



**SHARDA MOTOR  
INDUSTRIES LIMITED**

# **FUTURE PROOF**



36<sup>th</sup> ANNUAL REPORT  
**2020-21**

## ACROSS THE PAGES

### 01-13

#### CORPORATE OVERVIEW

02	About Us: Ready for the FUTURE
04	Product Portfolio and Leadership: Offerings for the FUTURE
06	From the MD's Desk
08	Industry Opportunities: Key Trends That Shape the FUTURE
09	Our Readiness: Making us FUTURE-PROOF
10	Drivers of the FUTURE
12	Towards a Responsible FUTURE
13	Corporate Information

### 14-103

#### STATUTORY REPORTS

14	Notice
33	Directors' Report
68	Report on Corporate Governance
85	Business Responsibility Report
100	Management Discussion and Analysis

### 104-223

#### FINANCIAL SECTION

104	Standalone
164	Consolidated

## Investor Information

Rs. 1,167.89 Crore  
Market Capitalisation as at March 31, 2021

535602  
BSE Code

SHARDAMOTR  
NSE Symbol

Rs. 2.63 per share of  
face value of Rs. 2 each

Dividend

27.08.2021  
AGM Date

Video Conferencing (VC)/Other  
Audio-Visual Means (OAVM)  
AGM Mode



An electronic version of this report is available online at:  
<https://www.shardamotor.com/investor-relations/>

**Disclaimer:** This document contains statements about expected future events and financials of Sharda Motor Industries Limited which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

# SHARDA MOTOR INDUSTRIES LIMITED IS ONE OF INDIA'S LEADING AUTO-ANCILLARY PLAYER THAT THINKS BEYOND THE PRESENT AND CONSISTENTLY AUGMENTS ITS CAPABILITY TO MAKE ITSELF FUTURE-PROOF!

The operating environment across India and globally is constantly changing and customer's expectations are becoming more challenging. Besides, consistently changing regulatory requirements and emergence of electric vehicles makes the space even more exciting.

With our eyes firmly on the future opportunities we are consistently making efforts towards driving innovation and building a diversified product portfolio, aided by strong R&D, technological edge, value-accretive partnerships, capacities, efficient processes and robust financials. In doing so, we are not only surpassing our present achievements, but also laying a strong foundation for a future, that is bigger and better.



## KPIS OF FY 2020-21

(on a consolidated basis)

### REVENUE

Rs. **1,736.53** **+101 %**  
Crore

### EBITDA

Rs. **129** **+35 %**  
Crore

### PAT

Rs. **67** **+27 %**  
Crore

### EPS

Rs. **112.08** **+27 %**

### DEBT EQUITY

**Zero**

### ROCE

**57.52 %** **+2370 bps**

EBITDA: Earnings (excluding other income) before interest, taxes, depreciation and amortisation

PAT: Profit after tax

EPS: Earning Per Share

ROCE: Return on Capital Employed

## ABOUT US:

### Ready for the FUTURE

Incorporated in 1986, Sharda Motor Industries Limited (also mentioned as 'SMIL' or 'the Company' across the report) offers highly engineered products and services commencing from emission to suspension systems, roof systems and supply chain management solutions. Over the years, it has emerged as a leader in its space on the back of latest techniques, design, equipment and modern manufacturing facilities that are highly efficient, organised and structured. With the recent foray into lithium batteries for electric vehicles (EVs), the Company is strongly positioned to capture the significant growth potential of the industry.

## OUR OFFERINGS

Emission Control (Exhaust System)

Suspension &amp; Stampings

Roof System

Supply Chain Management

Lithium Batteries for EVs

## QUICK FACTS



### Inception

SUCCESSFUL AND  
PROGRESSIVE JOURNEY  
ACROSS TWO DECADES

1986



### State-of-the-art Infrastructure

MANUFACTURING UNITS

09

SALES OFFICES

03

R&D CENTRE

01



### Fully Backward Integrated

TUBE MILLS

02

STAMPING PLANTS

03

## World-class Facilities across 7 locations in four states across India

### SMIL Units

#### Sanand

- Exhaust System

#### Nashik

- Suspension Assembly
- Exhaust System
- Roof System

#### Pune

- Exhaust System
- Suspension Assembly

#### Delhi

- Corporate Office

#### Haridwar

- Stamping of Parts,  
Fuel Tank & Exhaust  
System

#### Chennai

- Tube Mill / R&D
- Exhaust System

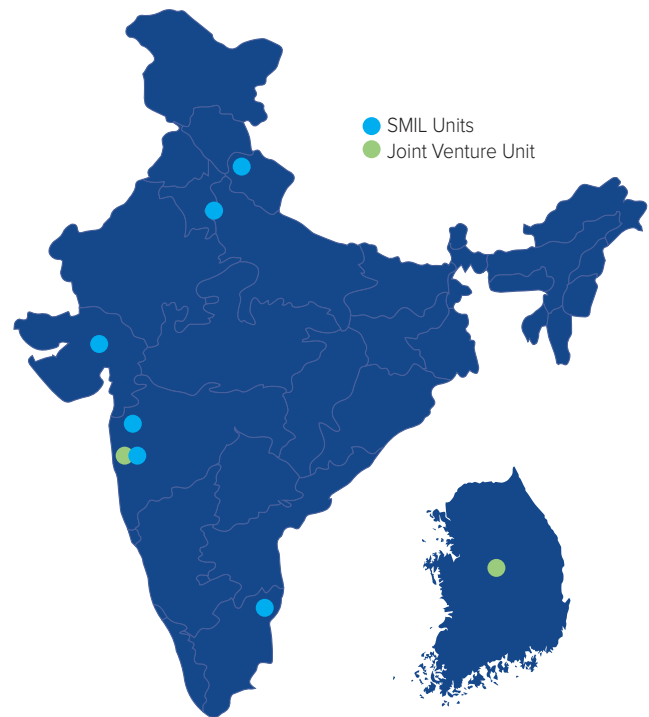
### Joint Venture Unit

#### Pune

- Exhaust System – 2 Plants
- Lithium Battery  
(under consideration)

#### Namyang - Korea

- Design & Development  
Centre



This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind in connection to its accuracy or completeness.



### Strategic Partnerships

- Eberspaecher Exhaust Technology International GmbH, Germany (CV exhaust systems)
- Kinetic Green Energy & Power Solutions Limited, India (EV Battery)
- Bestop Inc. USA (Roof Systems)



### Sound Financials

- Debt Free Company
- Stable Cash Flows
- CRISIL:  
Long-Term Rating 'CRISIL AA- / Stable'  
Short-Term Rating 'CRISIL A1+'



### Certified

ISO 9001



# PRODUCT PORTFOLIO AND LEADERSHIP

## Offerings for the FUTURE

Right from ideation to manufacturing, supported by strategic tie ups, SMIL has excelled in its product offerings to its customers across India and abroad. The Company is considered as the preferred supplier by several globally renowned OEMs for its innovation and consistent quality offerings.

### PRODUCT PORTFOLIO

#### Passenger Vehicle



BS IV System



Cold End System



Resonator

#### Tractor



Tier IV System



Muffler

#### Commercial Vehicle

### EXHAUST SYSTEM

INDIA MARKET SHARE

30%

TARGET SEGMENTS

PV, CV and Off-road

ANNUAL PRODUCTION

~1 million units

STRATEGICALLY LOCATED PLANTS  
ACROSS INDIA WITH PROXIMITY  
TO CUSTOMER LOCATION

5

STAMPING PLANTS MANAGING  
ALL CRITICAL STAMPING  
IN-HOUSE

3

TUBE MILLS PRODUCING  
STAINLESS STEEL AND  
ALUMINISED STEEL TUBES FOR  
EXHAUST SYSTEMS

2

TECHNICAL PARTNERSHIP WITH

Eberspächer

## PRODUCT PORTFOLIO



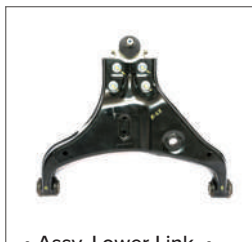
Arm Lower Control  
Comp RH 2WD



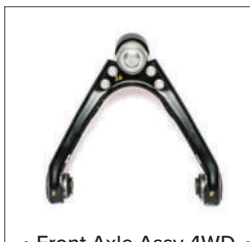
Front Suspension



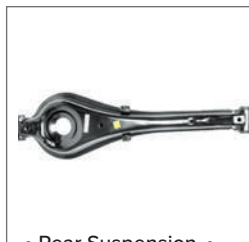
Upper Arm Assy



Assy. Lower Link



Front Axle Assy 4WD



Rear Suspension

## SUSPENSION SYSTEMS

INDIA MARKET SHARE

~10%

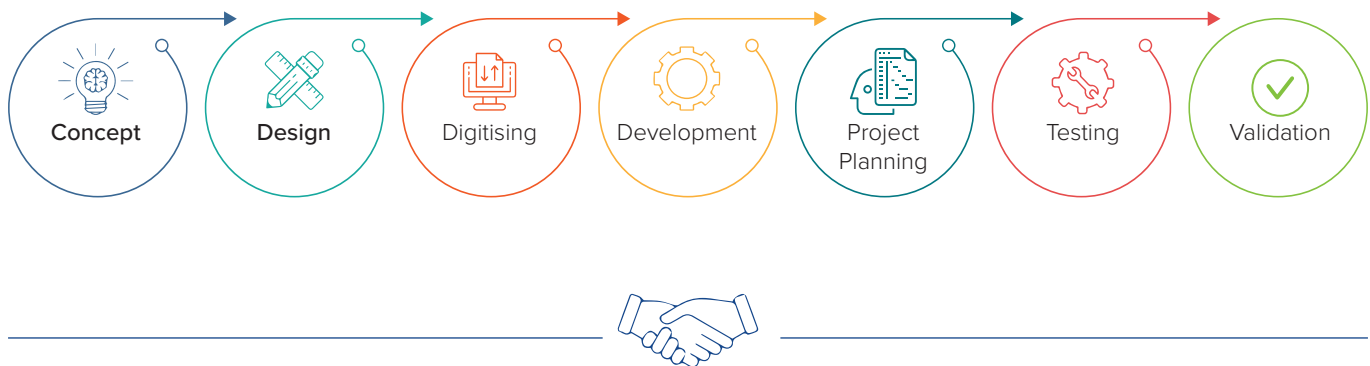
ANNUAL PRODUCTION

~1.5 lakh units

Manufacturing Units

2

## PROCESS



## STRATEGIC PARTNERSHIPS - A STRONG STEP TOWARDS A SUSTAINABLE FUTURE



### JOINT VENTURE – LITHIUM BATTERY MANUFACTURING

Entered into a JV with Kinetic Green Energy & Power Solutions Limited in 2021 for manufacturing of Lithium batteries along with BMS for Electric Vehicles – 2W, 3W and Stationary applications.



### JOINT VENTURE – COMMERCIAL VEHICLE EXHAUST SYSTEMS

Entered into a JV with Eberspächer Exhaust Technology International GmbH in 2019 to manufacture commercial vehicle exhaust systems in India. Eberspächer brings in global know-how for the local market.



### TECHNICAL COLLABORATIONS – ROOF SYSTEMS

Entered into a technical partnership with Bestop Inc. USA in 2018 for manufacturing of roof systems.



## FROM THE MD'S DESK



“We successfully implemented BSVI products and also adopted several cost efficiency measures. This helped us deliver better-than-expected results for the Company in FY 2020-21.”

Dear Shareholders,

The past year saw the COVID-19 pose formidable challenges and concerns for lives, businesses and economies alike. The repercussions of this global health crisis have been more severe than anticipated. The second wave of infections in early 2021 has only evinced that these disruptions are likely to continue for some time to come.

At SMIL, the year started on a difficult note as we faced the aftermath of COVID-19 and the resultant lockdowns. However, with the easing of restrictions, we turned a corner and resumed operations across all our locations. This was when we witnessed the strength of our asset base and our ability to serve customers as demand peaked swiftly. We successfully implemented BSVI products and also adopted several cost efficiency measures. This helped us deliver better-than-expected results for the Company in FY 2020-21. I am proud to state that we witnessed substantial growth in revenue, EBITDA and PAT by 101%, 35%, and 27% respectively. I must acknowledge that our employees' unwavering dedication and incomparable resilience are the key drivers for our success. Their support during the difficulties of the past year was truly remarkable. I am incredibly grateful for the hard work and tenacity shown by our entire team.

### Emerging opportunities through technology shift

The automotive sector is undergoing a significant transformation & offering immense growth opportunities for the industry. Disruptive technologies like connected cars, autonomous driving, electrification & hybridization are collectively changing the future of mobility. In the next 2-3 years newer and more stringent emission regulations will be introduced in both on & off highway segments of the automotive industry. At SMIL, we are well positioned to benefit from these trends while being at the forefront of the technology underlying these transformations.



### Leveraging Strong Foundation

SMIL enjoys a strong foundation riding on the back of our world-class technologies, strong R&D, state-of-the-art and strategically located backward-integrated facilities. Moreover, our joint venture, technology partnerships with the global majors, diverse product portfolio, industry leadership in the exhaust market and strong financial capabilities positively enable us to capitalise on the significant growth prospects ahead of us. We are ready to leverage the solid groundwork created over the past three decades while focussing our investments in areas supporting the opportunities ahead.

### Foray into EV Components Segment

Electric vehicles are poised to change the future of mobility. Increasing environmental concerns and sky-rocketing fuel prices are primarily attributing to the rising popularity for EVs. We have entered into a joint venture with Kinetic Green Energy & Power Solutions to develop battery packs & battery management systems (BMS) for EVs and stationery applications. We will undertake design, development and assembly lithium-ion battery packs along with BMS through this joint venture company. This joint venture marks our entry into EV components highlighting our focus on sustainable & clean mobility to minimize carbon footprint.

### Future-Proof Strategies

We aim to emerge as solution providers for both powertrains - the internal combustion engines and electric. Our R&D capabilities will play a pivotal role in achieving this. We are continuously investing in creating a robust R&D core to develop solutions that go beyond today's immediate needs. The idea is to proactively identify technologies that cater to the changes in regulatory and legal framework in the years to come. Here again, our strong investment capabilities give us ample opportunities to further diversify and expand our product portfolio horizontally & vertically. As we move along



**We have entered into a joint venture with Kinetic Green Energy & Power Solutions to develop battery packs & battery management systems (BMS) for EVs and stationery applications. We will undertake design, development and assembly lithium-ion battery packs along with BMS through this joint venture company.**



this growth path, we will focus on products and segments that enable efficient capital deployment, working capital management & strengthening overall ROCE.

### Acknowledgments

On behalf of the board, I extend my sincerest appreciation for the entire SMIL team, who ensured our company survived one of the most challenging years to date. I must also deeply thank my fellow board members, the leadership team and all our employees. Without their strength and fortitude, none of this would have been possible. I also extend my gratitude to our customers for believing in our company and holding steady during tough times. And finally, I thank all our suppliers, shareholders, business partners and other stakeholders for their continued and unwavering support. We look forward to navigating the next part of our journey with each one of you. Till then, get vaccinated, take care and stay safe!

Best Wishes,

**Ajay Relan**

Managing Director

# INDUSTRY OPPORTUNITIES:

## Key Trends That Shape the FUTURE

### LEGISLATIVE TAILWINDS – DRIVING MORE CONTENT PER VEHICLE

#### Legislations

##### Off Road

CEV IV\* (April 2021)  
TREM IV\*\* (October 2021)  
CEV V\* & TREM V\*\* (April 2024)

##### What do they specify?

EV and TREM IV & V emission stCEV and TREM IV & V emission standards are for non-road diesel engines used in agricultural and construction equipment.

#### Impact

- With applicability of new emission norms, the addressable market segment is expected to witness a CAGR of ~114% over the next 5 years
- Content per vehicle is expected to grow by over 100%

##### On Road

BS-VI norms on RDE (Real Driving Emissions) (April 2023)

##### What do they specify?

Norms will require cars to achieve emission targets even in real world conditions, as opposed to just a laboratory environment.

- RDE norms will result in addressable market CAGR of ~7% over next 5 years
- With applicability of RDE norms from April 2023, the content per vehicle is expected to increase by 10-15%
- BS-VI OBD-II norms will enable to capture additional organic growth

BS-VI OBD-II (On-Board Diagnostics) (April 2023)

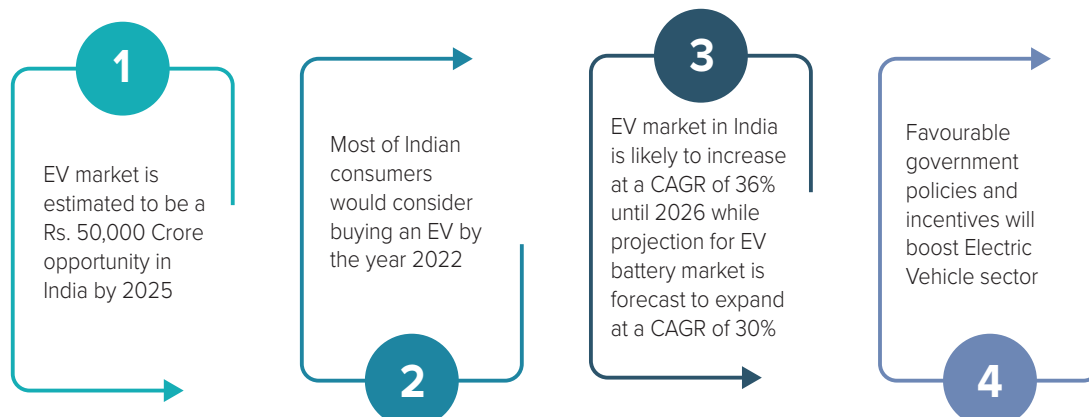
##### What do they specify?

On-board diagnostic systems for emission control shall have the capability of identifying the likely area of malfunction by means of fault codes stored in computer memory as per the procedure laid down in AIS 137 when that failure results in an increase in emission above the limits.

### EVS – THE NEXT BIG THING IN THE MAKING

#### Favourable Growth Drivers

Source: IBEF and Investor Presentation



# OUR READINESS:

## Making us FUTURE-PROOF

### EXPERIENCE

Our three decades rich expertise and knowledge in manufacturing of subcomponents allows us to cater to the requirements of vehicles across all categories.



**Tractors**  
All ranges



**Medium & Heavy Commercial Vehicle**  
2.5L – 8L



**Off-road vehicle**  
2L – 4L



**Stationary engine**  
0.3L – 3.5L



**Passenger Vehicle**  
1L – 3L

### BACKWARD INTEGRATION AND PROCESS

Our backward integrated facilities with two tube mills and three stamping plants allow us to produce in-house bought out parts. Besides, our process and supply chain efficiencies further drive cost optimisation and give us a strategic competitive edge.

### DEDICATED R&D UNIT

We had established R&D unit for exhaust system in 2002 and emission system in 2010 at Mahindra World City, Chennai. The state-of-the-art-facility is equipped to design, simulate, test and prototype of exhaust system for PVs & CVs as well as non-automotive applications. Besides, the centre has full capabilities to cater to various emission norms ranging from BS4, BS6, Tier 4 & Tier 5.

### TECHNOLOGY EXPERTISE + JVS

Our strategic technology partnerships allow us to access world class technology in emission control system. It further acts as a key entry barrier for most of the domestic suppliers.

Responsibilities	Concept Design	CFD Analysis	Acoustic Simulation	Structural Analysis	Proto Build	Industrialization	Testing	SOP
Passenger Vehicle Engine	•	•	•	•	•	•	•	•
Small Commercial Vehicle Engine	•	•	•	•	•	•	•	•
Light Commercial Vehicle Engine	•	•	•	•	•	•	•	•
Medium Commercial Vehicle Engine	•	•	•	•	•	•	•	•
Heavy Commercial Vehicle	•	•	•	•	•	•	•	•
3 Wheeler Passenger / Load Carrier	•	•	•	•	•	•	•	•
Tractors and Off-road Vehicles	•	•	•	•	•	•	•	•

• Has ability for testing up to 8L engine for Heavy Commercial Vehicle

• Yes

### INVESTMENT CAPABILITIES

Our robust financial management over the years has allowed us to remain debt free with over Rs. 280 Crore surplus cash in hand. Besides, we also have monetisable properties in National Capital Region which can be utilised for rewarding the investors or any future expansion opportunities.

TRAINED AND SKILLED ENGINEERS FOR  
CFD, FEA AND ACOUSTICS

100+

### ASSET EFFICIENCY

Our asset efficiency has allowed us to achieve optimum capacity utilisation. As a result, projects in pipeline will be requiring only incremental CAPEX and will have strong cash generation ability.

CAPACITY UTILISATION

~80%

### STRONG REVENUE AND MARGINS VISIBILITY

We are all set to leverage our strategic joint ventures and tie ups to leverage the favourably industry regulations. Our foray into electric vehicle lithium battery manufacturing segment drives further makes a strong case for long-term revenue visibility. With manufacturing infrastructure already in place and no incremental setup cost, export market for subcomponents further offers higher margins and larger market opportunity.

# DRIVERS OF THE FUTURE

## BOARD OF DIRECTORS



**Shri Kishan N Parikh**  
*Chairman, Independent Director*

Holds Bachelor's Degree in commerce and has overall experience of more than 30 years in the area of Business Management and managing financial activities.



**Smt. Sharda Relan**  
*Co-Chairperson*

Holds Bachelor's degree and is being associated with the Company since its inception. She has an experience of more than 35 years in area overall management of business activities.



**Shri Ajay Relan**  
*Managing Director*

Dynamic entrepreneur having a vast experience in manufacturing automobile components and setting up of new projects and its successful implementation. Responsible for overall operations, R&D and Product Development.



**Shri Nitin Vishnoi**  
*ED & Company Secretary*

Fellow member of ICSI and also holds a Bachelor's degree in Commerce with Honours. Has more than 29 Years of overall work experience and expertise in the field of Corporate Restructuring, Compliance Management and Corporate Governance.



**Shri Ashok Kumar Bhattacharya**  
*Independent Director*

Holds Bachelor's degree from IIT, Kharagpur and P.H.D from Cambridge. Has more than 40 years of experience including Process Engineering.



