



27th

Annual Report

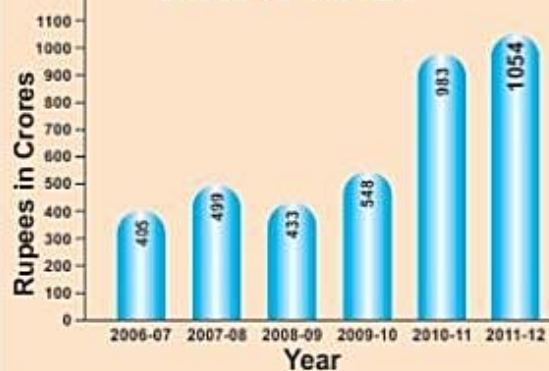
2011-12



Sharda Motor Industries Limited

PERFORMANCE HIGHLIGHTS

GROSS TURNOVER



PROFITABILITY



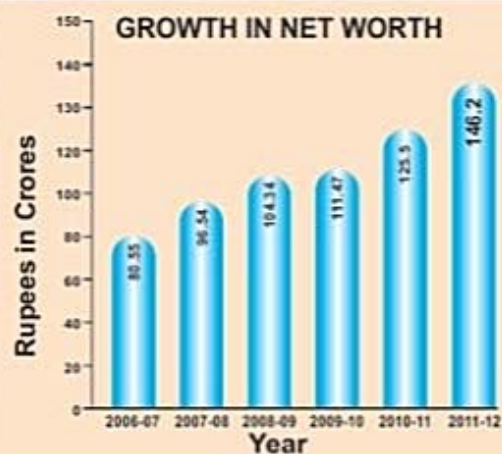
EARNING PER SHARE



FIXED ASSETS (GROSS BLOCK)



GROWTH IN NET WORTH



BOARD OF DIRECTORS

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

PRESIDENT (LEGAL) & CFO

PRADEEP RASTOGI

SR. VICE PRESIDENT (F&A)

D. A. AGGARWAL

COMPANY SECRETARY

NITIN VISHNOI

AUDITORS

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

BANKERS

YES BANK LIMITED
ICICI BANK
STATE BANK OF INDIA
PUNJAB NATIONAL BANK
CITI BANK
HDFC BANK
CANARA BANK

REGISTERED OFFICE

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

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Chairman's Message

Dear Shareholders

Warm Greeting to all of you

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

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

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

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

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



been Amalgamated with the your Company.

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

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

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

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

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

Message From MD

Dear Shareholders



Ajay Relan

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

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

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

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

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

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

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

NOTICE

NOTICE is hereby given that the Twenty- Seventh Annual General Meeting of Sharda Motor Industries Limited will be held at Habitat World, India Habitat Centre, Lodhi Road, New Delhi on **Wednesday the 12th September, 2012 at 12:30 P.M.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date and Report of the Directors and Auditors thereon.
2. To declare a dividend for the financial year 2011-12
3. To appoint a Director in place of Shri N. D. Relan who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Professor Ashok Kumar Bhattacharya who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Rohit Relan who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s S. R. Dinodia & Co., Chartered Accountants, the retiring auditors of the Company, as Auditors of the Company, to hold office commencing from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Director, to fix their remuneration for the period.

SPECIAL BUSINESS

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

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

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

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

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

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

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

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

Place : New Delhi
Dated : 27th July, 2012

NITIN VISHNOI
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
3. The Register of the Members and Share Transfer Books of the Company will remain closed from **5th September, 2012 to 12th September, 2012** (both days inclusive).
4. Shareholders desirous of obtaining any information/clarification concerning the accounts or intending to raise any query are required to forward the same to the company so as to enable the Management to keep the information ready.
5. Dividend if approved by members at Annual General Meeting will be paid to those members, whose names appear on the Register of Members on **12th September, 2012**.
6. Pursuant to Section 205A (5) read with Section 205C of the Companies Act, 1956 (as amended) any money transferred to the unpaid dividend account of a Company remaining unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to Investor Education and Protection Fund and thereafter no claims shall lie against the fund or the Company. So, you are advised to claim the same from the Company immediately. The due dates of transfer of the following dividends to the Fund are as under:

Financial Year Ended	Date of Declaration of Dividend	Proposed Due date for transfer to IEP Fund
31.03.2005	01.08.2005	30.08.2012
31.03.2006	25.10.2005*	23.11.2012
31.03.2006	25.08.2006	23.09.2013
31.03.2007	27.01.2007*	25.02.2014
31.03.2007	25.07.2007	23.08.2014
31.03.2008	28.01.2008*	26.02.2015
31.03.2008	04.08.2008	02.09.2015
31.03.2009	28.01.2009*	26.02.2016
31.03.2009	27.06.2009*	26.07.2016
31.03.2009	24.08.2009	22.09.2016
31.03.2010	28.01.2010*	26.02.2017
31.03.2010	18.08.2010	16.07.2017
31.03.2011	22.01.2011*	20.02.2018
31.03.2011	8.08.2011	6.08.2018
31.03.2012	24.01.2012*	22.02.2019

* Interim Dividend

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

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

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

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

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

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

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

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

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

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

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

Place : New Delhi
Dated : 27th July, 2012

NITIN VISHNOI
Company Secretary

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

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

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

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

Other Entitlements

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

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

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

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

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

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

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

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

ITEM NO - 8

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

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

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

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

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

Place : New Delhi
Dated : 27th July, 2012

NITIN VISHNOI
Company Secretary

DIRECTORS' REPORT

To the Members,

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

1. FINANCIAL RESULTS:

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

2. OPERATIONS

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

3. DIVIDEND

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

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

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

4. CRISIL RATING

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

5. SUBSIDIARY

Your Company has one wholly owned subsidiary viz M/s Sharda Sejong Auto Components (India) Ltd. The Audited Accounts of the subsidiary for the year ended 31st March, 2012 are attached in accordance with Section 212 of the Companies Act, 1956.

Consolidated accounts of its subsidiary and associate for the year under review have also been drawn in accordance with the requirement of Accounting Standard 21 and 23 of ICAI annexed herewith for your review.

However, the scheme of amalgamation of the Company With Sharda Sejong Auto Component (India) Limited (SSACIL) has already been approved by Board of Directors at their meeting held on 24th October' 2011 and subsequently by the members of the Company through the court convened meeting held on 18th February' 2012 and further the Hon'ble High Court of Delhi has also approved the said Scheme of Amalgamation on 25th July, 2012 with such term and conditions as laid down in the Scheme of Amalgamation.

6. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri N. D. Relan, Professor Ashok Kumar Bhattacharya and Shri Rohit Relan Directors of the Company retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. In terms of clause 49 of the Listing Agreement with the Stock Exchange, the details of the Directors to be re-appointed are being provided in the Notice of the Annual General Meeting.

7. PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 regarding employees is given in **Annexure-A** forming part of the Directors' Report.

8. CONSERVATION OF ENERGY

Your Company is not covered by the Schedule of Industries which are required to furnish information in Form 'A' under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

9. TECHNOLOGY ABSORPTION

The detailed information in this regard is mentioned in **Form-'B'** of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 annexed hereto (**Annexure-B**).

10. CORPORATE GOVERNANCE

We strive to attain high standards of corporate governance while interacting with all our stakeholders. The Company has complied with the corporate governance code as stipulated under the Listing Agreement with Stock Exchange.

A separate report of the Directors on Corporate Governance is enclosed (**Annexure-C**) which forms part of this Annual Report.

A certificate from CEO and CFO of the Company has been received by the Board certifying the compliances as stipulated in Clause 49 (V) of the Listing Agreement and is annexed as a part of this Annual Report.

The requisite certificate from Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management discussion and analysis report as required under the Listing Agreement with the Stock Exchange as a part of Directors' Report is annexed as **Annexure-'D'**.

12. FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement containing necessary information in respect of foreign exchange earnings and outgo is annexed hereto as Annexure-B and forms an integral part of this Report.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (I) In the preparation of the annual accounts for the under report, the applicable accounting standards have been followed;
- (II) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- (III) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (IV) The annual accounts have been prepared on a "going concern" basis.

14. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the Public during the year under review and has nil fixed deposits outstanding.

15. STOCK EXCHANGE INFORMATION

The Equity Shares of the Company continue to remain listed on the Delhi Stock Exchange Limited and the annual listing fees for the financial year 2012-13, has been paid.

16. INDUSTRIAL RELATIONS

During the period under review, the Company maintained healthy, cordial and harmonious industrial relations at all levels.

Your Directors wish to place on record their appreciation of the co-operation, valuable contributions, enthusiasm and unstinting efforts made by the employees of the Company at all levels in the organization and they have ensured the accomplishment of excellent results and achievement by the Company.

17. AUDITORS

M/s S. R. Dinodia & Co. Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received letter from them to the effect that their re-appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

The Audit Committee and the Board of Directors recommend the re-appointment of M/s. S. R. Dinodia & Co. Chartered Accountants as the Statutory Auditors of the Company.

18. AUDITORS' REPORT

The observations of Auditors in their report read with the relevant notes to accounts are self-explanatory and therefore do not require further explanation.

19. STATUTORY DISCLOSURES

None of the Directors of your Company is disqualified as per the provisions of Section 274(1)(g) of the Companies Act, 1956. Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

20. ACKNOWLEDGEMENTS

The Directors acknowledge their deep appreciation to employees at all levels for their total dedication, hard work, commitment and collective team work, which has enabled the Company to remain at the forefront of the industry despite increased competition and challenges.

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from its customers i.e. Hyundai Motor India Ltd., Mahinda & Mahindra Ltd., M/s. Samsung Electronics India Ltd., M/s. Tata Motors Ltd., Carrier Airconditioning & Refrigeration Ltd. and M/s. Bharat Seats Ltd.

Your Directors also extend their appreciation to Yes Bank Limited, ICICI Bank Limited, State Bank of India, Punjab National Bank, Citi Bank, HDFC Bank, ABN Amro Bank and various Departments of Central and State Governments.

Your Directors also would like to thank all the shareholders for their continued support & Co-operation.

By Order of the Board

For **SHARDA MOTOR INDUSTRIES LTD.**

Place : New Delhi
Dated : 27th July, 2012

N. D. Relan
Chairman

ANNEXURES TO DIRECTORS' REPORT

ANNEXURE-A

Statement of particulars under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Directors for the Year Ended 31st March' 2012.

A. Employed throughout the year ended 31st March' 2012 in receipt of Remuneration not less than Rs. 6,0 00,000/-

Name	Designation & Nature of Duties	Remuneration Received (Rs. In Lacs)	Qualification & Experience (in No. of Years)	Date of Commencement of Employment	Age	Particulars of last Employment
Shri N. D. Relan	Chairman / Overall Supervision	131.17	B.Com 59 Yrs.	01.07.2003	83 Yrs.	Chairman Bharat Seats Ltd.
Shri Ajay Relan	Managing Director / Supervision of business affairs of the Company	125.43	B.Com (Hons), OPM Program, From Harvard Business School, USA 28 Yrs.	01.09.1986	51 Yrs.	First Employment
Dr. Sivanandi Rajadurai	Head R&D Centre / Overall Supervision of research, design and Development activities	127.34	Ph.D (1979) in Physical Chemistry 33 Yrs.	01.12.2009	61 Yrs.	VP ACS Industries

B. Employed for part of the year ended 31st March' 2012 in receipt of Remuneration not less than Rs. 500,000/- per month.

-----NONE-----

Notes:-

1. Remuneration includes Basic Salary, Allowances, Commission, Company's contribution to provident fund and monetary value of perquisites and excludes earned leave and gratuity unless paid/payable.
2. The nature of employment in all cases is contractual.
3. Shri N. D. Relan and Shri Ajay Relan are relative of Smt. Sharda Relan and Shri Rohit Relan, the Non-Executive Directors of the Company.
4. Sh. N. D. Relan, Chairman, is holding 21.20% Equity Shares of the Company in pursuance of Section 217(2A) of the Companies Act, 1956 and Rules made thereunder.
5. Sh. Ajay Relan, Managing Director, is holding 28.50% Equity Shares of the Company in pursuance of Section 217(2A) of the Companies Act, 1956 and Rules made thereunder.
6. Dr. Sivanandi Rajadurai is holding NIL Equity Share In Company as on 31.03.2012.

ANNEXURE-B

Disclosure of the Particulars with respect to Technology Absorption as required under Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the period ended 31st of March, 2012.

PART – I : DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION
FORM - B
A) RESEARCH & DEVELOPMENT (R&D)
1. Specific areas in which R&D carried out by the Company:

The Company's Research & Development Centre at Chennai, which has been recognized by the Department of Scientific and Industrial Research (DSIR), Government of India and enjoy the approval u/s 35(2AB) of Income Tax, Act, is well equipped with the latest testing equipments. A team of highly qualified engineers are fully committed towards attaining targets set by the Management.

The Company's Research & Development Centre continued and expanded its research work in improving the design, process and methods for manufacturing the automotive components and developing new improved method.

2. Benefits derived as a result of the above R&D:

- New Business, opened avenue for global auto OEMS.
- Overall cost reduction, efficiency, improved utilization / productivity of existing manufacturing facilities.
- Compliance of regulatory norms / requirements.
- Enhancement in quality and services to the customers.
- Development of new product design / process.
- Reduction in manufacturing & delivery time. Reduction in rejection / waste.

3. Future plan of action:

Steps are continuously being initiated to strengthen the existing research projects in hands and to undertake new research & development assignments with an objective of efficient utilization of raw material, cost optimization of existing products and production of better quality products including new product development and meeting the challenge of ever stringent emission coregulation.

4. Expenditure on R&D:

	(Rs. in Lacs)
	2011-12
a) Capital	787.84
b) Recurring	351.17
Total	1,139.01
c) Total R&D expenditure as a percentage of total sales, net of Excise Duty.	1.52

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION
Efforts made in brief:

- All efforts are being made to implement the in-house design, development and validation for products / processes.
- Laying great emphasis on the absorption of the design and manufacturing technology of automotive components.
- The Company has a team of highly qualified and experienced automobile engineers who are fully committed towards achieving the corporate objective of growth and excellence.
- Continuous efforts are being made in the areas of Quality improvement, waste reduction, process capability in major equipment and cost optimization to specially improve the Market acceptance of Company's products.
- Imparting training programs by foreign technicians in various manufacturing techniques.
- Participating in conferences, seminars and exhibitions.
- Learning technology by working with international technology partners for expansion and modernization programs.

- Analyzing feedback from users to improve products and services.

Benefit derived as a result of the above efforts:

- Adoption of most modern technology supplied by the technical collaborators.
- Improvement in existing products' quality and performance, and adoption of several innovations in product design as well as process enabling the Company to maintain its leadership in a highly competitive market.
- Reduction in maintenance & operating cost to end user.
- Up-gradation of process technology in many areas.
- Import substitution.
- Reduced dependence on technical collaborators.

Particulars of Technology Imported during the last five years:

Innovation/ Technology	Year of Import	Status
Exhaust System	Recurring since 1998-99	Commissioned

PART - II : DISCLOSURE OF PARTICULARS WITH RESPECT TO FOREIGN EXCHANGE EARNING AND OUTGO
FORM-C
1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for production and services.

The Company during the year under review has made exports of exhaust muffler, silencer, exhaust pipe and parts of motor vehicle for Rs. 344.93 lacs.

The Company is also taking initiatives to explore export market for other products being manufactured by the Company.

2. Total Foreign Exchange used and earned

The information is reported under suitable heading in the 'Notes to Accounts' forming part of the Annual Report of the Company for the year 2011-12.

ANNEXURE-C**REPORT ON CORPORATE GOVERNANCE**

Sharda Motor Industries Limited (SMIL) is committed to do business in an efficient, responsible, honest and ethical manner. This commitment starts with the Board of Directors, which executes its corporate governance responsibilities by focusing on the Company's strategic and operational excellence in the best interests of all our stakeholders, in particular shareholders, employees and our customers in a balanced fashion with long term benefits to all.

Your Directors present the Company's annual report on Corporate Governance for the year ended 31st March, 2012 as per the format prescribed by the SEBI and revised clause 49 of the Listing Agreement, as under:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

SMIL philosophy on Corporate Governance is embedded in the rich legacy of ethical governance practices most of which were in place even before they were mandated. The Company has documented internal governance policies and put in place a formalized system of Corporate Governance which sets out the structure, processes and practices of governance within the Company.

The Company emphasises the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

SMIL is respected for its professional management and good business practices in the Indian Corporate World. Integrity, emphasis on product quality and transparency in its dealings with all stakeholders are its core values.

2. BOARD OF DIRECTORS**Composition of the Board**

The Board of Directors consists of professionals drawn from diverse fields. As on 31st March 2012 the Board of Directors of the Company consists of ten Directors headed by its Executive Chairman Shri N. D. Relan, have nine other Directors, out of which two Directors are Whole-time Director i.e. Managing Director and Executive Director and seven are Non-Executive Directors out of which five are Independent Directors. The composition of the Board is in conformity of Clause 49 of the Listing Agreement, which stipulates that at least half of the Board should comprise of Independent Directors if the Chairman is an Executive Director. All Non-Executive Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board.

The Independent Directors do not have any material pecuniary relationship or transactions with the Company, its promoters or its management.

The Board met four times during the financial year 2011-12, on 6th May' 2011, 8th August' 2011, 24th October' 2011 and 24th January' 2012. The maximum gap between any two meetings was less than four months.

The composition of the Board of Directors and their attendance at the Board meetings held during the year ended 31st March, 2012 and at the last Annual General Meeting also the number of other directorships and membership/chairmanships of committees are tabulated hereunder

S. No	Name of the Director & Designation	Category of Directorship	No of Board Meetings attended during 2011-12	Attendance at Last AGM held on 8th August, 2011	Directorship of other Companies#	Committees positions In other Companies##	
						Chairman	Member
1.	Shri N. D. Relan (Chairman)	Promoter / Executive	4	YES	4	1	3
2.	Shri Ajay Relan (Managing Director)	Promoter / Executive	4	YES	3	-	1
3.	Smt. Sharda Relan (Director)	Promoter / Non-Executive	4	YES	1	-	-
4.	Shri Rohit Relan (Director)	Promoter / Non-executive	4	YES	3	-	-
5.	Shri R. P. Chowdhry (Director)	Independent/ Non-Executive	4	YES	1	1	-
6.	Shri G. L. Tandon (Director)	Independent/ Non-Executive	4	YES	4	-	1
7.	Shri O. P. Khaitan (Director)	Independent/ Non-Executive	4	YES	7	5	10
8.	Shri Kishan N Parikh (Director)	Independent/ Non-Executive	1	YES	3	-	2
9.	Shri Udayan Banerjee (Executive Director)	Non-Independent / Executive	4	YES	1	-	1
10.	Prof. Ashok Kumar Bhattacharya	Independent/ Non-Executive	1	NO	-	-	-

Includes Directorships of other Public Limited Companies only.

