transmission Article'. to any other provisions of these Articles if the person so becoming entitled to shares under this or the last preceding Article shall elect to be registered as a member in respect of the share himself he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If he shall elect to transfer to some other person he shall execute an instrument of transfer in accordance with the provision of these articles relation to transfer of shares. All the limitations, restrictions and provisions of these articles relating to the rights to transfer and the registration of transfers of shares shall be applicable to any notice of transfer as



aforesaid.

- 44A Notwithstanding anything contained hereinabove, where nomination had already been made in compliance with the provision of Section 109A and such nominee elects to be registered as a member pursuant to Section 109B of the Act, the Board may transfer the shares and/or debenture or other securities issued by the company, in the nominee(s) on death of the holder of joint holder, as the case may be to the exclusion of all other persons unless the nomination is varied or cancelled in the prescribed manner.
- 46 The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.

ALTERATION OF CAPITAL

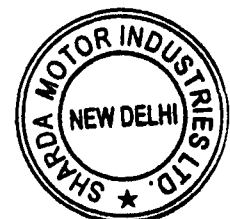
- 49 The Company may, by ordinary resolution, from time to time, alter the condition of Memorandum of Association as follows:-
- (a) Increase the Share Capital by such amount to be divided into shares of such amount as may be specified in the resolution.
 - (b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - (c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however, that in the sub-division the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the share from which the reduced share is derived, and
 - (d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled.

MODIFICATION OF RIGHTS

- 51 If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be carried with consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a Separate Meeting of the holders of the shares of that class. To every such separate meeting the provisions of the Articles, relating to general meeting shall apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one-tenth of the issued shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each shares of the class of which he is the holder. The company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies.

BORROWING POWERS

- 52 The Board may from time to time and at its discretion, subject to the provisions of Section 58A, 292 and 293 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sums or sum of money for the purpose of the Company.
- 53 The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or part of the property of the Company (both present and future), including its uncalled capital for the time being, provided that debentures with the rights to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting and subject to the provisions of the Act.
- 54 Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
- 55 Save as provided in Section 108 of the Act, no transfer of debenture shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of debentures.
- 56 If the Board refuses to register the transfer of any debentures, the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.



RESERVES

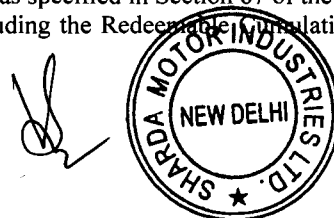
- 57 Subject to the provisions of the Act, the Board shall in accordance with Section 205 (2A) of the Act, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at its discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company as the Board may from time to time think fit). The Board may also carry forward any profit which it may think prudent not to divide without setting them aside as a reserve.
- 58 Any General Meeting may resolve that the whole or any part of the undivided profits of the Company (which expression shall include any premiums received on the issue of shares and any profits or other sums which have been set aside as a reserve or reserves or have been carried forward without being divided) be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised amount be applied on behalf of such members in paying up in full any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such member in full satisfaction of their interest in the said capitalised amount. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in paying up of unissued shares to be issued to members of the company as fully-paid bonus shares.
- 59 For the purpose of giving effect to any resolution under last two preceding Articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificate, and may determine that cash payments in order to adjust the rights of all parties and may vest such cash in trustees upon such trusts for the persons entitled to the dividend or capitalised funds as may seem expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalise fund and such appointment shall be effective.

GENERAL MEETINGS

- 60 The Directors may, whenever they think fit, call an Extra Ordinary General Meeting provided however if at any time there are not in India, Directors capable of acting who are sufficient in number to form a quorum any Director present in India may call an Extra ordinary General Meeting in the same manner as nearly as possible as that in which such a meeting may be called by the Board.
- 61 The Board of Directors of the Company shall on the requisition of such member or members of the company as is specified in subsection (4) of Section 169 of the Act forthwith proceed to call an Extra ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the provisions of section 169 of the Act and of any statutory modification thereof for the time being shall apply.
- 62 The quorum for a general meeting shall be five members present in person.
- 64 Any act or resolution which, under the provisions of this Article or of the Act, is permitted shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the articles specifically require such act to be done or resolution passed by a special resolution.
- 64A Subject to the provisions of Section 192A of the Act and rules made thereunder as may be applicable with such variations and modifications as may be made from time to time, the company may pass such resolutions through Postal Ballot as are deemed to be necessary by the Board.
- 67 The Chairman of a General Meeting may adjourn the same, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.