**Shri Satinder Kumar Lambah**  
*Independent Director*

Holds Bachelor's degree has been Ambassador of India to Hungary, Germany, Russia and High Commissioner to Pakistan. He has vast experience in several fields of Finance and Management of the Company, overall experience of more than 45 years.



**Smt. Sarita Dhuper**  
*Independent Director*

She holds MBBS degree along with Masters degree in medicine and is Practitioner Doctor in USA. She has more than 35 years of experience in the Medicine and related fields.



**Shri Udayan Banerjee**  
*Independent Director*

Holds Masters Degree in Earth Science from IIT Kharagpur. He has an overall experience of more than 47 Years for working with various reputed organizations.

## LEADERSHIP TEAM



**Shri Ajay Relan**  
*Managing Director*

Responsible for overall manufacturing operations, Plant, Research & Development, Product Development and complete supervision of the Company.



**Shri Aashim Relan**  
*Chief Executive Officer*

Graduated in Finance & Economics from Emory University, Atlanta and has various other business certifications. He is responsible for managing the Supply Chain, Operations, Strategy & Innovations. Recognised as one the youngest business leaders in the country.



**Shri Srinivasan Narasimhan**  
*Chief Financial Officer*

Qualified Chartered Accountant, Company Secretary & Cost Accountant, Mr. Srinivasan has also been winner of CFO Power List 2020 in the FP&A Category Amongst the top 100 influential CFOs.



**Shri Nitin Vishnoi**  
*Executive Director and Company Secretary*

Fellow member of ICSI and also holds a Bachelor's degree in Commerce with Honours. Has more than 29 Years of overall work experience and expertise in the field of Corporate Restructuring, Compliance Management and Corporate Governance.



**Shri Anand Dinkar Sontakke**  
*Chief Operating Officer*

BE in Mechanical from NIT, ICWAI (intermediate) & CPM from ISM, USA. Has more than 29 years of experience in Manufacturing, Global procurement, Sales & Marketing.



**Shri Deepak Bhaskar**  
*Chief People Officer*

MBA in HR from SIMS, Pune & Executive MBA in Business Management from MDI, Gurgaon. Has proven leadership experience across HR verticals, supported by strong achievements track record. Has served 22+ years in IAF in different capacities.



**Shri Dnyanesh Dandekar**  
*Vice President Research and Development*

B.E. Mechanical & M.E. Thermal Engineering from Govt. College of Engineering, Karad and Executive MBA from SPJIMR, Mumbai. Has 22 years of experience in development of new products, new technologies as new features in existing products.



**Shri Sriram Balaraman**  
*Vice President Research and Development*

Master of Engineering with 25+ years of product development experience in Automotive sector. Last stint with Ashok Leyland Ltd., as Group Head – Exhaust and After Treatment Systems (EATS). Has successfully EATS products for Trucks & Buses for BS3, BS4 & BS6 emission norms.



# TOWARDS A RESPONSIBLE FUTURE

We believe that we have a key role to play in helping the communities in which we live and work. This takes the form of going beyond business and doing our contribution towards environment conservation, health & safety of the people.

## TREE PLANTATION

SMIL believes in the preservation of the environment and trees constitute a tangible symbol of the environment, reinforced by the growing awareness of the role that trees play in preventing climate change. Our volunteers played a vital role in making the environment better by planting trees and sapling of flowers.



## CURBING PLASTIC POLLUTION

There's no doubt that plastics have made our lives safer and easier over the past half-century. But their durability and ubiquity bring a huge cost to the environment. The plastic waste crisis is a growing part of the climate change crisis. As a drop of initiation for curbing plastic pollution, SMIL installed plastic bottle shredding machine at Jamshedpur district of Jharkhand.



## BLOOD DONATION DRIVE

Blood donations are one of the most important things one can do to help others in need. There is no substitute for blood, and it can't be manufactured. SMIL organised various blood donation camps and all the employees of SMIL voluntarily donated their blood to help save lives.



## AMBULANCE

Increase in medical ailments due to COVID has led to the rise in hospitals and emergency medical services assisting patients who require emergency medical assistance at critical moments helping them to reach the hospital on time thus saving their life. SMIL contributed to this key role for fighting against COVID by providing Ambulances under the Sharda CSR Foundation Trust in Chennai, Pune and Nashik.



## FOOD DISTRIBUTION DURING THE NATIONAL LOCKDOWN

Distribution and donation of food and groceries at Sipcot and Mahindra World City plant at Chennai, to bring relief to those most affected by the pandemic. At SMIL we are committed to doing our part to fight this growing crisis, not just through our day-to-day commitment to producing affordable food worldwide but also by increasing donations to organisations that are dedicated to fighting hunger.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**SHRI KISHAN N PARIKH***Chairperson***SMT. SHARDA RELAN***Co-Chairperson***SHRI AJAY RELAN***Managing Director***SHRI ROHIT RELAN***Director**(upto 24.10.2020)***SHRI ASHOK KUMAR BHATTACHARYA***Director***SHRI SATINDER KUMAR LAMBAH***Director***SHRI UDAYAN BANERJEE***Director***SMT. SARITA DHUPER***Director**(w.e.f. 29.06.2020)***SHRI NITIN VISHNOI***Executive Director & Company Secretary*

## CHIEF EXECUTIVE OFFICER

**SHRI AASHIM RELAN**

## CHIEF FINANCIAL OFFICER

**SHRI SRINIVASAN NARASIMHAN***(w.e.f. 30.03.2021)***SHRI VIVEK BHATIA***(upto 30.03.2021)*

## AUDITORS

**STATUTORY AUDITORS***M/s. GUPTA VIGG & CO.**CHARTERED ACCOUNTANTS***SECRETARIAL AUDITORS***M/s. VKC & ASSOCIATES**COMPANY SECRETARIES***COST AUDITORS***M/s. GURDEEP SINGH & ASSOCIATES**COST ACCOUNTANTS*

## BANKERS

*KOTAK MAHINDRA BANK**HDFC BANK**YES BANK*

## REGISTERED OFFICE

*D-188, OKHLA INDUSTRIAL AREA, PHASE - I,  
NEW DELHI - 110 020, INDIA**Website: [www.shardamotor.com](http://www.shardamotor.com)**E-mail: [investorrelations@shardamotor.com](mailto:investorrelations@shardamotor.com)**Tel.: +91 11 4733 4100 Fax: +91 11 2681 1676**CIN: L74899DL1986PLC023202*



## Notice

### SHARDA MOTOR INDUSTRIES LIMITED

(CIN: L74899DL1986PLC023202)

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

Tel.: +91 11 4733 4100 Fax: +91 11 2681 1676

Email: investorrelations@shardamotor.com

Website: www.shardamotor.com

### NOTICE

**NOTICE** is hereby given that the Thirty Six (36) Annual General Meeting (AGM) of the members of Sharda Motor Industries Limited ("the Company") will be held on Friday, August 27, 2021 at 12:00 Noon (IST), through Video Conferencing (VC) / Other Audio Visual Means (OVAM) to transact the following business(es):

#### ORDINARY BUSINESS:

##### 1. To consider and adopt:

- (a) the audited standalone financial statement of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon; and
- (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2021 and the report of Auditors thereon and in this regard.

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

- a) "RESOLVED THAT the audited standalone financial statement of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."
- b) "RESOLVED THAT the audited consolidated financial statement of the Company for the financial year ended March 31, 2021 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

##### 2. To re-appoint Shri Nitin Vishnoi (DIN: 08538925), who retires by rotation, being eligible and offers himself for re-appointment as Director of the Company.

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

"RESOLVED THAT pursuant to the provision of Section 152 of the Companies Act, 2013, Shri Nitin Vishnoi (DIN: 08538925), who retires by rotation at this meeting and being eligible, has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

##### 3. To declare a final dividend for the financial year 2020-21.

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), a final dividend of Rs. 2.63/- per Equity Share of face value of Rs. 2 each i.e. 132 percent on the paid up share capital be and is hereby declared for the financial year 2020-21."

#### SPECIAL BUSINESS:

##### 4. Approval of Re-appointment of Shri Udayan Banerjee (DIN: 00339754) as Non-Executive Independent Director of the Company for a second term of five consecutive years from the January 1, 2022 till December 31, 2027.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and "Ministry of Corporate Affairs" MCA Circular No. 14/2014 dated June 9, 2014 read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other applicable provisions, if any, (including

## Notice (Contd.)

any statutory modification(s) or re-enactment thereof for the time being in force), based on the Performance Evaluation, Shri Udayan Banerjee (DIN: 00339754), who was appointed as a Non-Executive Independent Director who holds office up to December 31, 2021 and is eligible for re-appointment for second term of five consecutive years and meets the criteria of independence as specified under the Act and Listing Regulations, be and is hereby re-appointed as a Non-Executive Independent Director of the Company, to hold office for a second term of five consecutive years with effect from January 1, 2022 till December 31, 2027.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company [which expression shall include any Committee thereof or any other person(s) as may be authorised by the Board in that behalf], be and is hereby authorised to undertake, execute all such acts, deeds, matters and things as they may deem necessary, proper and/ or expedient, to apply for requisite approval(s) of the statutory or regulatory authorities, as may be required, to carry out all requisite, incidental, consequential steps and to settle any question, difficulty or doubt that may arise in order to give full effect to this resolution.”

**5. Approval for Continuation / Re-appointment of Shri Udayan Banerjee (DIN: 00339754) as Non-Executive-Independent Director being aged about 74 years, w.e.f January 15, 2022 till December 31, 2027.**

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

**“RESOLVED THAT** pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable provisions of the Companies Act, 2013 read with Rules made thereunder and other applicable provisions, if any (including any statutory modification(s) or re-enactment thereof for the time being in force), the re-appointment / continuation of Shri Udayan Banerjee (DIN: 00339754), aged about 74 years, as a Non- Executive Independent Director of the Company with effect from January 15, 2022 till December 31, 2027, be and is hereby approved.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company [which expression shall include any Committee thereof or any other person(s) as may be authorised by the Board in that behalf], be and is hereby authorised to undertake, execute all such acts, deeds, matters and things as they may deem necessary, proper and/ or expedient, to apply for requisite approval(s) of the statutory or regulatory authorities, as may be required, to carry out all requisite, incidental, consequential steps and to settle any question, difficulty or doubt that may arise in order to give full effect to this resolution.”

**6. To re-appoint Shri Ajay Relan as Managing Director of the Company.**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), based on the performance evaluation and subject to such consent, approvals and permissions as may be needed in this regard, approval of the shareholders of the Company be and hereby accorded for re-appointment of Shri Ajay Relan (DIN: 00257584) as Managing Director of the Company for a period of five years with effect from September 1, 2021 on payment of such remuneration and other benefits subject to tax deduction as per the Income Tax Act, as set out hereunder:

**Salary :** Rs 25,00,000/- per month in the range of Rs. 25,00,000 to Rs. 35,00,000 per month as may be agreed between the Board of Directors/ Nomination & Remuneration Committee and Shri Ajay Relan.

**Performance linked incentive/ Commission:**

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

## Notice (Contd.)

### Other Entitlements

- a) Expenditure of Housekeeping including maintenance and insurance premium thereof.
- b) Medical Expenses for self & family including Premium of Medi-claim Policy(ies).
- c) Leave Travel Concession for self & family as per the Company Rules.
- d) Clubs Membership Fees / expenses.
- e) Personal Accident Insurance for self & family.
- f) Leave Encashment as per the Company Rules.
- g) Provision for Company maintained chauffeur driven car
- h) Free Telephone, Fax and other communication facilities at Residence
- i) Company's Contribution towards Provident Fund, Pension Fund, and Superannuation Fund as per the Company Rules.
- j) Such other perquisites and allowances in accordance with the rules / policies of the Company or as may be agreed to by the Board of Directors and Shri Ajay Relan.

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

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

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

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

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

### 7. To consider and approve the payment of remuneration to be paid to Shri Ajay Relan, Managing Director / promoter of the Company in excess of threshold limits as per SEBI (LODR) (Amendment) Regulations, 2018.

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

**"RESOLVED THAT** pursuant to Regulation 17(6)(e) of SEBI (LODR) (Amendment) Regulations, 2018 and applicable provision of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactments thereof for the time being in force) and other applicable provisions, if any and as per the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, the consent of the shareholders of the Company be and is hereby accorded for the continuation of payment of remuneration to Shri Ajay Relan, Managing Director and who is also Executive Director and Promoter of the Company as per the terms and conditions as placed before the Shareholders of the Company at the 36 Annual General Meeting of the Company held on August 27, 2021 their approval notwithstanding

- a) the annual remuneration payable to him exceeding 5 Crore or 2.5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher, or
- b) the aggregate annual remuneration of all the Executive Directors exceeds 5 percent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013 for a further period of five consecutive years with effect from September 1, 2021."

## Notice (Contd.)

**“RESOLVED FURTHER THAT** the Board of Directors of the Company [which expression shall include any Committee thereof or any other person(s) as may be authorised by the Board in that behalf], be and is hereby authorised to undertake, execute all such acts, deeds, matters and things as they may deem necessary, proper and/ or expedient, to apply for requisite approval(s) of the statutory or regulatory authorities, as may be required, to carry out all requisite, incidental, consequential steps and to settle any question, difficulty or doubt that may arise in order to give full effect to this resolution.”

**8. To ratify the Remuneration to be paid to M/s. Gurdeep Singh & Associates, Cost Auditors of the Company.**

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

**“RESOLVED THAT** pursuant to the provision of Section 148 of the Companies Act, 2013, read with rules framed thereunder and other applicable provisions, if any, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and such other permissions as may be necessary and on the recommendation of the Audit Committee of the Company, the members of the Company do hereby ratify the remuneration of Rs. 100,000/- (Rupees One Lacs only) excluding applicable taxes and other out-of pocket expenses payable to M/s. Gurdeep Singh & Associates, Cost Auditors, appointed by the Board of Directors of the Company to conduct the audit of cost records of the specified products for the Financial Year 2021-22.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company [which expression shall include any Committee thereof or any other person(s) as may be authorised by the Board in that behalf], be and is hereby authorised to undertake, execute all such acts, deeds, matters and things as they may deem necessary, proper and / or expedient, to apply for requisite approval(s) of the statutory or regulatory authorities, as may be required, to carry out all requisite, incidental, consequential steps and to settle any question, difficulty or doubt that may arise in order to give full effect to this resolution.”

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

**Nitin Vishnoi**

Executive Director & Company Secretary  
DIN: 08538925  
M. No.: F3632

June 23, 2021  
New Delhi

## NOTES:

1. In view of the continuing COVID-19 pandemic, following social distancing norms to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.10/2021, 14/2020, 17/2020 and 20/2020 dated June 23, 2021, April 8, 2020, April 13, 2020 and May 5, 2020, respectively, and clarification circular No. 02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs (“MCA”) (collectively referred to as “MCA Circulars”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 & SEBI/ HO/ CFD/ CMD2/ CIR/ P/ 2021/ 11 dated May 12, 2020 & January 15, 2021, respectively issued by the Securities and Exchange Board of India (“SEBI”) (collectively referred to as “SEBI Circulars”) and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the 36 AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue. The deemed venue for the 36 AGM will be Registered Office of the Company at D-188, Okhla Industrial Area, Phase-I, New Delhi-110020.

## Notice (Contd.)

2. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 ("Act") in respect of the Special Business set out in the Notice, is annexed hereto. Additional information as required under Secretarial Standard-2 and Regulation 36(3) of SEBI Listing Regulations pertaining to the Directors proposed to be appointed/ re-appointed / continued as of Director is also annexed.
3. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS & SEBI CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH, ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS UNDER SECTION 105 OF THE COMPANIES ACT, 2013 READ WITH THE MCA CIRCULARS & SEBI CIRCULARS, WILL NOT BE AVAILABLE FOR THE 36 AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.**
4. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the 36 AGM through VC/OAVM facility. Corporate Members intending to appoint their authorised representatives pursuant to Sections 112 and 113 of the Act, as the case maybe, to attend the AGM through VC/OAVM or to vote through remote e-voting are requested to send a certified copy of the Board Resolution to the Scrutinizer by e-mail at [vkcs.pcs@gmail.com](mailto:vkcs.pcs@gmail.com) with a copy marked to Company at [investorrelations@shardamotor.com](mailto:investorrelations@shardamotor.com) and Voting Agency (CDSL) at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or upload on the VC portal / e-voting portal at least Ten days before casting the vote through remote e-voting / e-voting at AGM.
5. The requirement to place the matter relating to the appointment of Statutory Auditors for ratification by Members at every Annual General Meeting has been done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed from the conclusion of the 32 Annual General Meeting held on August 30, 2017 to hold the Office till 37 Annual General Meeting of the Company to be held in Year 2022.
6. The dividend, as recommended by the Board, if approved at the AGM, in respect of equity shares held in electronic form will be payable to the beneficial owners of shares that stood as on Friday, August 20, 2021 as per the data provided by the Depositories to the Company for this purpose. In case of shares held in physical mode, the dividend will be paid to the shareholders, whose names shall appear in the Company's Register of Members as on Friday, August 20, 2021. The final dividend shall be paid within prescribed time from the date of its declaration.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. In line with the MCA General Circular dated May 5, 2020, the Notice of the AGM along with the Annual Report for the FY 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. The Notice convening the 36 AGM along with the Annual Report for the FY 2020-21 has been uploaded on the website of the Company at [www.shardamotor.com](http://www.shardamotor.com) under 'AGM Notices' section of Shareholders Information and may also be accessed on the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively. The Notice alongwith the Annual Report for the FY 2020-21 is also available on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com). The Members are also requested to register their e-mail ID's and other details with the Company and Depository Participant. The Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, Alankit Assignments Limited ('Registrar' or 'Alankit').
9. The Members can join the AGM in the VC/OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1,000 Members on a first come first served basis as per the MCA Circulars but this will not include large Shareholders (Shareholders holding 2 Percent or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee, Auditors, who are allowed to attend the AGM without restriction on account of first come first served basis.



## Notice (Contd.)

10. Members may note that pursuant to the General Circular No. 20/2020 dated May 5, 2020 issued by the MCA, the Company has enabled a process for the limited purpose of receiving the Company's annual report and notice for the Annual General Meeting (including remote e-voting instructions) electronically, and Members may temporarily update their email address sending the request at e-mail Id of the Company at [investorrelations@shardamotor.com](mailto:investorrelations@shardamotor.com).
11. The Members can post their questions / queries on financial statements or any agenda item proposed in the notice of AGM by giving due intimation to the Company at least 10 days prior to the Meeting at [investorrelations@shardamotor.com](mailto:investorrelations@shardamotor.com), or to the Registrar & Share Transfer Agent at [rta@alankit.com](mailto:rta@alankit.com).
12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. August 27, 2021. Members seeking to inspect such documents can send an email to [investorrelations@shardamotor.com](mailto:investorrelations@shardamotor.com).
13. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company's Registrar and Transfer Agent, Alankit Assignments Limited ('Registrar' or 'Alankit') at [lalitap@alankit.com](mailto:lalitap@alankit.com) or [rta@alankit.com](mailto:rta@alankit.com) for assistance in this regard.
14. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting facility provided at the AGM.
15. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination, power of attorney registration, Bank Mandate details, etc. to their DPs in case the shares are held in electronic form and to the Registrar at [lalitap@alankit.com](mailto:lalitap@alankit.com) or [rta@alankit.com](mailto:rta@alankit.com) in case the shares are held in physical form, quoting their folio number. Further, Members may note that Securities and Exchange Board of India ('SEBI') has mandated the submission of PAN by every participant in the securities market.
16. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, August 21, 2021 to Friday, August 27, 2021 (both days inclusive).
17. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agent, Alankit Assignments Limited, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Alankit Assignments Limited.
18. Members holding shares in physical mode are requested to register their email IDs with the Registrar and Share Transfer Agent of the Company and Members holding shares in DEMAT mode are requested to register their email IDs with their respective DPs in case same is still not registered.
19. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Alankit Assignments Limited, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
20. Members of the Company are informed that pursuant to the provisions of the Companies Act, 2013 or any statutory modification(s) or re-enactment(s) thereof, the amount of dividend which remains unclaimed/ unpaid for a period of 7 years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education & Protection Fund ("IEPF") constituted by the Central Government and thereafter, no claims shall lie against the Company. Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the

## Notice (Contd.)

Act, and its applicable rules, therefore, it is advised to claim the same from the Company. The due dates of transfer of the following dividends to IEPF are as under:

FY ENDED	DATE OF DECLARATION OF DIVIDEND	PROPOSED DUE DATE FOR TRANSFER TO IEPF
31.03.2014	03.09.2014	01.10.2021
31.03.2015	10.02.2015*	08.03.2022
31.03.2015	26.08.2015	24.09.2022
31.03.2016	05.02.2016*	03.03.2023
31.03.2016	07.09.2016	05.10.2023
31.03.2017	05.02.2017*	03.03.2024
31.03.2017	30.08.2017	28.09.2024
31.03.2018	12.02.2018*	10.03.2025
31.03.2018	27.09.2018	25.10.2025

\* Interim Dividend

the Company has already transferred all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more along with the unpaid or unclaimed dividend for that period to the Investor Education & Protection Fund. Members who have so far not claimed their shares/dividends for the said period may claim their dividend and shares from the Investor Education & Protection Fund by submitting an application in the prescribed form.

Members can avail of the nomination facility by filing form SH-13, as prescribed under section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the Company/ RTA.

In compliance with the provisions of Section 108 of the Act and the rules framed thereunder, and Regulation 44 of the Listing Regulations as amended and the MCA Circulars, Company is pleased to provide facility of remote e-voting to all its members to enable them to cast their votes on all resolutions set forth in this notice electronically. Remote e-voting is optional and not mandatory. For this purpose, the Company has engaged the services of Central Depository Services (India) Limited ("CDSL") for the purpose of providing the facility to cast vote through remote e-voting as well as e-voting during the AGM to all its Members.