Only covers Membership / Chairmanship of Audit Committee and Shareholder / Investor Grievance Committee.

* The figures in parenthesis denote the number of Chairmanship(s) of Board Committee in other Companies.

COMMITTEE OF THE BOARD

(i) Audit Committee

The Audit Committee of the Company constituted as per the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, is operative as per following terms and conditions:

- Review of Management discussion and analysis of financial condition and results of operation; Statement of significant related party transactions;
- Review the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment, reappointment and removal of the Statutory Auditors, fixing of audit fees and approval for payment of fees for any other services rendered by the Auditors;
- Reviewing with the management, the quarterly/annual financial statements before submission to the Board for approval, with particular reference to:-
 - a) matters required to be included in the Director's Responsibility Statement which forms part of the Director's Report pursuant to Clause (2AA) of Section 217 of the Companies Act, 1956;
 - b) changes, if any, in accounting policies and practices and reasons for the same;
 - c) significant adjustment made in the Financial Statements arising out of audit findings;
 - d) compliance with listing and other legal requirements relating to financial statements;
 - e) disclosure of any related party transactions;
 - f) qualification in the draft audit report;

- Reviewing Management Discussion and Analysis report;
- Reviewing performance of statutory auditors and adequacy of internal control system with the management;
- Reviewed the Company's financial risk and management policies.
- Review any other area which may be specified under the Listing Agreement, Companies Act, 1956, other Statutes, Rules and Regulations as amended from time to time.

In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

During the year 2011-12 four Audit Committee meetings were held on 6th May, 2011, 8th August 2011, 24th October 2011 and 24th January, 2012.

The composition of the Audit Committee and their attendance at the Committee meetings held during the year ended 31st March, 2012 is as under:

S. No	Member Director & Designation	Category	No. of Meetings attended during 2011-12
1	Shri G L Tandon (Chairman)	Independent Non-Executive	4
2	Shri N. D. Relan	Executive Director	4
3	Shri R. P. Chowdhry (Member)	Independent Non-Executive	4

The Audit Committee at present comprises one Executive Director and two Independent Non-Executive Directors of the Company. All the three members of Committee have adequate financial & accounting knowledge and background.

The Minutes of the Committee meetings were regularly placed before the Board. Chairman of the Committee was present at the last Annual General Meeting held on 8th August, 2011.

The Chairman of the Company, Managing Director, CFO and Representative of Statutory Auditors are the permanent invitees to the Audit Committee meetings.

Sh. Nitin Vishnoi, Company Secretary, is the Secretary to the Committee and attended all its meeting held during the year under review.

(ii) REMUNERATION COMMITTEE:-

The terms of reference of the Remuneration Committee, inter-alia consists of reviewing the overall remuneration policy, service agreement and other employment conditions of the Managing Director and Executive Directors of the Company with a view to retaining and motivating the best managerial talents. In determining the remuneration package of Managing and/or Executive Director(s), it evaluates the performance of the Managing and/or Executive Director(s) and also the financial position of the Company and its profits or loss during the year.

During the financial year 2011-12 one Remuneration Committee Meeting was held on 6th May' 2011.

The composition of the Committee and their attendance at the Committee meeting held during the year ended 31st March, 2012, are as under:

S. No	Member Director & Designation	Category	No. of Meetings attended during the year
1.	Shri O. P. Khaitan (Chairman)	Independent Non-Executive	1
2.	Shri R. P. Chowdhry (Member)	Independent Non-Executive	1
3.	Shri Kishan N Parikh (Member)	Independent Non-Executive	1

The functioning and terms of reference of the Committee are as prescribed under the Listing Agreement with the Stock Exchange and under the Companies Act, 1956.

REMUNERATION POLICY

The Company while deciding the remuneration package of the Managing Director/Whole Time Director(s) takes into consideration the following items:

- Employment scenario;
- Remuneration package of the industry;
- Remuneration package of the managerial talent of other industries;

- The remuneration, tenure of appointment/re-appointment of the Executive Directors including their salary, commission and perquisites are paid in accordance with the terms and conditions approved by the Board of Directors (on the basis of recommendations of the Remuneration Committee) and the Shareholders of the Company in General Meeting and such other approvals as may be necessary under the Companies Act, 1956.
- The Non-Executive Directors are paid sitting fees and commission in certain cases in accordance with the provisions of Section 198 and 309 of the Companies Act, 1956.

REMUNERATION OF DIRECTORS

Remuneration of Executive Directors largely consists of fixed component like Salary, allowances, perquisites and commission being the variable component. The details of remuneration paid to Directors of the Company during 2011-12 are tabulated hereunder:

Executive Directors

(Rs. In Lacs)

Name of Director	Salary	Commission	Perks	Total
Shri N. D. Relan	107.50	-	23.67	131.17
Shri Ajay Relan	102.00	-	23.43	125.43
Shri Udayan Banerjee	22.08	-	5.11	27.19
Total	231.58	-	52.21	283.79

Non-Executive Directors

(Rs. In Lacs)

Name of Director	Sitting fee	Commission	Total
Mrs. Sharda Relan	0.80	15.00	15.80
Mr. Rohit Relan	0.80	15.00	15.80
Mr. R. P. Chowdhry	1.60	-	1.60
Mr. G. L. Tandon	0.90	-	0.90
Mr. O. P. Khaitan	1.20	-	1.20
Mr. Kishan Parekh	0.20	-	0.20
Dr. Asok Kumar Bhattacharya	0.20	-	0.20
TOTAL	5.70	30.00	35.70

Notes:

- The service contract for Executive Directors of the Company is 5 years from the date of their appointment;
- At present the Company does not have any Employee Stock Option Scheme;
- Notice period is three calendar months or lesser notice in writing as may be agreed mutually.
- There is no separate provision for payment of severance fee under the resolutions governing the appointment of Executive Directors;
- The Commission paid to non-executive directors is approved by the Board of Directors and Shareholders of the Company within the limits stipulated under the Companies Act, 1956;
- Non-Executive Directors did not have any pecuniary relationship or transactions vis-à-vis the Company except the payment of dividend on the Equity Shares held by them in the Company.
- Details of the shares held by Non-Executive Directors as on 31.03.2012 are tabulated hereunder:

S. No.	Name of Non-Executive Director	No. of Shares held
01	Smt. Sharda Relan	742520
02	Shri Rohit Relan	523218
03	Shri R. P. Chowdhry	600
04	Shri G. L. Tandon	Nil
05	Shri O. P. Khaitan	Nil
06	Shri Kishan N Parikh	Nil
07	Shri Udayan Banerjee	Nil
08	Prof. Ashok Kumar Bhattacharya	Nil

(iii) SHAREHOLDERS GRIEVANCE COMMITTEE:-

During the year 2011-12 four Shareholders' Grievance Committee meetings were held on 6th May, 2011, 8th August, 2011, 24th October 2011 and 24th January, 2012.

The Shareholders' Grievance Committee comprises of the following persons:

S. No	Member Director & Designation	Category	No. of Meeting attended during the year
1	Shri R. P. Chowdhry (Chairman)	Independent Non-Executive	4
2	Shri N. D. Relan (Member)	Executive Director	4
3	Shri O. P. Khaitan (Member)	Independent Non-Executive	4

The terms of reference of Shareholders Grievance Committee inter-alia deals with various matters relating to:-

- Issue of Duplicate Share Certificates;
- Non-receipt of Annual Report, declared dividend, Share Certificates and pertaining to transfer / transmission of Shares etc.;
- Monitors expeditious redressal of investors grievances;
- The Committee also considers the request of the Shareholders for splitting/ consolidation/ renewal of certificate as may be referred by the Share Transfer Committee.

Shri Nitin Vishnoi, Company Secretary, acts as Secretary to the Committee and is the Compliance officer, and attended its meeting held during the year under review.

During the financial year 2011-12, no complaint has been received from the shareholders by the Company nor there any complaint pending at the end of the year.

The Company has acted upon all valid requests for issue of duplicate Share Certificates, share transfer / transmission received during the year under report and no such issue of duplicate Share Certificates, transfer / transmission is pending as on 31st March, 2012.

4. GENERAL BODY MEETINGS:-

Particulars of Annual General Meetings held during the last three years:

AGM NO.	Year	Venue	Date	Time	No. of Special Resolutions
26th	2010-11	India Habitat Centre, New Delhi	8.08.2011	12:30 pm	One
25th	2009-10	India Habitat Centre, New Delhi	18.08.2010	12:30 pm	None
24th	2008-09	India Habitat Centre, New Delhi	24.08.2009	12:30 PM	None

All special resolutions moved at last three Annual General Meetings were passed by show of hands by requisite majority of Members attending the meeting and none of these resolutions were required to be passed by postal ballot.

No Extraordinary General Meeting was held during the period under reference. However, a Court Convened Meeting was held on February 18th, 2012 to seek Members' approval for the Scheme of Amalgamation of Sharda Sejong Auto Components (India) Limited with the Company.

5. DISCLOSURES:-

- The Board has received disclosures from Key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. The particulars of transactions between the Company and its related parties as per the Accounting Standards 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India (ICAI) are set out in relevant Notes to Accounts in the Annual Report. However, these transactions are not likely to have any conflict with the Company.
- As per the Articles of Association of the Company and relevant provisions of the Companies Act, 1956, Shri N. D. Relan, Shri Ajay Relan and Shri Rohit Relan would retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

All the above re-appointments are subject to the approval of members of the Company in the ensuing Annual General Meeting. A brief resume of the above Directors recommended for re-appointments at the AGM are furnished in the Notice of the Annual General Meeting of the Company.

The information relating to the Directors being re-appointed at the ensuing Annual General Meeting, are furnished in the Notice of the Annual General Meeting of the Company.

- III. During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on matters related to capital markets.
- IV. In the preparation of the financial statements, the Company has followed the Accounting Standards issued by ICAI. The significant accounting policies which are consistently applied have been set out in Notes to the Financial Statements.
- V. The Board of Directors has adopted the Code of Conduct for Board Members and Senior Management Personnel of the Company. The said Code has been communicated to Director and the Members of the Senior Management.

They have affirmed their compliance with the code of conduct for the year ended 31st March, 2012. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

6. MEANS OF COMMUNICATION

- The un-audited quarterly / half yearly financial results are announced within 45 days of the end of the quarter as stipulated under Clause 41 of the Listing Agreement. The aforesaid financial results are reviewed by the Audit Committee and taken on record by the Board of Directors and are communicated to the concerned Stock Exchange by way of hard copy, soft copy and also newspaper cutting of the published results;
- The audited annual results are announced within Sixty Days from the end of the last quarter as stipulated under Clause 41 of the Listing Agreement. The said audited annual results are also reviewed by the Audit Committee and taken on record by the Board of Directors, are communicated to the concerned Stock Exchange by way of hard copy, soft copy and also newspaper cutting of the published results.
- Such Results are published within 48 hours in two Newspapers, one in English newspaper and the other is in Hindi newspaper.
- The Company also informs by way of intimation to the Stock Exchange all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.
- The Company has not made any presentation to Institutional investors/Analysts during the year under review.
- Detailed section on Management Discussion and analysis is given by means of separate annexure and is attached to the Directors' Report.

7. GENERAL SHAREHOLDERS' INFORMATIONS

A. Annual General Meeting to be held:

Day	:	Wednesday
Date	:	12th September, 2012
Time	:	12.30 p.m.
Venue	:	Habitat World, India Habitat Centre, Lodhi Road, New Delhi

B. Financial Calendar 01 April' 2012 to 31st March, 2013

First Quarterly Results	:	On or before 14th day of August, 2012*
Second Quarterly Results	:	On or before 14th day of November, 2012
Third Quarterly Results	:	On or before 14th day of February, 2012
Audited yearly Results for the Year ended 31st March, 2011	:	On or before 30th day of May, 2013

C. Date of Book Closure : 5th day September' 2012 to 12th September' 2012 (Both days inclusive)

D. Dividend Payment:

An interim dividend of Rs. 5.00 per Equity Share i.e. 50% on the paid up equity capital of the Company for the financial year 2011-12, was paid on January, 2012. The Board has also recommended the final dividend @ Rs. 5/- per Equity Share which will be paid within the prescribed statutory period, subject to declaration by the shareholders at the ensuing Annual General Meeting.

E. Listing on Stock Exchanges:

The Equity Shares of the Company are listed in the Delhi Stock Exchange Ltd., DSE House, 3/1, Asaf Ali Road, New Delhi-110002. Annual Listing fee for the year 2012-13 has been paid to the Stock Exchange.

The Company has a tripartite agreement with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company has also paid the annual custodial fee for the year 2012-13 to both the depositories.

F. Stock Code:

The Delhi Stock Exchange Ltd. : 19102
ISIN No. : INE597I01010

G. High/Low in each month of last F.Y.

There was no transaction in the company's share during the last financial year. The shares of the Company were last traded on 22nd January, 1998 at the price of Rs.13/- per share.

H. Performance in comparison to broad based indices such as DSE/BSE

Shares are listed on DSE only and no transaction took place during the year through DSE.

I. Registrar & Transfer Agent.

The work related to Share Transfer Registry in terms of both physical and electronic mode is being dealt with by M/s. Alankit Assignments Ltd. at the address given below:-

M/s. Alankit Assignments Ltd, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055. Phone: 011-42541234, 23541234, Fax: (011) 42541967,

J. Share Transfer System and other related matters:

The shares which are received in physical form for transfer / transmission / splitting etc. are immediately processed and dispatched within the stipulated time period. The Share Transfer Committee of the Company generally meets fortnightly or when required for approving the share transfers and for other related activities.

As in the past, the Company has send intimation to the shareholders whose dividend warrants have not been en-cashed. Shareholders are requested to revert to the Company if they have not received/en-cashed their dividend warrants. The details of dividends which are proposed to transfer to the Investor Education and Protection Fund in respect of unclaimed / unpaid dividend for the earlier years are provided in the Notes to the Notice calling the Annual General Meeting.

The shareholders are requested to ensure that any correspondence for change of address should be signed by the first named shareholder. The Company is now also requesting for supporting documents such as proof of residence, proof of identification whenever a letter requesting for change of address is received. This is being done in the interest of the shareholders. Shareholders are requested to kindly co-operate and submit the necessary documents/evidence while sending the letters for change of address.

K. Shareholding
I). Distribution of Shareholding as on 31st March, 2012

S.NO	No. of Equity Shares Held	Shareholders Nos.	% of Shareholders	No. of Shares held	% of Shareholders
1	Upto – 500	319	62.30	502100	0.844
2	501 – 1000	56	10.93	439350	0.739
3	1001 – 2000	40	7.81	631000	1.06
4	2001 – 3000	21	4.10	593650	0.99
5	3001 – 4000	6	1.172	225500	0.38
6	4001 – 5000	9	1.758	411000	0.69
7	5001 – 10000	15	2.93	1116000	1.87
8	10001 & Above	46	8.98	55544660	93.41
	Total	512	100.00	59463260	100.00

II). Shareholding Pattern as on 31st March, 2012

	CATEGORY	NO.OF SHARES HELD	% OF TOTAL
A.	PROMOTERS HOLDING		
	1. Promoters		
	- Indian Promoters	4811476	80.91511
	- Foreign Promoters	-	-
	2. Persons acting in concert	-	-
	Sub-Total	4811476	80.91511
B.	NON-PROMOTERS HOLDING		
	1. Institutional Investors		
	a) Mutual Funds and UTI		
	b) Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions, Non Govt. Institutions)		
	c) Foreign Financial Investors	-	-
	Sub-Total	-	-
	II. Others		
	a) Private Corporate Bodies	112035	1.88410
	b) Indian Public	1022815	17.20079
	c) NRI/ OCBs		
	d) Any Other		
	Sub-Total	1134850	19.08489
	Grand Total	5,946,326	100.000

L. Dematerialization of Shares

As on 31st March, 2012, 88.88% of the Company's total paid-up capital representing 5,285,326 Equity Shares were held in dematerialized form and balance 11.12% representing 661,000 Equity Shares were held in physical form.

M. Reconciliation of Share Capital Audit

As stipulated by the Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out the secretarial audit and provides a report to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital.

This audit is carried out every quarter and report thereon is submitted to the Stock Exchange. The audit, inter-alia, confirms that the total issued capital and paid-up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized or (held with NSDL and CDSL) and total number of shares in physical form.

N. Outstanding GDRs /ADRs / Warrants : Not Issued.
O. Plant Locations:

1. Mahindra World City, Changalpattu Taluk, Kanchipuram Dist. Industrial Park, Tamilnadu-603002
2. Plot No. 52/1, 52/2, 53/2A, 54A, 54B, 54C & 54D, Behind Ceat Company, Satpur, Nashik - 422007
3. Plot No.112, M.I.D.C., Satpur, Nasik-7, Maharashtra
4. Plot No.4, Sector-31, Greater Noida, Distt. Gautam Budh Nagar, (U.P.)
5. Plot No. 4, Sector-2, I.I.E. Ranipur, Haridwar (Uttanchal)
6. 58 KM, Delhi Jaipur Highway, Behind Terry Soft, Village & P. O. Binola-122413
7. Plot No. 276,Udyog Vihar, Phase-VI, Gurgaon (Haryana)
8. G-20, Sipcot Industrial Park, Irungattu Kottai, Sriperumbudur Taluka, Kancheepuram Dist. Tamilnadu-602 105
9. Plot No. A-1/8, MVML Vendor Park MIDC, Phase-IV, Nigo JE Chakan, Pune-411013
10. Plot No. 558, 559, Surajpur Bypass Industrial Area, Greater Noida, (U.P.)
11. Plot No. C-8 Tata Motor, Vendor Park, North Kotpura, Sanand, Ahmedabad, Gujrat.
12. Plot no. 366, Pace City -II, Udyog Vihar, Phase-IV, Gurgaon-122001

P. Address for Investors Correspondence: For Shares held in Physical Form

Shri Jagdeep Kumar Singh
M/s. Alankit Assignments Ltd.
Registrar and Transfer agent, Alankit House,
2E/21, Jhandewalan Extension,
New Delhi-110055

Tel : 011-42541234, 23541234

Fax : 011-23552001 E-mail: info@alankit.com

For Shares held in Demat Form

To the investor's Depository Participant(s) and / or Alankit Assignments Ltd. Communication may also be sent by e-mail at the following address:

smil@shardamotor.com (exclusively for the purpose of registering complaints by the investors)

pradeep@shardamotor.com

DECLARATIONS**Compliance with Code of Conduct**

According to Clause 49 of the Listing Agreement, I, AJAY RELAN, Managing Director of Sharda Motor Industries Ltd, hereby declare that the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct of the Company during the year 2011-12.

For **Sharda Motor Industries Ltd.**

AJAY RELAN
Managing Director

CEO/CFO Certification

According to Sub-Clause V of Clause 49 of the Listing Agreement, we have certified to the Board that for the financial year ended March 31, 2012, the Company has complied with the requirements of the said sub-clause.

