



SHARDA MOTOR INDUSTRIES LIMITED

Regd. Office: D- 188, Okhla Industrial Area, Phase - I, New Delhi - 110020

Dear Shareholder(s),

Notice pursuant to Section 192A(2) of the Companies Act, 1956

Pursuant to the provisions of Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot), Rules, 2011, the Company is seeking the consent of its members by way of passing Resolutions through postal ballot in respect of following special business:

- To pass a Special Resolution u/s 180(1)(a) and (c) of the Companies Act, 2013, for enhancing the borrowing limits of the Company in excess of the aggregate of its paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose and to authorize the Board to mortgage / charge properties of the Company including whole or substantially the whole of undertaking(s) of the company, if required, to the lenders.
- To authorize the Board to make application to central Government u/s 198, 269, 309 of the Companies Act, 1956.

The proposed Resolutions and Explanatory Statement stating all material facts and the reasons for above said special businesses are appended below and a postal ballot form is enclosed for your consideration.

The Company has appointed Shri, A. K. Goyal, Practicing Company Secretary, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

Please read carefully the instructions printed in the postal ballot form and return the form duly completed in all respects in the enclosed self-addressed pre-paid postage envelope so as to reach the Scrutinizer on or before the close of working hours on Wednesday the 5th day of March, 2014.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the result of the voting by Postal Ballot will be announced on Friday, the 7th day of March, 2014 at 5:00 p.m. at the Registered Office of the Company.

Text of Resolution to be passed by Shareholders through postal ballot

1. To consider and, if thought fit, to pass the following resolutions as **Special Resolutions**:

“RESOLVED THAT in modification of Resolution passed by the Shareholders of the Company, through postal ballot on 2nd June, 2006, pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and in accordance with the provisions of the Memorandum and Articles of Association of the Company, consent of the Company be and is hereby granted to the Board of Directors to borrow at all or any time or times for the purpose of Company's business any sum or sums of money from one or more other persons, firms, Bodies Corporate, Financial Institutions and Banks which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed, at any time the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, by a sum not exceeding Rs. 2,50,00,00,000/- (Rupees Two Hundred and Fifty Crores) in the aggregate at any time.”

“RESOLVED FURTHER THAT pursuant to the provisions of Section 180(1) (a) or any other applicable provisions of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors for creating mortgage, charge, hypothecation or lien or pledge on such terms and conditions and at such time or times and in such form or manner as it may think fit, the whole or substantially the whole or any one or more of the Company's undertakings or all its undertakings including the present and/or future properties, whether movable or immovable, for securing all moneys to be borrowed from time to time and to do all such acts, deeds, matters and other things as may be required or considered necessary or incidental thereto for giving effect to the aforesaid Resolution.”

2. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modifications or re-enactment thereof), and subject to approval of the Central Government and such approvals as may be required, the payment of revised remuneration, as set out in the Explanatory statement annexed to this notice, to Shri N.D. Relan, Whole-time Director

(designated as Co-Chairman) of the Company with effect from 1st July, 2013 or such other date as may be approved by the Central Government, for the remaining period of his tenure i.e. upto 30th June, 2018, be and is hereby ratified, confirmed and approved.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year during the remaining tenure of Shri N.D. Relan, Whole-time Director, he shall be paid the remuneration and perks as set out in the explanatory statement referred to above as the Minimum Remuneration with the approval of the Central Government.

RESOLVED FURTHER THAT save and except as aforesaid, the special resolution passed at the General Meeting on 2nd September, 2013 shall remain in full force and effect.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all actions and steps expedient or desirable to give effect to this resolution.

3. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modifications or re-enactment thereof), and subject to approval of the Central Government and such approvals as may be required, the payment of revised remuneration, as set out in the Explanatory statement annexed to this notice, to Shri Ajay Relan, Managing Director of the Company with effect from 1st April, 2013 or such other date as may be approved by the Central Government, for the remaining period of his tenure i.e. upto 31st August, 2016, be and is hereby ratified, confirmed and approved.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year during the remaining tenure of Shri Ajay Relan, Managing Director, he shall be paid the remuneration and perks as set out in the explanatory statement referred to above as the Minimum Remuneration with the approval of the Central Government.