### 21. VOTING PROCESS AND INSTRUCTION REGARDING REMOTE E-VOTING:

- The e-voting period will commence on Tuesday, August 24, 2021 (09:00 A.M. IST) and ends on Thursday, August 26, 2021 (05:00 P.M. IST). During this period, members of the Company holding shares either in physical form or in dematerialised form, as on Cut-Off date i.e. Friday, August 20, 2021, (the "Cut-Off Date") may cast their vote electronically, and the e-voting module shall be disabled by CDSL for voting thereafter.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its members, in respect of all members' resolutions.
- Currently, there are multiple e-voting service providers (ESPs) providing evoting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the members. In order to increase the efficiency of the voting process, all the demat account holders have been enabled for e-voting by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs. thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility



## Notice (Contd.)

**Pursuant to aforesaid SEBI Circular, login method for e-voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:**

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the evoting is in progress and also able to directly access the system of all e-voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on Company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>

## Notice (Contd.)

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After Successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

### LOGIN METHOD FOR E-VOTING AND JOINING VIRTUAL MEETING FOR MEMBERS OTHER THAN INDIVIDUAL MEMBERS HOLDING SHARES IN DEMAT FORM & MEMBERS HOLDING IN PHYSICAL MODE:

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

- (i) The shareholders should log on to the e-voting.
- (ii) Click on Shareholders.
- (iii) Now Enter our User ID (For CDSL:16 digits beneficiary ID, For NSDL :8 Character DPID followed by 8 Digits Client ID, Members holding shares in physical form should enter Folio Number registered with the Company.
- (iv) Enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form other than Individual & Physical Form

<b>PAN</b>	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.  If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field.

## Notice (Contd.)

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If a demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians – For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutinizer and to the Company at the email address viz; [investorrelations@shardamotor.com](mailto:investorrelations@shardamotor.com) (designated email address by Company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

## Notice (Contd.)

- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 022-23058542/43.
- All grievances connected with the facility for voting by electronic means may be addressed to Shri Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or 022-23058542/43.

(B) The Remote e-voting period will commence on Tuesday, August 24, 2021 (09:00 A.M. IST) and ends on Thursday, August 26, 2021 (05:00 P.M. IST). During this period, members of the Company holding shares either in physical form or in dematerialised form, as on Cut-Off date i.e. Friday, August 20, 2021, (the "Cut-Off Date") may cast their vote electronically, and the e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is casted by the Member, he/she shall not be allowed to change it subsequently.

22. Only those shareholders of the Company who are holding shares either in physical form or in dematerialised form, as on the cut-off date (i.e. Friday, August 20, 2021), shall be entitled to cast their vote either through remote e-voting or through venue voting through VC/OAVM at the AGM, as the case may be. Any person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
23. The Members who have cast their vote by remote-evoting prior to the AGM may also attend / participate in the proceedings of the AGM through VC/OAVM but shall not be entitled to cast their votes again. Members participating at the AGM, who have not already cast their vote by remote e-voting, will be eligible to exercise their right to vote during such proceedings of the AGM.
24. **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.**
  - i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id. at [investorrelations@shardamotor.com](mailto:investorrelations@shardamotor.com) or [rta@alankit.com](mailto:rta@alankit.com) / [lalitap@alankit.com](mailto:lalitap@alankit.com)
  - ii. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).
  - iii. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-voting & joining virtual meetings through Depository.
25. **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**
  - a) The procedure for attending meeting & e-voting on the day of the AGM is same as the instructions mentioned above for e-voting.
  - b) The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
  - c) Shareholders are encouraged to join the Meeting through Laptops / I-Pads for better experience.
  - d) Shareholders who have voted through Remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.

## Notice (Contd.)

- e) Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- f) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- g) Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **Ten days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at investorrelations@shardamotor.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **Ten days prior to meeting** mentioning their name, demat account number / folio number, email id, mobile number at investorrelations@shardamotor.com. These queries will be replied to by the Company suitably by email.
- h) Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.

### 26. INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

- i. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
- iii. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- iv. Shareholders who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

27. Shri Vineek K Chaudhary, Managing Partner (Membership No. FCS 5327) and failing of him Shri Mohit K Dixit, Partner, (Membership No. 49021), of M/s. VKC & Associates, New Delhi, Practicing Company Secretaries, having consented to act as a scrutinizer, has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.

The results of the voting on resolutions shall be declared by the Chairman / Co-Chairperson or any other person authorised by him/her in writing after the AGM within the prescribed time limits. The results declared along with the Scrutinizer's Report shall be placed on the Company's website i.e. [www.shardamotor.com](http://www.shardamotor.com) and will also be available on the website of CDSL i.e. [www.cdslindia.com](http://www.cdslindia.com) and will be communicated to the stock exchanges, where the shares of the Company are listed.

28. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

## Notice (Contd.)

### INFORMATION REQUIRED TO BE FURNISHED UNDER LISTING REGULATIONS AND SECRETARIAL STANDARD - 2 AND REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

As required under Listing Regulations and Secretarial Standard-2, the particulars of Directors who are proposed to be appointed / re- appointed, during the year under review are furnished (details as on March 31, 2021) below:

Particulars	Shri Nitin Vishnoi	Shri Udayan Banerjee	Shri Ajay Relan
Date of Birth (as on date)	January 18, 1970 (51 Years)	January 15, 1947 (74 Years)	December 3, 1961 (59 Years)
Nationality	Indian	Indian	Indian
DIN:	08538925	00339754	00257584
Date of First Appointment on the Board of the Company	September 3, 2019	February 13, 2019	January 29, 1986
Qualification	B.Com (Hons.) & Fellow Member of Institute of Company Secretaries of India	MSc. in Applied Science (IITKharagpur)	B.Com (Hons.), Owner President Management Programme (Harvard Business School, USA)
Experience, Expertise & other details	He has an overall experience of more than 29 years in the field of Corporate Governance, Compliance Management & Corporate Restructuring and other details are provided in the brief profile as enclosed below the table as <b>"Annexure 1"</b>	He has an overall experience of more than 47 years in the field of Business Management, Operations and other details are provided in explanatory statement to Item No. 4 of the Notice	He has an overall experience of more than 35 years in the field of Business Management and other details are mention in brief profile in the Explanatory Statement to Item No. 6 of the Notice
Brief profile	Enclosed below the table as <b>"Annexure 1"</b>	Mentioned in the Explanatory Statement to Item No. 4 of the Notice	Mentioned in the Explanatory Statement to Item No. 6
Shareholding in the Company including shareholding as beneficial owner	NIL	NIL	3,474,276 shares (58.42 Percent)
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None	None	Son of Smt. Sharda Relan, Director of the Company
Remuneration received from the Company in the FY 2020-21	Remuneration: Rs. 39.17 Lacs as Executive Director	Sitting fees: Rs. 3.90 Lacs	Remuneration: Rs. 5.08 Crore as Managing Director

## Notice (Contd.)

Particulars	Shri Nitin Vishnoi	Shri Udayan Banerjee	Shri Ajay Relan
Number of meetings of the Board held and attended during the FY 2020-21	Board Meeting: held: 5 attended: 5	Board Meeting: held: 5 attended: 5	Board Meeting: held: 5 attended: 5
Directorships held in Companies in India (including this listed entity)	<b>Directorship :1</b> Sharda Motor Industries Limited	<b>Directorship :1</b> Sharda Motor Industries Limited	<b>Directorship: 4 Companies:</b> <ul style="list-style-type: none"> <li>• Sharda Motor Industries Limited (Listed entity)</li> <li>• Relan Industrial Finance Limited</li> <li>• Exhaust Technology Private Limited</li> <li>• Sharda Inoac Private Limited (under Strike Off)</li> </ul>
Chairman/ Member of Committee of the Board of listed entities in which they are director	None	<b>Sharda Motor Industries Limited</b> <ul style="list-style-type: none"> <li>a) Audit Committee (Member)</li> <li>b) Nomination and Remuneration Committee (Member)</li> <li>c) Stakeholders Relationship Committee (Member)</li> </ul>	<b>Sharda Motor Industries Limited</b> <ul style="list-style-type: none"> <li>a) Stakeholders Relationship Committee (Member)</li> <li>b) Corporate Social Responsibility Committee (Member)</li> </ul>

## Annexure-1

## Brief profile of Shri Nitin Vishnoi as under:

Shri Nitin Vishnoi (aged about 51 years) is a fellow member of Institute of Company Secretaries of India and also holds a Bachelor's degree in Commerce with Honours. Shri Nitin Vishnoi has an overall work experience of more than 29 years. In year 2002, he was appointed as Company Secretary of the Sharda Motor Industries Limited ("the Company"), before joining the Company he worked as Manager (Finance & Accounts) in Korin India Limited which has been amalgamated with the Company. Prior to joining Korin India Limited, Shri Nitin Vishnoi has worked with Financial Eyes India Limited for more than 3 years. In the year 1994-95 also, he served the Company as a Company Secretary and contributed a lot during this small tenure.

Shri Nitin Vishnoi has a very long association with the Company and he has headed the Corporate Secretarial Department and throughout his association with the company he has substantially contributed in various other areas like finance, accounts, corporate strategic planning including the successful implementation of the ERP in The Company. He has expertise in the field of Corporate Restructuring, Compliance Management and Corporate Governance. Presently he is leading Corporate Governance Philosophies of Company / Group Companies & is continuously streamlining the processes and systems by introducing best benchmarks of the industry.



## Notice (Contd.)

### EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No. 4

In pursuant to the provision of Section 149, 150, 152 read with Schedule IV and other applicable provisions of Companies Act, 2013 read with "Ministry of Corporate Affairs" MCA Circular No 14/2014 dated June 9, 2014 and SEBI Listing Regulations, states that an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, but shall also be eligible for re-appointment for a second term of five consecutive years by passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

Further in pursuant to Part D of Schedule II of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, read with Nomination and Remuneration policy of the Company, the Nomination and Remuneration Committee shall recommend the Re-appointment of Directors to the Board, with justification.

Further the Shareholders' of the Company at its Annual General Meeting held on September 27, 2019 has considered and approved the appointment of Shri Udayan Banerjee (DIN: 00339754) as Non-Executive Independent Director on the Board of the Company w.e.f. February 13, 2019 for a tenure of upto December 31, 2021.

Since Shri Udayan Banerjee will complete his term as a Non-Executive Independent Director on the Board of the Company on December 31, 2021 and in light of the provisions of Section 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 read with "Ministry of Corporate Affairs" MCA Circular No 14/2014, dated June 9, 2014, SEBI Listing Regulations and other applicable provisions, if any, Shri Udayan Banerjee is eligible for re-appointment for second term of 5 (five) consecutive years i.e. from January 1, 2022 to December 31, 2027, subject to the approval of Shareholders of the Company (to be obtained way of a Special Resolution).

In view of the above and based on Performance Evaluation of Shri Udayan Banerjee and on the recommendation of Nomination and Remuneration Committee (considering his background, experience and contribution made to the Company) at its meeting held on June 23, 2021, the Board of Directors of the Company at its meeting held on June 23, 2021 has approved the Re-appointment of Shri Udayan Banerjee (DIN: 00339754) as Non-Executive Independent Director of the Company for a period of five consecutive years i.e. from January 1, 2022 to December 31, 2027, subject to the approval of Shareholders of the Company by way of passing of Special Resolution.

Further the Company has also received the declarations from Shri Udayan Banerjee showing his willingness from being re-appointed and has also confirmed that he is eligible / not disqualified and is not debarred from holding the office of director by virtue of any SEBI order or the order of any statutory authority from being re-appointed as Non-Executive Independent Director on the Board of the Company. Also that he meets the criteria of Independence as specified in the Companies Act 2013 (read with rules made thereunder) and as per Listing Regulations.

#### Brief profile of Shri Udayan Banerjee is as under:

Shri Udayan Banerjee holds Masters Degree in Earth Science from IIT Kharagpur in 1969 and also holds diploma in work study from Work Factor Co. of USA in 1978. Shri Udayan Banerjee started his career in year 1970, as Management Trainee with 'Bata Shoes Limited', wherein he was nominated to attend course on work-study under Johan Hopkins University in United States of America in the Year 1978. In Year 1981, Shri Udayan Banerjee joined Stepwel Industries Limited, as Production Manager. During his tenure with Stepwel Industries Limited, he contributed to the Development and Marketing of "Piere Cardin" brand in India, besides developing business in West Germany and United Kingdom. Shri Udayan Banerjee served 'Stepwel Industries Limited' for five years. Subsequently, Shri Udayan Banerjee worked as Technical and Marketing consultant with UNCTAD/ GATT (presently WTO) for two years and made significant contribution in setting up of three manufacturing units in Bangladesh and two in Indonesia. In year 1988, Shri Udayan Banerjee started working as an Independent Consultant / agent for marketing of plant, machinery and material to various internationally reputed companies of Japan, France and Italy.

## Notice (Contd.)

Shri Udayan Banerjee was associated with Sharda Motor Industries Limited (SMIL) at various positions for approx. 17 years. During his association with SMIL, he led several teams for successful setting up of Manufacturing Units of Automobile Components. Shri Udayan Banerjee initiatives enabled SMIL to enter into technical collaboration for manufacturing of mono block exhaust system. He also played a key role in setting up and commissioning of R&D facility of SMIL, located in Chennai. During his tenure with SMIL, Shri Udayan Banerjee acquired vast experience in foreign collaboration (Technical) for Auto Components especially in emission controls and had the distinction of setting up various industrial units of SMIL. Shri Udayan Banerjee is also involved in child development, teaching poor children and helping them to develop their various inherent qualities and is also involved in rural development in the field of environment protection and child health care.

Shri Udayan Banerjee is a Member of Nomination & Remuneration Committee, Stakeholders Relationship Committee and Audit Committee. Therefore, through his Vast experience as provided above the Company will be benefited immensely through his association. Hence recommends the Resolutions as set forth in the Notice as Resolution No. 4 (being Special Business), be passed as Special Resolution for the consideration and approval of the shareholders.

**Concern or interest, financial or otherwise of Directors and Key Managerial Personnel and their relatives:** Except Shri Udayan Banerjee none of the (i) other Directors, (ii) Key Managerial Personnel, (iii) relatives of the persons mentioned in (i) and (ii), are concerned or interested, financial or otherwise in the proposed resolution.

### Item No. 5

**The Securities and Exchange Board of India (SEBI) has made amendments in the Listing Obligations and Disclosure Requirements ('LODR') Regulations on May 9, 2018.**

**Accordingly, Under Regulation 17 - Board of Directors, sub-regulation (1A) was inserted newly as (with effect from April 1, 2019):**

"No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person"

Shri Udayan Banerjee, Non-Executive Independent Director, aged more than 74 years and is proposed for the approval of Shareholders at this AGM of the Company for the re-appointment for a second term as Non-Executive Independent Director on the Board of the Company. Therefore his continuation of Directorship as a Non-Executive Independent Director requires the approval of members by way of a special resolution from next year, pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (LODR Regulations).

Since he was appointed as Non-Executive Independent Director on the Board of Company from February 13, 2019 and holds the office as Director till upto December 31, 2021 and on his attaining the age of 75 years on January 15, 2022 requires the approval of Shareholders under aforesaid Regulation 17(A) of SEBI LODR Regulations with effect from January 15, 2022. His active involvement and participation in the Meetings of the Board, Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee has helped the Company to ensure the effective decision making.

His status as member of the Board, Audit Committee and Member of Nomination and Remuneration Committee has been instrumental for effective communication to the Board of Directors in the decisions of the Company and through his diversified experience as provided above the Company will be benefited immensely through his association, his extensive experience and expertise accumulated during his career will enable him to provide a wide range of advice on the Company's business management and appropriate oversight of implementation of strategy.

Therefore in view of the above it is felt desirable for the Company to continue him as Director with his existing Designation and based on Performance Evaluation and on the recommendation of Nomination & Remuneration Committee (considering his background, experience and contribution made to the Company), the Board of Directors of the Company, at its meeting held on June 23, 2021 has considered and approved the continuation of the appointment of Shri Udayan Banerjee as Non-Executive

## Notice (Contd.)

Independent Director on the Board of Company on his attaining the age of 75 years or more i.e. from January 15, 2022 and to hold the office as Director till December 31, 2027, subject to the approval of Shareholders of the Company for a second term of five consecutive years. The Brief profile of Shri Udayan Banerjee was provided in the above Item No. 4.

The Company has received declarations from Shri Udayan Banerjee to the effect that he is willing to be re-appointed or continue as Director of the Company and that he meets the criteria for independence as provided in Section 149 of the Act along with the rules framed thereunder and SEBI Listing Regulations and has submitted declaration to that effect that he is eligible for appointment as an Non-Executive Independent Director and is / was not disqualified / debarred from being appointed / re-appointed or continuing as Director of the Company by the virtue of any Order passed by the SEBI, Ministry of Corporate Affairs or any such Statutory Authority. Further he is also independent of the management of the Company. The Board recommends the Resolutions as set forth in the Notice as Item No. 5 (being Special Business), be passed as Special Resolution for the consideration and approval of the shareholders.

**Concern or interest, financial or otherwise of Directors and Key Managerial Personnel and their relatives:** Except Shri Udayan Banerjee none of the (i) other Directors, (ii) Key Managerial Personnel, (iii) relatives of the persons mentioned in (i) and (ii), are concerned or interested, financial or otherwise in the proposed resolution.

### Item No. 6

In view of the provision of Section 196, 197, 198 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, The Shareholders of the Company at its 31 Annual General Meeting of the Company has appointed Shri Ajay Relan as Managing Director of the Company from September 1, 2016 for a consecutive period of five years. Since the present tenure of Shri Ajay Relan as a Managing Director is getting completed on August 31, 2021. Keeping in view that Shri Ajay Relan has rich and varied experience in the industry and has been involved in the operations of the Company since its inception, his re-appointment would be in the best interest of the Company. Further based on his report of performance evaluation and on the recommendation of Nomination & Remuneration Committee (considering his background, experience and contribution made to the Company), and subject to the approval of shareholders of the Company, the Board of Directors of the Company at its meeting held on June 23, 2021 has approved the re-appointment of Shri Ajay Relan as Managing Director of the Company w.e.f. September 1, 2021 for a consecutive period of five years i.e. till August 31, 2026 on such remuneration and on such terms & conditions as mentioned in the proposed resolution herein under item no. 6 of this AGM Notice.

#### Brief Profile of Shri Ajay Relan is as under:

<b>Name</b>	: Ajay Relan
<b>Age</b>	: 59 years
<b>Qualification</b>	: B.Com (Hons.), Management Programme (Harvard Business School, USA)
<b>Experience</b>	: more than 35 years
<b>Field</b>	: Business Management

**Area of Expertise** : Finance, Marketing, and strategic Management.

Shri Ajay Relan is the Managing Director and major stakeholder in Sharda Motor Industries Limited “(the Company)”. He has been managing the entire Business operations of the Company since the incorporation of the Company in year 1986. He is a dynamic entrepreneur having a vast experience in the line of manufacture of automobile components and setting up of new projects and its successful implementation. He is engaged into the supervision of overall manufacturing operations at Plant and Research & Development, Product Development, sales and marketing field and complete supervision of the Company. His leadership qualities embark “(the Company)” towards growth in domestic & global footprint. He is also actively engaged in the decision making at the Board level specifically the financial related matters. He has also holds Directorship in Exhaust Technology Private Limited and Relan Industrial Finance Limited. He is also looking after the overall Strategic and Business Management of the Company.

## Notice (Contd.)

The Company has received declarations from Shri Ajay Relan to the effect that he is willing to be re-appointed as Managing Director of the Company and also that he is eligible and is not disqualified / debarred from being re-appointed or continuing as Managing Director of the Company by the virtue of any Order passed by the SEBI, Ministry of Corporate Affairs or any such Statutory Authority under the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations.

The Board recommends the resolutions as set forth in the Notice as Item No. 6 (being special business), be passed as an ordinary resolution for the consideration and approval of the shareholders.

### **Concern or interest, financial or otherwise of Directors and Key Managerial Personnel and their relatives:**

Except Shri Ajay Relan (himself) and Smt. Sharda Relan none of the (i) other Directors, (ii) Key Managerial Personnel, (iii) relatives of the persons mentioned in (i) and (ii), are concerned or interested, financial or otherwise in the proposed resolution.

### **Item No. 7**

The Securities and Exchange Board of India (SEBI) has made amendments in the Listing Obligations and Disclosure Requirements ('LODR') Regulations on May 9, 2018.

Accordingly, Under Regulations 17 sub-regulation (6)(e) was inserted newly as (with effect from April 1, 2019): "the payment of any fees or compensation to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution, if :

- a) the annual remuneration payable to such executive director exceeds rupees 5 Crore or 2.5 percent of the net profits of the listed entity, whichever is higher; or
- b) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 percent of the net profits of the listed entity."

At present, on the Board of Directors of the Company, there is one executive directors who is also promoters of the Company, that is Shri Ajay Relan, Managing Director of the Company, thus are falling under the above newly amended provisions of SEBI LODR.

The Shareholders of the Company vide. resolution passed through Postal Ballot on May 21, 2019 has approved the payment of remuneration to Shri Ajay Relan in excess of the limit as prescribed under the provision of Regulation 17(6)(e) of SEBI LODR, further the aforesaid approval of Shareholders is valid only till the expiry of the term of such director. Since the term of Shri Ajay Relan as a Managing Director is getting completed on August 31, 2021 and Shri Ajay Relan is proposed for the re-appointment as a Managing Director from September 01, 2021 for a consecutive period of five years i.e. till August 31, 2026, therefore the approval of Shareholders is required under Regulation 17(6)(e) of the SEBI Listing Regulations. This necessitates seeking fresh approval of the shareholders by way of special resolution for retaining all existing terms and conditions of appointment of Shri Ajay Relan including remuneration payable to him from September 1, 2021 for a consecutive period of five years i.e. till August 31, 2026.

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors has approved the above proposal at their meeting held on June 23, 2021 after considering the valuable contributions of Shri Ajay Relan in the growth of the Company and remuneration prevalent for the similar positions in the companies of the like size.

The Board recommends the resolutions as set forth in the Notice as Item No. 7 (being Special Business), be passed as a special resolution for the consideration and approval of the shareholders.

### **Concern or interest, financial or otherwise of Directors and Key Managerial Personnel and their relatives:**

Except Shri Ajay Relan (himself) and Smt. Sharda Relan none of the (i) other Directors, (ii) Key Managerial Personnel, (iii) relatives of the persons mentioned in (i) and (ii), are concerned or interested, financial or otherwise in the proposed resolution.