For **Sharda Motor Industries Ltd.**

PLACE : New Delhi
DATED : 27th July, 2012

PRADEEP RASTOGI
Chief Financial Officer

AJAY RELAN
Managing Director

**Auditor's Certificate on compliance of conditions of
Corporate Governance as per clause 49 of the Listing
Agreement with the Stock Exchange**

To the Members of

M/s. **SHARDA MOTOR INDUSTRIES LTD.**

We have examined the compliance of the conditions of Corporate Governance by Sharda Motor Industries Limited, for the year ended on 31st March 2012, as stipulated in clause 49 of the Listing agreement of the said Company with the stock exchange.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedure and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing agreement.

We state that no Investor grievances during the year ended on 31st March 2012 was received by Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. DINODIA & CO.
Chartered Accountants

PLACE : New Delhi
DATED : 27th July 2012

SANDEEP DINODIA
Partner
(M. No. 083689)

MANAGEMENT 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 are 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 produce 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 were 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.

AUDITOR'S REPORT

To the Shareholders of

M/s SHARDA MOTOR INDUSTRIES LIMITED

We have audited the attached Balance sheet of **M/S SHARDA MOTOR INDUSTRIES LIMITED**, as at **31st March 2012** and Statement of Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended by the Companies (Auditor's Report) (Amendment) Order, 2004) issued by the Central Government of India, in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Company's Balance sheet, Statement of Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of the Statement of Profit & Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

For S. R. DINODIA & CO.
CHARTERED ACCOUNTANTS
(REGN. No. 01478N)

PLACE : New Delhi
DATED : 27th July, 2012

(SANDEEP DINODIA)
PARTNER
M.NO. 083689

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our audit report of even date)

- i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of major fixed assets has been conducted by the management at appropriate intervals. In our opinion, the program is reasonable having regard to the size of the Company and the nature of the fixed assets. No material discrepancies were noticed on such verification as compared to book records.
- (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
- ii) (a) On the basis of information and explanation provided by the management, Inventories have been physically verified by the management during the year except the inventories in transit and lying with the third parties. In our opinion, the frequency and the procedure of physical verification followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (b) In our opinion, frequency and the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the company is maintaining proper records of inventory. We have been explained that discrepancies noticed on physical verification as compared to book records were not material and the same have been properly dealt with in the books of account.
- iii) (a) According to information and explanation given to us, the company has not granted loan to Companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 during the year
- (b) According to information and explanation given to us, the Company has taken unsecured loans from four parties entered in the register maintained u/s 301 of the Companies Act, 1956 during the year. (Maximum amount due during the year is Rs. 372,750,000 and closing balance is Rs 361,800,000). The rate of interest and other terms and conditions on which such loan has been taken are not prima facie prejudicial to the interest of the Company. The company is regular in repayment of principal and interest amount as stipulated.
- (c) During the year, the company has received mobilization advance from its customer covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs.88,726,759/- and year end balance of such advances is Rs.45,725,383/-.
- (d) In our opinion and according to the information and explanations given to us, rate of interest and other terms and conditions on which such mobilization advance has been received are not prima facie prejudicial to the interest of the Company.
- (e) The aforesaid mobilization advance, as also informed by the management, will be adjusted against the supplies to the said customer.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets, sales of goods and services. According to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
- v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of opinion that the particulars of contracts or arrangements that need to be entered into a register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to explanation given to us, transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.
- vi) The Company has not accepted any deposits during the year from the public as defined in section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) On the basis of records produced, we are of opinion that prime facie, the cost records and accounts prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 has been maintained by the Company, but, we were not required to carry out and have not carried out any detailed examination of such records and accounts.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it. There was no undisputed amount outstanding at the year end for a period more than six months from the date they become payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute, are as follows:

S.No.	Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amt. relates	Forum where the dispute is pending
1	U. P. Entry Tax Act	Entry Tax	227,265	2001 to 2003	Appellate Authority UP Trade Tax
2.	Service Tax under Finance Act, 1994	Service Tax	1,106,897	2008-2009	CESTAT, Custom, Central Excise & Service Tax, Appellate Tribunal, Delhi
3.	Central Excise Act	Excise Duty	44,000,000	2008-2009	CESTAT, Custom, Central Excise & Service Tax, Appellate Tribunal, Delhi
4.	Central Excise Act	CENVAT Credit	224,378	2007	Adjudicating Authority, Large Taxpayer Unit Delhi
5.	Income Tax Act	Income Tax Demand	5,432,553	2008-09	Commissioner of Income Tax, Large Taxpayer Unit (Appeal), Delhi
6.	Income Tax Act	Income Tax Demand	3,772,302	2003-04	Commissioner of Income Tax, Large Taxpayer Unit (Appeal), Delhi

- x) The Company does not have accumulated losses as at 31st March, 2012 and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) On the basis of information and explanation provided by the management, the Company has not made any default in the repayment of dues to the financial institutions and banks. During the year, the Company has not issued any debentures.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.
- xiii) In our opinion considering the nature of activities carried on by the company during the year, the provision of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to it.
- xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- xv) On the basis of information and explanation provided, the Company has not given guarantee for loans taken by other from the bank during the year
- xvi) On the basis of records available and information and explanation given to us, the terms loans have been applied for the purpose for which they were raised.
- xvii) On the basis of information and explanation given to us and an overall examination of the balance sheet, we report that no funds raised on short-term basis have been used for long-term investments by the Company.
- xviii) According to information and explanation given to us, during the year. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For S. R. DINODIA & CO.
 CHARTERED ACCOUNTANTS
 (REGN. No. 01478N)

PLACE : New Delhi
 DATED : 27th July, 2012

(SANDEEP DINODIA)
 PARTNER
 M.NO. 083689

BALANCE SHEET AS AT MARCH 31,2012

PARTICULARS	Note No.	As At March 31,2012	As At March 31,2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	59,463,260	59,463,260
Reserves and Surplus	4	1,402,619,519	1,195,620,295
		1,462,082,779	1,255,083,555
Non-current liabilities			
Long-Term Borrowings	5	88,321,250	168,536,250
Deferred Tax Liabilities (Net)	6	95,079,801	115,033,959
Other Long Term Liabilities	7	77,018,741	287,167,447
Long-Term Provisions	8	32,846,285	24,289,506
		293,266,077	595,027,162
Current liabilities			
Short-Term Borrowings	9	1,087,028,663	726,319,201
Trade Payables	10	1,082,498,411	1,104,187,582
Other Current Liabilities	10	455,199,001	252,495,326
Short-Term Provisions	8	46,938,427	39,963,363
		2,671,664,502	2,122,965,472
TOTAL		4,427,013,358	3,973,076,189
ASSETS			
Non-Current Assets			
Fixed Assets	11		
Tangible Assets		2,106,813,285	1,622,337,086
Intangible Assets		186,232,762	192,162,443
Capital Work-In-Progress		105,145,078	208,064,605
Non-Current Investments	12.1	13,900,000	214,400,000
Long-Term Loans And Advances	13	143,496,026	181,910,045
Other Non-Current Assets	14	532,627	520,264
		2,556,119,778	2,419,394,443
Current Assets			
Current Investments	12.2	200,500,000	-
Inventories	15	620,937,758	656,614,310
Trade receivables	14	943,067,684	761,433,453
Cash and Bank Balances	16	35,082,826	23,449,881
Short-Term Loans And Advances	13	71,200,160	106,069,260
Other Current Assets	14	105,152	6,114,842
		1,870,893,580	1,553,681,746
TOTAL		4,427,013,358	3,973,076,189
Summary of Significant Accounting Policies	2		
The accompanying notes are integral part of the financial statements			

As per our Audit Report of even date attached
For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
REGN NO. 001478N

For and on Behalf of
the Board of Directors

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

(**NITIN VISHNOI**)
Company Secretary

(**PRADEEP RASTOGI**)
President-Legal &CFO

(**N. D. RELAN**)
Chairman

PLACE : New Delhi
DATED : 27th July, 2012

(**D.A. AGGARWAL**)
Sr. Vice President (F& A)

(**AJAY RELAN**)
Managing Director

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2012

(Amount in Rs.)

PARTICULARS	Note No.	Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
Revenue from operations	17	7,514,218,884	7,002,053,871
Other Income	18	58,150,461	38,678,791
Total Revenue		7,572,369,345	7,040,732,662
Expenses:			
Cost of Materials Consumed	19	4,924,646,786	4,825,144,498
Purchase of Traded Goods	20	538,168,826	420,107,541
Changes In Inventories of Finished Goods, Work-In-Progress And Stock-In-Trade	21	14,896,092	(54,867,298)
Employee Benefits Expense	22	392,264,495	348,242,167
Finance Costs	23	93,310,498	81,672,665
Depreciation And Amortization Expense	11	312,600,469	241,820,880
Other Expenses	24	995,705,046	910,753,230
Total Expenses		7,271,592,212	6,772,873,684
Profit Before Exceptional And Extraordinary Items And Tax		300,777,133	267,858,978
Exceptional Items	25	-	(14,448,468)
Profit Before Tax		300,777,133	282,307,446
Tax Expense:			
Current Tax		60,000,000	56,000,000
Less: Mat Credit Entitlement		15,000,000	32,900,000
Net Current Tax Expense		45,000,000	23,100,000
Deferred Tax		(19,954,159)	49,542,092
Tax Adjustment For Earlier Years		(377,620)	(9,961)
Profit (Loss) For The Period		276,108,912	209,675,315
Earnings Per Equity Share:	29		
Basic		46.43	35.26
Diluted		46.43	35.26
Summary of Significant Accounting Policies	2		

The accompanying notes are integral part of the financial statements

 As per our Audit Report of even date attached
 For **S.R. DINODIA & CO.,**
 CHARTERED ACCOUNTANTS
 REGN NO. 001478N

 For and on Behalf of
 the Board of Directors

(SANDEEP DINODIA)
 PARTNER
 M.NO. 083689

(NITIN VISHNOI)
 Company Secretary

(PRADEEP RASTOGI)
 President-Legal &CFO

(N. D. RELAN)
 Chairman

 PLACE : New Delhi
 DATED : 27th July, 2012

(D.A. AGGARWAL)
 Sr. Vice President (F& A)

(AJAY RELAN)
 Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	(Amount in Rs.)	
	Figures for the Year Ended March 31, 2012	Figures for the Year Ended March 31, 2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Taxation & Extraordinary Items	300,777,132	282,307,446
Adjustment For:		
Depreciation Written Off	312,600,469	241,820,879
Interest Income	(2,018,008)	(854,160)
Finance Cost	74,822,857	72,774,527
Dividend Income	(7,202,160)	(5,402,104)
(Profit) / Loss On Sale Of Fixed Assets (Net)	(30,850,615)	(26,580,506)
Amount Written Off (Net)	(10,032,599)	(5,842,021)
Provision For Wealth Tax	377,086	160,785
Operating Profit Before Working Capital Changes	638,474,162	558,384,848
Adjustment For:		
Decrease / (Increase) In Trade Receivables	(181,634,231)	(351,791,040)
Decrease / (Increase) In Increase In Inventories	35,676,551	(266,784,636)
Decrease / (Increase) In Other Receivables	17,610,955	525,917,130
Increase / (Decrease) In Trade Payable	(21,689,171)	321,150,200
Increase / (Decrease) In Other Payables	75,992,831	246,900,486
Amount Written Off (Net)	10,032,599	5,842,021
Warranty Claims	7,975,814	11,460,143
Cash Generated From Operation	582,439,510	1,051,079,152
Direct Taxes Paid (Net Of Income Tax Refund)	(36,100,989)	(51,628,443)
Net Cash Flow From Operating Activities (A)	546,338,522	999,450,708
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale Of Fixed Assets	78,271,720	62,563,532
Purchase Of Fixed Assets/Technical Know-How	(676,316,559)	(1,100,524,013)
Interest Received	1,985,381	854,159
Dividend Income	7,202,160	5,402,104
Amount Received/(Paid) For Fdr's	20,264	(62,229)
Net Cash Used In Investing Activities (B)	(588,837,034)	(1,031,766,447)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Borrowings (Net)	198,178,836	118,580,709
Finance Cost	(74,822,857)	(72,774,527)
Dividend Paid (Including Corporate Dividend Tax)	(69,224,522)	(69,454,198)
Net Cash Used In Financing Activities (C)	54,131,457	(23,648,016)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	11,632,945	(55,963,755)
CASH & CASH EQUIVALENTS-OPENING BALANCES	23,449,881	79,413,635
CASH & CASH EQUIVALENTS-CLOSING BALANCES	35,082,826	23,449,880
Cash & Cash Equivalents include :		
Cash In Hand	51,052	62,281
Balances With Scheduled Banks		
- In Current Account	24,966,442	23,326,530
- In Deposit Account	10,065,332	61,070
	35,082,826	23,449,881

Note :

1. Figures in brackets represent outflows

As per our Audit Report of even date attached

For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
REGN NO. 001478N

For and on Behalf of
the Board of Directors

(SANDEEP DINODIA)
PARTNER
M.NO. 083689

(NITIN VISHNOI)
Company Secretary

(PRADEEP RASTOGI)
President-Legal & CFO

(N. D. RELAN)
Chairman

PLACE : New Delhi
DATED : 27th July, 2012

(D.A. AGGARWAL)
Sr. Vice President (F&A)

(AJAY RELAN)
Managing Director

Notes to financial statement for the year ended on March 31, 2012
NOTE 1: CORPORATE INFORMATION

Sharda Motor Industries Limited ("the Company") together with its subsidiary 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

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.

PARTICULARS	As At March 31,2012	As At March 31,2011
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, 2011: 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	March 31, 2012		March 31, 2011	
	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, except in case of Interim Dividend.

During the year ended 31st March, 2012, the amount of per share dividend recognized as distributions to Equity Shareholders was Rs. 10/- (March 31, 2011: 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 shareholders.

c) Details of shares in the company held by each shareholder holding more than 5 percent shares

Equity Shares	March 31, 2012		March 31, 2011	
	No of shares.	Amount	No of shares.	Amount
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 March 31, 2012	As At March 31, 2011
Capital Reserve		
Balance as per last financial statements	20,000	20,000
Addition during the year	-	-
Closing balacne	20,000	20,000
General Reserve		
Balance as per last financial statements	1,047,712,471	897,712,471
Addition during the year	200,000,000	150,000,000
Closing balacne	1,247,712,471	1,047,712,471
Surplus / (Loss) as per Statement of Profit & Loss		
Balances as per last financial statements	147,887,824	157,551,865
Add:- profit for the year	276,108,902	209,675,315
	423,996,736	367,227,180
Less:- Appropriations:		
- Interim Dividend	29,731,630	29,731,630
- Proposed Dividend on Equity Shares	29,731,630	29,731,630
- Dividend Distribution Tax on Interim Dividend	4,823,214	4,938,048
- Dividend Distribution Tax on Proposed Dividend	4,823,214	4,938,048
- Transfer to any Reserves	200,000,000	150,000,000
Total Appropriation	269,109,688	219,339,356
Net Surplus in the Statement of Profit & Loss	154,887,048	147,887,824
Total Reserves & Surplus	1,402,619,519	1,195,620,295

NOTE 5 : LONG TERM BORROWINGS

	Non Current portion		Current Maturities	
	March 31, 2012.	March 31, 2011.	March 31, 2012.	March 31, 2011.
Secured Borrowings				
Term loans				
From Banks				
External commercial Borrowing	47,790,000	95,580,000	47,790,000	130,105,626
Rupee term loan	40,531,250	72,956,250	32,425,000	32,425,000
	88,321,250	168,536,250	80,215,000	162,530,626
Amount disclosed under 'Other Current Liabilities' (Note no. 10)	-	-	80,215,000	162,530,626
Long Term Borrowings	88,321,250	168,536,250	-	-

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:

- i) Mahindra World City, Changalpattu Taluk, Kanchepuram Dist. Industrial Park, Tamilnadu-603002,
- ii) 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:

- i) First loan was taken in July 2008 and repayable in 10 instalments of Rs.7,857,000/- each commencing from 14.07.2009. The loan carries an interest rate of 10.25% p.a.
- ii) Second loan was taken in September, 2008 and repayable in 10 instalments 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.

	As At March 31, 2012	As At March 31, 2011
NOTE 6 : DEFERRED TAX		
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	11,508,744	11,397,961
Total (A)	11,508,744	11,397,961
Deferred Tax Liabilities		
Fixed Assets: Impact of difference between Tax Depreciation and depreciation/ amortization charged for the financial reporting	106,588,545	126,431,920
Total (B)	106,588,545	126,431,920
Deferred Tax Liability (net)	95,079,800	115,033,959

NOTE 7 : OTHER LONG TERM LIABILITIES

	Long Term		Current Portion	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Gratuity	4,135,229	5,336,971	1,644,939	2,087,078
Advances from Customers	55,041,392	53,634,759	77,578,594	-
Others*	17,842,120	228,195,717	212,988,868	16,193,669
	77,018,741	287,167,447	292,212,401	18,280,747
Amount disclosed under Other Current Liabilities (Current portion of long term liabilities)	-	-	292,212,401	18,280,747
	-	-	292,212,401	18,280,747

* Amount of Rs.212,988,868 (March 31, 2011: 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, 2011: Long Term).

NOTE 8 : PROVISIONS

	Long Term		Short Term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision for Employee Benefits (Refer Note no. 22.1)				
Leave Encashment	6,068,052	5,487,087	5,674,173	5,132,900
Others				
Provision for warranty claim (Refer Note no. 8.1)	26,778,233	18,802,419	-	-
Proposed dividend	-	-	29,731,630	29,731,630
Tax on proposed dividend	-	-	4,823,214	4,938,048
Wealth Tax	-	-	377,086	160,785
Income Tax (Net of Advance Tax: Rs.109,681,062/-)	-	-	6,332,324	-
	32,846,285	24,289,506	46,938,427	39,963,363
			March 31, 2012	March 31, 2011

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

Opening balance (as on 1st April)	18,802,419	7,342,276
Provision made during the year	14,557,108	12,307,082
Amount transferred from Subsidiary company	-	17,861,002
Amount used/reversed/paid during the year	6,581,294	18,707,941
Closing balance (as on 31st March)	26,778,233	18,802,419

NOTE 9 : SHORT TERM BORROWINGS
Secured Borrowing
Loans repayable on demand
From Banks-Secured

Cash credit	165,507,999	258,435,111
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NOTE 9 : SHORT TERM BORROWINGS

	As At March 31, 2012	As At March 31, 201
Others		
From Banks		
Bills Discounted	33,915,885	30,588,319
Buyers Credit	523,304,779	95,095,771
Unsecured Borrowing		
Loans and advances from Related parties		
Directors	364,300,000	342,200,000
	1,087,028,663	726,319,201

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% - 12%.