VOTES OF MEMBERS

- 69 (1) On a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a proxy on behalf of a holder of Equity Shares or as a duly authorised representative of a body corporate being a holder of Equity Shares, if he is not entitled to vote in his own right, shall have one vote.
- (2) On a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.
- (3) The voting rights of the holders of the Preference Shares including the Redeemable Cumulative Preference



Shares shall be in accordance with the provisions of section 87 of the Act.

(4) No company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under Section 187 of the Act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.

75 Every instrument appointing a proxy shall as nearly as circumstances will admit, be in the form set out in Schedule IX to the Act.

DIRECTORS - GENERAL PROVISIONS

78 The number of Directors shall not be less than three and not more than twelve.

80 The Directors shall have power, at any time and from time to time, to appoint any person as Director as an addition to the Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles. Any director so appointed shall hold office only until the next Annual General Meeting of the Company and shall be eligible for re-election.

82 (1) Each Director shall be entitled to be paid out of the funds of the Company by way of sitting fee for attending the Board Meeting or Sub-Committee thereof, as may be determined by the Board of Directors, subject to the ceiling, if any, as may be specified by the Central Government in this regard, from time to time.

(2) Subject to provisions of the Act, the Directors shall also be entitled to receive in each year a Commission @1% (One per cent) of the net profits of the Company in all, such commission to be calculated on the net profits of the Company to be computed in accordance with the provisions of the Act, and such commission shall be divided among the Directors in such proportion and manner as may be determined by them. The Directors may allow and pay to any Director who for the time being is resident out of the place at which any Meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Directors may consider fair and reasonable for his expenses in connection with his/her attending at the meeting in addition to his/her remuneration as above specified. If any Director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or to make any special exertions for any of the purposes of the Company then, subject to Sections 198, 309, 310 and 314 of the Act, and relevant provisions or notifications or guidelines, if any, issued by the Central Government in this regard, the Board may remunerate such Director either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he / she may be entitled to.

83 The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number above fixed, the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.

84 Subject to the provisions of Sections 297, 299, 300 and 314 of the Act, the Directors (including Managing Director) shall not be disqualified by reason of his or their office as such, from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with a relative of such Directors or the Managing Director or with any firm in which any Director or a relative shall be a partner or with any other partner or with a private company in which such Director is a member or director interested be avoided, nor shall any Director or otherwise so contracting or being such members or so interested be liable to account to the company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.

APPOINTMENT OF DIRECTORS

85 The Company in General Meeting may, subject to the provision of these Articles and the Act, at any time elect any person to be a Director and may, from time to time, increase or reduce the number of directors and may also determine in what rotation such increased or reduced number is to go out of office.

86 If any Director appointed by the Company in general meeting vacates office of a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Section 284 of the Act.

87 The Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. The Corporation, firm or person shall be entitled, from time to time, to remove any such Director or Directors and appoint another or others in his or their places. He shall be



entitled to the same rights and privileges and be subject to the same obligation as any other Director of the company.

If it is provided by any trust deed securing or otherwise in connection with any issue of Debentures of the Company that any person or persons shall have powers to nominate a Director of the Company then in the case of any and every such issue of Debentures, the persons having such power may exercise such power, from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom the power to nominate has been vested.

- 88 Subject to the provisions of section 313 of the Act, the Board may appoint any person to act as an alternate director for a director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director; shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and when the absent director returns to State in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.

DESIGNATED EMPLOYEES

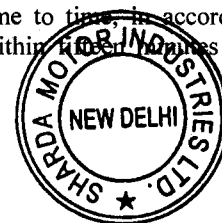
- 88A The Board may from time appoint/designate, at its discretion, one or more officers/employees of the Company, subject to the provisions of the Act, if any, and these Articles, as Executive Directors, Associate Directors, Special Directors, Assistant Director, Technical Director or such other similar title, as the Board may from time to time think fit. However, such officer shall not be a member of the Board of Directors of the Company and shall not hold themselves out in public as Director of the Company.
Provided that the aforesaid employment shall be subject to the provisions of the contract that the company may enter into with the said employees(s) / office(s) of the Company in any specified locality in India or elsewhere in such manner as may be decided by the Board. Such officers/employees shall be entitled to such rights and privileges as may be delegated to them by Board for the purpose of performance of their duties in such position.

ROTATION OF DIRECTORS

- 89 (1) Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.
(2) At each Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.
(3) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
(4) If at any Annual General Meeting all the Directors appointed under Article 87 and 108 hereby are not exempt from retirement by rotation under Section 255 of the Act, then to the extent permitted by the said Section, the exemption shall extend to the Directors or Director appointed under Article 87. Subject to the foregoing provisions as between Directors appointed under any of the Articles referred to above, the Director or Directors who shall not be liable to retire by rotation shall be determined by and in accordance with their respective seniorities as may be determined by the Board.
- 90 A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.
- 91 Subject to any resolution for reducing the number of Directors, if at any meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled up, the meeting shall stand adjourned till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting, the places of the retiring Directors are not filled up, the retiring Directors or such of them as have not had their places filled up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.