## Notice (Contd.)

### Item No. 8

On the recommendation of the Audit Committee, the Board of Directors of the Company at its Meeting held on June 23, 2021, have considered and approved the Appointment and Remuneration of M/s Gurdeep Singh & Associates, as Cost Auditors of the Company to conduct the Audit of Cost Records of the specified products at a remuneration of Rs. 1,00,000/- (Rupees One Lacs) plus applicable Tax as applicable and other out-of pocket expenses for the financial year 2021-22. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, ratification for the remuneration payable to the Cost Auditors for the financial year 2021-22 by way of an ordinary resolution is being sought from the members as set out at item no.8 of the Notice.

None of Directors/ Key Managerial Personnel of the Company/ their relative are, in any way, concerned or interested, financially or otherwise, in resolution set out at item no 8.

The Board recommends the Resolutions as set forth in the Notice as Item No. 8 (being Special Business), be passed an ordinary resolution for the consideration and approval of the shareholders.

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

June 23, 2021  
New Delhi

**Nitin Vishnoi**  
Executive Director & Company Secretary  
DIN : 08538925  
M. No.: F3632

# Directors' Report

Dear Members,

Your directors have pleasure in presenting the Thirty-Sixth (36) Directors' Report on the business and operations of the Company together with the financial statements for the financial year ended on March 31, 2021.

## FINANCIAL SUMMARY

(Rs. in Lacs)

Particular	Standalone		Consolidated	
	Year Ended March 31, 2021	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2020
Revenue from operations	1,73,653.60	86,298.81	1,73,653.60	86,298.81
Other Income	2,145.03	2,373.27	2,145.03	2,373.27
<b>Total Revenue</b>	<b>1,75,798.63</b>	<b>88,672.08</b>	<b>1,75,798.63</b>	<b>88,672.08</b>
<b>Profit before Financial Charges, Depreciation</b>	<b>15,069.15</b>	<b>11,961.63</b>	<b>15,069.15</b>	<b>11,961.63</b>
Less: Financial Costs	142.70	92.82	142.70	92.82
Profit before Depreciation, Exceptional Items & Taxes	14,926.45	11,868.81	14,926.45	11,868.81
A. Depreciation	4,398.46	4,021.28	4,398.46	4,021.28
B. Exceptional items	-	-	-	-
Taxation				
– Current Tax	3,050.00	2,456.00	3,050.00	2,456.00
– Deferred Tax Charged/ (Released)	(381.04)	(383.83)	(381.04)	(383.83)
<b>Profit for the year before share of profit/(loss) of associates and joint venture</b>	<b>7,859.03</b>	<b>5,775.36</b>	<b>7,859.03</b>	<b>5,775.36</b>
Share of profit/(loss) of associate (net of tax)	-	-	(35.82)	46.55
Share of profit/(loss) of Joint venture (net of tax)	-	-	(1,158.31)	(583.13)
<b>Profit for the year</b>	<b>7,859.03</b>	<b>5,775.36</b>	<b>6,664.90</b>	<b>5,238.78</b>
Other comprehensive income (net of tax)	(37.14)	(9.53)	(37.14)	(9.53)
Add: Profit brought forward from Previous year	15,102.19	22,208.07	14,836.75	25,842.09
Less: Adjustments pursuant to scheme of arrangement (Demerger)	-	(12,871.71)	-	(16,234.59)
<b>Profit available for appropriation</b>	<b>22,924.08</b>	<b>15,102.19</b>	<b>21,464.51</b>	<b>14,836.75</b>
APPROPRIATIONS				
Dividend	-	-	-	-
Tax on Dividend	-	-	-	-
Interim Dividend	-	-	-	-
Tax on Interim Dividend	-	-	-	-
Transferred to General Reserves	-	-	-	-
Balance carried forward to Balance Sheet	22,924.08	15,102.19	21,464.51	14,836.75
<b>Paid-up equity share capital (Face value of Rs. 10/- each)</b>	<b>594.63</b>	<b>594.63</b>	<b>594.63</b>	<b>594.63</b>

## OPERATIONAL PERFORMANCE

### Consolidated performance

During the year under review, the total revenue from operations and other income was Rs. 1,75,798.63 Lacs as against Rs. 88,672.08 Lacs of previous year. Profit before taxation was Rs. 10,527.99 Lacs as against Rs. 7,847.53 Lacs of previous year (i.e. Increased by approx. 34.16 Percent) during the year whereas the finance cost has been increased to Rs. 142.70 Lacs from Rs. 92.82 Lacs. Net Profit after taxes of the Company has Increased by approx. 27.22 Percent year on year basis.



## Directors' Report (Contd.)

### Standalone performance

During the year under review, the total revenue from operations and other income was Rs. 1,75,798.63 Lacs as against 88,672.08 Lacs of previous year. Profit before taxation was Rs. 10,527.99 Lacs as against Rs. 7,847.53 Lacs of previous year (i.e. Increase by approx 34.16 Percent) during the year and finance cost has been increased to Rs. 142.70 Lacs from Rs. 92.82 Lacs. Net Profit after taxes of the Company has increased by approximate 36.07 Percent year on year basis.

### CHANGE IN THE NATURE OF BUSINESS

During the year under review; the Company has not changed the nature of its Business.

### SHARE CAPITAL & SPLIT OF FACE VALUE OF EQUITY SHARE

The Shareholders of the Company vide resolution passed through Postal Ballot on March 22, 2021 has approved the matter of Sub-division / Split of Equity Shares of the Company such that 1 (One) equity share of face value of Rs. 10/- each split / sub-divided into 5 (Five) equity shares of face value of Rs. 2/- each with effect from the Record Date i.e. April 19, 2021. The Memorandum & Articles of Association of the Company was also modified and approved, in this regard. Pursuant to aforesaid sub-division the paid-up share capital of the Company is Rs. 5,94,63,260 divided into 2,97,31,630 equity shares of Rs. 2/- each as on the date of this Report.

### DEMERGER

The scheme of Arrangement (in pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 [Act/ Rules]) between Sharda Motor Industries Limited ("SMIL") and NDR Auto Components Limited ("NACL") and their respective Shareholders and Creditors ("Scheme") with effect from December 31, 2018 (appointed date) to demerge the Seating Business Undertakings of the Company was approved by the Securities & Exchange Board of India ("SEBI") & Hon'ble National Company Law Tribunal, Delhi Bench ("NCLT") vide their "No Objection/ Observation letter of Stock Exchanges" dated August 19, 2019 and NCLT Order dated February 20, 2020.

Thereafter for giving effect to the Scheme of Arrangement as approved by the SEBI & NCLT, the Equity Shares of NACL was listed for Trading at the BSE Limited & National Stock Exchange of India Limited (Stock Exchanges) on July 30, 2020.

### DIVIDEND & RESERVES

Despite the prevalent downturn in Automobile Industry amid the outbreak of COVID-19 pandemic, the Board of Directors of the Company at its Meeting held on June 23, 2021 has recommended a final dividend of Rs. 2.63/- per equity of face value of Rs. 2 each i.e. 132 Percent on the paid up share capital, for the FY 2020-21.

During the year under review, the Company has not transferred any amount to the Reserves.

### DIVIDEND DISTRIBUTION POLICY

The Securities & Exchange Board of India ("SEBI"), vide notification in Official Gazette dated May 05, 2021, has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 (LODR Amended Regulations) which come into force from May 6 2021. Regulation 43A of the LODR Amended Regulations provides that the Dividend Distribution Policy shall be approved and implemented by the Company for Top 1000 listed entities based on market capitalisation. Since the Company falls within the ambit of Top 1000 listed entities, therefore the Dividend Distribution Policy was approved by the Board of Directors of the Company at its Meeting held on June 23, 2021 and is available on the Company's website at: <https://www.shardamotor.com/wp-content/uploads/2021/07/DIVIDEND-DISTRIBUTION-POLICY.pdf> the said Policy shall provide the Shareholders understanding the Dividend aspect of the Company with following parameters:

- the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- the financial parameters that shall be considered while declaring dividend;
- internal and external factors that shall be considered for declaration of dividend;
- policy as to how the retained earnings shall be utilised; and
- parameters that shall be adopted with regard to various classes of shares.



## Directors' Report (Contd.)

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

The existing composition of the Board is fully in conformity with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") including any statutory modification(s) / amendment(s) thereof for the time being in force.

Further all the Directors of the Company have given the declaration that they are not debarred from being appointed / re-appointed or continuing as Director of the Company by the virtue of any Order passed by the SEBI, Ministry of Corporate Affairs or any such Statutory Authority. All the Independent Directors meets / fulfills the criteria / conditions of Independence as prescribed under the Companies Act and Listing Regulations and are Independent of the Management of the Company.

The Company has received declaration from all the Independent Directors confirming that they meet the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 read with the schedules and rules made there under along with declaration for compliance with clause 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the shareholders of the Company at its 35 Annual General Meeting has approved the appointment of Smt. Sarita Dhuper (DIN: 08776286) as Non-Executive Independent Director on the Board of the Company to hold office for a term of 5 (Five) consecutive years with effect from June 29, 2020 and also approved the continuation of Shri Ashok Kumar Bhattacharya (DIN: 02804551) as Non-Executive Independent Director of the Company in pursuant to Regulation 17 (1A) of the Listing Regulations for the remaining period of present tenure, i.e. till September 2, 2024 being aged about 75 years. Further Smt. Sharda Relan, Director of the Company liable to retire by rotation was also re-appointed as Executive Director of the Company by the Shareholders of the Company at its 35 Annual General Meeting.

Further, Shri Rohit Relan, Non-Executive Director of the Company resigned from its Directorship with effect from October 24, 2020, in view of the Memorandum of Family Settlement. Smt. Sharda Relan, Co-Chairperson & Director of the Company vide letter dated February 9, 2021 has step down from the office of the Whole-Time Director of the Company with effect from April 1, 2021, due to personal reason. However Smt. Sharda Relan shall continue as Non-Executive Director of the Company, eligible to retire by rotation on the Board of the Company with the payment of sitting Fees.

The Board of Directors of the Company vide resolution passed through circulation on January 16, 2021 & Shareholders of the Company vide resolution passed through Postal Ballot on March 22, 2021 has approved the :

1. Re-appointment of Shri Satinder Kumar Lambah (DIN: 07425155) as Non-Executive Independent Directors of the Company for a second term of five consecutive years commencing with effect from February 5, 2021 to February 4, 2026, in pursuant to the provisions of Section 149, 152 of the Companies Act, 2013 ("Act") and "SEBI Listing Regulations and other applicable provisions, if any.
2. Continuation of Shri Satinder Kumar Lambah (DIN: 07425155) as Non-Executive Independent Directors of the Company being aged about 79 years for a second term of five consecutive years commencing with effect from February 5, 2021 to February 4, 2026, in pursuant to the requirement of Regulation 17 (1A) of the Listing Regulations and other applicable provisions, if any.
3. Continuation of Smt. Sharda Relan (DIN: 00252181) as Non- Executive Director on the Board of the Company being aged about 85 years with effect from April 1, 2021, in pursuant to the requirement of Regulation 17 (1A) of the Listing Regulations and other applicable provisions, if any.

In pursuant to section 152 of the Companies Act, 2013, the Board of Directors of the Company at its Meeting held on June 23, 2021 has considered and recommended the re-appointment of Shri Nitin Vishnoi (DIN: 08538925), Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting, considering that, being eligible he offers himself for re-appointment.

Pursuant to Regulation 17 of Listing Regulations and Section 149, 152, 161 & other applicable provisions of the Companies Act, 2013, on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on June 23, 2021, has approved the re-appointment of Shri Udayan Banerjee (DIN: 00339754), as Non-Executive Independent Director on the Board of the Company for a second term of five consecutive years commencing with effect from January 1, 2022 till December 31, 2027, subject to the approval of shareholders i.e. proposed before the ensuing Annual General

## Directors' Report (Contd.)

Meeting of the Company. Since Shri Udayan Banerjee (DIN: 00339754) shall be attaining the age of 75 years on January 15, 2022, therefore the approval of shareholders is also being sought for his continuation as Non-Executive Independent Director on the Board of the Company for a second term of five consecutive years commencing with effect from January 15, 2022 till December 31, 2027, in pursuant to the requirement of Regulation 17 (1A) of the Listing Regulations.

The Shareholders of the Company at its 31 Annual General Meeting of the Company has approved the appointment of Shri Ajay Relan as Managing Director of the Company from September 1, 2016 for a consecutive period of five years, since the present tenure of Shri Ajay Relan as a Managing Director is getting completed on August 31, 2021, therefore in view of the provision of Section 196, 197, 198 & 203 read with Schedule V of the of the Companies Act, 2013 and other applicable provisions, if any, based on the Performance Evaluation and on the recommendation of Nomination & Remuneration Committee (considering his background, experience and contribution made to the Company) the Board of Directors of the Company at its Meeting held on June 23, 2021 has approved the re-appointment of Shri Ajay Relan as Managing Director for a period of five consecutive years i.e. with effect from September 01, 2021 to August 31, 2026, subject to the approval of Shareholders of the Company.

Accordingly, the approval of shareholders is being sought at the ensuing 36 Annual General Meeting of the Company for the said re-appointment as Managing Director for a period of five consecutive years i.e. with effect from September 01, 2021 to August 31, 2026 on such remuneration and on such terms & conditions as mentioned in the proposed resolution herein under item no. 6 of this AGM Notice.

Pursuant to the provisions of Section 2 (19) & (51) and 203 of the Companies Act, 2013 read with Rules made thereunder and on the recommendation of Nomination & Remuneration Committee & Audit Committee, the Board of Directors of the Company at its Meeting held on March 30, 2021 has appointed Shri Srinivasan Narasimhan as Chief Financial Officer (CFO) of the Company and consequently Shri Vivek Bhatia ceased to be the CFO.

A brief profile of the above mentioned directors seeking appointment / re-appointment / continuation at the ensuing 36 Annual General Meeting (36 AGM) of the Company has been provided in the Explanatory Statement of the Notice of this AGM. In compliance with the provisions of Companies Act, 2013, Listing Regulations and other applicable provisions, if any, the required consents / declarations showing the willingness and confirming that they are eligible and are not disqualified from being appointed / re-appointed / continued as Director were duly received from all the as Director(s) / Key Managerial Personnel(s) of the Company.

All the Non-Executive Directors have extensive business experience and are considered by the Board to be independent in character and judgment of the management of the Company and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment and had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committee of the Company.

During the year under review, except than above mentioned there is no change in Directorship & Key Managerial Personnel(s) of the Company.

### NUMBER OF MEETINGS OF THE BOARD

Number of Board and committee meetings including the date of the meeting and attendance thereof by each director during the year is given in Report on Corporate Governance that forms part of this Annual Report. The compliance of intervening gap between any two meetings was well within the purview Companies Act, 2013 & SEBI Listing Regulations, read with Circulars / notifications / amendments thereof as may be issued / notified by Ministry of Corporate Affairs & SEBI from time to time.

### BOARD LEVEL PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations and other applicable provisions, if any. The Board of Directors ("Board") at its meeting held on June 23, 2021, carried out the performance evaluation of its own performance and that of its committees and individual directors.

A suggestive evaluation format (structured questionnaire) for the performance evaluation, based on the approved criteria, was provided to all the Directors for their evaluation and was also placed / presented before the members of the Board to give their comments therein for facilitating the performance evaluation of individual directors, the Board as a whole and its committees.

## Directors' Report (Contd.)

Based on the above the performance of the Board was evaluated through the ratings given by each Director based on the structured questionnaire that was prepared after considering the approved criteria such as the Board composition and structure, effectiveness of board processes, contribution towards development of the strategy etc.

The performance of the committees was also evaluated by the Board after seeking inputs / ratings from the committee members on the basis of the approved criteria such as the composition of committees, effectiveness of committee meetings etc.

The Board deliberated and found that the overall performance of individual directors and the Board as a whole and its committees were satisfactory.

The Board of Directors has reviewed the performance of the individual directors, including both independent and non-independent, on the basis of the evaluation criteria like qualification & experience, attendance of directors at Board and committee meetings, conflict of interest, effective participation, integrity, knowledge & competencies, domain knowledge, compliance with code of conduct, independent judgment, vision and strategy.etc.

In a separate meeting of independent directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairperson was evaluated taking into account the views of executive directors and non-executive directors. The same was discussed in the next board meeting held after the meeting of the independent directors held on March 30, 2021, at which the performance of the Board, its committees and individual directors was also discussed.

The Directors expressed their satisfaction with the evaluation process. The Board also noted that the Independent Directors fulfill the independence criteria as specified in the Listing Regulations and are Independent of the Management of the Company.

### **NOMINATION, REMUNERATION & EVALUATION POLICY**

Pursuant to Section 134(3) read with Section 178 of the Companies Act, 2013, the nomination and remuneration policy of the Company which lays down the criteria for determining qualifications, competencies, positive attributes and independence for appointment of Directors and policies of the Company relating to remuneration of Directors, Key Managerial Personnel(s) ("KMP") and other employees is available on the Company's website at <http://www.shardamotor.com/wp-content/uploads/2018/08/NRC-policy.pdf>

### **AUDIT COMMITTEE**

Audit Committee comprises of five members out of which four are independent directors including Shri Kishan N Parikh, Independent Director, is the Chairperson of the Committee. Smt. Sharda Relan, Executive Director (upto March 31, 2021 and Non-Executive Director from April 1, 2021) of the Company is also a Member of the Committee. All the members of committee have adequate financial & accounting knowledge and background. Detailed information regarding the number of committee meetings, terms of reference etc. are provided in the Corporate Governance Report forming part of this annual report. All recommendations of the Audit Committee, whenever made, were accepted by the Board during the FY 2020-21.

### **AUDITORS**

#### **Secretarial Auditors & Auditors Reports**

Pursuant to provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, is any, the Board of Directors has appointed M/s.VKC & Associates, Company Secretaries in practice, bearing CP. No. 4548 as Secretarial Auditor of the Company, to conduct Secretarial Auditor the Company for the FY 2020-21. The Secretarial Audit Report for the FY ended March 31, 2021 is annexed herewith marked as **Annexure I** to this Report.

Further the Board of Directors of the Company at its Meeting held on June 23, 2021 has considered and approved the appointment of M/s. VKC & Associates, Company Secretaries in practice, bearing CP. No. 4548 as Secretarial Auditor of the Company for the FY 2021-22.

#### **Statutory Auditors & Auditors Reports**

Pursuant to the provisions of sections 139 and other applicable provisions of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. Gupta Vigg & Co., Chartered Accountants (Firm Registration No. 001393N) were appointed by the Members

## Directors' Report (Contd.)

as Statutory Auditors of the Company, for a term of 5 (five) consecutive years, from the conclusion of the 32 Annual General Meeting of the Company held on August 30, 2017 till the conclusion of 37 Annual General Meeting of the Company to be held in year 2022.

Further the Statutory Auditors have confirmed that they are not disqualified from being continued as Statutory Auditors of the Company in terms of the provisions of Section 139(1), Section 141(2) and Section 141(3) of the Act and the other applicable provisions of the Companies (Audit and Auditors) Rules, 2014. The requirement to place the matter relating to the appointment of Statutory Auditors for ratification by Members at every Annual General Meeting has been done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, accordingly the same has not been taken up at this AGM.

During the year under review there was no incident related to fraud which was reported to the Audit Committee or Board of Directors under section 143(12) of the Companies Act, 2013 by the Statutory Auditors of the Company. Hence, no detail is required to be disclosed under Section 134 (3) (ca) of the said Act. The Auditors' Reports (Standalone & Consolidated) to the Shareholders does not contain any qualification, reservation or adverse remarks. The notes on financial Statement referred to in the Auditors' Report are self-explanatory and do not require any further comments.

### Cost Auditors & Cost Audit Report

In terms of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and based on the recommendation of audit committee, the Board of Directors of the Company has appointed M/s. Gurdeep Singh & Associates (holding M.No. 9967) as Cost Auditors of the Company for conducting the cost audit for the FY 2020-21, considering that the remuneration has also been approved by the members at the 35 Annual General Meeting. The Company has also received a letter from Cost Auditors of the Company to the effect that their, appointment is within the limits prescribed as per the Companies Act, 2013 and are not disqualified from being appointed as Cost Auditors of the Company.

Further, the Board of Directors of the Company at its Meeting held on June 23, 2021 has considered and approved the appointment of M/s. Gurdeep Singh & Associates (holding M. No. 9967) as Cost Auditors of the Company for conducting the cost audit for the FY 2021-22 subject to the ratification of remuneration by the members that has been placed before the ensuing 36 Annual General Meeting.

Further on the recommendation of Audit Committee, the Company has made and maintained all such accounts and cost records, as specified in section 148 of the Companies Act, 2013 read with sub rule (5) of rule 8 of the Companies (Accounts) Rules, 2014.

### CORPORATE SOCIAL RESPONSIBILITY

The Ministry of Corporate Affairs vide its Notification dated January 22, 2021 has amended the existing Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rules") namely Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("CSR Amended Rules") which came into force with immediate effect. Based on the CSR Amended Rules, on the recommendation of CSR Committee, the Board of Directors of the Company at its Meeting held on March 30, 2021 has majorly identified / approved and complied with the following:

- Identified "Medical Clinics" as the Ongoing Projects in which the Company shall undertake its CSR Activities / Obligation through "Sharda CSR Foundation Trust"
- CSR Policy was revised in order to align with the CSR Amended Rules.
- Opening of "Sharda Motor Industries Limited -Unspent CSR Account FY 2020-21"
- Transferring Unspent CSR Amount that remains unspent for the FY 2020-21 for the utilisation of funds over the identified Ongoing Project.
- Devising of Annual Action Plan for carrying out the CSR activities for the FY 2021-22.

During the year under review, your Company has directly spent an approx. amount of Rs. 2.28 Lacs for distribution of food, help and support to the poor in order to support weaker section of society in the situation of COVID-19 pandemic at several locations. In pursuance to our CSR Activities through Ongoing Projects as "Medical Clinics" "Sharda CSR Foundation Trust" (Trust) which is a philanthropic arm of the Company has purchased three Ambulances for an amount of Rs. 66.59 Lacs i.e. one each for Nasik & Chakan in state of Maharashtra and one for Chennai in the state of Tamil Nadu. The Trust has also made donation / subscription of Rs. 45,000 to Rotary Club.