NOTE 10 : OTHER CURRENT LIABILITIES

Trade Payables (Refer note below for details of dues to micro and small enterprises)	1,082,498,411	1,104,187,582
	1,082,498,411	1,104,187,582
Other Liabilities:		
Current maturities of long-term debt (Note No. 5)	80,215,000	162,530,626
Unclaimed dividend	3,843,927	2,622,876
Statutory dues	74,084,965	67,212,295
Interest Accrued but not due on borrowings	4,842,708	1,848,782
Current portion of Long Term Liabilities (Note no. 7)	292,212,401	18,280,747
	455,199,001	252,495,326
	1,537,697,410	1,356,682,908

- 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 March 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 (March 31, 2011: Nil). Further no interest during the year have been paid or payable under the terms of MSMED Act' 2006

Notes to financial statement for the year ended on March 31, 2012									
NOTE 11 : FIXED ASSETS									
(Amount in Rs.)									
PARTICULARS	GROSS BLOCK			EPRECIATION/AMORTISATION			NET BLOCK		
	AS AT 01 APRIL, 2011	ADDITION	DEDUCTION/ ADJUSTMENT	AS AT 31 MARCH, 2012	AS AT 01 APRIL, 2011	FOR THE YEAR WRITTEN BACK	AS AT 31 MARCH, 2012	AS AT 31 MARCH, 2012	AS AT 31 MARCH, 2011
A. Tangible Assets									
Land									
- Lease Hold	114,175,953	-	-	114,175,953	4,782,922	858,186	5,641,107	108,534,846	109,393,031
- Free Hold	27,361,187	83,125,262	-	110,486,449	-	-	-	110,486,449	27,361,187
Buildings	431,632,009	219,281,740	-	650,913,749	152,934,350	37,974,516	190,908,866	460,004,883	278,697,659
Plant and Equipment	1,640,325,262	384,929,383	53,070,940	1,972,183,705	602,329,630	167,885,833	763,254,755	1,208,928,950	1,037,995,632
Vehicles	75,731,005	34,754,710	6,680,030	103,805,685	53,695,809	13,300,941	61,353,663	42,452,022	22,035,194
Office Equipments and Furniture & Fixtures	89,982,974	15,625,354	295,800	105,312,528	53,945,059	10,450,142	64,373,331	40,939,197	36,037,915
Electric fitting	168,228,163	43,846,050	-	212,074,212	57,411,694	19,195,577	76,607,271	135,466,941	110,816,468
Total	2,547,436,553	781,562,499	60,046,770	3,268,952,282	925,099,464	249,665,194	1,162,138,994	2,106,813,288	1,622,337,087
B. Intangible Assets									
Software Development	36,649,352	323,158	-	36,972,510	9,689,369	11,698,634	21,388,002	15,584,508	26,959,983
Technical Knowhow & Guidance	285,444,499	56,682,435	-	342,126,934	120,242,039	51,236,640	171,478,680	170,648,254	185,202,460
Total	322,093,851	57,005,593	-	379,099,444	129,931,408	62,935,274	192,866,682	186,232,762	192,162,443
C. Capital Work in Progress									
	208,064,605	105,145,078	208,064,605	105,145,078	-	-	-	105,145,078	208,064,605
Total	208,064,605	105,145,078	208,064,605	105,145,078	-	-	-	105,145,078	208,064,605
Total (A+B+C)	3,077,595,009	943,713,169	268,111,375	3,753,196,803	1,055,030,872	312,600,468	1,355,005,676	2,398,191,128	2,022,564,135
March 31, 2011	1,912,460,729	1,328,906,358	163,772,080	3,077,595,007	711,811,562	372,940,022	1,055,030,874	2,022,564,133	1,200,649,165

	As At March 31, 2012	As At March 31, 2011
NOTE 11.1: PRE OPERATIVE EXPENSES AND CAPITAL WORK IN PROGRESS		
(a) Pre Operative Expenses	35,859,379	36,713,204
(b) Capital Work in Progress	69,285,699	171,351,401
Total	105,145,078	208,064,605

NOTE 11.2: LEASES

Assets taken on operating lease:

The company has taken certain assets on non-cancelable operating lease and lease rent amounting to Rs. 13,200,000 (March 31, 2011: Rs. 13,200,000) has been debited to the Statement of Profit & Loss. The future minimum lease payments as on 31st March, 2012 are as under:

Not Later Than 1 year	13,200,000	13,200,000
Later than 1 year but not later than 5 years	52,800,000	52,800,000

General Description of Lease terms:

- i) Lease rentals are charged on the basis of agreed terms
- ii) Assets taken on lease over a period of 1 to 5 years.

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	9,000,000
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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.	—	200,500,000
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Total Trade Investments (A)	9,000,000	209,500,000
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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	4,900,000
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Total Non Trade Investments (B)	4,900,000	4,900,000
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Total Non current Investment (A+B)
Aggregate Value of Quoted Investments
Market Value of Quoted Investments
Aggregate value of Unquoted Investments

	13,900,000	214,400,000
	9,000,000	9,000,000
	127,350,000	150,750,000
	4,900,000	205,400,000

NOTE 12.2: CURRENT INVESTMENTS
Current portion of Long term Investment
Unquoted Equity Instruments

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.**	200,500,000	—
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Total current Investment	200,500,000	—
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** 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	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Capital Advances	70,378,100	129,710,100	-	-
Security Deposits	17,083,420	16,087,748	-	-
Other Loans & Advances				
MAT Credit Entitlement	56,034,506	32,900,000	-	-
Advance tax (Net of Provision: Rs.256,798,386/-)	-	-	-	25,484,358
Prepaid Expenses	-	-	10,548,884	7,625,066
Balance with Revenue Authorities	-	3,212,197	44,820,752	35,283,847
Advances to Vendors	-	-	12,162,415	-
Other Advances Recoverable in cash or in kind	-	-	3,668,109	37,675,989
	143,496,026	181,910,045	71,200,160	106,069,260

NOTE 14 : TRADE RECEIVABLES AND OTHER ASSETS

Trade Receivables

(Unsecured considered good unless otherwise stated)

Outstanding for a period exceeding 6 months from the date they are due for payment	-	-	14,078,502	63,491,125
Outstanding for a period less than 6 months from the date they are due for payment	-	-	928,989,182	697,942,328
	-	-	943,067,684	761,433,453
Other assets				
Insurance Claim Receivable	-	-	-	6,020,017
Other Receivables	-	-	105,153	94,825
Non Current Bank Balances (Note no. 16)	532,627	520,264	-	-
	532,627	520,264	105,153	6,114,842
	532,627	520,264	943,172,837	767,548,295

NOTE 15 : INVENTORIES

	As At March 31, 2012	As At March 31, 2011
Raw materials	429,733,392	444,254,628
Consumable stores	17,775,766	15,005,539
Goods in Transit-Raw Material	50,445,964	59,475,416
Work In Progress	113,913,931	123,052,708
Finished Goods	914,579	1,222,503
Traded Goods	8,154,126	13,603,516
	620,937,758	656,614,310

	Non Current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
NOTE 16 : CASH AND BANK BALANCES				
Cash & cash Equivalent				
Balances with Banks:-				
On Current Account	-	-	21,122,515	20,703,654
Unpaid Dividend Account	-	-	3,843,927	2,622,876
Deposit with original maturity for less than 3 months	-	-	10,065,332	61,070
Cash on hand	-	-	51,052	62,281
	-	-	35,082,826	23,449,881
Other Bank Balances				
Margin Money Deposit with original maturity of more than 12 Months	500,000	520,264	-	-
Interest Accrued but not due	32,627	-	-	-
	532,627	520,264	-	-
Amount disclosed under Non Current Assets (Note no.14)	532,627	520,264	-	-
	-	-	35,082,826	23,449,881

Note: Margin Money Deposit is Pledged with Canara Bank (March 31, 2011: Rs. 500,000)

PARTICULARS	Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
NOTE 17 : REVENUE FROM OPERATIONS		
(a) Revenue from - Sale of Product		
- Finished goods	9,822,383,854	9,252,358,025
- Traded goods	616,212,385	476,473,855
	10,438,596,239	9,728,831,880
Less: Inter Unit Transfer	1,794,012,250	1,703,320,428
Net Revenue from sale of Product	8,644,583,989	8,025,511,452
(b) Revenue from -Sale of Services	22,401,091	16,590,294
(c) Other Operating Revenues	76,456,536	82,607,322
(d) Less: Excise duty	1,229,222,732	1,122,655,197
Total	7,514,218,884	7,002,053,871
Details of product sold		
a) Finished goods sold (Net of Inter Unit Transfer)		
- Metal Parts	6,877,499,523	6,149,669,827
- Fabric	904,366,303	933,156,880
- White Goods	246,505,778	466,210,890
	8,028,371,604	7,549,037,597
b) Traded goods sold		
- Audio Video	7,214,200	2,206,952
- Auto components	608,998,185	474,266,903
	616,212,385	476,473,855
Net Revenue from sale of product	8,644,583,989	8,025,511,452

PARTICULARS		March 31, 2012	March 31, 2011	
c) Earning in foreign currency				
F.O.B. value of exports		34,493,162	26,239,881	
		34,493,162	26,239,881	
Details of Sale of Services				
a) Job Work		22,401,091	16,590,294	
		22,401,091	16,590,294	
Details of Other Operating Revenues				
a) Other Operating Revenues		76,456,536	82,607,322	
		76,456,536	82,607,322	
NOTE 18 : OTHER INCOME				
Dividend Income from				
Trade Investment		7,200,000	5,400,000	
Non Trade Investment		2,160	2,104	
Interest Income from				
FDR's		2,018,008	854,160	
Profit from Sale of Tools		30,850,615	26,580,506	
Other Income		18,079,678	5,842,021	
		58,150,461	38,678,791	
NOTE 19 : COST OF MATERIAL CONSUMED				
1. Raw Material				
(a) Balances of Raw Material at the beginning of the year		459,260,167	390,074,345	
(b) Add:- Addition during the year		4,912,895,777	4,894,330,320	
(c) Less:- Balances of Raw Material at the end of the year		447,509,158	459,260,167	
(d) Cost of Raw Material Consumed		4,924,646,786	4,825,144,498	
a) Details of raw material and components consumed				
Steel		1,666,559,646	1,826,214,099	
Fabric		530,811,158	553,096,471	
Others		2,727,275,982	2,445,833,928	
		4,924,646,786	4,825,144,498	
b) C.I.F Value of imports				
Raw material		1,093,827,549	1,126,532,325	
Capital Goods		120,447,193	83,171,733	
		1,214,274,742	1,209,704,058	
c) Details of Indigenous and imported material consumed				
Raw Material	Value (Rs.)	%	Value (Rs.)	%
- Imported	1,093,827,549	22.21	1,139,008,091	23.61
- Indigenous	3,830,819,237	77.79	3,686,136,407	76.39
	4,924,646,786	100.00	4,825,144,498	100.00
NOTE 20 : PURCHASES OF STOCK - IN - TRADE				
Audio Video		891,368	790,352	
Auto components		537,277,458	419,317,189	
		538,168,826	420,107,541	

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

Inventories at the end of the year	March 31, 2012	March 31, 2011
Finished goods	914,579	1,222,503
Traded goods	8,154,126	13,603,516
Work- in- progress	113,913,931	123,052,709
	122,982,636	137,878,728
Inventories at the beginning of the year		
Finished goods	1,222,503	2,032,993
Traded goods	13,603,516	14,411,099
Work- in- progress	123,052,709	66,567,338
	137,878,728	83,011,430
(Excess)/Shortage of Closing stock over Opening Stock	14,896,092	(54,867,298)
Details of Inventory		
Finished goods		
Metals parts	354,811	809,149
Fabrics	559,768	72,313
White Goods	-	341,041
	914,579	1,222,503
Traded goods		
Audio video	8,154,126	13,603,516
Work- in- Progress		
Metal Parts	99,884,811	114,642,961
Fabric	14,029,120	8,409,748
	113,913,931	123,052,709

NOTE 22 : EMPLOYEE BENEFITS EXPENSE

Wages & Other Benefits	102,361,566	95,784,296
Salaries & Other Benefits	195,631,880	162,286,328
Director's Remuneration	30,875,567	28,233,531
Contribution to Provident and other funds	20,609,267	17,620,198
Gratuity (refer note below)	5,780,168	7,460,382
Staff Welfare Expenses	37,006,047	36,857,432
	392,264,495	348,242,167

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	16,928,039	14,314,695
Employer's Contribution to Employees State Insurance Scheme	3,648,634	3,270,271
Employer's Contribution to Employees Welfare Fund	32,594	35,232
	20,609,267	17,620,198

(ii) Defined Benefit plans

Gratuity Scheme: The employee's gratuity fund scheme managed by Life Insurance Corporation is a defined benefit funded plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to built up the final obligation. The obligation for leave encashment is a defined unfunded benefit plan, which is recognized in the same manner as gratuity.

Leave Encashment/Compensated Absences: This is an unfunded defined benefit plan.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans (as per Actuarial Valuation as on March 31, 2012).

In accordance with the Accounting Standard (revised 2005), an actuarial valuation was carried out in respect of the aforesaid defined benefit plans based on following assumptions:

I. Changes in present value of Defined Benefit obligations : (Amount in Rs.)				
Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	"Gratuity (Funded) "	"Leave Encashment (Unfunded) "	"Gratuity (Funded) "	"Leave Encashment (Unfunded) "
Defined Benefit obligation as at the beginning of the year	31,090,302	10,619,987	22,388,056	7,554,729
Current Service Cost	4,950,739	2,018,638	4,087,894	3,583,654
Past Service Cost	-	-	3,436,154	-
Interest Cost	2,487,224	849,599	1,679,104	566,605
Actuarial (gain) / loss on obligations	1,086,078	(921,269)	(32,372)	(368,997)
Benefits paid	(755,239)	(824,730)	(468,534)	(716,004)
Defined Benefit obligation at the year end	38,859,104	11,742,225	31,090,302	10,619,987

II. Change in the Fair Value of Plan Assets		
Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	"Gratuity (Funded)"	"Gratuity (Funded)"
Fair value of plan assets at the beginning of the year	23,666,253	19,350,079
Expected return on plan assets	2,743,873	1,785,382
Actuarial gain/ (loss)	-	(74,984)
Employer Contribution	7,424,049	3,074,310
Benefits paid	(755,239)	(468,534)
Fair value of plant assets at the year end	33,078,936	23,666,253

III. Change in the Fair Value of assets and obligation				
Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	"Gratuity (Funded) "	"Leave Encashment (Unfunded)"	"Gratuity (Funded) "	"Leave Encashment (Unfunded)"
Present value of obligation	38,859,104	11,742,225	31,090,302	10,619,987
Fair value of plan assets	33,078,936	-	23,666,253	-
Amount recognized in balance sheet	5,780,168	11,742,225	7,424,049	10,619,987

IV. Expenses/ (Income) recognized in the Profit & Loss				
Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	"Gratuity (Funded) "	"Leave Encashment (Unfunded)"	"Gratuity (Funded) "	"Leave Encashment (Unfunded)"
Current Service Cost	4,950,739	2,018,638	4,087,894	3,583,654
Past Service Cost	-	-	3,436,154	-
Interest Cost	2,487,224	849,599	1,679,104	566,605
Expected Return on plan assets	(2,743,873)	-	(1,785,382)	-
Actuarial (gain)/ loss	1,086,078	(921,269)	42,612	(368,997)
Net Cost	5,780,168	1,946,968	7,460,382	3,781,262

V. Investment details of plan assets	
Particulars	"Gratuity (Funded)
Insured with LIC	100%

VI. Actuarial Assumptions				
Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	"Gratuity (Funded) "	"Leave Encashment (Unfunded)"	"Gratuity (Funded) "	"Leave Encashment (Unfunded)"
	1994-96 (Ultimate)	1994-96 (Duly Modified)	1994-96 (Ultimate)	1994-96 (Duly Modified)
Mortality Table (LIC)				
Discount rate (per annum)	8.60%	8.60%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	9.25%	0.00%	9.25%	0.00%
Rate of increase in Compensation levels	10.00%	10.00%	10.00%	10.00%

Note:

The estimate of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors on long term basis including supply and demand in the employment market.

NOTE 23 : FINANCE COST

	Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
Interest Expense	74,822,858	72,774,527
Other Borrowing Costs	18,487,640	8,898,138
	93,310,498	81,672,665

NOTE 24 : OTHER EXPENSES

Consumption of tools	18,994,768	27,295,027
Power & Fuel	108,818,002	94,967,318
Hire Labour Charges	370,332,038	385,590,805
Manufacturing expenses	19,675,903	51,888,018
Rent, Rates & Taxes	22,840,278	15,716,630
Repair & maintenance		
-Repair to Building	19,837,015	10,079,823
-Repair to Plant & Equipments*	60,281,175	53,421,653
-Repair Others	32,543,626	39,289,482
Exchange Fluctuation	50,934,117	2,627,897
Royalty	32,418,653	19,356,417
Research & Development expenses (Refer Details below)	35,116,825	21,090,018
Travelling & conveyance	53,126,470	49,999,987
Insurance	4,515,498	3,358,102
Communication cost	6,442,535	6,513,292
Director's sitting fee & commission	3,570,000	3,200,000
Legal & Professional expenses	2,027,937	4,089,197
Bad debts written off	2,388,571	6,121,271
Selling & Distribution expenses	99,924,594	74,266,365
Auditor's Remuneration (Refer Details below)	1,623,400	1,482,264
Miscellaneous expenses	50,293,641	40,399,664
	995,705,046	910,753,230

* Includes value of Stores and Spares consumed of Rs. 14,467,482/- (P.Y. Rs. 12,578,295/-). Refer pt. (c) and (d) below.