PROCEEDINGS OF DIRECTORS

- 92 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Notice in writing of every meeting of the Directors shall ordinarily be given by a Director or such other officer of the company duly authorised in this behalf to every Director for the time being in India, and at his usual address in India.
- 93 The quorum for a meeting of the Directors shall be determined, from time to time, in accordance with the provisions of section 287 of the Act. If a quorum shall not be present within the time specified from the time



appointed for holding a meeting of the Directors, it shall be adjourned until such date and time as the Directors present shall appoint.

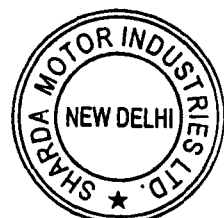
- 94 The Secretary may at any time, and upon request of any two Directors shall, summon a meeting of the Directors.
- 95 Subject to the provisions of Sections 316, 372(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, each director having one vote and in case of an equality of votes, the Chairman shall have a second or casting vote.
- 98 The Directors may, subject to compliance of the provisions of the Act, from time to time, delegate any of their powers to committee(s) consisting of such member or members of their body as they think fit, and may, from time to time, revoke such delegation. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time be imposed on it by the Directors. The meeting and proceedings of any such Committee, if consisting of two or more members, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under this Article.
- 99 All acts done at any meeting of Directors or of a Committee of the Directors or by any person acting as a Director shall be valid notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors, Committee or person acting as aforesaid or that they or any of them were disqualified.
- 100 Except a resolution which the Act, requisite specifically to be passed in a board meeting, a resolution may be passed by the Directors or Committee thereof by circulation in accordance with the provisions of Section 289 of the Act.
- And any such minutes of any meeting of Directors or of any Committee or of the Company if purporting to be signed by the Chairman of such meeting or by the Chairman of next succeeding meeting shall be receivable as prima facie evidence of the matters in such minutes.

POWERS OF DIRECTORS

- 101 Subject to the provisions of the Act, the control of the Company shall be vested in the Directors who shall be entitled to exercise all such powers and to do all such acts and things as may be exercised or done by the Company and are not hereby or by law expressly required or directed to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any law and of these presents, from time to time, made by the Company in General Meeting, provided that no regulation so made shall invalidate any prior act or the Directors which would have been valid if such regulation had not been made.
- 102 Without prejudice to the general powers conferred by the preceding article the Directors may, from time to time and at any time, subject to the restrictions contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other persons (including any firm or body corporate) any of the powers authorised and discretions for the time being vested in the Directors.
- 103 The Directors may authorise any such delegate or attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.
- 107 Director may at any time give notice in writing of his wish to resign by delivering such notice to the Secretary or leaving the same at the registered office of the Company and there upon his office shall be vacated.
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MANAGING DIRECTORS

- 108 Subject to the provisions of Sections 197A, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of Company and may, from time to time, (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places.
- 109 Subject to the provisions of Section 255 of the Act and Article 89 (4) hereof, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, but (Subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.
- 110 Subject to the provisions of Sections 198, 309, 310 & 311 of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under the Articles, receive such additional remunerations as may, from time to time, be sanctioned by the Company.
- 111 Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Sections 292 and 293 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes and upon such terms and conditions and



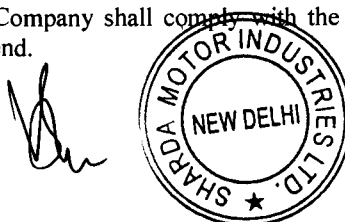
with such restrictions as it thinks fit, and the Board may confer such powers either collaterally with, or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

COMMENCEMENT OF BUSINESS

- 112 The Company shall not at any time commence any business out of other objects of its Memorandum of Association unless the provision of sub-section 2 (B) of Section 149 of the Act have been duly complied with by it.
- 113 (1) The Directors shall provide for the safe custody of common seal and shall have power, from time to time, to vary or cancel the same and substitute a new seal in lieu thereof.
- (2) Subject to any statutory requirements as to Share Certificates or otherwise, the seal of the Company shall not be affixed to any instrument except by authority of a resolution of the Board or of a Committee of the Board authorized by it in that behalf and except in the presence of at least one Director and of the Secretary or of two Directors who shall sign every instrument to which the seal of the Company is so affixed in their presence. This is however, subject to Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.
- (3) The Board shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