## Directors' Report (Contd.)

Further the Company has transferred an amount of Rs. 137.58 Lacs to "Sharda Motor Industries Limited - Unspent CSR Account FY 2020-21, in deed to accomplishment of the CSR Obligations as identified by the CSR Committee & Board of Directors as Ongoing Project i.e. Medical Clinics. The said amount shall be utilised in a period of three years for the Opening of Medical Clinics / purchasing of Ambulances, purchasing of equipments or any asset or such other activity only for the purpose of Medical aid / benefit to the Society. The actual activity undertaken for the Medical Clinics shall be reported in the next Annual Report.

Details of composition of Committee, number of meetings, attendance at the meetings, are provided in the Corporate Governance Report forming part of this annual report. The revised Corporate Social Responsibility Policy of the Company is available on the website of the Company at weblink:<http://www.shardamotor.com/wp-content/uploads/2016/07/Corporate-Social-Responsibility-Policy-1.pdf>

In terms of Section 135 and rules made thereunder an annual report on CSR activities, expenditure, committee composition etc. is provided as **Annexure II** to the Director's report.

### EXTRACT OF ANNUAL RETURN

In accordance with Section 134 (3) (a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as **Annexure III** to the Directors' Report.

The annual return of the Company as required under the Companies Act, 2013 will be available on the website of the Company at <https://www.shardamotor.com/investor-relations/notices-results/>

### PARTICULARS OF EMPLOYEES

The details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure IV**.

The statement containing details of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report as **Annexure V**.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are annexed here with marked as **Annexure VI** to this Report.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of Loans, guarantees and investments under section 186 have been disclosed in the financial statements.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013, in Form AOC - 2 are appended as **Annexure VII** forming part of this report.

Further in pursuant to the Amendment in SEBI Listing Regulations 2018, the transactions belonging to the promoter/promoter group holding 10 Percent or more shareholding in the Company are for Shri Ajay Relan, Promoter/ Managing Director of the Company is holding 58.42 Percent of Equity Shares in the Company. The above detail is also provided in the Related Party Disclosures in Note No. 37 of Notes to Financial Statements for year ended March 31, 2021, forms part of this Annual Report.

### CORPORATE GOVERNANCE

We strive to attain high standards of corporate governance while dealing with all our stakeholders and have complied with all the mandatory requirements relating to Corporate Governance as stipulated in Para C of Schedule V of Listing Regulation. The "Report on Corporate Governance" forms an integral part of this report and is set out as separate section to this annual report. A certificate from M/s. Gupta Vigg & Co., Chartered Accountants, the statutory auditors of the Company, certifying compliance with the conditions of corporate governance stipulated in Para E of Schedule V of Listing Regulations is annexed with the report on corporate governance.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) read with Para B of Schedule V of the Listing Regulation, is presented in a separate section forming part of this Annual Report.



## Directors' Report (Contd.)

### VIGIL MECHANISM

The Company has a vigil mechanism for directors and employees to report their genuine concerns. Vigil Mechanism / Whistle Blower policy is available on the Company's website at <http://www.shardamotor.com/wp-content/uploads/2020/08/Whistle-Blower-Policy.pdf>

### PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public covered under chapter V of the Companies Act, 2013 and no amount was outstanding as on the date of Balance Sheet.

### MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

During the year under review, there were no material changes and commitments affecting the financial position of the Company.

### THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, no other material orders have been passed by the Regulators/Court or Tribunals which can impact the going concern status and Company's operation in future.

### SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

During the financial year no Company has become or cease to be a subsidiary, Associate or Joint Venture of the Company.

The total amount of investment of the Company that stood in the Exhaust Technology Private Limited, Joint Venture Company as on March 31, 2021 is Rs. 37.5 Crore. During the year under review, the Joint Venture Company has started the production / Manufacturing of Exhaust Systems for Commercial Vehicle under BS VI norms.

The Board of Directors of Sharda Motor Industries Limited ("SMIL" / "the Company") at its Meeting held on June 23, 2021 has approved the Joint Venture Agreement with M/s. Kinetic Green Energy & Power Solutions Limited ("Kinetic") with equity sharing ratio i.e. SMIL: 74 & Kinetic: 26.

Financial performance for the FY 2020-21 of the Associates and Joint Venture Companies are disclosed in the financial statements which forms part of this annual report. A statement in form AOC-1, containing the salient features of the financial statements of the joint venture and associate company is provided as **Annexure VIII**.

### RISK ASSESSMENT, RISK MINIMISATION PROCEDURE

In line with the new regulatory requirements, the Company has formally framed a Risk Assessment and Risk Minimisation Procedure to identify and assess the key risk areas and monitor the same. The Board periodically reviews the risks and suggests steps to be taken to control the risks. Details on the Company's risk management framework, risk evaluation, risk identification etc. is provided in the Management Discussion and Analysis Report forming part of this report.

### RISK MANAGEMENT COMMITTEE & POLICY

The Securities & Exchange Board of India ("SEBI"), vide notification in Official Gazette dated May 05, 2021, has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 (LODR Amended Regulations) which come into force from May 6, 2021. Regulation 21 read with Schedule II, Part D Para C of the LODR Amended Regulations provides that the Board of Directors shall constitute the Risk Management Committee and Risk Management Policy setting out the Risk factors and mitigation process of the Companies for Top 1000 listed entities based on market capitalisation. Since the Company falls within the ambit of Top 1000 listed entities, therefore the Board of Directors of the Company at its Meeting held on June 23, 2021 has constituted the Risk Management Committee and approved the Risk Management Policy. The details regarding the constitution of Risk Management Committee are provided in the Corporate Governance Report and the Risk Management Policy is available on the Company's website at: <http://www.shardamotor.com/wp-content/uploads/2021/07/Risk-Management-Policy.pdf> The said Policy shall provide the Shareholders with the understanding of Risk factors / parameters and its process of monitoring and mitigation.



## Directors' Report (Contd.)

### **DETAILS OF NUMBER OF CASES FILED, IF ANY, AND THEIR DISPOSAL IN TERMS OF SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to provide an environment, which is free of discrimination, intimidation and abuse. The Company believes that it is the responsibility of the organisation to protect the dignity of its employees and also to avoid conflicts and disruptions in the work environment due to such cases.

The Company has put in place a 'Policy on redressal of Sexual Harassment at Work Place' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any employee may report his / her complaint to the Redressal Committee / Internal Complaints Committee, constituted with duly compliance under the Sexual Harassment Act, for this purpose to their Manager or HR personnels.

We affirm that adequate access has been provided to any complainant who wished to register a complaint under the policy, but no complaint was received / filed by any person during the year under review and no complaint is pending to be resolved as at the end of the year.

### **BUSINESS RESPONSIBILITY REPORT**

In pursuant to the amended in Regulation 34(2)(f) of the SEBI Listing Obligations and Disclosure Requirements ('LODR') (Fifth Amendment) Regulations, 2019, the Business Responsibility Report detailing the various initiatives taken by the Company on the environmental, social and governance and various other factors forms an integral part of Annual Report as **Annexure X**.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134(3)(c) read with 134(5) of the Companies Act, 2013, it is hereby stated that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed;
- (b) 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 March 31, 2021 and of the profit and loss of the Company for the year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis;
- (e) Internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis Report, which forms part of this annual report.

### **SECRETARIAL STANDARDS**

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

### **IMPACT OF COVID-19 PANDEMIC**

The World Health Organisation (WHO) on March 11, 2020, has declared the novel coronavirus (COVID-19) outbreak a global pandemic. The COVID-19 pandemic has adversely affected the business and industrial activity and caused extraordinary economic disruption worldwide. The Company has been monitoring the situation closely and has taken proactive measures to comply with various directions / regulations / guidelines issued by the Government and local bodies, from time to time, to ensure safety of workforce across all its plants and offices.

## Directors' Report (Contd.)

The arrival of second wave of COVID-19 pandemic has led to the mass loss of lives creating havoc or panic considering which the Company extended the support to poor / several needful peoples by distributing food / edible at various locations.

The Company has always prioritised health, safety and well-being of its employees, their families, and other stakeholders. The Company has put in place a robust protocol for ensuring workplace safety including sanitisation and social distancing norms and shall continue to strengthen it further, based on the guidelines / directions of Government of India.

### ACKNOWLEDGEMENT

Your Company has been able to operate efficiently because of the professionalism, creativity, integrity and continuous improvement in all functional areas to ensure efficient utilisation of the Company's resources for sustainable and profitable growth. The Directors acknowledge their deep appreciation to employees at all levels for their 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 and also extend their appreciation to Bankers, various departments of Central and State Government(s) and other stakeholders.

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

June 23, 2021  
New Delhi

**Sharda Relan**  
Co-Chairperson  
(DIN:00252181)

**Ajay Relan**  
Managing Director  
(DIN:00257584)

## Annexure to Directors' Report

## ANNEXURE I

**FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Sharda Motor Industries Limited**  
CIN: L74899DL1986PLC023202  
D-188, Okhla Industrial Area Phase-I New Delhi 110020

**We report that:**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sharda Motor Industries Limited** (hereinafter referred as 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**Company's Responsibilities**

The Company's Management and Board of Directors are responsible for the maintenance of secretarial record under the Companies Act, 2013 and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards. Further the Company's management and the Board of Directors are also responsible for establishing and maintaining adequate systems and process, commensurate with the size and operations of the Company to identify, monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

**Auditor's Responsibilities Statement**

Our responsibility is only to examine and verify those compliances on a test basis and express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Limitations**

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Secretarial Auditing Standards as prescribed by Institute of Company Secretaries of India (ICSI).

Further, we conducted the secretarial audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. However, due to lockdown to fight COVID-19 followed by restrictions imposed by local authorities and State Government, some of the documents and records mentioned above have been received via electronic means. The management has confirmed that the records submitted to us are the true and correct. We have also relied upon representation given by the management of the Company for certain areas which otherwise requires physical verification.

## Annexure to Directors' Report (Contd.)

### Basis of Opinion

We have followed the audit practices, secretarial auditing standards and processes as were applicable and appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification in some cases were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion. We also believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Report on Secretarial Records and Compliances made thereunder

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not Applicable**
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014: **Not Applicable**
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not Applicable**
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review.**
  - (h) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2021; - **Not Applicable**
  - (i) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018; - **Not Applicable**
- (vi) The Company has identified following laws applicable specifically to the Company and we have relied upon the representation made by the Company and its officers for the system and mechanism framed by the Company for compliances made under following laws:
  1. The Industrial (Development and Regulation) Act, 1951;
  2. The Factories Act, 1948 & Central Rules or concerned State Rules, made thereunder;
  3. The Environment (Protection) Act, 1986;
  4. The Water (Prevention and Control of Pollution) Act, 1974 & Central Rules/concerned state rules;
  5. The Air (Prevention and Control of Pollution) Act, 1981 & Central Rules/concerned state rules;

## Annexure to Directors' Report (Contd.)

We have also examined compliance with the applicable provisions of the following: -

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Standards and Guidelines etc. *Subject to Regulation 17(1) (a) of the SEBI (LODR) (Amendment) Regulations, 2018, the Company was required to appoint one independent woman director on the Board of the Company w.e.f. April 1, 2020. However, as per the information and explanations given by the Company, due to the nationwide lockdown on account of outbreak of Covid-19 pandemic, the said appointment got delayed and thus the Independent women director was appointed w.e.f. June 29, 2020 i.e. after the prescribed due date. Consequently, the Company has received letters from National Stock Exchange of India Limited (NSE) & BSE Limited (BSE) imposing a penalty of Rs. 5.25 Lacs each on account of the failure of the Company to comply with the aforesaid appointment. Subsequently, the Company has made several representations to the Stock Exchanges and, based on those representations, NSE vide its letter dated April 13, 2021 has waived off the penalty imposed upon the Company.*

### **We further report that:**

The Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice(s) have been given to all directors to schedule the Board Meetings and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in case of shorter notice, compliance as required under the Act has been made by the Company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings have been carried out with requisite majority of the members of the Board or committees as the case may be. Further there is no case of views of the dissenting members as per the recordings in the minutes of the meetings of the Board or Committee(s) thereof.

**We further report that** there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company has the following specific event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards & guidelines, if any, as may be referred to above:

- i. During the period under review,
  - a. Pursuant to order dated February 20, 2020 of the Hon'ble National Company Law Tribunal (NCLT), Bench at New Delhi, a Scheme of Arrangement in nature of Demerger was approved between the Company and NDR Auto Components Limited and their respective Shareholders and Creditors. Consequently the Board of Directors of NDR Auto Components Limited had allotted 59,46,326 Equity shares of Rs. 10/- to the members of the Company that stood as on the record date i.e. March 12, 2020 in consideration for transfer of the "Demerged Undertaking" i.e. all assets, rights, title, interests and investments of the Company in relation to the Automobile Seating Business (including equity investments in Bharat Seats Limited, Toyota Boshoku Relan India Private Limited and Toyo Sharda India Private Limited, of the Company) and subsequently the shareholding of the Company in the NDR got cancelled.  
  
Furthermore, for giving effect to the Scheme of Arrangement as approved by the NCLT, the equity shares of NDR Auto Components Limited got listed for trading on NSE and BSE with effect from July 30, 2020.
  - b. There has been substantial transfer of shareholding amongst promoters group of the Company.

## Annexure to Directors' Report (Contd.)

- ii. Further during the period under the review, the shareholders of the Company have also consented by way of postal ballot dated February 10, 2021 for the following;
- Adoption of a new Set of Articles of Association of the Company in line with the provisions of the Companies Act 2013.
  - Sub-division of the Authorised Share Capital of the Company, comprising of 5,00,00,000 equity share of Rs. 10/- each into 25,00,00,000 equity shares of the Company of Rs. 2/- each and thereafter, the board in their meeting held on March 30, 2021 had fixed April 19, 2021 as the record date for the sub-division of the equity share capital of the Company and consequently, the entire paid-up capital of the Company comprising of 59,46,326 equity share of the Company was sub-divided into 2,97,31,630 equity share of Rs. 2/- each.
  - Alteration of the Main Object Clause of the Company, in order to carry out its current business more efficiently by inclusion of certain incidental activities and inclusion of the new provision of the Act in the Memorandum of Association of the Company.

June 23, 2021  
New Delhi

For **VKC & ASSOCIATES**  
(Company Secretaries)  
Unique Code: P2018DE077000

**CS Mohit K Dixit**  
Partner  
ACS No. 49021  
C P No. 17827  
UDIN: A049021C000487131



## Annexure to Directors' Report (Contd.)

## ANNEXURE II

## ANNUAL REPORT ON CSR ACTIVITIES

## 1. Brief outline on CSR Policy of the Company:

The Board of Directors of the Company at its Meeting held on March 30, 2021 has approved the revised CSR policy in view of the recent Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("Amended Rules"). This Policy lays out a broader action plan aimed for social and economic welfare of the society in deed to comply with the CSR goals of the Company as provided under Schedule VII of the Companies Act, 2013 or as may be provided by the Ministry of Corporate Affairs / other Authority, from time to time. The Policy identifies that CSR programs / activities shall be carried out directly through their contribution or through CSR Philanthropic arm of the Company i.e. Sharda CSR Foundation Trust. The Policy also details out the procedure for Communication, reporting and Monitoring of CSR activities which takes place through the ongoing projects / other than ongoing projects.

## 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Smt. Sharda Relan	Member/ Chairperson	2	0
2	Shri Kishan N. Parikh	Member	2	2
3	Shri Ajay Relan	Member	2	2
4	Shri Satinder Kumar Lambah	Member	2	2

## 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

S. No.	Particulars	Weblink
1	Composition of CSR committee	<a href="http://www.shardamotor.com/investor-relations/board-of-directors/">http://www.shardamotor.com/investor-relations/board-of-directors/</a>
2	CSR Policy	<a href="http://www.shardamotor.com/wp-content/uploads/2016/07/Corporate-Social-Responsibility-Policy-1.pdf">http://www.shardamotor.com/wp-content/uploads/2016/07/Corporate-Social-Responsibility-Policy-1.pdf</a>
3	CSR projects approved by the board	<a href="http://www.shardamotor.com/about-us/csr-initiatives/">http://www.shardamotor.com/about-us/csr-initiatives/</a>

## 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable).

The provision for Impact assessment of CSR projects as provided under sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 (including any amendment thereof) are not applicable to the Company.

## 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the FY, if any.

The Company does not have any amount required for set off during the FY in as provided under sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014.

## 6. Average net profit of the Company as per section 135(5)

Rs. 10,528.10 Lacs

## 7. (a) Two Percent of average net profit of the Company as per section 135(5)

Rs. 210.56 Lacs

## Annexure to Directors' Report (Contd.)

### (b) Surplus arising out of the CSR activities of the previous FYs

There is no surplus amount arising out of the CSR activities of the previous FYs.

### (c) Amount required to be set off for the FY, if any

Nil

### (d) Total CSR obligation for the FY (7a+7b-7c)

Rs. 210.56 Lacs

### 8. (a) CSR amount spent or unspent for the FY:

Total Amount Spent for the FY. (in Rs. Lacs)	Amount Unspent (in Rs. Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
210.56	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
	137.58	April 30, 2021	-	-	-

### (b) Details of CSR amount spent against ongoing projects for the FY:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Project Duration	Amount allocated for the project (in Rs. Lacs)	Amount spent in the current FY (in Rs. Lacs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs. Lacs)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Medical Clinics	Healthcare-Purchase of Ambulances	Yes	Maharashtra	Nasik	3 Years	204.17	66.59	137.58	No	Sharda CSR Foundation Trust	CSR00003707
				Maharashtra	Chakan							
				Tamil Nadu	Chennai							
Total							204.17	66.59	137.58			

### (c) Details of CSR amount spent against other than ongoing projects for the FY:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Rs. Lacs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Help to poor	Distribution of Food & Edibles during lockdown	Yes	Chennai	Tamilnadu	2.28	Yes	-	-

## Annexure to Directors' Report (Contd.)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Rs. Lacs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
2.	Donation to Sharda CSR Foundation Trust	Donation for carrying out CSR activities	Yes	Delhi		70.70	Yes	-	-
Total						72.98			

## (d) Amount spent in Administrative Overheads:

Nil

## (e) Amount spent on Impact Assessment, if applicable:

Not Applicable

## (f) Total amount spent for the FY (8b+8c+8d+8e)

The Company has spent the entire required amount of 2 Percent of the Average net profit for last three years i.e. an amount of Rs. 210.56 Lacs and the details are enclosed:

S. No.	Particulars	Amount in Rs. (Lacs)
1	CSR expenditure required for FY. 2020-21	210.56
2	Total amount spent on CSR activities	72.98
3	Amount transferred to unspent CSR account for the Ongoing Project named as "Medical Clinics"	137.58

## (g) Excess amount for set off, if any: Nil

## 9. (a) Details of Unspent CSR amount for the preceding three FYs:

Sl. No.	Preceding FY.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs. Lacs)	Amount spent in the reporting FY (in Rs. Lacs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding FYs. (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
1.	2019-20	N.A*	16.16	Not Applicable			
2.	2018-19	N.A*	13.90	Not Applicable			
3.	2017-18	N.A*	10.30	Not Applicable			

\*In view of the amended CSR Rules, Unspent CSR amount for the preceding three FYs is not eligible to be transferred to Unspent CSR Account or any fund specified under Schedule VII as per section 135(6).

## (b) Details of CSR amount spent in the FY for ongoing projects of the preceding FY(s):

The Company has identified "Medical Clinics" as the Ongoing Project of the Company during the FY 2020-21 and has spent an amount of Rs. 66.59 Lacs for the purchase of three Ambulances as part of its Ongoing Project. The Company has not incurred / spent any CSR amount for Ongoing Project, pertaining to the previous FY.

## Annexure to Directors' Report (Contd.)

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the FY:**

The Company has not created / acquired any capital asset through CSR spent during the FY 2020-21, therefore the asset-wise details, in this regard is not applicable to the Company.

**11. Specify the reason(s), if the Company has failed to spend two Percent of the average net profit as per section 135(5)**

The Company has spent the entire required amount of 2 Percent of the Average net profit for last three years i.e. an amount of Rs. 210.56 Lacs which includes Rs. 72.98 Lacs towards the CSR activities and an amount of Rs. 137.58 Lacs that remains unspent for the FY 2020-21 has been transferred to Unspent CSR Account on account of the Ongoing Project in the name of "Medical Clinics" in view of the provision of section 135(6) of the Companies Act, 2013.