			Figures for the year ended March 31, 2011	Figures for the year ended March 31, 2011
a) Payment to Auditor				
As Auditor				
Audit fee			860,000	860,000
Tax Audit fee			310,000	310,000
In other capacity				
Management services			200,000	200,000
Taxation matter			194,995	34,000
Reimbursement of expenses			58,405	78,264
			1,623,400	1,482,264
b) Expenditure incurred in Foreign Currency				
Foreign Traveling			17,785,104	15,160,229
Royalty			38,499,927	5,651,119
Technical Know-how / Guidance Fee / Consultancy			48,988,918	6,398,697
Repair and Maintenance			-	6,214,118
Buyers Credit Interest			3,611,771	-
Handling Charges			367,517	995,559
			109,253,237	34,419,722
c) CIF Value of Import			47,051,588	44,753,431
Machinery Spares & Consumables			47,051,588	44,753,431
d) Details of Indigenous and imported material consumed				
Stores & Spares	Value (Rs.)	%	Value (Rs.)	%
Imported	5,931,668	41.00	4,919,353	39.11
Indigenous	8,535,814	59.00	7,658,942	60.89
	14,467,482	100	12,578,295	100.00
e) Research & Development Expenses				
Research & Development expenses include:				
- Purchases			355,564	76,226
- Salary, Wages and other allowance			21,972,406	17,141,675
- Travelling Expenses			4,051,364	1,130,122
- Design, Development and other expenses			8,737,491	2,741,995
			35,116,825	21,090,018

NOTE 25 : EXCEPTIONAL ITEMS

Reversal of provisions	-	(14,448,468)
	-	(14,448,468)

NOTE 26: FINANCIAL AND DERIVATIVE INSTRUMENTS

Foreign currency exposure hedged by derivative instruments	462,138,110	222,490,000
Foreign currency exposure that are not hedged by derivative instruments	321,654,259	373,015,636
	783,792,369	595,505,636

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
- iii) Others

(b) Segment revenues, Results and Other Information

Particulars	Year Ended 31st March, 2012			Year Ended 31st March, 2011		
	Automotive Components & Accessories	White Goods	Total	Automotive Components & Accessories	White Goods	Total
External Sales (Gross)	8,463,591,650	279,849,966	8,743,441,616	7,426,898,595	697,810,473	8,124,709,068
Less: Excise duty	1,206,801,727	22,421,005	1,229,222,732	1,079,824,860	42,830,337	1,122,655,197
Other Income	46,617,347	1,511,052	48,128,399	32,749,296	(626,424)	32,122,872
Segment Revenue	7,303,407,270	258,940,013	7,562,347,283	6,379,823,031	654,353,712	7,034,176,743
Un-allocated Income			10,022,062			6,484,245
Profit on sale of Investments (Net)			-			71,674
Total Revenue			7,572,369,345			7,040,732,662
Segment Results	511,910,510	(6,257,448)	505,653,062	437,383,543	40,811,198	478,194,741
Un-allocated Expenses			111,565,431			114,214,628
Operating Profit			394,087,631			363,980,113
Interest Expenses (Net)			93,310,498			81,672,665
Current Income Tax			45,000,000			23,100,000
Deferred Tax			(19,954,159)			49,542,092
Tax adjustment for earlier year (Net)			(377,620)			(9,961)
Profit after tax			276,108,912			209,675,317
Segment Assets	3,356,031,073	873,345,399	4,229,376,472	3,461,255,271	173,485,149	3,634,740,420
Un-allocated Assets			182,692,372			338,174,989
Total			4,412,068,844			3,972,915,409
Segment Liabilities	1,436,472,404	53,284,904	1,489,757,308	1,344,420,988	11,119,281	1,355,540,269
Un-allocated Liabilities			26,419,948			165,552,798
Total			1,516,177,256			1,521,093,067
Capital Expenditure	816,693,502	21,874,590	838,568,092	570,621,214	9,227,756	579,848,970
Depreciation/ Amortization	305,708,734	6,891,734	312,600,468	223,794,451	18,026,429	241,820,880

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	Enterprises over which Key Managerial Personnel are able to Exercise significant influence (Associate Concern)
b) N.D.Relan (HUF)	
c) Ajay Relan (HUF)	
d) Rohit Relan (HUF)	
e) A.N.I Hospitality LLP	

Nature of Transactions	Subsidiary Company	Associate Companies	Associate Concern	Key Management Personnel	Relatives of Key Managerial Concern
Sales	- (-)	1,931,697,569 (1,850,189,982)	- (-)	- (-)	- (-)
Loans taken	- (-)	- (-)	- (-)	27,050,000 (79,281,575)	34,400,000 (83,730,000)
Loan repaid	- (-)	- (-)	- (-)	23,700,000 (45,511,575)	15,650,000 (34,500,000)
Interest paid on loans	- (-)	- (-)	- (-)	18,570,135 (11,853,853)	22,068,374 (14,141,226)
Rent paid	- (-)	- (-)	13,200,000 (13,521,004)	- (-)	- (-)
Remuneration paid	- (-)	- (-)	- (-)	31,445,567 (28,233,330)	4,481,631 (4,194,554)
Dividend Received	- (-)	7,200,000 (5,400,000)	- (-)	- (-)	- (-)
Dividend Paid	- (-)	- (-)	936,000 (936,000)	12,983,980 (12,983,980)	32,580,180 (32,580,180)
Sale of Investments	- (-)	- (12,665)	- (-)	- (-)	- (-)
Sale of Fixed Assets	- (-)	50,166,483 (21,540,837)	- (-)	- (-)	- (-)
Advance received against supply	- (-)	68,900,000 (20,000,000)	- (-)	- (-)	- (-)
Advance adjusted	- (-)	43,174,617 (24,000,000)	- (-)	- (-)	- (-)
Transfer of Sipcot's Business from subsidiary	- (782,182,533)	- (-)	- (-)	- (-)	- (-)
Net Outstanding Balance Payable / (Receivable) as on 31.03.12	212,988,688 (212,988,688)	30,488,871 (-54,112,369)	- (-)	165,850,000 (162,500,000)	198,450,000 (179,700,000)

Note: Figures in brackets indicate previous year's figures.

NOTE 29 : EARNINGS PER SHARE		
The numerators and denominators used to calculate the Earnings per Share:		
Particulars	2011-12	2010-11
Profit/(Loss) attributable to Equity Shareholders (Rs.)- (A)	276,108,911	209,675,315
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)	46.43	35.26

NOTE 30 : CONTINGENT LIABILITIES AND COMMITMENTS
1. Contingent liabilities
(a) Claims against the company not acknowledged as debts

	March 31, 2012	March 31, 2011
- Disputed State Tax Matters*	227,265	227,265
- Disputed Excise Matters**	44,224,378	48,169,794
- Disputed Service Tax Matters***	1,106,897	1,106,897
- Disputed Income Tax Matters****	9,204,855	-
(b) Other money for which the company is contingently liable*****	120,440,953	135,124,476

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	86,828,717
--	------------	------------

Total	238,615,951	271,457,149
--------------	--------------------	--------------------

* Entry Tax of Rs. 227,265/- (March 31, 2011: 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, 2011: 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 issue before Bombay High Court which has been decided in favour of the company.

Another matter related to Cenvat Credit of Rs. 224,378/- (March 31, 2011: NIL) under Cenvat Credit Rules is pending before the Appellate Authority of LTU Delhi.

*** Service Tax of Rs. 1,106,897/- (March 31, 2011: 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, 2011: NIL) for Asst. year 2009-10 and Rs. 3,772,302/- (March 31, 2011: Nil) 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, 2011: Rs. 135,124,476/-)

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.

NOTE 33

Till the year ended 31 March, 2011, the company was using pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

As per our report attached.
For **S.R. DINODIA & CO.**,
CHARTERED ACCOUNTANTS
REGN NO. 001478N

For and on Behalf of
the Board of Directors

(SANDEEP DINODIA)
PARTNER
M.NO. 083689

(NITIN VISHNOI)
Company Secretary

(PRADEEP RASTOGI)
President-Legal & CFO

(N. D. RELAN)
Chairman

PLACE : New Delhi
DATED : 27th July, 2012

(D.A. AGGARWAL)
Sr. Vice President (F&A)

(AJAY RELAN)
Managing Director

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details	
Registration No.	L 7 4 8 9 9 D L 1 9 8 6 P L C 0 2 3 2 0 2
State Code	5 5
Balance Sheet Date	3 1 0 3 2 0 1 2
	Day Month Year
II. Capital Raised during the year (Amount in Rs. Thousands)	
Public Issue	Right Issue
<input type="text"/> N I L <input type="text"/>	<input type="text"/> N I L <input type="text"/>
Bonus Issue	Private Placement
<input type="text"/> N I L <input type="text"/>	<input type="text"/> N I L <input type="text"/>
III. Capital Raised during the year (Amount in Rs. Thousands)	
Total Liabilities	Total Assets
4 4 2 7 0 1 3	4 4 2 7 0 1 3
Source of Funds	Reserves & Surplus
Paid-Up Capital	1 4 0 2 6 1 9
<input type="text"/> 5 9 4 6 3	Unsecured Loans
Secured Loans	<input type="text"/> 4 2 1 0 4 3
<input type="text"/> 8 9 1 2 6 4	
Deferred Tax Liability	
<input type="text"/> 9 5 0 7 9	
Application of Funds	Investments
Net Fixed Assets*	<input type="text"/> 2 1 4 4 0 0
<input type="text"/> 2 3 9 8 1 9 1	Misc. Expenditure
Net Current Assets	<input type="text"/> N I L <input type="text"/>
<input type="text"/> N I L <input type="text"/>	
* Includes Capital Advances.	
IV. Performance of Company (Amount in Rs. Thousand)	
Turnover / Income	Total Expenditure
7 5 7 2 3 6 9	7 2 7 1 5 9 2
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
<input checked="" type="checkbox"/> 3 0 0 7 7 7	<input checked="" type="checkbox"/> 2 7 6 1 0 8
Please tick Appropriate box (+) for Profit (-) for loss	
+ - Earning per Share in Rs.	Dividend rate %
<input checked="" type="checkbox"/> 4 6 . 4 3	1 0 0
V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)	
Item Code No. (ITC Code)	8 7 0 8 9 2 0 0
Product	E X H A U S T . S Y S T E M
Description	F O R A U T O M O B I L E S
Item Code No. (ITC Code)	9 4 0 1 2 0
Product	S E A T C O V E R F O R
Description	A U T O M O B I L E S
Item Code No. (ITC Code)	8 7 . 0 8
Product	P A R T & A C C E S S O R I E S
Description	F O R M O T O R V E H I C L E S

For and on Behalf of
the Board of Directors

(NITIN VISHNOI)
Company Secretary

(PRADEEP RASTOGI)
President-Legal & CFO

(N. D. RELAN)
Chairman

PLACE : NEW DELHI
DATED : 27th July' 2012

(D.A. AGGARWAL)
Sr. Vice President (F&A)

(AJAY RELAN)
Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

A.	Name of the Subsidiary	:	Sharda Sejong, Auto Components (India) Limited*
B.	Financial Year of the Subsidiary Company	:	31st March' 2012
C.	Holding Company's Interest as at close of financial year of Subsidiary Company.		
	(i) Share Holding	:	2,00,50,000 Equity Shares of Rs. 10/- each fully paid-up.
	(ii) Extent of Holding	:	100%
D.	The net aggregate amount of Subsidiary Company's Profits/Loss after deducting its losses or vice-versa, so far as it concerns members of Holding Company which are not dealt within the Company's accounts		
	(i) for the Subsidiary's financial year ended as in (B) above	:	44,846,712
	(ii) for the previous financial years of the Subsidiary Company since it became the Holding Company's Subsidiary.	:	46,717,156
E.	Net Aggregate amount of Subsidiary Company's Profit/ Loss after deducting its losses or vice-versa, dealt within the Company's accounts.		
	(i) for the Subsidiary's financial year ended as in (B) above	:	NIL
	(ii) for the previous financial years of the Subsidiary Company since it became the Holding Company's subsidiary.	:	NIL

*The Hon'ble High Court of Delhi has approved the Scheme of Amalgamation on 25th July, 2012 with such terms and conditions as lay down in the Scheme of Amalgamation.

For and on Behalf of
the Board of Directors

(NITIN VISHNOI)
Company Secretary

(PRADEEP RASTOGI)
President-Legal &CFO

(N. D. RELAN)
Chairman

PLACE : NEW DELHI
DATED : 27th July' 2012

(D.A. AGGARWAL)
Sr. Vice President (F & A)

(AJAY RELAN)
Managing Director

AUDITOR'S REPORT**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

TO THE BOARD OF DIRECTORS OF SHARDA MOTOR INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHARDA MOTOR INDUSTRIES LIMITED

We have examined the attached Consolidated Balance Sheet of Sharda Motor Industries Ltd. ('the Company'), its subsidiary and associates (collectively referred as "The Sharda Group"), as at March 31st 2012, the Consolidated Statement of Profit and Loss Account and Consolidated Cash Flow for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the management of Sharda Motor Industries Ltd. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements M/s Bharat Seats Limited, an associate company whose financial statement reflect total assets of Rs. 1,696,788,094 as at March 31st 2012 and total revenues of Rs. 4,326,113,452 for the year then ended. These financial statements have been audited by others auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the associates company is based solely on the report of the other auditors. Further the financial statements of Relan Industrial and Finance Limited, an associate company, whose financial statement reflect total assets of Rs. 39,033,122 as at March 31st 2012 and total revenues of Rs. 34,216,241 for the year then ended, were furnished unaudited to us and have been taken as certified by the Management.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard – 21 "Consolidated Financial Statements" and Accounting standard - 23 "Accounting for Investments in Associates in Consolidated Financial Statements and on the basis of separate audited statements of Sharda Motor Industries Ltd and its subsidiary and associates included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Sharda Motor Industries Ltd and its subsidiaries and associates, we are of the opinion that the said consolidated financial statements give true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Sharda Group as at March 31st 2012;
- (ii) In case of the Consolidated Statement of Profit and Loss Account, of the consolidated results of operations of the Sharda Group for the year ended on that date.
- (iii) In the case of the Consolidated Cash Flow Statement, of the Sharda Group for the year ended on that date.

**For S. R. DINODIA & CO.,
CHARTERED ACCOUNTANTS,
(REGN. NO.001478N)**

**(SANDEEP DINODIA)
PARTNER
M.NO. 83689.**

**PLACE : New Delhi
DATED : 27th July, 2012**

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(Amount in Rs.)

PARTICULARS	Note No.	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	59,463,260	59,463,260
Reserves And Surplus	4	1,571,333,142	1,355,418,804
		<u>1,630,796,402</u>	<u>1,414,882,064</u>
Non-Current Liabilities			
Long-Term Borrowings	5	88,321,250	168,536,250
Deferred Tax Liabilities (Net)	6	95,079,801	115,033,959
Other Long Term Liabilities	7	77,018,741	74,178,579
Long-Term Provisions	8	32,846,285	24,289,506
		<u>293,266,077</u>	<u>382,038,294</u>
Current Liabilities			
Short-Term Borrowings	9	1,087,028,663	726,319,201
Trade Payables	10	1,082,498,407	1,104,187,583
Other Current Liabilities	10	242,231,369	252,505,326
Short-Term Provisions	8	40,606,103	39,963,363
		<u>2,452,364,542</u>	<u>2,122,975,473</u>
TOTAL		<u>4,376,427,021</u>	<u>3,919,895,831</u>
ASSETS			
Non-Current Assets			
Fixed Assets	11		
Tangible Assets		2,106,021,366	1,621,545,167
Intangible Assets		186,437,580	192,367,260
Capital Work-In-Progress		105,145,078	208,064,605
Non-Current Investments	12	138,783,922	127,998,366
Long-Term Loans And Advances	13	145,219,217	183,633,238
Other Non-Current Assets	14	532,627	520,264
		<u>2,682,139,790</u>	<u>2,334,128,900</u>
Current assets			
Inventories	15	620,937,758	655,895,114
Trade Receivables	14	942,778,394	761,722,737
Cash And Bank Balances	16	36,882,015	23,557,698
Short-Term Loans And Advances	13	93,583,911	138,476,540
Other Current Assets	14	105,153	6,114,842
		<u>1,694,287,2361</u>	<u>1,585,766,933</u>
TOTAL		<u>4,376,427,021</u>	<u>3,919,895,831</u>
Summary of Significant Accounting Policies	2		

As per our Audit Report of even date attached

For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
REGN NO. 001478N

For and on Behalf of
the Board of Directors

(SANDEEP DINODIA)
PARTNER
M.NO. 083689

(NITIN VISHNOI)
Company Secretary

(PRADEEP RASTOGI)
President-Legal & CFO

(N. D. RELAN)
Chairman

PLACE : New Delhi
DATED : 27th July, 2012

(D.A. AGGARWAL)
Sr. Vice President (F& A)

(AJAY RELAN)
Managing Director

CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

(Amount in Rs.)

PARTICULARS	Note No.	Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
Revenue From Operations	17	7,514,218,883	7,002,053,871
Other Income	18	51,189,543	33,279,360
Total Revenue		7,565,408,426	7,035,333,231
Expenses:			
Cost of Materials Consumed	19	4,924,646,787	4,823,652,040
Purchase of Traded Goods	20	538,168,826	420,107,541
Changes In Inventories of Finished Goods, Work-In-Progress And Stock-In-Trade	21	14,896,092	(54,867,298)
Employee Benefits Expense	22	392,264,495	348,242,167
Finance Costs	23	93,310,773	81,672,665
Depreciation And Amortization Expense	11	312,600,469	241,820,880
Other Expenses	24	995,720,782	910,763,228
Total Expenses		7,271,608,224	6,771,391,222
Profit before exceptional items and tax		293,800,202	263,942,008
Exceptional Items	25	-	(14,448,468)
Profit Before Tax		293,800,202	278,390,476
Tax Expense:			
Current Tax		60,070,000	56,000,000
Less: Mat Credit Entitlement		15,000,000	32,900,000
Net Current Tax Expense		45,070,000	23,100,000
Deferred Tax Liability		(19,954,159)	37,057,514
Tax Adjustment For Earlier Years		1,645,892	(9,961)
Profit (Loss) For The Period From Continuing Operations		267,038,469	218,242,923
Profit/(Loss) From Associates		17,985,557	24,357,305
Profit/(Loss) From Associates		17,985,557	24,357,305
Profit (Loss) For The Period		285,024,026	242,600,228
Earnings Per Equity Share:	29		
Basic		47.93	40.80
Diluted		47.93	40.80
Summary of Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our Audit Report of even date attached

For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
REGN NO. 001478N

For and on Behalf of
the Board of Directors

(SANDEEP DINODIA)
PARTNER
M.NO. 083689
(NITIN VISHNOI)
Company Secretary
(PRADEEP RASTOGI)
President-Legal &CFO
(N. D. RELAN)
Chairman
PLACE : New Delhi
DATED : 27th July, 2012
(D.A. AGGARWAL)
Sr. Vice President (F& A)
(AJAY RELAN)
Managing Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in Rupees)