RESOLVED FURTHER THAT save and except as aforesaid, the special resolution passed at the General Meeting on 8th August, 2011 shall remain in full force and effect.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all actions and steps expedient or desirable to give effect to this resolution.

4. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modifications or re-enactment thereof), and subject to approval of the Central Government and such approvals as may be required, the payment of revised remuneration, as set out in the Explanatory statement annexed to this notice, to Shri Udayan Banerjee, Whole-time Director (designated as Executive Director) of the Company with effect from 1st April, 2013 or such other date as may be approved by the Central Government, for the remaining period of his tenure i.e. upto 31st March, 2015, be and is hereby ratified, confirmed and approved.

RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year during the remaining tenure of Shri Udayan Banerjee, Whole-time Director (designated as Executive Director), he shall be paid the remuneration and perks as set out in the explanatory statement referred to above as the Minimum Remuneration with the approval of the Central Government.

RESOLVED FURTHER THAT save and except as aforesaid, the special resolution passed at the General Meeting on 18th August, 2010 shall remain in full force and effect.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all actions and steps expedient or desirable to give effect to this resolution.

By order of the Board
For **Sharda Motor Industries Limited**

Nitin Vishnoi
Company Secretary

Date : 29th Jan. 2014
Place : New Delhi

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.1

Since new Companies Act, 2013 has been passed and 98 Sections of the said Companies Act has already been notified with effect from 12th September' 2013. Out of 98 Sections which are notified; Section 180 for enhancing the borrowings limits of the company and/ or to mortgage / charge the properties of the company, has also been notified and the corresponding Section 293 of the Companies Act, 1956 has become redundant. So now it is required to have shareholders permission in accordance of section 180 (1)(a) and (c) of Companies Act, 2013

None of Directors of the Company is interested or concerned in the proposed resolution except to the extent of their shareholding in the Company, if any.

ITEM NO.2

The members of the Company had at the General Meeting held on 2nd September, 2013 re-appointed Shri N.D Relan as Whole-Time Director of the Company (designated as Co-Chairman) for a period of five years with effect from 1st July, 2013 and revised his remuneration (As detailed in the notice of the said meeting), and authorized the Board of Directors to revise, amend, alter and vary the terms and conditions relating to the remuneration payable to him in such manner as may be permissible in accordance with the provisions of the Companies Act, 1956 read with Schedule XIII thereto.

But in present scenario of general economic slowdown, high dollar exchange rate, high interest, and increasing fuel prices adversely affecting the OEMs of Automobile Industry and resulting in a sharp slide in sales and profitability of the company during last nine months ended, as also noted by Audit Committee. Further it was also observed by Remuneration Committee and Board of Directors of Company that keeping view of above existing Remuneration (as approved by member in General Meeting held on 2nd, September' 2013) to be paid to Shri N. D. Relan, would exceed the limits prescribed under XIII read with relevant provisos of Company Act 1956. Therefore Remuneration Committee and Board of Directors' in their respective meetings held on 29th January, 2014 has approved the following remuneration to be paid to Shri N. D. Relan, as the minimum remuneration in the case of no profit / inadequate profit with the approval of Central Government for the financial year 2013-14 with effect from 1st July, 2013. However the Special Resolution passed by the shareholders in their meeting held on 2nd September' 2013 shall remain in full force and effect except in case of no profit / inadequate profit in any financial year.

Minimum Remuneration :

Salary : Rs. 13,50,000 (Rupees Thirteen Lacs Fifty thousand) per month

Perquisites : Rs. 3,50,000 (Rupees three Lasc Fifty thousand) per month

In this regards the said special resolution is proposed for the approval of the shareholders and an application seeking approval of the Central Government is being made by Company for the approval of above mention remuneration to Shri N.D. Relan.

None of Director of the Company is interested in above resolution except Shri N.D. Relan, himself and Smt. Sharda Relan, Shri Ajay Relan and Shri Rohit Relan as relative to him.