For **Sharda Motor Industries Limited**June 23, 2021  
New Delhi**Ajay Relan**  
Managing Director  
(DIN:00257584)**Sharda Relan**  
**Co-chairperson / Chairperson CSR Committee**  
(DIN:00252181)

## Annexure to Directors' Report (Contd.)

## ANNEXURE III

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2021

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

i) CIN	L74899DL1986PLC023202
ii) Registration Date	29/01/1986
iii) Name of the Company	Sharda Motor Industries Limited
iv) Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-Government Company
v) Address of the Registered office and contact details	D-188, Okhla Industrial Area, Phase - I, New Delhi- 110020 Phone: +91- 11-47334100, Fax: +91-11-26811676 Email: <a href="mailto:investorrelations@shardamotor.com">investorrelations@shardamotor.com</a> Website: <a href="http://www.shardamotor.com">www.shardamotor.com</a>
vi) Whether listed Company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent if any	M/s. Alankit Assignments Limited Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi - 110055. Phone: 011-42541234, 23541234, Fax: (011) 42541967"

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 Percent or more of the total turnover of the Company shall be stated:-

S. No.	Name and Description of main Products / Services	NIC code of the Product/Service	Percent to Total Turnover of the Company
1	Motor vehicles parts such as suspension, silencer, exhaust pipes	29301	98.78
2	Others	-	1.22
	<b>Total</b>		<b>100.00</b>

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	Percent of Shares Held	Applicable Section
1	Relan Industrial Finance Limited Reg. off.: D-188, Okhla Industrial Area, Phase I, New Delhi -110020	U65923DL1987PLC026603	Associate	47.12	2(6)
2	Exhaust Technology Private Limited Reg. off.: D-188, Okhla Industrial Area, Phase I, New Delhi -110020	U29309DL2019PTC347616	Associate	50.00	2(6)

## Annexure to Directors' Report (Contd.)

## IV. (i) SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2020				No. of Shares held at the end of the year i.e 31.03.2021				Percent Change during the year
	Demat	Physical	Total	Percent of Total Shares	Demat	Physical	Total	Percent of Total Shares	
<b>A. Promoter</b>									
<b>(1) Indian</b>									
Individuals/ Hindu Undivided Family	4352579	0	4352579	73.20	4352579	0	4352579	73.20	NIL
Central Government/ State Government(s)	0	0	0	0	0	0	0	0	NIL
Bodies Corporate	0	0	0	0	0	0	0	0	NIL
Financial Institutions/ Banks	0	0	0	0	0	0	0	0	NIL
<b>Sub Total(A)(1)</b>	<b>4352579</b>	<b>0</b>	<b>4352579</b>	<b>73.20</b>	<b>4352579</b>	<b>0</b>	<b>4352579</b>	<b>73.20</b>	<b>NIL</b>
<b>(2) Foreign</b>									
Individuals (Non- Residents Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	NIL
Bodies Corporate	0	0	0	0	0	0	0	0	NIL
Institutions	0	0	0	0	0	0	0	0	NIL
Any Others	0	0	0	0	0	0	0	0	NIL
<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>NIL</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>4352579</b>	<b>0</b>	<b>4352579</b>	<b>73.20</b>	<b>4352579</b>	<b>0</b>	<b>4352579</b>	<b>73.20</b>	<b>NIL</b>
<b>B. Public shareholding</b>									
<b>(1) Institutions</b>									
Mutual Funds/ UTI	45437	0	45437	0.76	49817	0	49817	0.84	0.08
Financial Institutions / Banks	0	0	0	0	0	0	0	0	NIL
Central Government/ State Government(s)	7100	0	7100	0.12	7100	0	7100	0.12	NIL
Venture Capital Funds	0	0	0	0	0	0	0	0	NIL
Insurance Companies	0	0	0	0	0	0	0	0	NIL
Foreign Institutional Investors/ Foreign Portfolio Investors	13623	0	13623	0.23	11970	0	11970	0.20	(0.03)
Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	NIL
<b>Sub-Total (B)(1)</b>	<b>66160</b>	<b>0</b>	<b>66160</b>	<b>1.11</b>	<b>68887</b>	<b>0</b>	<b>68887</b>	<b>1.16</b>	<b>0.05</b>
<b>(2) Non-institutions</b>									
Bodies Corporate	289866	1850	291716	4.91	339319	1850	341169	5.74	0.84
Individuals									
Individuals - i. Individual shareholders holding nominal share capital up to Rs 1 Lacs	505213	62700	567913	9.55	444780	62700	507480	8.53	(1.02)
Individual - ii Individual shareholders holding nominal share capital in excess of Rs.1 Lacs.	615072	21032	636104	10.70	627589	19197	646786	10.88	0.18
<b>Any Other</b>									
NBFC	0	0	0	0	0	0	0	0	Nil
Clearing Members	2965	0	2965	0.05	7372	0	7372	0.12	0.07
NRI	28856	0	28856	0.49	22020	0	22020	0.37	(0.12)
Trusts	33	0	33	0.00	33	0	33	0.00	Nil
<b>Sub-Total (B)(2)</b>	<b>1442005</b>	<b>85582</b>	<b>1527587</b>	<b>25.69</b>	<b>1441113</b>	<b>83747</b>	<b>1524860</b>	<b>25.64</b>	<b>(0.05)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1508165</b>	<b>85582</b>	<b>1593747</b>	<b>26.80</b>	<b>1510000</b>	<b>83747</b>	<b>1593747</b>	<b>26.80</b>	<b>Nil</b>
<b>TOTAL (A)+(B)</b>	<b>5853529</b>	<b>92797</b>	<b>5946326</b>	<b>100.00</b>	<b>5862579</b>	<b>83747</b>	<b>5946326</b>	<b>100.00</b>	<b>100.00</b>



## Annexure to Directors' Report (Contd.)

## IV. (ii) SHAREHOLDING OF PROMOTERS

S. N.	Name of the Promoter	Shareholding at the beginning of the year i.e. 01.04.2020			Shareholding at the end of the year i.e 31.03.2021			Percent Change in Share holding during the year
		No. of shares	Percent of total shares of the Company	Percent of shares pledged / encumbered to total shares	No. of shares	Percent of total shares of the Company	Percent of shares pledged / encumbered to total shares	
1	Ajay Relan	1927219	32.41	0	3474276	58.42	0	26.02
2	Ritu Relan	742520	12.49	0	0	0	0	(12.49)
3	Mala Relan	520826	8.76	0	520826	8.76	0	-
4	Rohit Relan	700268	11.78	0	0	0	0	(11.78)
5	Aashim Relan	304440	5.12	0	304440	5.12	0	-
6	Rishabh Relan	2933	0.05	0	0	0	0	(0.05)
7	Pranav Relan	3315	0.06	0	0	0	0	(0.06)
8	Ayush Relan	4421	0.07	0	0	0	0	(0.07)
9	Rohit Relan (HUF)	44400	0.75	0	0	0	0	(0.75)
10	Narinder Dev Relan (HUF)	30000	0.51	0	0	0	0	(0.51)
11	Ajay Relan (HUF)	19200	0.32	0	0	0	0	(0.32)
12	Ram Prakash Choudhary	600	0.01	0	0	0	0	(0.01)
13	Indira Choudhary	52437	0.88	0	53037	0.89	0	0.01
	<b>TOTAL</b>	<b>4352579</b>	<b>73.20</b>	<b>0</b>	<b>4352579</b>	<b>73.20</b>	<b>0</b>	<b>0.00</b>

**Note:** As per the data received from M/s. Alankit Assignments Limited, Registrar & Share Transfer Agent (RTA).

## IV. (iii) CHANGE IN PROMOTERS' SHAREHOLDING

S. No.	Name of the Promoter	Shareholding at the beginning of the year (01/04/2020)/end of the year (31/03/2021)		Date wise increase, decrease in shareholding during the year specifying the reasons			Cumulative shareholding during the year	
		No. of shares	Percent of total share capital	Date	Increase/ (Decrease)	Reason	No. of shares	Percent of total share capital
1	Ajay Relan (HUF)	19200	0.32	1-Apr-20	-			
				25-Sep-20	(19200)	Inter-se transfer	NIL	NIL
		NIL	NIL	31-Mar-21				
2	Narinder Dev Relan (HUF)	30000	0.50	1-Apr-20				
			0.50	30-Oct-20	(30000)	Inter-se transfer	NIL	NIL
		NIL	NIL	31-Mar-21				
3	Rohit Relan (HUF)	44400	0.75	1-Apr-20				
				02-Oct-20	(44400)	Inter-se transfer	NIL	NIL
		NIL	NIL	31-Mar-21				
4	Rohit Relan	700268	11.78	1-Apr-20	-			
				29-May-20	10669	Inter-se transfer	710937	11.96
				09-Oct-20	(282119)		428818	7.21
				30-Oct-20	(428818)		NIL	NIL
		NIL	NIL	31-Mar-21				

## Annexure to Directors' Report (Contd.)

S. No.	Name of the Promoter	Shareholding at the beginning of the year (01/04/2020)/end of the year (31/03/2021)		Date wise increase, decrease in shareholding during the year specifying the reasons			Cumulative shareholding during the year	
		No. of shares	Percent of total share capital	Date	Increase/ (Decrease)	Reason	No. of shares	Percent of total share capital
5	Ritu Relan	742520	12.49	1-Apr-19	-			
				30-Oct-20	(742520)	Inter-se transfer	NIL	NIL
		NIL	NIL	31-Mar-21				
6	Ram Prakash Choudhary	600	0.01	1-Apr-20	-			
				26-Jun-20	(600)	Transmission	NIL	NIL
		NIL	NIL	31-Mar-21				
7	Indira Choudhary	52437	0.88	1-Apr-20	-			
				26-Jun-20	600	Transmission	53037	0.89
		53037	0.89	31-Mar-21				
8	Aashim Relan	304440	5.12	1-Apr-20	-	No Transaction		
		304440	5.12	31-Mar-21			304440	5.12
9	Mala Relan	520826	8.76	1-Apr-20	-	No Transaction		
		520826	8.76	31-Mar-21			520826	8.76
10	Pranav Relan	3315	0.06	1-Apr-20	-			
				29-May-20	(3315)	Inter -se transfer	NIL	NIL
		NIL	NIL	31-Mar-21				
11	Ayush Relan	4421	0.07	1-Apr-20	-			
				29-May-20	(4421)	Inter-se transfer	NIL	NIL
		NIL	NIL	31-Mar-21				
12	Rishabh Relan	2933	0.05	1-Apr-20	-			
				29-May-20	(2933)	Inter-se transfer	2933	0.05
		NIL	NIL	31-Mar-21				
13	Ajay Relan	1927219	32.41	1-Apr-20				
				25-Sep-20	19200	Inter-se transfer	1946419	32.73
				30-Oct-20	1527857	Inter-se transfer	3474276	58.42
		3474276	58.42	31-Mar-21				

Note: Based on the data received from RTA, for the weekly beneficiary promoter holding.

#### IV (iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs ANDADRs)

S. No.	Name of the Shareholder	Shareholding at the beginning of the year (01/04/2020)/end of the year (31/03/2021)		Date wise increase, decrease in shareholding during the year specifying the reasons			Cumulative shareholding during the year	
		No. of shares	Percent of total share capital	Date	Increase/ (Decrease)	Reason	No. of shares	Percent of total share capital
1	RUNNER MARKETING PRIVATE LIMITED	50000	0.84	01-Apr-20		No Transaction		
		50000	0.84	31-Mar-21				

## Annexure to Directors' Report (Contd.)

S. No.	Name of the Shareholder	Shareholding at the beginning of the year (01/04/2020)/end of the year (31/03/2021)		Date wise increase, decrease in shareholding during the year specifying the reasons			Cumulative shareholding during the year	
		No. of shares	Percent of total share capital	Date	Increase/ (Decrease)	Reason	No. of shares	Percent of total share capital
2	VIBGYOR INVESTORS AND DEVELOPERS PRIVATE LIMITED	70000	1.18	01-Apr-20				
				10-Apr-20	(70000)	Sale	NIL	NIL
				31-Mar-21	70000	Purchase	70000	1.18
		70000	1.18	31-Mar-21				
3	PGIM INDIA TRUSTEES PRIVATE LIMITED A/C PGIM INDIA MID CAP OPPORTUNITIES FUND	45437	0.76	01-Apr-20				
				10-Apr-20	1023	Purchase	46460	0.78
				01-May-20	271	Purchase	46731	0.79
				08-May-20	3269	Purchase	50000	0.84
				03-Jul-20	3903	Purchase	53903	0.91
				21-Aug-20	5122	Purchase	59025	0.99
				08-Jan-21	(4025)	Sale	55000	0.92
				05-Mar-21	(2070)	Sale	52930	0.89
				12-Mar-21	(2443)	Sale	50487	0.85
				19-Mar-21	(670)	Sale	49817	0.84
		49817	0.84	31-Mar-21				
4	BRAHAM ARENJA	60000	1.0090	01-Apr-20		No Transaction		
		60000	1.0090	31-Mar-21				
5	VANDANA CHANNA	57870	0.97	01-Apr-20	-			
				17-Apr-20	(250)	Sale	57620	0.97
				08-May-20	50	Purchase	57670	0.97
				15-May-20	150	Purchase	57820	0.97
				22-May-20	100	Purchase	57920	0.97
				29-May-20	100	Purchase	58020	0.98
				12-Jun-20	(200)	Sale	57820	0.97
				26-Jun-20	(300)	Sale	57520	0.97
				03-Jul-20	(200)	Sale	57320	0.96
				10-Jul-20	200	Purchase	57520	0.97
				31-Jul-20	50	Purchase	57570	0.97
				07-Aug-20	50	Purchase	57620	0.97
				14-Aug-20	(300)	Sale	57320	0.96
				21-Aug-20	(150)	Sale	57170	0.96
				28-Aug-20	(100)	Sale	57070	0.96
				04-Sep-20	200	Purchase	57270	0.96
				18-Sep-20	100	Purchase	57370	0.96
				25-Sep-20	100	Purchase	57470	0.97
				19-Feb-21	500	Purchase	57970	0.97
				26-Feb-21	100	Purchase	58070	0.98
				12-Mar-21	(4873)	Sale	53197	0.89
		53197	0.89	31-Mar-21				

## Annexure to Directors' Report (Contd.)

S. No.	Name of the Shareholder	Shareholding at the beginning of the year (01/04/2020)/end of the year (31/03/2021)		Date wise increase, decrease in shareholding during the year specifying the reasons			Cumulative shareholding during the year	
		No. of shares	Percent of total share capital	Date	Increase/ (Decrease)	Reason	No. of shares	Percent of total share capital
6	VIJAY AGGARWAL	30000	0.05	01-Apr-20		No Transaction		
		30000	0.05	31-Mar-21				
7	RAJIV TANDON	29000	0.49	01-Apr-20				
				29-Jan-21	(500)	Sale	28500	0.48
				05-Feb-21	(184)	Sale	28316	0.48
				19-Feb-21	(316)	Sale	28000	0.47
				05-Mar-21	(100)	Sale	27900	0.47
		27900	0.47	31-Mar-21				
8	USHA CHANNA	32262	0.54	01-Apr-20				
				04-Dec-20	(557)	Sale	31705	0.53
				11-Dec-20	(343)	Sale	31362	0.53
				18-Dec-20	(1600)	Sale	29762	0.50
				31-Dec-20	(2200)	Sale	27562	0.46
				01-Jan-21	(400)	Sale	27162	0.46
				08-Jan-21	(700)	Sale	26462	0.45
				05-Feb-21	(1300)	Sale	25162	0.42
		25162	0.42					
9	ASHISH THAREJA	27540	0.46	01-Apr-20				
				05-Feb-21	(310)	Sale	27230	0.46
				12-Feb-21	(916)	Sale	26314	0.44
				26-Mar-21	1	Purchase	26315	0.44
				31-Mar-21	637	Purchase	26952	0.45
		26952	0.45	31-Mar-21				
10	ANKITA CHANNA	50000	0.84	01-Apr-20				
				13-Nov-20	(1100)	Sale	48900	0.82
				20-Nov-20	(1300)	Sale	47600	0.80
				27-Nov-20	(100)	Sale	47500	0.80
				04-Dec-20	(300)	Sale	47200	0.79
				11-Dec-20	(200)	Sale	47000	0.79
				25-Dec-20	200	Purchase	47200	0.79
				12-Feb-21	(1900)	Sale	45300	0.76
				26-Feb-21	125	Purchase	45425	0.76
		45425	0.76	31-Mar-21				

**Note:** As per the data received from RTA according to date of beneficiary position

## Annexure to Directors' Report (Contd.)

## IV (v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S. No.	Name of the Director and KMP	Shareholding at the beginning of the year (01/04/2020) / end of the year (31/03/2021)		Date wise increase, decrease in shareholding during the year specifying the reasons			Cumulative shareholding during the year	
		No. of shares	Percent of total share capital	Date	Increase/ (Decrease)	Reason	No. of shares	Percent of total share capital
1	Shri Kishan N Parikh	150	0.00	1-Apr-20		No Transaction		
		150	0.00	31-Mar-21			150	0.00
2	Shri Ajay Relan	1927219	32.41	1-Apr-20				
				25-Sep-20	19200	Inter-se transfer	1946419	32.73
				30-Oct-20	1527857	Inter-se transfer	3474276	58.42
		3474276	58.42	31-Mar-21				
3	Smt. Sharda Relan	-	-	1-Apr-20		Nil Holding/ Movement during the year	-	-
		-	-	31-Mar-21			-	-
4	Shri Rohit Relan	700268	11.78	1-Apr-20				
				29-May-20	10669	Inter-se transfer	710937	11.96
				09-Oct-20	(282119)		428818	7.21
				30-Oct-20	(428818)		NIL	NL
		NIL	NIL	31-Mar-21				
5	Shri Satinder Kumar Lambah	-	-	1-Apr-20		Nil Holding/ Movement during the year	-	-
		-	-	31-Mar-21			-	-
6	Shri Ashok Kumar Bhattacharya	-	-	1-Apr-20		Nil Holding/ Movement during the year	-	-
		-	-	31-Mar-21			-	-
7	Smt. Sarita Dhuper	-	-	1-Apr-20		Nil holding / movement during the year		
		-	-	30-Mar-21				
8	Shri Vivek Bhatia*	-	-	1-Apr-20		Nil holding / movement during the year		
		-	-	30-Mar-21				
9	Shri Nitin Vishnoi	-	-	1-Apr-20		Nil Holding/ Movement during the year		
		-	-	31-Mar-21			-	-
10	Shri Srinivasan Narasimhan**	-	-	30-Mar-21		Nil holding / movement during the year		
		-	-	31-Mar-21				

\* cease to be CFO w.e.f 30-03-2021

\*\*Appointed as CFO w.e.f 30-03-2021

**Note:** As per the data received from RTA according to date of beneficiary position

## Annexure to Directors' Report (Contd.)

### V. INDEBTNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lacs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the FY</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Change in Indebtedness during the FY*</b>				
Addition	NIL	NIL	NIL	NIL
Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Indebtedness at the end of the FY</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (Rs.in Lacs)
		Ajay Relan	Sharda Relan	Nitin Vishnoi	
1	Gross salary	482.00	235.30	29.13	746.43
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10.89	10.27	8.17	29.33
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as Percent of profit	-	-	-	-
5	Others including provident Fund & reimbursements	15.84	16.24	1.87	33.95
	<b>Total (A)</b>	<b>508.73</b>	<b>261.81</b>	<b>39.17</b>	<b>809.71</b>
	Ceiling as per the Act#				1,123.41

# Being 10 Percent of Net profits of the Company calculated as per section 198 of the Companies Act, 2013.



## Annexure to Directors' Report (Contd.)

## B. Remuneration to other directors:

(Rs. In Lacs)

S. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Rohit Relan	Satinder Kumar Lambah	Kishan N Parikh	Ashok Kumar Bhattacharya	Udayan Banerjee	Sarita Dhuper	
1.	<b>Independent Directors</b>							
	- Fee for attending board committee meetings	-	4.25	2.95	3.20	3.90	1.10	15.40
	- Commission	-	-	-	-	-	-	-
	- Others, please specify	-						
	Total (1)	-	4.25	2.95	3.20	3.90	1.10	15.40
2.	<b>Other Non-Executive Directors</b>	-	-	-	-	-	-	-
	- Fee for attending board committee meetings	NIL	-	-	-	-	-	-
	- Commission	-	-	-	-	-	-	-
	- Others, please specify	-	-	-	-	-	-	-
	Total (2)	NIL	-	-	-	-	-	-
	Total (B)=(1+2)	NIL	4.25	2.95	3.20	3.90	1.10	15.40
	<b>Total Managerial Remuneration (A)+(B)</b>							825.11
Overall Ceiling as per the Act		Being 11 Percent of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013						1235.75

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR / MANAGER / WHOLE TIME DIRECTOR

(Rs. In Lacs)

S. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CFO	CFO	Company Secretary	
		Vivek Bhatia*	Srinivasan Narasimhan**	Nitin Vishnoi	
1	Gross salary	148.53	7.28	-	155.81
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.89	14.13	-	21.02
	(b) Value of perquisites u/s 17(2) Income- tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as Percent of profit				
	- Others, specify	-	-	-	-
5	Others including Provident Fund & reimbursements	8.64	0.40	-	9.04
	<b>Total (A)</b>	164.06	21.81	-	185.87
	Ceiling as per the Act	N.A.		N.A.	N.A.

\* cease to be as CFO w.e.f 30-03-2021

\*\*Appointed w.e.f 30-03-2021

## Annexure to Directors' Report (Contd.)

### VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

No penalties were paid by the Company, no punishments / compounding of offences were announced / ordered to the Company during the FY ended March 31, 2021.

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

June 23, 2021  
New Delhi

**Sharda Relan**  
Co-Chairperson  
(DIN:00252181)

**Ajay Relan**  
Managing Director  
(DIN:00257584)

## Annexure to Directors' Report (Contd.)

## Annexure IV

**Particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

Requirements of Rule 5(1)	Details
(i) the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;	(i) Shri Kishan N Parikh - NA (ii) Shri Ajay Relan – 112.86 Percent (iii) Smt. Sharda Relan – 58.10 Percent (iv) Shri Nitin Vishnoi – 9.35 Percent (v) Shri Rohit Relan – NA (up to 24/10/2020) (vi) Shri Satinder Kumar Lambah - NA (vii) Shri Ashok Kumar Bhattacharya – NA (viii) Shri Udayan Banerjee – NA (ix) Smt. Sarita Dhuper – NA (appointed w.e.f. 29/06/2020)
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Directors: (i) Shri Kishan N Parikh- NA (ii) Shri Ajay Relan – 38 Percent (iii) Smt. Sharda Relan – (32 Percent) (iv) Shri Nitin Vishnoi – (9.00 Percent) (v) Shri Rohit Relan – NA (up to 24/10/2020) (vi) Shri Satinder Kumar Lambah – NA (vii) Shri Ashok Kumar Bhattacharya – NA (viii) Shri Udayan Banerjee – NA (ix) Smt. Sarita Dhuper – NA Key Managerial Personnel (i) Shri Vivek Bhatia*, President & Group CFO – (11 percent) (ii) Shri Srinivasan Narasimhan** – NA (iii) Shri Nitin Vishnoi, Executive Director & Company Secretary – (9 Percent) * cease to be as CFO w.e.f 30-03-2021 **Appointed w.e.f 30-03-2021
(iii) the percentage increase in the median remuneration of employees in the FY;	0 Percent
(iv) the number of permanent employees on the rolls of Company;	977 employees as on March 31, 2021
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last FY and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average increase in remuneration of non-managerial personnel is against which the increase in average salary of managerial personnel is 0.27 Percent which is in the same range and does need any justification.
(vi) affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid during the year ended March 31, 2021 is as per the Remuneration Policy of the Company.