PARTICULARS	Figures for the Year Ended March 31, 2012	Figures for the Year Ended March 31, 2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation & Extraordinary items	293,800,202	278,390,476
Adjustment for:		
Provision for Wealth Tax	377,086	160,785
Depreciation written off	312,600,470	241,820,880
Interest Income	(2,251,180)	(854,729)
Interest Expenses	74,822,857	72,774,527
Dividend Income	(2,160)	(2,104)
(Profit) / Loss on Sale of Fixed Assets (Net)	(30,850,615)	(26,580,506)
Amount written off (Net)	(10,032,599)	(5,842,021)
Operating profit before working capital changes	638,464,062	559,867,308
Adjustment for		
Decrease / (Increase) in Trade receivables	(181,055,661)	19,628,114
Decrease / (Increase) in Increase in Inventories	34,957,356	(169,995,984)
Decrease / (Increase) in Other Receivable	17,751,581	43,180,348
Increase / (Decrease) in Trade Payable	(21,689,176)	162,202,871
Increase / (Decrease) in Other Payable	76,004,068	15,123,973
Amount written off (Net)	10,032,599	5,842,021
Warranty Claims	7,975,814	(6,400,858)
Cash Generated from operation	582,440,643	629,447,793
Direct Taxes paid (Net off of Income Tax refund)	(34,643,921)	(51,647,659)
Net Cash flow from Operating Activities	547,796,722	577,800,134
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	78,271,720	62,563,530
Purchase of Fixed Assets/Technical know-how	(676,316,557)	(690,650,344)
Interest Received	2,218,553	854,729
Dividend Income	7,202,160	5,402,104
Amount received/(paid) for FDR's	20,264	(62,226)
Net Cash used in Investing Activities	(588,603,860)	(621,892,207)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Net)	198,178,836	118,580,709
Interest Paid	(74,822,857)	(72,774,527)
Dividend paid	(69,224,522)	(69,454,198)
Net Cash used in Financing Activities	54,131,455	(23,648,016)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	13,324,317	(67,740,086)
CASH & CASH EQUIVALENTS-OPENING BALANCES	23,557,698	91,297,783
CASH & CASH EQUIVALENTS-CLOSING BALANCES	36,882,015	23,557,698
Cash & Cash Equivalents include :		
Cash in hand	51,052	62,639
Balances with Scheduled Banks		
- In Current Account	25,033,129	23,425,396
- In Deposit Account	11,797,834	69,663
	36,882,015	23,557,698

Note :

1. Figures in brackets represent outflows

As per our Audit Report of even date attached
For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
REGN NO. 001478N

For and on Behalf of
the Board of Directors

(SANDEEP DINODIA)
PARTNER
M.NO. 083689

(NITIN VISHNOI)
Company Secretary

(PRADEEP RASTOGI)
President-Legal & CFO

(N. D. RELAN)
Chairman

PLACE : New Delhi
DATED : 27th July, 2012

(D.A. AGGARWAL)
Sr. Vice President (F& A)

(AJAY RELAN)
Managing Director

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2012
Note 1: CORPORATE INFORMATION

Sharda Motor Industries Limited ("the Company") together with its subsidiary 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 the 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

Note 2: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Consolidated financial statements of the company 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: PRINCIPLES OF CONSOLIDATION

- a) The consolidated financial statements relate to Sharda Motor Industries limited ('the Company') its subsidiary and its associates. The consolidated financial statements have been prepared on the following basis:
- the financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
 - the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements except stated in Note no. 38.
 - the excess/deficit of cost to the Company of its investment in a subsidiary company over the Company's portion of the equity of the subsidiary at the date on which investment in subsidiary is made is recognized in the financial statements as goodwill/capital reserve.

b) The companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Subsidiary/ Associate	% voting power held as at March 31, 2012
Sharda Sejong Auto Components (India) Limited	India	Subsidiary	100
Bharat Seats Limited	India	Associate	29
Relan Industrial Finance Limited	India	Associate	47

- c) These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiary on the audited financial statements prepared for consolidation by the concerned subsidiary in accordance with the requirements of AS -21 "Consolidated Financial Statements".

Note 2.2: INVESTMENT IN ASSOCIATES

Investments in associates have been accounted for using the equity method in accordance with Accounting Standard – 23 "Accounting for investment in associates in consolidated financial statements". The excess/deficit of cost of investment over the proportionate share in equity of the Associate as at the date of the acquisition of stake has been identified as Goodwill/Capital reserve and included in the carrying value of the investment in Associate and disclosed separately. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate.

Note 2.3: 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, those 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 Profit and Loss Account 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 Profit and Loss Account.
- vi) Terminal benefits are recognized as an expense immediately.

(l) Taxes on Income
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.

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 profit and loss account

(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 criteria 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.)	
PARTICULARS	As At March 31, 2012	As At March 31, 2011	
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 (P.Y 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 year			
Equity Shares	March 31, 2012		March 31, 2011
	No of shares.	Amount	No of shares.
At the beginning of the year	5,946,326	59,463,260	5,946,326
Add:- Issued during the year	0	0	0
Less:- Buy back during the year	0	0	0
Outstanding at the end of the year	5,946,326	59,463,260	5,946,326
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, except in case of Interim Dividend.			
	As At March 31, 2012	As At March 31, 2011	
Note 4 : RESERVES AND SURPLUS			
Capital Reserve			
As per last financial statements	20,000	20,000	
Addition during the year	-	-	
Closing balance	20,000	20,000	
General Reserve			
As per last financial statements	1,129,466,768	979,466,768	
Addition during the year	200,000,000	150,000,000	
Closing balance	1,329,466,768	1,129,466,768	
Surplus / Profit & Loss Account			
Balances as per last financial statements	225,932,035	202,671,164	
Add:- profit for the year	285,024,027	242,600,228	
	510,956,062	445,271,392	
Less:- Appropriations			
- Interim Dividend	29,731,630	29,731,630	
- Proposed Dividend on Equity Shares	29,731,630	29,731,630	
-Dividend Distribution Tax on Interim Dividend	4,823,214	4,938,048	
-Dividend Distribution Tax on Proposed Dividend	4,823,214	4,938,048	
-Transfer to any Reserves	200,000,000	150,000,000	
Total Appropriation	269,109,688	219,339,356	
Net Surplus in the statement of Profit & Loss	241,846,374	225,932,036	
Total Reserves & Surplus	1,571,333,142	1,355,418,804	

NOTE 5 : LONG TERM BORROWINGS

	Non Current portion		Current Maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Secured Borrowings				
Term loans				
From Banks				
External commercial Borrowing	47,790,000	95,580,000	47,790,000	130,105,626
Rupee term loan	40,531,250	72,956,250	32,425,000	32,425,000
	<u>88,321,250</u>	<u>168,536,250</u>	<u>80,215,000</u>	<u>162,530,626</u>
Amount disclosed under 'Other Current Liabilities' (Note no. 10)	-	-	80,215,000	162,530,626
Long Term Borrowings	<u>88,321,250</u>	<u>168,536,250</u>	<u>-</u>	<u>-</u>

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:

- i) Mahindra World City, Changalpattu Taluk, Kanchepuram Dist. Industrial Park, Tamilnadu-603002,
- ii) 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:

- i) First loan was taken in July 2008 and repayable in 10 instalments of Rs.7,857,000/- each commencing from 14.07.2009. The loan carries an interest rate of 10.25% p.a.
- ii) Second loan was taken in September, 2008 and repayable in 10 instalments 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.

	As At March 31, 2012	As At March 31, 2011
Note 6 : DEFERRED TAX		
Deferred Tax Assets on account of:		
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	11,397,961
Deferred Tax Liability on account of:		
Fixed Assets: Impact of difference between Tax Depreciation and depreciation/ amortization charged for the financial reporting	106,588,545	126,431,920
Deferred Tax(Asset)/Liability	95,079,801	115,033,959

NOTE 7 : OTHER LONG TERM LIABILITIES

	Long Term		Current Portion	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Gratuity	4,135,229	5,336,971	1,644,939	2,087,078
Advances from Customers	55,041,392	53,634,759	77,578,594	-
Others*	17,842,120	15,206,849	-	16,193,669
	77,018,741	74,178,579	79,223,533	18,280,747
Amount disclosed under Other Current Liabilities (Current portion of long term liabilities)	-	-	79,223,533	18,280,747
	-	-	79,223,533	18,280,747

NOTE 8 : PROVISIONS

	Long Term		Short Term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision for Employee Benefits (Refer Note no. 22.1)				
Leave Encashment	6,068,052	5,487,087	5,674,173	5,132,900
Others				
Provision for warranty claim (Refer Note no. 8.1)	26,778,233	18,802,419	-	-
Proposed dividend	-	-	29,731,630	29,731,630
Tax on proposed dividend	-	-	4,823,214	4,938,048
Wealth Tax	-	-	377,086	160,785
	32,846,285	24,289,506	40,606,103	39,963,363

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

	As At March 31, 2012	As At March 31, 2011
Opening balance (as on 1st April)	18,802,419	7,342,276
Provision made during the year	14,557,108	12,307,082
Amount transferred from Subsidiary company	-	17,861,002
Amount used/reversed/paid during the year	6,581,294	18,707,941
Closing balance (as on 31st March)	26,778,233	18,802,419

NOTE 9 : SHORT TERM BORROWINGS
Secured Borrowing
Loans repayable on demand
From Banks- Secured

Cash Credit	165,507,999	258,435,111
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Others
From Banks

Bills Discounted	33,915,885	30,588,319
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Buyers Credit	523,304,779	95,095,771
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Unsecured Borrowing
Loans and advances from Related party

-Directors	364,300,000	342,200,000
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1,087,028,663 726,319,201

Note: The above loans, except Unsecured Borrowing, are Secured against:

- a) Cash Credit/Buyer's Credit
- Secured by charge on inventories and books debts
 - 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
 - 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% - 12%.

NOTE 10 : OTHER CURRENT LIABILITIES

Trade Payables (Refer note below for details of dues to micro and small enterprises)

Other Liabilities:

Current maturities of long-term debt (Note No. 5)

Unclaimed dividend

Statutory dues

Interest Accrued but not due on borrowings

Current portion of Long Term Liabilities (Note no. 7)

Other Payables

	As At March 31, 2012	As At March 31, 2011
	1,082,498,407	1,104,187,583
	1,082,498,407	1,104,187,583
	80,215,000	162,530,626
	3,843,927	2,622,876
	74,084,965	67,212,295
	4,842,708	1,848,782
	79,223,533	18,280,747
	21,236	10,000
	242,231,369	252,505,326
	1,324,729,776	1,356,692,909

- 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 March 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 (March 31, 2011: Rs. Nil). Further no interest during the year have been paid or payable under the terms of MSMED Act' 2006

Consolidated Notes to financial statement for the year ended on March 31, 2012
NOTE 11 : FIXED ASSETS
(Amount in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK	
	AS AT 01 APRIL, 2011	ADDITION	DEDUCTION/ ADJUSTMENT	AS AT 31 MARCH, 2012	AS AT 01 APRIL, 2011	FOR THE YEAR	WRITTEN BACK	AS AT 31 MARCH, 2012	AS AT 31 MARCH, 2011
A. Tangible Assets									
Land									
- Lease Hold	114,175,953	-	-	114,175,953	4,782,922	858,186	-	108,534,846	109,393,031
- Free Hold	27,361,187	83,125,262	-	110,486,449	-	-	-	110,486,449	27,361,187
Buildings	431,632,009	219,281,740	-	650,913,749	152,934,350	37,974,516	-	460,004,884	278,697,659
Plant and Equipment	1,639,781,213	384,929,383	53,070,940	1,971,639,656	602,584,379	167,885,833	6,960,708	1,208,130,152	1,037,196,834
Vehicles	75,731,004	34,754,710	6,680,030	103,805,684	53,695,809	13,300,941	5,643,087	42,452,021	22,035,195
Office Equipments and Furnitures & Fixtures	90,017,443	15,625,354	295,800	105,346,997	53,972,651	10,450,142	21,870	40,946,074	36,044,793
Electric fitting	168,228,162	43,846,050		212,074,212	57,411,694	19,195,577		135,466,940	110,816,468
Total	2,546,926,971	781,562,499	60,046,770	3,268,442,701	925,381,805	249,665,194	12,625,664	1,162,421,335	1,621,545,167
B. Intangible Assets									
Goodwill	204,818	-	-	204,818	-	-	-	204,818	204,818
Software Development	36,649,352	323,158		36,972,510	9,689,369	11,698,634		15,584,508	26,959,983
Technical knowhow & Guidance	285,444,499	56,882,435		342,126,934	120,242,039	51,236,640		170,648,254	165,202,459
Total	322,298,668	57,005,593	-	379,304,261	129,931,408	62,935,274	-	192,866,682	192,367,260
C. Capital Work in Progress									
	208,064,605	105,145,078	208,064,605	105,145,078	-	-	-	105,145,078	208,064,605
Total	208,064,605	105,145,078	208,064,605	105,145,078	-	-	-	105,145,078	208,064,605
Total (A+B+C)	3,077,290,245	943,713,169	268,111,375	3,752,892,040	1,055,313,213	312,600,468	12,625,664	2,397,604,024	2,021,977,032
Previous year	1,912,460,729	1,328,906,358	163,772,080	3,077,595,007	711,811,562	372,940,022	29,720,709	2,022,564,133	1,200,649,165

Consolidated Notes to financial statement for the year ended on March 31,2012
PARTICULARS

	As At March 31, 2012	As At March 31, 2011
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NOTE 11.1: PRE OPERATIVE EXPENSES AND CAPITAL WORK IN PROGRESS

(a) Pre Operative Expenses	35,859,379	36,713,204
(b) Capital Work in Progress	69,285,699	171,351,401
Total	105,145,078	208,064,605

NOTE 11.2: LEASES

Assets taken on operating lease:

The company has taken certain assets on non-cancelable operating lease and lease rent amounting to Rs. 13,200,000 (March 31, 2011: Rs. 13,200,000) has been debited to the Statement of Profit & Loss. The future minimum lease payments as on 31st March, 2012 are as under:

Not Later Than 1 year	13,200,000	13,200,000
Later than 1 year but not later than 5 years	52,800,000	52,800,000

General Description of Lease terms:

- i) Lease rentals are charged on the basis of agreed terms
- ii) Assets taken on lease over a period of 1 to 5 years.

NOTE 12 : INVESTMENTS

Non Current Investments

Trade Investments (Valued in accordance with AS 23 "Accounting for Investment in Associates in Consolidated Financial Statements")

Quoted Equity Instrument

Investment in Associate

9,000,000 Equity shares (P.Y. 9,000,000), including Bonus Shares of 4,500,000 of Rs.2/- each , fully paid up of Bharat Seats Ltd.*	9,000,000	9,000,000
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Add: Share in Reserves considered till last Balance Sheet date	102,582,217	83,667,283
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Add: Share in profits for current year	16,709,149	24,314,935
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Less: Dividend received	7,200,000	5,400,000
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	121,091,366	111,582,218
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* including Goodwill Rs.3,363,141/- arising on acquisition of associates

Non Trade Investments (Valued in accordance with AS 23 "Accounting for Investment in Associates in Consolidated Financial Statements")

Unquoted Equity Instrument

Investment in Associate

490,000 Equity shares (P.Y 490,000) of Rs.10 each, fully paid up of Relan Industrial Finance Ltd.**	4,900,000	4,900,000
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Add: Share in Reserves considered till last Balance Sheet date	11,516,148	11,473,779
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Add: Share in profits for current year	1,276,408	42,369
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Less: Dividend received	-	-
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	17,692,556	16,416,148
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** Net of Capital Reserve Rs. 657,478 arising on acquisition of associates

Total Non current Investment	138,783,922	127,998,366
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Aggregate Value of Quoted Investments	121,091,366	111,582,218
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Market Value of Quoted Investments	127,350,000	150,750,000
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Aggregate value of Unquoted Investments	17,692,556	16,416,148
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NOTE 13 : LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

	Non Current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Capital Advances	70,378,100	129,710,102	-	-
Security Deposits	17,083,420	16,087,748	-	-
Other Loans & Advances				
MAT Credit Entitlement	57,757,697	34,623,191	-	-
Advance tax [Net of Provision: Rs.119,071,577/- (March 31, 2011: Rs.273,286,577/-)]	-	-	22,524,377	57,891,638
Prepaid Expenses	-	-	10,548,884	7,625,066
Balance with Revenue Authorities	-	3,212,197	44,820,752	35,283,847
Advances to Vendors	-	-	12,162,415	-
Other Advances Recoverable in cash or in kind	-	-	3,527,483	37,675,989
	145,219,217	183,633,238	93,583,911	138,476,540

NOTE 14 : TRADE RECEIVABLES AND OTHER ASSETS

Trade Receivables

(Unsecured considered good unless otherwise stated)

Outstanding for a period exceeding 6 months from the date they are due for payment	-	-	13,591,094	63,491,123
Outstanding for a period less than 6 months from the date they are due for payment	-	-	929,187,300	698,231,614
	-	-	942,778,394	761,722,737
Other assets				
Insurance Claim Receivable	-	-	-	6,020,017
Other Receivables	-	-	105,153	94,825
Non Current Bank Balances (Note no. 16)	532,627	520,264	-	-
	532,627	520,264	105,153	6,114,842
	532,627	520,264	942,883,552	767,837,581

NOTE 15 : INVENTORIES

	As At March 31, 2012	As At March 31, 2011
Raw materials	435,003,833	443,535,432
Goods in Transit-Raw Material	50,445,964	59,475,416
Work In Progress	113,913,931	123,052,708
Finished Goods	914,579	1,222,503
Traded Goods	8,154,126	13,603,516
Consumable stores	12,505,325	15,005,539
	620,937,758	655,895,114

NOTE 16 : CASH AND BANK BALANCES

	Non Current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Cash & cash Equivalent				
Balances with Banks:-				
On Current Account	-	-	21,189,202	20,802,520
Unpaid Dividend Account	-	-	3,843,927	2,622,876
Deposit with original maturity for less than 3 months	-	-	11,797,834	69,663
Cash on hand	-	-	51,052	62,639
	-	-	36,882,015	23,557,698
Other Bank Balances				
Margin Money Deposit with original maturity of more than 12 Months	500,000	520,264	-	-
Interest Accrued but not due	32,627	-	-	-
	532,627	520,264	-	-
Amount disclosed under Non Current Assets (Note no.14)	532,627	520,264	-	-
	-	-	36,882,015	23,557,698

Note: Margin Money Deposit is Pledged with Canara Bank (March 31, 2011: Rs. 500,000)

Consolidated Notes to financial statement for the year ended on March 31,2012

PARTICULARS	(Amount in Rs.)	
	Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
Note 17 : REVENUE FROM OPERATIONS		
(a) Revenue from - Sale of Product		
- Finished goods	9,822,383,853	9,252,358,025
- Traded goods	616,212,385	476,473,855
	10,438,596,238	9,728,831,880
Less: Inter Unit Transfer	1,794,012,250	1,703,320,428
Net Revenue from sale of Product	8,644,583,988	8,025,511,452
(b) Revenue from -Sale of Services	22,401,091	16,590,294
(c) Other Operating Revenues	76,456,536	82,607,322
(d) Less: Excise duty	1,229,222,732	1,122,655,197
Total	7,514,218,883	7,002,053,871
Details of product sold		
a) Finished goods sold (Net of Inter Unit Transfer)		
- Metal Parts	6,877,499,524	6,149,669,827
- Fabric	904,366,302	933,156,880
- White Goods	246,505,777	466,210,890
	8,028,371,603	7,549,037,597
b) Traded goods sold		
- Audio Video	7,214,200	2,206,952
- Others	608,998,185	474,266,903
	616,212,385	476,473,855
Net Revenue from sale of product	8,644,583,988	8,025,511,452
Details of Sale of Services		
a) Job Work	22,401,091	16,590,294
	22,401,091	16,590,294
Details of Other Operating Revenues		
a) Scrap Sales	76,456,536	82,607,322
	76,456,536	82,607,322
Note 18 : OTHER INCOME		
Dividend Income on Non Trade Investment	2,160	2,104
Interest Income from FDR	2,251,180	854,729
Profit from sale of tools	30,850,615	26,580,506
Other Income	18,085,588	5,842,021
	51,189,543	33,279,360

PARTICULARS	Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
Note 19 : COST OF MATERIAL CONSUMED		
1. Raw Material		
(a) Balances of Raw Material at the begning of the reporting period	459,260,167	390,074,345
(b) Add:- Addition during the year	4,912,895,778	4,892,837,861
(c) Less:- Balances of Raw Material at the end of the reporting period	447,509,158	459,260,167
(d) Cost of Raw Material Consumed	4,924,646,787	4,823,652,039
Note 20 : PURCHASES OF STOCK - IN - TRADE		
Audio video	891,368	790,352
Others	537,277,458	419,317,189
	538,168,826	420,107,541
Note 21 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK IN TRADE		
Inventories at the end of the year		
Finished goods	914,579	1,222,503
Traded goods	8,154,126	13,603,516
Work- in- progress	113,913,931	123,052,709
	122,982,636	137,878,728
Inventories at the beginning of the year		
Finished goods	1,222,503	2,032,993
Traded goods	13,603,516	14,411,099
Work- in- progress	123,052,709	66,567,338
	137,878,728	83,011,430
(Excess)/Shortage of Closing stock over Opening Stock	14,896,092	(54,867,298)
Note 22 : EMPLOYEE BENEFITS EXPENSE		
Wages & Other Benefits	102,361,566	95,784,296
Salaries & Other Benefits	195,631,880	162,286,328
Director's Remuneration	30,875,567	28,233,531
Contribution to Provident and other funds	20,609,267	17,620,198
Gratuity (refer note below)	5,780,168	7,460,382
Staff Welfare Expenses	37,006,047	36,857,432
	392,264,495	348,242,167
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	16,928,039	14,314,695
Employer's Contribution to Employees State Insurance Scheme	3,648,634	3,270,271
Employer's Contribution to Employees Welfare Fund	32,594	35,232
	20,609,267	17,620,198
(ii) Defined Benefit plans		

Gratuity Scheme: The employee's gratuity fund scheme managed by Life Insurance Corporation is a defined benefit funded plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to built up the final obligation. The obligation for leave encashment is a defined unfunded benefit

plan, which is recognized in the same manner as gratuity.