DIVIDENDS

- 114 Subject to Rights of members entitled to shares (if any) with preferential or special rights attached to them, the profits of the Company, from time to time, determined to be distributed as dividend in respect of any year or other period shall be applied for payment of dividend on the shares in proportion to the amount of capital paid up on the Shares provided that unless the Board otherwise determines all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which dividend is paid. Provided always that Subject as aforesaid any capital paid up on a share during the period in respect of which a dividend is declared shall (unless the Board otherwise determines or the terms of issue otherwise provide, as the case may be), only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment but so that where capital is paid up in advance of calls such capital shall not confer a right to participate in profits.
- 115 The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
- 116 No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.
- 117 No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.
- 118 The declaration of the Directors as to the amount of the net profits in the audited annual accounts of the Company for any year shall be conclusive.
- 119 The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.
- 120 The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists, subject to Section 205 A of the Act.
- 121 Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the company and the member, be set off against the call.
- 122 A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.
- 123 The Directors may retain the dividends payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under the Article is entitled to transfer until such person shall duly become a member in respect thereof or shall transfer the same.
- 126 A Any dividend remaining unpaid or unclaimed after having been declared shall be dealt in accordance with Sections 205A and 205B of the Companies Act, 1956 and rules made thereunder.
- 126 B No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205A of the Companies Act, 1956 in respect of such dividend.



AUDIT

- 130 The first auditors of the company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of first annual general meeting.
- 131 The directors may fill up any casual vacancy in the office of the auditors.
- 132 The remuneration of the auditors shall be fixed by the company in the general meeting except that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

NOTICES

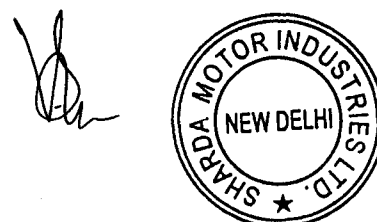
- 134 Every person who, by operation of law, or by transfer or by other means whatsoever, shall become entitled to any shares shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall be duly given to the person from whom he derives his title to such share.
- 135 Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company has notice of his demise, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators, and all persons, if any, jointly interested with him or her in any such share.

WINDING UP

- 139 If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
- 140 In the event of Company being wound up, whether voluntarily or otherwise, the liquidators, may with the sanction of Special Resolution divide among the contributories, in specie or kind, any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them, as the Liquidators, with like sanction shall think fit.

INDEMNITY

- 141 Subject to the provisions of Section 201 of the Act, every Director, Manager, Secretary and other officer or employee of the Company shall be indemnified against and it shall be the duty of the Directors to pay out of the funds of the Company all costs, losses and expenses (including travelling expenses) which any such Directors, Manager or Secretary or other officer or employee may incur or become liable to by reason of any contract entered into or any way in the discharge of his or their duties and in particular, and so as not to limit the generality of the foregoing provisions, against all bonafide liabilities incurred by him or by them as such Director, Manager, Secretary, Officer or employee in defending any proceeding whether civil or criminal in which judgement is given in his or their favour or he is or they are acquitted, or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.
- 142 Subject to the provisions of the Act and so far as such provisions permit, no Director, Auditor or other Officer of the Company shall be liable for acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property required by order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss occasioned by any error of judgement, omission, default, or oversight on his part, or for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.



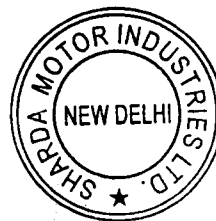
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Information Memorandum), which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at D - 188, Okhla Industrial Area, Phase - I, New Delhi - 110 020 from 10.00 a.m. to 02.00 p.m. on working days from the date of the Information Memorandum.

Documents for Inspection

1. Certificate of Incorporation of our Company dated January 29, 1986
2. Memorandum and Articles of our Company.
3. Tripartite agreements dated August 30, 2007 & October 24, 2007 with NSDL & CDSL respectively.
4. Certificate dated April 03, 2013 from Auditors regarding the Statement of Tax Benefits.
5. Report of the Auditors dated April 03, 2013 on the unaudited condensed interim financial statements of the Company for the nine months period ended December 31, 2012 and reformatted financial statements for the financial year ended March 31, 2012, 2011, 2010, 2009 and 2008.
6. Annual Reports of our Company for the last five financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 and unaudited financial statements for nine months period ended December 31, 2012.

Any of the contracts or documents mentioned in the Information Memorandum may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.




DECLARATION

No statement made in the Information Memorandum contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. We further certify that all statements made in the Information Memorandum are true and correct.

On behalf of the Board of Directors of Sharda Motor Industries Limited

For Sharda Motor Industries Ltd.


Nitin Vishnoi
Company Secretary

Company Secretary

Date: May 09, 2013

Place: New Delhi