**General Note:**

For the purpose of above calculation, Company has taken the comparable employees who were in the employment during the year under review and the previous FY 2019-20 and have excluded the employees not eligible for increment.

## Annexure to Directors' Report (Contd.)

### Annexure V

Particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

#### A. Employed throughout the year ended March 31, 2021:

S. N	Name	Designation	Remuneration received (Rs. In Lacs)	Qualification & Experience	Date of commencement of employment	Age as on 31.03.2021	Last employment held
1	Sharda Relan	Co-Chairperson	261.81	Graduate 35 years	29-01-1986	86 Years	N.A.
2	Ajay Relan	Managing Director	508.73	B.Com (Hons.) OPM from Harvard Business School USA 35 Years	29-01-1986	59 Years	N.A.
3	Aashim Relan	Chief Executive Officer	72.30	Graduate in Economics major from Emory University, Atlanta (U.S.A) 8 Years	28-06-2012	31 Years	N.A.
4	Seung Doh Lee	CEO	95	BE	01-10-2008	67 Years	-
5	Vivek Bhatia	President & Group CFO	164.06	Chartered Accountant & Company Secretary 29 Years	01-07-2016	53 Years	Jamna Auto Limited
6	Dnyaneshwar Pramod Dandekar	Vice President	69	BE (Mech), ME (Thermal Engg), EMBA 23 Years	27-11-2019	45 Years	Tenneco
7	K K Sharma	President	52	B.Com 28 Years	14-06-1993	50 Years	N.A.
8	Nitin Vishnoi	Executive Director & Company Secretary	39.17	Company Secretary 29 Years	01-07-1998	51 Years	Korin India Limited
9	Rajesh K Malik	Vice President	39	DME , B.E. (Mech) 27 Years	10-04-1996	53 Years	Elegant Electricals Industries
10	Paramjeet Singh	Vice President	37	B.Com 22 Years	08-10-2003	44 Years	N.A.

## Annexure to Directors' Report (Contd.)

**B. Employed for part of the year ended March 31, 2021:**

S. N	Name	Designation	Remuneration received (Rs. In Lacs)	Qualification & Experience	Date of commencement of employment	Age as on 31.03.2021	Last employment held
1	Manoj Mohan Solanki	COO	124	BE (Prod), EMBA 29 Year	17-07-2019	52 years	NRB Bearings
2	Sanjiv Kumar Yogi	Chief Purchasing	51	MBA, M.Tech. 25 Years	14-08-2015	48 years	India Yamaha Motor Private Limited
3	Lee Sung Ho	President	58	Mechanical Engg. 34 Years	07-10-2010	58 Years	LG Metals
4	Abhinav Gera	Chief People Officer	17.5	MS (OD), PGD (HR), MA, (HR), Ex PGD (HR)	13-01-2020	41 years	Hero Moto Corp
5	Deepak Bhasker	Chief People Officer	51	MBA – HR, National Defense Academy, 29 Yrs	09-07-2020	51 years	Omax Auto
6	Ashish Shashikant Kulkarni	Chief Purchasing Officer	49	BE (Prod), EMBA 28 Year	21-09-2020	52 years	Tenneco
7	Suck Tae Ko	Senior Director	46	B. tech	06-10-2020	55 years	DGENX Co. Ltd
8	Srinivasan Narasimhan	Chief Finance Officer	21.81	CA, CS & ICWA 16 Years	24-02-2021	39 years	Tenneco
9	Sriram Balaraman	Vice President	20	M.E (Auto Engg), B Tech, 25 Years	04-01-2021	49 years	Ashok Leyland Limited

1. The term 'remuneration' has the meaning assigned to it under the Companies Act, 2013.
2. The nature of employment of Shri Ajay Relan, Shri S.H. Lee and Smt. Sharda Relan is contractual, for the rest of the employees, it is other than contractual.
3. Shri Ajay Relan and Shri Rohit Relan are sons of Smt. Sharda Relan. Shri Aashim Relan is the son of Shri Ajay Relan.
4. Except Shri Ajay Relan and Shri Aashim Relan, who are holding 58.42 Percent and 5.12 Percent equity shares of the Company respectively, none of the above employees holds more than 2 Percent of the equity share capital of the Company as on March 31, 2021 as per Rule 5(3)(viii) of the Companies (Appointment and Remuneration) Rules, 2014.

## Annexure to Directors' Report (Contd.)

### Annexure VI

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The disclosures to be made under sub-section (3) (m) of Section 134 of the Companies Act 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 by your Company are explained as under:

##### A. CONSERVATION OF ENERGY:

##### (i) The steps taken by the Company for conservation of energy or impact on conservation of energy

India comes in near the bottom of the global ranking of 168<sup>th</sup> out of 180 countries in the 2020 Environmental Performance Index (EPI) among the most Polluting countries. India is going through the most degraded phase in terms of pollution in all forms either it is air, water or soil pollution. Likewise, energy conservation offers a practical approach for reduction of green house gasses. A socially responsible organisation always keeps track of its operations being environmentally efficient. Your Company always strives to achieve the highest standards of energy conservation techniques by its continuous efforts in the area of alternate source of energy and efficient use of existing ones. Energy saving initiatives through the organisation in all the plants has helped the Company to reduce its cost of energy. Some of the key initiatives carried out during the year towards conservation of energy are mentioned hereunder:

- Installation of automatic sensors for cutting off the electricity of electrical equipments or heavy motors / machines when not in use / idle for few minutes at several Plants.
- Maintenance of "Power Factor" to reduce consumption of electricity.
- Installation of efficient "Harmonic Panel" for reducing consumption of electricity.
- Replacement of bulbs with LED lights across the plants.
- Installation of VFD drivers to save more power in machines and motors.
- Regular cleaning of Solar Panels to increase solar energy contribution.
- Installation / Implementation of Robotic Cell as Automation drive effective utilisation of energy.
- Replacement of electrical motor / other equipments with latest energy efficient equipments with higher standards.
- Protoshop Timer shave been installed to cut the idle running of the machines.
- Air Conservation system for Air Compressor.
- Auto stop timer for shop floor machines, exhaust fans, welding machines.
- Installation of Solar Norikool Advance Day Light System in Nasik Plant.
- Installation of Solar Power Plant in SIPCOT Chennai (300 KW) and 763KW in Chennai Mahindra World City.
- Portable compressor provided for WCC cleaning purpose in place of high capacity compressor in Chennai plant.
- 2 Hydraulic Pump (10 KW) eliminated by combining the hydraulic pump & operation in Chakan plant.
- Compressed Air Leakage reduced in plants.
- Heavy duty roof top exhaust fan idle time run has eliminated by providing timer.

##### (ii) The steps taken by the Company for utilizing alternate sources of energy:

Clean and renewable energy sources are the need of the time. Fossil fuels are non-renewable and causing a great damage to the environment. We have to find more efficient and feasible source of energy for our rapidly increasing demand of energy without harming the environment. Your Company has taken steps towards solar and wind energy in its plants.

- Solar Power plant have been initiated in the Nasik and Chakan plant.
- Company is using Wind Power as its major power source in Chennai Plant.



## Annexure to Directors' Report (Contd.)

**(iii) The capital investment on energy conservation equipments:**

Company has not made any substantial capital investment during the year.

**B. TECHNOLOGICAL ABSORPTION:****(i) The efforts made towards technology absorption;**

- Improved performance of exhaust system;
- BS VI Advanced technology orientation through workshop and internship programmes;
- Managing extended enterprises for quality supply for better warranty Management Emphasis on absorption of design and manufacturing technology such as controlled canning, micro mig welding; Expansion and modernisation programme such robo welding uniform across plants.

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution;**

- Import substitution and less dependence on technical collaborators;
- Product line extension, introduction of mixing devise for UI improvement;
- Improving fuel economy and consequent reduction in CO2 through low back pressure;
- Improvement in core competencies and standardisation and correlation;
- Significant improvement in meeting demand of end user.

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the FY)**

No Technology has been imported during the last three years.

**(iv) The expenditure incurred on Research and Development**

- Capital Expenditure – 108.43 Lacs
- Revenue Expenditure – 1684.05 Lacs

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows.

The information is reported under suitable heading in the 'Notes to Financial Statement' forming part of the Annual Report of the Company for the FY 2020-21.

## Annexure to Directors' Report (Contd.)

## Annexure VII

**DISCLOSURE OF PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO IN SUB- SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013 INCLUDING CERTAIN ARMS LENGTH TRANSACTIONS UNDER THIRD PROVISIO THERETO**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered into during the year ended March 31 2021, which were not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	Exhaust Technology Private Limited, Joint Venture Company	Relan Industrial Finance Limited, Associate Company
Nature of contracts/ arrangements/ transactions	Sale, Purchase or supply of goods, materials and selling or otherwise disposing off or buying property of any kind and tools/ job charges.	To avail stock broking services for investing the funds of the Company in capital market like shares, debentures, mutual funds (liquid, cash etc.) or any other financial instruments.
Duration of the contracts / arrangements / transactions	Perpetual and ongoing in nature.	Recurring, whenever, it will be in the best interest of the Company.
Salient terms of the contracts or arrangements or transactions including the value, if any	Up to a maximum of Rs. 20 Crore (Actual amount of transaction Rs. 18.51 Crore for sale & purchase of goods) and Rs. 20 Crore (actual amount of transaction Rs. 913.10 Lacs for sale of fixed assets) per annum for selling or otherwise disposing off or buying property of any kind and tools/ job charges.	Surplus funds invested through Relan Industrial Finance Limited shall be subject to a maximum limit of Rs. 50 Crore per transaction, However, remaining outstanding amount at any point of time shall not exceed Rs. 300 Crore during any FY.
Date(s) of approval by the Board, if any	Since the transaction entered into is in the ordinary course of business and on arm's length basis, there is no requirement of Board's approval, However, the Company ensured the Board approval on February 3, 2020 as per SEBI (LODR) Regulations, 2015.	Since the transaction entered in to is in the ordinary course of business and on arm's length basis, there is no requirement of Board's approval, However, the Company ensured the Board approval on February 3, 2020 as per SEBI (LODR) Regulations, 2015.
Amount paid as advances, if any:	NIL	Nil

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

June 23, 2021  
New Delhi

**Sharda Relan**  
Co-Chairperson  
(DIN:00252181)

**Ajay Relan**  
Managing Director  
(DIN:00257584)

## Annexure to Directors' Report (Contd.)

## Annexure VIII

## FORM AOC-1

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Part "A": Subsidiaries**

None

**Part "B": Associates and joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Company and Joint Venture

(Currency: Rs. in Lacs except otherwise specified)

Name of associates/Joint Ventures	Relan Industrial Finance Limited*	Exhaust Technology Private Limited*
E1. Latest audited Balance Sheet Date	March 31, 2021	March 31, 2021
2. Date on which the Associate and Joint Venture was associated or acquired	November 15, 1993	April 16, 2019
3. Shares of Associate/Joint Venture held by the Company on the year end		
No. (in Numbers)	4,90,000	3,75,00,000
Amount of Investment in Associate/ Joint Venture	49	3,750
Extend of Holding (in percentage)	47.12 Percent	50 Percent
4. Description of how there is significant influence	Shareholding	Shareholding
5. Reason why the associate /joint venture is not consolidated	N.A	N.A.
6. Net worth attributable to shareholding as per latest audited Balance Sheet	381.89	2,015.33
7. Profit/Loss for the year		
i. Considered in Consolidation	(35.82)	(1,153.60)
ii. Not Considered in Consolidation	(40.18)	(1,153.60)

1. There are no associate or joint venture which are yet to commence operations.

2. None of the associate or joint venture have been liquidated or sold during the year.

\*Based on the unaudited Financial Statement as provided by Company.

On Behalf of Board of Directors of  
For **Sharda Motor Industries Limited**

**Sharda Relan**  
Co-Chairperson  
(DIN:00252181)

**Ajay Relan**      **Aashim Relan**  
Managing Director      Chief Executive Officer  
(DIN:00257584)

**Srinivasan Narasimhan**  
Chief Financial Officer  
M. No. 214036

**Nitin Vishnoi**  
Executive Director & Company Secretary  
DIN: 08538925  
M. No. F3632

June 23, 2021  
New Delhi

## Annexure to Directors' Report (Contd.)

### REPORT ON CORPORATE GOVERNANCE

In line with the requirements of Regulation 34(3) read with Clause C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other applicable provisions, if any, (including any statutory modification(s) / re-enactment(s) thereof for the time being in force) your directors are pleased to present the Company's annual report on Corporate Governance for the year ended March 31, 2021, in the prescribed format and forming part of the Board Report:

#### 1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Sharda Motor Industries Limited (SMIL) is committed to doing 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 manner.

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 has put in place a formalised system of Corporate Governance which sets out the structure, processes and practices of governance within the Company.

The Company emphasizes 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

The Board of Directors consists of professionals drawn from diverse fields. As on March 31, 2021, the Board of Directors of the Company consist eight directors, chaired by Shri Kishan N. Parikh, Non-Executive Independent Director. The composition of the Board is in conformity with Listing Regulations. All Non-Executive Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board.

The Board met Five (5) times during the FY 2020-21 on June 29, 2020, August 26, 2020, November 12, 2020, February 10, 2021 and March 30, 2021. In adherence to the Directives issued / notified by the Ministry of Corporate Affairs / other Departments / Authorities amid COVID-19 pandemic, all the directors participated at the Board and Committees Meetings held during the period under review through video conferencing. All the Board & Committee Meetings were in compliance with the Companies Act, 2013 and Listing Regulations read with various circulars issued by Ministry of Corporate Affairs (MCA) and Securities Exchange Board of India ("SEBI") amid COVID 19 pandemic. The intervening gap between any two meetings was well within the purview Companies Act, 2013 & SEBI Listing Regulations, read with Circulars / notifications / amendments thereof as may be issued / notified by Ministry of Corporate Affairs & SEBI from time to time.

In addition to the above, during the year under review a separate meeting of Independent Directors was held on March 30, 2021 in compliance with Regulation 25(3) of SEBI Listing Regulations and in pursuant to the provision of Schedule IV to the Companies Act, 2013.

The composition and category of directors, their attendance at the Board meetings held during the year ended March 31, 2021 and at the last Annual General Meeting, number of other directorships and membership/ chairpersonships of committees etc. are tabulated hereunder:

## Annexure to Directors' Report (Contd.)

S. No.	Name of the Director (DIN) (Designation)	Category	No. of Board Meeting held during tenure	No. of Board Meeting attended	Attendance at last AGM held on September 29, 2020	Directorship of other public companies*		Name & Category of Directorship held in the Listed Entities including this Listed Entity	Committee position held in other public Companies#		Shareholding in the Company
						Chairperson	Director		Chairperson	Member**	
1.	Shri Kishan N Parikh (00453209) (Chairperson)	Independent/ Non-executive Director	5	4	YES	1	2	1. Pebco Motors Limited (Managing Director) 2. Sharda Motor Industries Limited (Non-Executive Independent Director)	0	1	150
2.	Shri Satinder Kumar Lambah (07425155) (Director)\$	Independent/ Non-executive Director	5	5	No	0	0	1. Sharda Motor Industries Limited (Non-Executive Independent Director)	0	0	NIL
3.	Shri Ashok Kumar Bhattacharya (02804551) (Director)	Independent/ Non-executive Director	5	5	No	0	0	1. Sharda Motor Industries Limited (Non-Executive Independent Director)	0	0	NIL
4.	Shri Ajay Relan (00257584) (Managing Director)	Promoter / Executive Director	5	5	YES	0	2	1. Sharda Motor Industries Limited (Managing Director)	0	0	34,74,276
5.	Smt. Sharda Relan (00252181) (Director)##	Promoter / Executive Director	5	1	No	0	1	1. Sharda Motor Industries Limited (Executive Director)	0	0	NIL
6.	Shri Rohit Relan (00257572) (Director) @	Promoter /Non-Independent/ Non-executive Director	2	None	No	1	2	1. Sharda Motor Industries Limited (Non-Executive Director) 2. Bharat Seats Limited (Managing Director) 3. NDR Auto Components Limited (Non-Executive Director)	0	1	NIL (as on March 31, 2021)
7.	Shri Udayan Banerjee (DIN: 0339754), (Director)	Independent/ Non-executive Director	5	5	Yes	0	0	1. Sharda Motor Industries Limited (Non-Executive Independent Director)	0	0	NIL

## Annexure to Directors' Report (Contd.)

S. No.	Name of the Director (DIN) (Designation)	Category	No. of Board Meeting held during tenure	No. of Board Meeting attended	Attendance at last AGM held on September 29, 2020	Directorship of other public companies*		Name & Category of Directorship held in the Listed Entities including this Listed Entity	Committee position held in other public Companies#		Shareholding in the Company
						Chairperson	Director		Chairperson	Member**	
8.	Shri Nitin Vishnoi (DIN:- 08538925)	Executive Director	5	5	Yes	0	0	1. Sharda Motor Industries Limited (Executive Director)	0	0	NIL
9.	Smt. Sarita Dhuper (DIN: 08776286), (Director) @@	Independent/ Non-executive Director	4	3	No	0	0	1. Sharda Motor Industries Limited (Non-Executive Independent Director)	0	0	NIL

**Note:** Shri Ajay Relan and Shri Rohit Relan are sons of Smt. Sharda Relan. Likewise Shri Ajay Relan and Shri Rohit Relan are brothers. Apart from this there is no relationship among the directors inter-se among any Directors

\*Excludes directorship in associations, private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013.

\*\*membership includes chairpersonship.

@ Shri Rohit Relan resigned from the Directorship of the Company w.e.f. the closing of Business hours of October 24, 2020 and was appointed as Non-Executive Director on the Board of NDR Auto Components Limited on October 23, 2020.

# Represents Chairpersonship/ Membership of Audit Committee & Stakeholders' Relationship Committee

\$ Shri Satinder Kimar Lambah was re-appointed as Non-Executive Independent Director for second term of five consecutive years with effect from February 5, 2021 to February 4, 2026.

@@Smt. Sarita Dhuper was appointed as Non-Executive Independent Director for a term of five consecutive years w.e.f. June 29, 2020.

## Smt. Sharda Relan has step-down from the office of "Whole-Time Director" of the Company with effect from April 1, 2021.

At the time of appointment and thereafter at the first board meeting of every FY, the Independent Directors submitted a self-declaration confirming their independence is in compliance with various eligibility criteria laid down by the applicable laws & SEBI Regulations among other things and not debarred from holding the office of Director by virtue of any SEBI order or any other such authority. In addition, the Company also ensures that the directors meet the above eligibility criteria. All such declarations are placed before the Board for information. The Company has not issued any equity / other convertible instruments during the year and None of the Directors of the Company holds any such convertible instrument.

Details of familiarisation programme(s) imparted to independent directors are available on Company website [www.shardamotor.com](http://www.shardamotor.com), under heading 'Investor Relations'.

### FOLLOWING IS THE LIST OF CORE SKILLS/ EXPERTISE/ COMPETENCIES IDENTIFIED BY THE BOARD OF DIRECTORS AS REQUIRED IN THE CONTEXT OF THE COMPANY'S BUSINESS(S) AND SECTOR(S) FOR IT TO FUNCTION EFFECTIVELY AND THOSE ACTUALLY AVAILABLE WITH THE BOARD :

- Financial:** Proficiency in understanding financial reporting, making capital allocation decisions, challenging and help optimise complex financial transactions, help ensure long-term financial health of the Company.
- Strategic and Planning:** Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
- Global Business:** Understanding of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
- Governance:** Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.



## Annexure to Directors' Report (Contd.)

- e) **Leadership:** Leadership experiences for setting goals and with understanding of leading change, practical management of people, products, strategy and industry networking.
- f) **Innovation & Technology:** Technical / Professional Skills with specialised knowledge to assist the ongoing aspects of the business and to adapt with the continuous rapid changes in technology and customer behaviour, the Company needs to be constantly striving for new products /services to be introduced into markets. The ability for innovation and demonstrating a culture of entrepreneurship is necessary.

S. No.	Name	Skills	Expertise	Competence
1	Shri Kishan N Parikh	Belonging from Commerce background. His overall experience and knowledge evolves around financial matters.	Holds Bachelor's Degree in commerce and has overall experience of more than 30 years in area of Business Management and managing Financial activities.	Being from Commerce background, he plays important role in decision making at the Board level specifically financial related matters and Management matters
2	Smt. Sharda Relan	Management Business and related activities	Holds Bachelor's degree and is being associated with the Company since its inception. She has an experience of more than 35 years in area overall management of Business activities.	Managing Business Operations, handling day to day affairs and other related activities.
3	Smt. Sarita Dhuper	Belonging from Medical background. Her Overall education and knowledge is in Medical field.	She holds MBBS degree along with Masters degree in Medicine and is Practitioner Doctor in USA. She has more than 35 years of experience in the Medicine and related fields.	She helped / suggested the Company for undertaking CSR activities under Medical / Healthcare Sector.
4	Shri Ashok Kumar Bhattacharya	Being from Engineering background, Research and Technology are the key areas.	He holds Bachelor's degree from IIT, Kharagpur and P.H.D from Cambridge. Has more than 40 years of experience including the in Process Engineering.	Being from the Engineering Background and having vast expertise in field of Physics, Chemistry and Process Engineering, he suggest / support and understand in the decision making related to Research & Technology for our Technology.
5	Shri Ajay Relan	He holds Bachelor's degree in Commerce and Management degree from USA. He is looking after the overall Strategic and Business Management of the Company.	He has Bachelor's degree in commerce and Masters degree from Harvard Business School, U.S.A. He is being associated with the Company since its inception. He has more than 35 years of experience in several fields of Finance, Marketing, and strategic Management.	Being from commerce background. He is engaged into the overall manufacturing operations at Plant and Research & Development, Product Development, sales and marketing field and complete supervision of the Company. His leadership qualities embark the Company towards growth in domestic & global footprint. He is also actively engaged in the decision making at the Board level specifically the financial related matters.