Leave Encashment/Compensated Absences: This is an unfunded defined benefit plan.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the the balance sheet for the respective plans (as per Actuarial Valuation as on March 31, 2012).

In accordance with the Accounting Standard (revised 2005), an actuarial valuation was carried out in respect of the aforesaid defined benefit plans based on following assumptions:

I. Changes in present value of Defined Benefit obligations : (Amount in Rs.)

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	"Gratuity (Funded) "	"Leave Encashment (Unfunded) "	"Gratuity (Funded) "	"Leave Encashment (Unfunded) "
Defined Benefit obligation as at the beginning of the year	31,090,302	10,619,987	22,388,056	7,554,729
Current Service Cost	4,950,739	2,018,638	4,087,894	3,583,654
Past Service Cost	-	-	3,436,154	-
Interest Cost	2,487,224	849,599	1,679,104	566,605
Actuarial (gain) / loss on obligations	1,086,078	(921,269)	(32,372)	(368,997)
Benefits paid	(755,239)	(824,730)	(468,534)	(716,004)
Defined Benefit obligation at the year end	38,859,104	11,742,225	31,090,302	10,619,987

II. Change in the Fair Value of Plan Assets

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	"Gratuity (Funded)"	"Gratuity (Funded)"
Fair value of plan assets at the beginning of the year	23,666,253	19,350,079
Expected return on plan assets	2,743,873	1,785,382
Actuarial gain/ (loss)	-	(74,984)
Employer Contribution	7,424,049	3,074,310
Benefits paid	(755,239)	(468,534)
Fair value of plant assets at the year end	33,078,936	23,666,253

III. Change in the Fair Value of assets and obligation

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	"Gratuity (Funded) "	"Leave Encashment (Unfunded) "	"Gratuity (Funded) "	"Leave Encashment (Unfunded) "
Present value of obligation	38,859,104	11,742,225	31,090,302	10,619,987
Fair value of plan assets	33,078,936	-	23,666,253	-
Amount recognized in balance sheet	5,780,168	11,742,225	7,424,049	10,619,987

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

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	"Gratuity (Funded) "	"Leave Encashment (Unfunded) "	"Gratuity (Funded) "	"Leave Encashment (Unfunded) "
Current Service Cost	4,950,739	2,018,638	4,087,894	3,583,654
Past Service Cost	-	-	3,436,154	-
Interest Cost	2,487,224	849,599	1,679,104	566,605
Expected Return on plan assets	(2,743,873)	-	(1,785,382)	-
Actuarial (gain)/ loss	1,086,078	(921,269)	42,612	(368,997)
Net Cost	5,780,168	1,946,968	7,460,382	3,781,262

V. Investment details of plan assets	
Particulars	"Gratuity (Funded)"
Insured with LIC	100%

VI. Actuarial Assumptions

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	"Gratuity (Funded) "	"Leave Encashment (Unfunded)"	"Gratuity (Funded) "	"Leave Encashment (Unfunded)"
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Duly Modified)	1994-96 (Ultimate)	1994-96 (Duly Modified)
Discount rate (per annum)	8.60%	8.60%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	9.25%	0.00%	9.25%	0.00%
Rate of increase in Compensation levels	10.00%	10.00%	10.00%	10.00%

Note:

The estimate of rate of escalation in salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors on long term basis including supply and demand in the employment basis including supply and demand in the employment market.

	Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
Note 23 : FINANCE COST		
Interest Expense	74,822,857	72,774,527
Bank charges	18,487,916	8,898,138
	<u>93,310,773</u>	<u>81,672,665</u>
Note 24 : OTHER EXPENSES		
Consumption of tools	18,994,768	27,295,027
Power & Fuel	108,818,002	94,967,318
Hire Labour Charges	370,332,038	385,590,805
Manufacturing expenses	19,675,902	51,888,018
Rent, Rates & Taxes	22,840,778	15,716,630
Repair & maintenance		
-Repair to Building	19,837,015	10,079,823
-Repair to Plant & Equipments*	60,281,175	53,421,653
-Others	32,543,626	39,289,482
Exchange fluctuation	50,934,117	2,627,897
Royalty	32,418,653	19,356,417
Research & Development expenses	35,116,826	21,090,018
Travelling & conveyance	53,126,470	49,999,987
Insurance	4,515,498	3,358,102
Communication cost	6,442,535	6,513,292
Director's Sitting fees and commission	3,570,000	3,200,000
Legal & Professional expenses	2,031,937	4,089,197
Bad debts written off	2,388,571	6,121,271
Selling & Distribution expenses	99,924,594	74,266,363
Auditor's Remuneration (Refer Details below)	1,634,636	1,492,264
Miscellaneous expenses	50,293,641	40,399,664
	<u>995,720,782</u>	<u>910,763,228</u>

* Includes value of Stores and Spares consumed of Rs. 14,467,482/- (P.Y. Rs. 12,578,295/-). Refer pt. (c) and (d) below.

PARTICULARS		Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
a)	Payment to Auditor		
	As Auditor		
	Audit fee	871,236	870,000
	Tax Audit fee	310,000	310,000
	In other capacity		
	Taxation matter	194,995	34,000
	Management services	200,000	200,000
	Reimbursement of expenses	58,405	78,264
		1,634,636	1,492,264
b)	Research & Development Expenses		
	Research & Development expenses include:	355,564	76,226
	- Purchases	21,972,406	17,141,675
	- Salary, Wages and other allowance	4,051,360	1,130,122
	- Travelling Expenses	8,737,496	2,741,995
	- Design, Development and other expenses	35,116,826	21,090,018
Note 25 : EXCEPTIONAL ITEMS			
	1. Reversals of provisions	-	(14,448,468)
		-	(14,448,468)
NOTE 26: FINANCIAL AND DERIVATIVE INSTRUMENTS			
	Foreign currency exposure hedged by derivative instruments	462,138,110	222,490,000
	Foreign currency exposure that are not hedged by derivative instruments	321,654,259	373,015,636
		783,792,369	595,505,636

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
- iii) Others

(b) Segment revenues, Results and Other Information

Segmentation						
Particulars	" Year Ended 31st March, 2012 "		"Year Ended 31st March, 2011 "			
	" Automotive Components & Accessories "	White Goods	Total	"Automotive Components & Accessories "	White Goods	Total
External Sales (Gross)	8,494,004,414	279,849,966	8,773,854,380	7,453,479,101	697,810,473	8,151,289,574
Less: Excise duty	1,206,801,727	22,421,005	1,229,222,732	1,079,900,545	42,830,337	1,122,730,882
Other Income	8,572,641	1,511,052	10,083,693	768,790	(626,424)	142,366
Segment Revenue	7,295,775,329	25,894,013	7,554,715,342	6,374,347,346	654,353,712	7,028,701,058
Un-allocated Income	-	-	10,255,234	-	-	6,484,815
Profit on sale of Investments (Net)	-	-	-	-	-	71,674
Total Revenue	-	-	7,564,970,575	-	-	7,035,257,547
Segment Results	504,949,590	(6,257,448)	498,692,142	433,476,571	40,811,198	474,287,769
Un-allocated Expenses	-	-	111,581,167	-	-	114,224,628
Operating Profit	-	-	387,110,975	-	-	360,063,141
Interest Expenses (Net)	-	-	93,310,773	-	-	81,672,665
Current Income Tax	-	-	45,070,000	-	-	23,100,000
Deferred Tax	-	-	(19,954,159)	-	-	37,057,514
Tax adjustment for earlier year (Net)	-	-	1,645,892	-	-	(9,961)
Profit after tax	-	-	267,038,471	-	-	218,242,923
Share of Profit from Associates after Tax	-	-	17,985,557	-	-	24,357,305
Net Profit	-	-	285,024,027	-	-	242,600,228
Segment Assets	3,356,031,073	873,345,399	4,229,376,472	3,461,255,271	173,485,149	3,634,740,420
Un-allocated Assets	-	-	182,692,372	-	-	338,174,989
Total	-	-	4,412,068,844	-	-	3,972,915,409
Segment Liabilities	1,436,472,404	53,284,904	1,489,757,308	1,344,420,988	11,119,281	1,320,706,796
Un-allocated Liabilities	-	-	26,419,948	-	-	165,552,798
Total	-	-	1,516,177,256	-	-	1,521,093,067
Capital Expenditure	816,693,502	21,874,590	838,568,092	570,621,214	9,227,756	579,848,970
Depreciation/ Amortization	305,708,734	6,891,734	312,600,468	223,794,451	18,026,429	241,820,880

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
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	Enterprises over which Key Managerial Personnel are able to Exercise significant influence (Associate Concern)
b) N.D.Relan (HUF)	
c) Ajay Relan (HUF)	
d) Rohit Relan (HUF)	
e) A.N.I Hospitality LLP	

Nature of Transactions	Associate Companies	Associate Concern	Key Management Personnel	Relatives of Key Managerial Concern
Sales	1,931,697,569 (1,850,189,982)	- (-)	- (-)	- (-)
Loans taken	- (-)	- (-)	27,050,000 (79,281,575)	34,400,000 (83,730,000)
Loan repaid	- (-)	- (-)	23,700,000 (45,511,575)	15,650,000 (34,500,000)
Interest paid on loans	- (-)	- (-)	18,570,135 (11,853,853)	22,068,374 (14,141,226)
Rent paid	- (-)	13,200,000 (13,521,004)	- (-)	- (-)
Remuneration paid	- (-)	- (-)	31,445,567 (28,233,330)	4,481,631 (4,194,554)
Dividend Received	7,200,000 (5,400,000)	- (-)	- (-)	- (-)
Dividend Paid	- (-)	936,000 (936,000)	12,983,980 (12,983,980)	32,580,180 (32,580,180)
Sale of Investments	- (12,665)	- (-)	- (-)	- (-)
Sale of Fixed Assets	50,166,483.3 (21,540,837)	- (-)	- (-)	- (-)
Advance received against supply	68,900,000 (20,000,000)	- (-)	- (-)	- (-)
Advance adjusted	43,174,617 (24,000,000)	- (-)	- (-)	- (-)
Net Outstanding Balance Payable / (Receivable) as on 31.03.12	30,488,871 (-54,112,369)	- (-)	165,850,000 (162,500,000)	198,450,000 (179,700,000)

Note: Figures in brackets indicate previous year's figures.

NOTE 29: EARNINGS PER SHARE

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

Particulars	2011-12	2010-11
Profit/(Loss) attributable to Equity Shareholders (Rs.)- (A)	285,024,026	242,600,228
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)	47.93	40.80

	Figures for the year ended March 31, 2012	Figures for the year ended March 31, 2011
NOTE 30 : CONTINGENT LIABILITIES AND COMMITMENTS		
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	48,169,794
- Disputed Service Tax Matters***	1,106,897	1,106,897
- Disputed Income Tax Matters****	9,204,855	-
(b) Other money for which the company is contingently liable*****	120,440,953	135,124,476
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	86,828,717
Total	238,615,951	271,457,149

* Entry Tax of Rs. 227,265/- (March 31, 2011: 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, 2011: 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 issue before Bombay High Court which has been decided in favour of the company.

Another matter related to Cenvat Credit of Rs. 224,378/- (March 31, 2011: NIL) under Cenvat Credit Rules is pending before the Appellate Authority of LTU Delhi.

*** Service Tax of Rs. 1,106,897/- (March 31, 2011: 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, 2011: NIL) for Asst. year 2009-10 and Rs. 3,772,302/- (March 31, 2011: Nil) 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, 2011: Rs. 135,124,476/-)

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.

NOTE 33: ALIGNMENT OF ACCOUNTING POLICY FOR CONSOLIDATION

In case of Bharat Seats Ltd an associate concern, depreciation on assets purchased after 1st April, 2005 has been provided on the Straight Line Method as per the rates of prescribed under Schedule XIV of the Companies Act, 1956 which is inconsistent with the Written Down Value Method of depreciation used in case of parent and other subsidiaries. However it is impractical therefore adjustment for the same has not been made in the consolidated financial statement.

NOTE 34: Till the year ended 31 March, 2011, the company was using pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

For **S.R. DINODIA & CO.,**
CHARTERED ACCOUNTANTS
REGN NO. 001478N

For and on Behalf of
the Board of Directors

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

(**NITIN VISHNOI**)
Company Secretary

(**PRADEEP RASTOGI**)
President-Legal & CFO

(**N. D. RELAN**)
Chairman

PLACE : New Delhi
DATED : 27th July, 2012

(**D.A. AGGARWAL**)
Sr. Vice President (F&A)

(**AJAY RELAN**)
Managing Director

To the Members,

Your Directors are pleased to present their Seventh Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012.

1. OPERATIONS

Since, during the period under the review, your Company has not carryout any business activity and hence, the Company could not generate any income from operations.

However, the Board of Directors at their meeting held on 24th October' 2011 approved the scheme of amalgamation of the Company with Sharda Motor Industries Limited, and the Hon'ble High Court of Delhi has also approved the said Scheme of Amalgamation on 25th July, 2012 with term and conditions as laid down in the Scheme of Amalgamation.

2. FINANCIAL RESULTS

(Rs. In Lacs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Other income	2.39	.005
Total Revenue	2.39	.005
Expenses	0.16	0.10
Total Expenses	0.16	0.10
Less:		
- Current Tax	0.70	-
- Deferred Tax	-	(124.84)
- Tax Adjustment for earlier Year	20.23	-
Profit/ (Loss) after tax	(18.70)	124.75

3. DIVIDEND

Your director has not recommended any dividend during the period review.

4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Ajay Relan Director and Shri Udayan Banerjee, whole time Director of the Company retire by rotation and being eligible offer himself for re-appointment at the ensuing Annual General Meeting.

5. PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

The Company has no employee whose – (i) if employed through the financial year, was receipt of remuneration in aggregate, more than Rs. 60 Lacs or (ii) if employed for a part of the year the financial year, was in receipt of remuneration in aggregate, more than Rs.5 lacs per month. Hence information required to be given in pursuant to the provision of the Section 217 (2A) of the Companies Act, 1956, read with companies (Particulars of employees) Rules, 1975, it is not applicable hence not attached.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Since, during the period under review the Company has not carryout any manufacturing activity, hence particulars relating to Conservation of energy and technology absorption stipulated in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 it is not applicable hence not attached.

During the period under review, the Company has not made any export. Thus the Company has neither earned nor spent any foreign exchange.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (I) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (II) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th September, 2006 and of the profit of the Company for the period ended on that date;
- (III) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (IV) The annual accounts have been prepared on a "going concern" basis.

8. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the period under review and has nil fixed deposits outstanding.

9. STATUTORY AUDITORS

Messrs. S. R. Dinodia & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment, and the Company has received letter from them to the effect that their appointment if made, would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

10. INDUSTRIAL RELATIONS

Cordial relation prevailed in the plant during the period under review.

11. ACKNOWLEDGEMENT

The Directors place on record their grateful appreciation for the valuable assistance and co-operation extended to the Company from Canara Bank ABN Amro Bank, Citi Bank and State Bank of India. Yours Directors look forward to the future with confidence.

By order of the Board
For **Sharda Sejong Auto Components (India) Ltd**

Dated : 27th July' 2012
Place : New Delhi

N. D. RELAN
(Chairman)

AJAY RELAN
(Director)

AUDITOR'S REPORT

To the Shareholders of

M/s SHARDA SEJONG AUTO COMPONENTS (INDIA) LIMITED

We have audited the attached Balance sheet of M/S SHARDA SEJONG AUTO COMPONENTS (INDIA) LIMITED, as at 31st March 2012 and the Statement of Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 {as amended by the Companies (Auditor's Report) (Amendment) Order, 2004} issued by the Central Government of India, in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Company's Balance sheet, Statement of Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of the Statement of Profit & Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash flow for the year ended on that date.