ITEM NO. 3

The members of the Company had at the General Meeting held on 8th August, 2011 re-appointed Shri Ajay Relan, Managing Director of the Company for a period of five years with effect from 1st September, 2011 and revised his remuneration (As detailed in the notice of the said meeting), and authorized the Board of Directors to revise, amend, alter and vary the terms and conditions relating to the remuneration payable to him in such manner as may be permissible in accordance with the provisions of the Companies Act, 1956 read with Schedule XIII thereto.

But in present scenario of general economic slowdown, high dollar exchange rate, high interest, and increasing fuel prices adversely affecting the OEMs of Automobile Industry and resulting in a sharp slide in sales and profitability of the company during last nine months ended, as also noted by Audit Committee. Further it was also observed by Remuneration Committee and Board of Directors of Company that keeping view of above existing Remuneration (as approved by member in General Meeting held on 8th, August' 2011) to be paid to Shri Ajay Relan, would exceed the limits prescribed under XIII read with relevant provisos of Company Act 1956. Therefore Remuneration Committee and Board of Directors' in their respective meetings held on 29th January 2014 has approved the following remuneration to be paid to Shri Ajay Relan, as the minimum remuneration in the case of no profit / inadequate profit with the approval of Central Government for the financial year 2013-14 with effect from 1st April 2013. However the Special Resolution passed by the shareholders in their meeting held on 8th August' 2011 shall remain in full force and effect except in case of no profit / inadequate profit

in any financial year.

Minimum Remuneration :-

Salary : Rs. 13,00,000 (Rupees Thirteen Lacs) per month

Perquisites : Rs. 3,50,000 (Rupees three Lasc Fifty thousand) per month

In this regards the said special resolution is proposed for the approval of the shareholders and an application seeking approval of the Central Government is being made by Company for the approval of above mention remuneration to Shri Ajay Relan.

None of Director of the Company is interested in above resolution except Shri Ajay Relan, himself and Shri N.D. Relan, Smt. Sharda Relan and Shri Rohit Relan as relative to him.

ITEM NO. 4

The members of the Company had at the General Meeting held on 18th August, 2010 re-appointed Shri Udayan Banerjee, Whole-time Director(designated as Executive Director) of the Company for a period of five years with effect from 1st April, 2010 and revised his remuneration (As detailed in the notice of the said meeting), and authorized the Board of Directors to revise, amend, alter and vary the terms and conditions relating to the remuneration payable to him in such manner as may be permissible in accordance with the provisions of the Companies Act, 1956 read with Schedule XIII thereto.

But in present scenario of general economic slowdown, high dollar exchange rate, high interest, and increasing fuel prices adversely affecting the OEMs of Automobile Industry and resulting in a sharp slide in sales and profitability of the company during last nine months ended, as also noted by Audit Committee. Further it was also observed by Remuneration Committee and Board of Directors of Company that keeping view of above existing Remuneration (as approved by member in General Meeting held on, 18th August, 2010) to be paid to Shri Udayan Banerjee, would exceed the limits prescribed under XIII read with relevant provisos of Company Act 1956. Therefore Remuneration Committee and Board of Directors' in their respective meetings held on 29th January, 2014, has approved the following remuneration to be paid to Shri Udayan Banerjee, as the minimum remuneration in the case of no profit / inadequate profit with the approval of Central Government for the financial year 2013-14 with effect from 1st April 2013. However the Special Resolution passed by the shareholders in their meeting held on 18th August, 2010 shall remain in full force and effect except in case of no profit / inadequate profit in any financial year.

Minimum Remuneration :-

Salary : Rs. 1,20,000 (Rupees One Lacs Twenty Thousand) per month

HRA : Rs 72,000 (Rupees Seventy-Two Thousand) per month

Perquisites : Rs. 50,000 (Rupees Fifty) per month

In this regards the said special resolution is proposed for the approval of the shareholders and an application seeking approval of the Central Government is being made by Company for the approval of above mention remuneration to Udayan Banerjee.

None of Director of the Company is interested in above resolution except Shri Udayan Banerjee.

By order of the Board
For **Sharda Motor Industries Limited**

Nitin Vishnoi
Company Secretary

Date : 29th Jan. 2014

Place : New Delhi