**For S. R. DINODIA & CO.,
CHARTERED ACCOUNTANTS,
(REGN. NO.001478N)**

(SANDEEP DINODIA)

PARTNER

M.NO. 083689

PLACE : New Delhi

DATED : 27th July, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our audit report of even date)

- i) The Company does not have any fixed asset during the year. Hence Clause 1(a) to (c) is not applicable.
- ii) The Company does not have any Inventories during the year. Hence Clause 2(a) to (c) is not applicable
- iii) (a) According to information and explanation given to us, the Company has not granted any loans to Companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 during the year.
- (b) According to information and explanation given to us, the Company has not taken unsecured loans from parties entered in the register maintained u/s 301 of the Companies Act, 1956 during the year and the year
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets, sales of goods and services. According to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
- v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of opinion that the particulars of contracts or arrangements that need to be entered into a register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to explanation given to us, transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.
- vi) The Company has not accepted any deposits during the year from the public as defined in section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) During the year the company has not produced any goods hence this clause is not applicable.
- (ix) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it. There was no undisputed amount outstanding at the year end for a year more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute, are NIL.
- x) The Company does not have accumulated losses as at 31st March 2012 and not incurred cash losses during the year, however company has incurred cash losses in the immediately preceding financial year.
- xi) On the basis of information and explanation provided by the management, the Company has not made any default in the repayment of dues to the financial institutions and banks. During the year, the Company has not availed any loan from the debenture holders.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.
- xiii) In our opinion considering the nature of activities carried on by the company during the year, the provision of any special statue applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to it.

- xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- xv) On the basis of information and explanation provided, the Company has not given guarantee for loans taken by other from the bank during the year
- xvi) On the basis of records available and information and explanation given to us, the company has not taken any term loan during the year.
- xvii) On the basis of information and explanation given to us and an overall examination of the balance sheet, we report that no funds raised on short-term basis have been used for long-term investments by the Company.
- xviii) According to information and explanation given to us, during the year. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For S. R. DINODIA & CO.,
CHARTERED ACCOUNTANTS,
(REGN. NO.001478N)**

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

**PLACE : New Delhi
DATED : 27th July, 2012**

Balance Sheet as at March 31, 2012

Particulars	Note No	As At March 31, 2012	As At March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	200,500,000	200,500,000
Reserves and surplus	4	44,846,712	46,717,156
		245,346,712	247,217,156
Other current liabilities	5	21,236	10,000
		21,236	10,000
		245,367,948	247,227,156
ASSETS			
Non-Current Assets			
Long-term loans and advances	6	1,723,191	214,712,059
		1,723,191	214,712,059
Current assets			
Cash and bank balances	7	1,799,189	107,817
Short-term loans and advances	6	241,845,569	32,407,280
		243,644,757	32,515,097
		245,367,948	247,227,156
Summary of significant accounting policies	2	-	-
The accompanying notes are an integral part of the financial statements			

As per our Audit Report of even date attached
For **S.R. DINODIA & CO.**,
CHARTERED ACCOUNTANTS
REGN NO. 001478N

For and on Behalf of
the Board of Directors

(SANDEEP DINODIA)
PARTNER
M.NO. 083689

(UDYAN BANERJEE)
Executive Director

(N. D. RELAN)
Chairman

(AJAY RELAN)
Director

PLACE : New Delhi
DATED : 27th July' 2012

Statement of profit and loss for the year ended March 31, 2012

PARTICULARS	Note No.	(Amount in Rs.)	
		For the year ended on March 31, 2012	For the year ended on March 31, 2011
Other income	8	239,080	570
Total Revenue		239,080	570
Expenses:			
Other expenses	9	16,012	10,000
Total expenses		16,012	10,000
Profit before tax		223,068	(9,430)
Tax expense:			
Current Tax		70,000	-
Deferred Tax		-	(12,484,578)
Tax adjustment for earlier year		2,023,512	-
Profit for the period from continuing operations (IX-X)		(1,870,444)	12,475,148
Profit after tax/Profit for the year		(1,870,444)	12,475,148
Earnings per equity share:	10		
(a) Basic		(0.09)	0.62
(b) Diluted		(0.09)	0.62
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our Audit Report of even date attached

For **S.R. DINODIA & CO.**,
 CHARTERED ACCOUNTANTS
 REGN NO. 001478N

For and on Behalf of
 the Board of Directors

(SANDEEP DINODIA)
 PARTNER
 M.NO. 083689

(UDYAN BANERJEE)
 Executive Director

(N. D. RELAN)
 Chairman

(AJAY RELAN)
 Director

PLACE : New Delhi
 DATED : 27th July' 2012

Cash Flow Statements for the year ended March 31, 2012

PARTICULARS	(Amount in Rs.)	
	For the year ended on March 31, 2012	For the year ended on March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	223,068	(9,430)
Adjustment for :		
Interest/Dividend/ Rent	(137,671)	(570)
Operating Profit before working Capital changes	85,398	(10,000)
Adjustment for :		
Trade & other receivables	-	371,419,160
Decrease / (Increase) in Advances and other current assets	1,470,830	(126,531,986)
Inventories	-	98,281,111
warranty Claims	-	(17,861,001)
Trade Payables & Provisions	11,236	(177,734,973)
	1,482,066	147,572,311
Cash Generated from operations	1,567,464	147,562,311
Direct Taxes Paid	(13,763)	(19,191)
Net Cash from Operating Activities	1,553,701	147,543,120
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed assets	-	409,873,642
Interest received	137,671	570
Net Cash from investing activities	137,671	409,874,212
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowing	-	(569,193,665)
Net cash used in financing activities	-	(569,193,665)
Net increase/(decrease) in cash and cash equivalents	1,691,371	(11,776,333)
Cash and cash equivalent as on 01.04.2011	107,817	11,884,150
Cash and cash equivalent as on 31.03.2012	1,799,188	107,817
Cash & Cash Equivalents include :		
Cash in hand	-	358
Balances with Scheduled Banks		
- In Current Account	66,687	98,866
- In Deposit Account	1,732,502	8,593
	1,799,189	107,817

As per our separate report of even date attached

For **S.R. DINODIA & CO.**,
 CHARTERED ACCOUNTANTS
 REGN NO. 001478N

For and on Behalf of
 the Board of Directors

(SANDEEP DINODIA)
 PARTNER
 M.NO. 083689

(UDYAN BANERJEE)
 Executive Director

(N. D. RELAN)
 Chairman

(AJAY RELAN)
 Director

PLACE : New Delhi
 DATED : 27th July' 2012

Notes to financial statements for the year ended March 31, 2012**Note 1: Corporate Information**

Sharda Sejong Auto Components (India) Ltd. Is a wholly-owned subsidiary of Sharda Motor Industries Limited having its plant located at Chennai. The Company is engaged in the manufacture and supply of automotive components and all of its products to Hyundai Motors India limited.

Note 2: Significant accounting policies**a) Basis of preparation**

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956

b) Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles. It requires making of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reporting year. Difference between the actual results and estimates are recognized in the year in which the results are known/materialized.

c) Revenue Recognition

Interest Income is accounted for on time proportional basis. Dividend income is recognized when the right to receive the Dividend is established.

d) Cash Flow Statement

The cash flow statement has been prepared under indirect method as set out in Accounting Standard –3 on "Cash Flow Statement".

e) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

f) Taxes On Income

Tax expense comprises current . Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity and not in the statement of profit and loss.

Note 3: Share Capital

	(Amount in Rs)	
	As At March 31, 2012	As At March 31, 2011
Authorised		
25,000,000 (March 31, 2011: 25,000,000) Equity Shares of Rs. 10/- each	25,000,000	25,000,000
	25,000,000	25,000,000
Issued, Subscribed & Paid-up		
20,050,000 (March 31, 2011: 20,050,000) Equity Shares of Rs. 10/- each fully paid up	200,500,000	200,500,000
Total issued ,subscribed and paid up share capital	200,500,000	200,500,000

a) Reconciliation of Share outstanding as at the beginning and as at the end of year

	(Amount in Rs.)			
	March 31, 2012		March 31, 2011	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
(i) At the beginning of the year	20,050,000	200,500,000	20,050,000	200,500,000
(ii) Add:- Addition during the year	-	-	-	-
(iii) Less:- Buy back during the year	-	-	-	-
(iv) Outstanding at the end of the year	20,050,000	200,500,000	20,050,000	200,500,000

b) Terms/right attached to Equity Shares

"The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares 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. In the event of liquidation of the company, the holders of equity shares will be entitled to receive 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

	(Amount in Rs.)			
	March 31, 2012		March 31, 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
(i) Sharda Motor Industries Ltd.	20,050,000.00	100%	20,050,000	100%

Note 4: Reserves and Surplus

	(Amount in Rs)	
	As At March 31, 2012	As At March 31, 2011
Surplus / Profit & Loss Account		
(a) Balances as per last financial statement	46,717,156	34,242,008
(b) Add:- Addition during the year		
Balance of Profit & Loss Account	(1,870,444)	12,475,148
(c) Less:- Deletion / Utilise during the year		
(i) Proposed Dividend on Equity Shares (amount per share Nil (March 31, 2011: Nil)	-	-
(ii) Dividend Distribution Tax on Proposed Dividend	-	-
(iii) Transfer to any Reserves	-	-
(d) Closing Balance	44,846,712	46,717,156
Total Reserves & Surplus	44,846,712	46,717,156

Note 5: Other Current Liabilities

Other Liabilities		
Other Liabilities	21,236	10,000
TDS Payable	-	-
	21,236	10,000
	21,236	10,000

- 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 March 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

Note 6: Loans and Advances

	(Amount in Rs)			
	Non-current		Current	
(Unsecured considered good unless stated otherwise)	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Advance recoverable in cash or in kind for value to be received				
Due from Holding Company	-	212,988,868	212,988,868	-
Other loans and advances				
Advance Tax [net of provisions of Rs 30,58,191 (P.Y. 1,64,88,191)]	-	-	28,856,700	32,407,280
- Mat Credit Entitlement	1,723,191	1,723,191	-	-
	1,723,191	214,712,059	241,845,568	32,407,280

Note 7: Cash and Bank Balances

	Non- current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Cash and cash equivalents				
Balances with Banks:-				
On Current Account	-	-	66,687	98,866
Cash-on-hand	-	-	-	358
Deposits with original maturity for less than 3 months			1,732,502	8,593
	-	-	1,799,189	107,817

Notes profit & Loss Account

	(Amount in Rs)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Note 8: Other Income		
Interest Income		
On Bank deposits	137,670	570
On Long- term investments	-	-
Others	95,500	-
Miscellaneous receipt	5,910	-
	239,080	570

Note 9: Other Expenses

Rates & Taxes	500	-
Payment to auditor (Refer details below)	11,236	10,000
Legal & Professional Expenses	4,000	-
Bank Charges	276	-
	16,012	10,000
d) Payment to the Auditor:		
As Auditors		
- Audit Fee	11,236	10,000
-Tax Audit Fee	-	-
-Limited Review	-	-
In other capacity		
-Taxation Matters	-	-
-Management Services	-	-
Reimbursement of expenses	-	-
	11,236	10,000

Note 10 : Earning per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Profit after Tax (Rs.)	(1,870,444)	12,475,148
Weighted average equity shares (No.)	20,050,000	20,050,000
Nominal Value Per Share (Rs.)	10.00	10.00
Earning per share Basic/Diluted (Rs.)	(0.09)	0.62

Note 11 : Related Party disclosures**(a) List of related parties and relationships**

i)	Sharda Motor Industries Limited	Holding Company
ii)	Udyan Banerjee (Executive Director)	Key Managerial Person

(b) Transactions during the year with related parties:

(Amount in Rs)			
S. No.	nature of Transaction	Holding company	
		Current Year	Previous year
1	transferred of Sipcot unit's business	-	782,182,533
2	Net Outstanding balance payable/ (Receivable) as on 31.03.2012	(212,988,868)	(212,988,868)

Note 12:

Till the year ended 31 March, 2011, the company was using pre-revised schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March, 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

Balance Sheet Abstract and Company's General Business Profile

I.	Registration Details	
	Registration No.	U 3 4 3 0 0 D L 2 0 0 5 P L C 1 4 1 2 1 4
	State Code	5 5
	Balance Sheet Date	3 1 0 3 2 0 1 2
		Day Month Year
II.	Capital Raised during the year (Amount in Rs. Thousands)	
	Public Issue	<input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/>
	Bonus Issue	<input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/>
III.	Capital Raised during the year (Amount in Rs. Thousands)	
	Total Liabilities	<input type="text"/> <input type="text"/> 2 4 5 3 6 7
	Source of Funds	
	Paid-Up Capital	<input type="text"/> <input type="text"/> 2 0 0 5 0 0
	Secured Loans	<input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/>
	Application of Funds	
	Net Fixed Assets*	<input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/>
	Net Current Assets	<input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/>
	Deferred Tax Assets	<input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/>
	* Includes Capital Advances.	
IV.	Performance of Company (Amount in Rs. Thousand)	
	Turnover / Income	<input type="text"/> <input type="text"/> <input type="text"/> 2 3 9
	+ - Profit/Loss Before Tax	<input type="text"/> <input checked="" type="checkbox"/> <input type="text"/> <input type="text"/> 2 2 3
	Please tick Appropriate box (+) for Profit (-) for loss	
	+ - Earning per Share in Rs.	<input type="text"/> <input checked="" type="checkbox"/> <input type="text"/> 0 0 . 0 9
	Total Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> 1 6
	+ - Profit/Loss After Tax	<input type="text"/> <input checked="" type="checkbox"/> <input type="text"/> <input type="text"/> 1 8 7 0
	Dividend rate %	
	<input type="text"/> <input type="text"/> N I L <input type="text"/> <input type="text"/>	
V.	Generic Names of Three Principal Products/Services of Company (As per monetary terms)	
	Item Code No. (ITC Code)	8 7 0 8 9 2 0 0
	Product	E X H A U S T . S Y S T E M
	Description	F O R A U T O M O B I L E S

For and on Behalf of
the Board of Directors(N. D. RELAN)
Chairman(AJAY RELAN)
DIRECTORPLACE : NEW DELHI
DATED : 27th July' 2012(UDYAN BANERJEE)
EXECUTIVE DIRECTOR

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

E-COMMUNICATION REGISTRATION FORM

To

Sharda Motor Industries Limited
D – 188, Okhla Industrial Area,
Phase - I
New Delhi – 110020

Dear Sir/Madam,

RE: Green Initiative in Corporate Governance

I agree to receive all communication from the Company in electronic mode. Please register my e-mail id in your records for sending communication through e-mail.

Folio No. :

DP ID :

Client ID :

PAN :

Name of 1st Registered Holder :

Name of Joint Holder(s) :

Registered Address :

E-mail ID :

Alternate E-mail ID :

Date:.....

Signature of the first holder :.....

IMPORTANT NOTES:

- 1) On registration, all the communication will be sent to the e-mail ID registered in the folio/DP ID & Client ID.
- 2) Shareholders are requested to keep company informed as and when there is any change in the e-mail address. Unless the email Id given above is changed by you by sending another communication in writing, the company will continue to send the notices/documents to you on the above mentioned email ID.



SHARDA MOTOR INDUSTRIES LTD.

D-188, Okhla Industrial Area, Phase-I, New Delhi-110020

PROXY

I/We.....of.....
being a member/members of M/s SHARDA
 MOTOR INDUSTRIES LTD. hereby appoint.....of.....
or.....failing him / her
of.....as my/our proxy to vote for
 me/us on my/our behalf at the Twenty- Seventh Annual General Meeting of the Company to be held on
 Wednesday day the 12th September' 2012 at 12:30 P.M. and any adjournment thereof.

Signed thisday of.....2012

Signature of shareholder.....

Folio No..... No. of Shares held.....

Address.....

.....

Affix a
 Revenue
 Stamp

Notes: 1. The Proxy need not be a member.

2. The Proxy to be valid should be duly stamped and executed by the member and should reach the Company's Registered Office at least 48 hours before the time of the meeting.

CUT HERE -

CUT HERE



SHARDA MOTOR INDUSTRIES LTD.

Registered Office

D-188, Okhla Industrial Area, Phase-I, New Delhi-110020

ATTENDANCE SLIP

Twenty-Seventh Annual General Meeting - 12th September' 2012

Regd. Folio No.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Twenty- Seventh Annual General Meeting of the Company at Habitat World at India Habitat Centre, New Delhi at 12:30 P.M. on Wednesday the 12th September' 2012.



.....
 Member's/Proxy's name in BLOCK letters

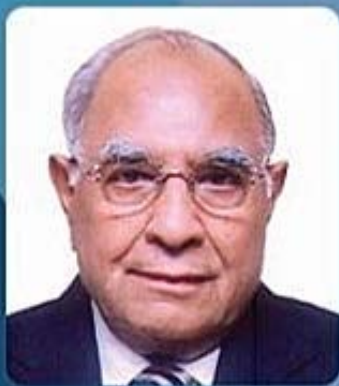
.....
 Member's/Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL.

**IF YOU BELIEVE IN IT,
YOU CAN ACHIEVE IT.**

TEAM SMIL

BOARD OF DIRECTORS



N. D. RELAN
Chairman



AJAY RELAN
Managing Director



SHARDA RELAN
Director



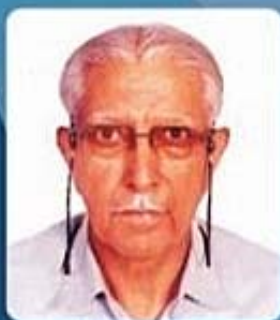
ROHIT RELAN
Director



R. P. CHOWDHRY
Director



O. P. KHAITAN
Director



G. L. TANDON
Director



PROF. ASHOK KUMAR BHATTACHARYA
Director



KISHAN N. PARIKH
Director



UDAYAN BANERJEE
Executive Director

KEY EXECUTIVES



S. D. LEE
President
(CEO - Chennai Plant - I)



ANIL BADHWAR
President



DR. SIVANAND RAJA DURAI
(Head - R & D Centre)



BIRESWAR MITRA
President
(COO - Nashik Plant)



PRADEEP RASTOGI
President - Legal & CFO



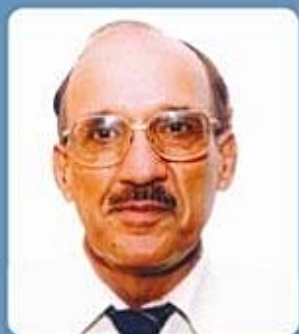
D. A. AGGARWAL
Sr. Vice President (F&A)



NITIN VISHNOI
Company Secretary



SUNG HO LEE
Vice President
(Chennai Plant-II)



Lt. Col. PREM GABA
Vice President
(Surajpur Plant)



RAMESH SAXENA
Vice President
(Gurgaon Plant)



RAKESH JAIN
Vice President
(Sanand Plant)



PRASHANT PATIL
Vice President
(Chakan Plant)



K. K. SHARMA
Sr. General Manager
Chennai Plant - I



A. K. CHATURVEDI
Sr. General Manager
(Taxation)



RAJESH MALIK
Sr. General Manager
(Haridwar Plant)



N. R. PILLAI
General Manager
(P & A / HR)



SHARDA MOTOR INDUSTRIES LIMITED
REGISTERED OFFICE :
D-188, OKHLA INDUSTRIAL AREA
PHASE-I, NEW DELHI - 110 020