## Annexure to Directors' Report (Contd.)

S. No.	Name	Skills	Expertise	Competence
6	Shri Satinder Kumar Lambah	He holds Bachelor's degree. He has been Ambassador of India to Hungary, Germany, Russia and High Commissioner to Pakistan.	He has vast experience in several fields of Finance and Management of the Company. He has overall experience of more than 45 years.	Being Diplomat representing the Country and considering the involvement in many successful economic ventures at country level. He has vast experience in several fields of handling issues and decision making. He is actively engaged in the decision making at the Board level in the field of Finance, Management and Strategic Management.
7	Shri Udayan Banerjee	He holds Masters Degree in Earth Science from IIT Kharagpur. Research and Technology are the key areas of his interest.	He has an overall experience of more than 47 Years for working with various reputed organisations.	Being holding Masters degree in Science, he possesses expertise in the field of Research and Development of Technology and setting up of Plant. He is actively engaged in the decision making at several at the Board level.
8	Shri Nitin Vishnoi	He holds Fellow Membership from Institute of Company Secretaries of India (ICSI).	Being from Commerce background and holding Membership as Company Secretary. He has been associated with the Company since year 2002 and has an overall work experience of more than 29Years	He has an expertise in the field of Corporate Restructuring, Compliance Management and Corporate Governance and is actively engaged in the decision making at the Board level in the field Finance and Strategic Management.

### 3. AUDIT COMMITTEE

Constitution of Audit Committee is in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. The Audit Committee presently comprise Four (4) Non-Executive/ Independent Directors and one Executive Director of the Company. All the Five members of Committee have adequate financial & accounting knowledge and background.

The Audit Committee of the Company acts in accordance with the terms of reference as provided under applicable laws and as may be specified by the Board from time to time. The role of the audit committee inter alia includes the following: -

- (i) oversight of the Company's financial reporting process and disclosure of financial information;
- (ii) recommendation to the Board for appointment, remuneration etc. of auditors;
- (iii) review of financial statement and auditor's report;
- (iv) discussion with statutory auditors of the Company about their findings, observations, suggestions, scope of audit etc.;
- (v) review of internal control systems and accounting policies followed by the Company;
- (vi) review of the financial statements with the management before their submission to the Board for approval etc.

In addition to the above, the Audit Committee carries out all such other functions as provided under applicable laws and specified by the Board of Directors from time to time.

The proceedings and minutes of the Committee meetings are regularly placed before the Board. Chairperson of the Committee was present at the last Annual General Meeting held on September 29, 2020 to address the members of the Company.

The Managing Director, CFO and representative of Statutory Auditors are the permanent invitees to the Audit Committee meetings. The Company Secretary of the Company acts as the secretary of the Committee.

During the year ended March 31, 2021, the Audit Committee meetings were held on June 29, 2020, August 26, 2020, November 12, 2020, and February 10, 2021.

## Annexure to Directors' Report (Contd.)

The Composition and attendance of Members at the meeting held during the FY 2020-21 are tabulated hereunder:

Name	Category	Position	Number of meetings held during his/ her tenure	Number of meetings attended
Shri Kishan N Parikh	Independent & Non-Executive	Chairperson	4	3
Smt. Sharda Relan	Non-Independent & Non-Executive	Member	4	None
Shri Satinder Kumar Lambah	Independent & Non-Executive	Member	4	4
Shri Ashok Kumar Bhattacharya	Independent & Non-Executive	Member	4	4
Shri Udayan Banerjee	Independent & Non-Executive	Member	4	4

#### 4. NOMINATION AND REMUNERATION COMMITTEE

Nomination and Remuneration Committee comprises of four Non-Executive Directors, of which all are Non-Executive Independent Directors. Composition of the Committee is as per the Companies Act, 2013 and Regulation 19 of Listing Regulations.

During the year under review, Nomination and Remuneration Committee were held on June 29, 2020, August 26, 2020, November 12, 2020, and February 10, 2021.

The Composition and attendance of Members at the meeting held during the FY 2020-21 are tabulated hereunder:

Name	Category	Position	Number of meetings held during his/ her tenure	Number of meetings attended
Shri Kishan N Parikh	Independent & Non-Executive Director	Chairperson	4	3
Shri Satinder Kumar Lambah	Independent & Non-Executive Director	Member	4	4
Shri Ashok Kumar Bhattacharya	Independent & Non-Executive Director	Member	4	4
Shri Udayan Banerjee	Independent & Non-Executive Director	Member	4	4

The Company Secretary of the Company acts as the secretary of the Committee.

The functioning and terms of reference of the Committee are as prescribed under the Listing Regulations and under the Companies Act, 2013. A report on performance evaluation criteria is forming part of the Board's Report earlier in the Annual Report.

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 Nomination and Remuneration Committee), subject to the approval of the Shareholders of the Company at the General Meeting.

## Annexure to Directors' Report (Contd.)

The Non-Executive Directors are paid sitting fees and commission in certain cases in accordance with the provisions of Companies Act, 2013, criteria for making the payment to Non-Executive Directors is disclosed in the Remuneration policy. Further on the recommendation of Nomination and Remuneration Committee the Remuneration paid to Managing Director, Whole-time Director/ Executive Director / Senior Managerial Personnel(s) and other employees of the Company was revised from Quarter to Quarter of the FY 2020-21 considering the performance of the Automobile Industry and Sales / Revenues of the Company amid the impact of COVID-19 pandemic. The Details of revision in Remuneration is enclosed:

S. No.	Salary (Total CTC) per annum in Rs. Lacs ("L")	Revised salary / remuneration against the Actual CTC (Percent) - for FY 2020-21			
		Q1	Q2	Q3	Q4
1	Co-Chairwomen, MD & CEO	0 Percent	0 Percent	100 Percent	100 Percent
2	75L + & Senior Consultants	70 Percent	85 Percent	100 Percent	100 Percent
3	20L -75L	75 Percent	90 Percent	100 Percent	100 Percent
4	10L-20L	85 Percent	95 Percent	100 Percent	100 Percent
5	Below 10 L	No Change	No Change	100 Percent	100 Percent

The Total Remuneration paid to the Directors for the year is given below:

### EXECUTIVE DIRECTORS

(Rs. in Lacs)

Name of Director	Salary	Perks	Performance Incentive	Total
Smt. Sharda Relan	135.30	26.51	100.00	261.81
Shri Ajay Relan	132.00	26.73	350.00	508.73
Shri Nitin Vishnoi	29.13	10.04	-	39.17
<b>Total</b>	<b>296.43</b>	<b>63.28</b>	<b>450.00</b>	<b>809.71</b>

### NON-EXECUTIVE DIRECTOR

(Rs. in Lacs)

Name of Director	Sitting fee
Shri Kishan N Parikh	2.95
Shri Satinder Kumar Lambah	4.25
Shri Ashok Kumar Bhattacharya	3.20
Shri Rohit Relan	NIL
Shri Udayan Banerjee	3.90
Smt. Sarita Dhuper	1.10
<b>TOTAL</b>	<b>15.40</b>

#### Notes:

- The tenure of executive directors of the Company is 5 years from the date of their re-appointment at current designation;
- 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 there solutions governing the appointment of Executive Directors;
- No commission was paid to non-executive directors during the year;
- Performance incentive is paid to executive directors based on their individual goals related to production, sales and Company targets like profit, revenue from operations and such other criteria;
- There has been no pecuniary relationship or business transaction by the Company with any Independent Non- Executive Director, other than(i) the sitting fee for attending the Board / Committee meetings(ii) the payment of dividend on the Equity Shares held by them in the Company.

## Annexure to Directors' Report (Contd.)

**5. STAKEHOLDERS' RELATIONSHIP COMMITTEE ("SRC")**

The Committee periodically reviews the status of shareholders' grievances and redressal of the same. The Committee met four times during the FY 2020-21 on June 29, 2020, August 26, 2020, November 12, 2020, and February 10, 2021. The necessary quorum was present for all the meetings. The Chairperson of the SRC Committee was not present at the last Annual General Meeting of the Company held on September 29, 2020 and Chairperson of the SRC Committee authorised Shri Kishan N. Parikh to address the members of the Company on his behalf.

The terms of reference of Stakeholders Relationship Committee inter-alia deals with various matters relating to:-

- to consider and resolve the grievances of security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.;
- to consider and approve demat / remat of shares / split / consolidation / sub-division of share / debenture certificates;
- to consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc;
- to oversee and review all matters connected with the transfer of the Company's securities;
- to review adherence to the standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent

The composition of the Committee and their attendance at the Committee meeting held during the year ended March 31, 2021 are tabulated hereunder:

Name	Category	Position	Number of meetings held during his/ her tenure	Number of meetings attended
Shri Satinder Kumar Lambah	Non-Independent, Non-Executive	Chairperson (Head of Committee)	4	4
Smt. Sharda Relan	Executive Director**	Member	4	None
Shri Udayan Banerjee	Independent, Non-Executive Director	Member	4	4
Shri Ajay Relan*	Executive Director	Member	-	Not Applicable

\* Appointed as member w.e.f. February 10, 2021.

\*\* Non-Executive Director w.e.f April 1, 2021

Shri Nitin Vishnoi, Company Secretary of the Company and also acts as the secretary of the committee.

Shri Divyang Jain, Assistant Company Secretary of the Company was appointed as Compliance Officer by Board of Directors at its Meeting held on June 29, 2020.

During the year ended March 31, 2021, status of investor grievance is tabulated hereunder

Particular	Numbers
Complaint pending as on April 1, 2020	Nil
Complaints received during the FY 2020-21	Nil
Complaints disposed off up to the satisfaction of shareholder during the FY 2020-21	Not Applicable
Complaints pending as on March 31, 2021	Nil

## Annexure to Directors' Report (Contd.)

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 are pending as on March 31, 2021.

### 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

Corporate Social Responsibility Committee of the Company consists of four directors having two non-executive independent and two executive directors. the Company Secretary acts as the Secretary of the Committee. Terms of reference of the Committee are in line with the Companies Act, 2013.

During the FY 2020-21, CSR Committee Meeting was held on June 29, 2020 and March 30, 2021. The Composition of the Committee along with the attendance of its Members are as under:

Name	Category	Position	Number of meetings held during his/ her tenure	Number of meetings attended
Smt. Sharda Relan	Executive Director**	Chairperson	2	None
Shri Kishan N Parikh	Independent, Non-Executive Director	Member	2	2
Shri Ajay Relan	Executive Director	Member	2	2
Shri Satinder Kumar Lambah	Independent, Non-Executive Director	Member	2	2

\*\* Non-Executive Director w.e.f April 1, 2021.

The Corporate Social Responsibility Report for the year ended March 31, 2021 is annexed to the Director's Report.

### 7. RISK MANAGEMENT COMMITTEE (RMC)

Risk Management Committee of the Company has been constituted in view of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 (LODR Amended Regulations) which come into force from May 6, 2021. Regulation 21(5) of the LODR Amended Regulations provides that the Risk Management Committee shall be constituted by the Company for Top 1000 listed entities based on market capitalisation. Since the Company falls within the ambit of Top 1000 listed entities, therefore the Board of Directors of the Company at its Meeting held on June 23, 2021 has constituted the Risk Management Committee which comprise of three Members having of which two are Non-Executive Independent Directors and one is Executive Director. Chief Financial Officer of the Company is special invitee of the Committee.

The Company Secretary acts as the Secretary of the Committee. The brief description of terms of reference of the RMC are in line with the aforesaid Regulation 21 read with Schedule II, Part D Para C of the LODR Amended Regulations and are enclosed:

- Identification of internal and external risks specifically faced by the listed entity
- Measures for risk mitigation
- Business continuity plan
- Periodically review the risk management policy, at least once in two years
- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks
- Informing the nature and content of discussions, recommendations and actions to be taken

Since the LODR Amended Regulations became effective from May 6, 2021, therefore the applicability for holding the Meetings of RMC are not applicable for the FY 2020-21. However the Company shall ensure the compliance of Regulation 21(3A) & (3C) of the LODR Amended Regulations, for holding the Meeting of RMC for atleast twice a year with a maximum gap of 180 days (on a continuous basis) between any Two Consecutive Meetings.



## Annexure to Directors' Report (Contd.)

The Composition of the RMC of its Member(s) / Invitee(s) are as under:

Name	Category	Position
Shri Kishan N Parikh	Non-Executive Independent Director	Chairperson
Shri Ajay Relan	Executive Director	Member
Shri Ashok Kumar Bhattacharya	Non-Executive Independent Director	Member

Chief Financial Officer of the Company is special invitee of the Committee.

The Company has also devised Risk Management Policy for understanding of Risk factors / parameters and its process of monitoring and mitigation and the same is also available on the Company's website at: <http://www.shardamotor.com/wp-content/uploads/2021/07/Risk-Management-Policy.pdf>

## 8. GENERAL BODY MEETINGS

### A. Annual General Meeting: -

AGM No.	Year	Venue	Date	Time	No. of Special Resolutions
35	2019-20	Video Conferencing / Other Audio Visual Means Deemed Venue – Registered Office of the Company	29.09.2020	12:00 noon	Two
34	2018-19	PHD Chamber of Commerce, NewDelhi	27.09.2019	12:00 noon	None
33	2017-18	PHD Chamber of Commerce, NewDelhi	27.09.2018	12:00 noon	None

### B. Extraordinary General Meetings

No Extraordinary General Meetings was held during the year under review.

### C. Resolutions Passed through Postal Ballot, during the year under review

- Adoption of a new set of Articles of Association of the Company.
- Approval of the proposal of Sub-Division / Split of Equity Shares of the Company.
- Alteration of the Objects Clause and Capital Clause of the Memorandum of Association of the Company.
- Approval of Re-appointment of Shri Satinder Kumar Lambah (DIN: 07425155) as Non-Executive Independent Director of the Company, for a second term of Five consecutive years w.e.f. February 5, 2021 to February 4, 2026.
- Approval of Continuation / Re-appointment of Shri Satinder Kumar Lambah (DIN: 07425155) as Non-Executive-Independent Director being aged about 79 years, for second term of Five consecutive years on the Board of the Company w.e.f. February 5, 2021 to February 4, 2026.
- Continuation of Smt. Sharda Relan (DIN: 00252181) being aged about 85 years as Non-Executive Director of the Company.

### Voting Pattern and Procedure for Postal Ballot

- The postal ballot was conducted through e-voting in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 and read with General Circular No. 14/2020 dated April 8, 2020, the General Circular No. 17/2020 dated April 13, 2020, the General Circular No. 22/2020 dated June 15, 2020 and the General Circular No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 issued by the Ministry of Corporate Affairs ("MCA") ("MCA Circulars") and Circulars / Notifications issued by Securities & Exchange Board of India ("SEBI") ("SEBI Circulars"). The shareholders were provided the facility to vote through e-voting. The postal ballot notice was sent to shareholders in electronic form to the email addresses, where available. the Company was not required to send

## Annexure to Directors' Report (Contd.)

physical copy of postal ballot notice in view of the MCA Circulars & SEBI Circulars. The Company also published a notice in the newspapers addressing the Shareholders holding Shares in Physical Form for registering the e-mail ID's with the Company / Depositories to receive the Postal Ballot Notice being sent in electronic form as per the requirements of the MCA Circulars.

- b) Shri Vineet K Chaudhary (Company Secretary in whole time practice, bearing Membership No. F 5327 & C. P. No. 4548), Managing Partner or failing of him Shri Mohit K Dixit (Company Secretary in whole time practice, bearing Membership No. ACS 49021 & C.P. No. 17827), Partner of M/s. VKC & Associates, New Delhi, was appointed as the Scrutinizer for conducting the Postal Ballot through E-voting process in a fair and transparent manner.
- c) The result of the Postal Ballot / e-voting was declared on March 23, 2021.
- d) The result of the postal ballot / e-voting was also placed at the website of the Company [www.shardamotor.com](http://www.shardamotor.com) and submitted to stock exchange where Company's shares are listed.

### Results:

S. No.	Details of the Resolution Special/ Ordinary Resolution	No. of valid votes cast	Votes cast in favor of the Resolution		Votes cast against the resolution	
			No.	Percent	No.	Percent
1.	Adoption of a new set of Articles of Association of the Company.	46,16,190	46,16,184	100	6	-
2.	Approval of the proposal of Sub-Division / Split of Equity Shares of the Company.	46,16,190	46,16,184	100	6	-
3.	Alteration of the Objects Clause and Capital Clause of the Memorandum of Association of the Company	46,16,190	46,16,184	100	6	-
4.	Approval of Re-appointment of Shri Satinder Kumar Lambah (DIN: 07425155) as Non-Executive Independent Director of the Company, for a second term of Five consecutive years w.e.f. February 5, 2021 to February 4, 2026.	46,16,190	46,10,251	99.87	5,939	0.13
5.	Approval of Continuation / Re-appointment of Shri Satinder Kumar Lambah (DIN: 07425155) as Non-Executive- Independent Director being aged about 79 years, for second term of Five consecutive years on the Board of the Company w.e.f. February 5, 2021 to February 4, 2026.	46,16,190	46,10,247	99.87	5,943	0.13
6.	Continuation of Smt. Sharda Relan (DIN: 00252181) being aged about 85 years as Non-Executive Director of the Company.	46,16,190	46,16,184	100	6	-

## 9. DISCLOSURES

- a) Related Party Transactions: The 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 Ind AS 24, "Related Party Disclosures" issued by the Institute of Chartered Accountants of India (ICAI) are set out in relevant Notes to Financial Statements in the Annual Report. Further in pursuant to the Amendment in SEBI Listing Regulations 2018, the transactions of the Company with the following Persons: (belonging to the promoter / promoter group holding 10 Percent or more shares in the Company) of :
  - Ajay Relan (Promoter / Managing Director) holding 58.42 Percent of Equity Shares in the Company are prescribed in the Related Party Disclosures forming part in the Note No. 37 of Notes to Financial Statements.

## Annexure to Directors' Report (Contd.)

There were no materially significant Related Party Transactions and pecuniary transactions that may have potential conflict with the interest of the Company at large. Company has in place a policy for dealing with related party transactions, which is also on the website of the Company [www.shardamotor.com](http://www.shardamotor.com).

- b) Board has considered and accepted all the recommendations of the Committees of the Company.
- c) During the year under review, No independent Director has resigned from the Directorship of the Company.
- d) During the year under review, No funds by way of Preferential Allotment or by way of Qualified Institutional Placement was raised.
- e) Shri Nitin Vishnoi, Executive Director shall retire by rotation and being eligible and offered himself for re-appointment at this 36 Annual General Meeting of the Company.
- f) The above re-appointment is subject to the approval of members of the Company in the ensuing Annual General Meeting (AGM). A brief resume along with information required as per applicable laws of the above Director recommended for re- appointment at the AGM are furnished in the Notice of the Annual General Meeting of the Company.
- g) During the last two 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. However during the FY 2020-21, the National Stock Exchange of India Limited ("NSE") & BSE Limited ("BSE") "Stock Exchanges" have levied penalty of Rs. 5.25 Lacs each regarding the delay in appointment of one independent woman director on the Board of the Company w.e.f April 1, 2020, considering which the Company made representation to the Stock Exchanges that the delay in appointment was on the Unavoidable and Uncertain grounds. Further, based on the said Representations, NSE & BSE vide. their letter / mail dated April 13, 2021 & July 5, 2021, respectively has waived of the penalty imposed in this regard.
- h) Company has in place a Whistle Blower Policy and no person has been denied access to the audit committee. Details of the policy are placed on the Company's website at: <http://www.shardamotor.com/wp-content/uploads/2020/08/Whistle-Blower-Policy.pdf>

In the ordinary course of business, the Company is exposed to risk resulting from exchange rate fluctuations and interest rate movements. the Company had managed the foreign exchange risk and hedged to the extent considered necessary. Details of foreign currency exposure are disclosed in notes to the financial statements. To counter the commodity price risks, the Company has in place adequate risk measures and control systems which identify the risks, assess their severity and their potential effect on the performance of the Company through systematic report and charts.

The Commodity price risk and Commodity hedging activities the Company has adequate risk assessment and minimisation system in place including for commodities. Further in view of the Regulation 21 read with Schedule II, Part D Para C of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, the Company has constituted the Risk Management Committee and have devised the Risk Management Policy for understanding of Risk factors / parameters and its process of monitoring and mitigation. Risk Management Policy is available on the Company's website at: <http://www.shardamotor.com/wp-content/uploads/2021/07/Risk-Management-Policy.pdf>. The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore, there is no Disclosure to offer in terms of SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141, dated November 15, 2018.

**The Company has complied with all the mandatory requirements of Listing Regulations and the non-mandatory requirements have been adopted to the extent and in the manner as stated hereunder:**

- a) The Company has appointed separate persons to the post of Chairperson and Managing Director / Chief Executive Officer.
- b) The Company is in the regime of unqualified financial statements.
- c) The Company has adopted a code of conduct for prevention of Insider Trading and Fair Disclosure as per SEBI (Prohibition of Insider Trading) Regulations, 2015 including any statutory modification(s) / re-enactment(s) thereof for the time being in force ("Insider Trading Regulation") all directors and designated employees who could have access to the unpublished price sensitive information are required have followed the code / follow this code.

## Annexure to Directors' Report (Contd.)

- d) The Company has followed prescribed Accounting Standards as laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.
- e) The Company has complied with the requirements of Part C (Corporate Governance Report) of sub-paras (2) to (10) of Schedule V of the Listing Regulations. the Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clause (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations, wherever applicable, and necessary disclosures thereof have been made in this Corporate Governance Report.

### 10. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

A Certificate in Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 confirming the Non-Disqualification of Directors for the FY ended March 31, 2021 obtained from Smt. Jaya Yadav, Practising Company Secretary (C.P. No.: 12070) has been enclosed as **Annexure - IX** to this Report.

### 11. CONFIRMATION OF INDEPENDENT DIRECTORS

The Company do hereby confirm that all the Independent Directors of the Company fulfills the conditions specified in the SEBI Listing Regulations and are Independent of the Management of the Company.

### 12. CREDIT RATINGS

CRISIL's has reaffirmed that the credit rating based on the Working Capital facility(ies) of Sharda Motor Industries Limited (SMIL) as for "Long Term Rating" is 'CRISIL AA- / Stable' and for "Short Term Rating" is "CRISIL A1+". Further there are no debt instruments or any fixed deposit or any scheme or proposal for mobilisation of funds are issued by the Company.

### 13. TOTAL FEES PAID FOR ALL SERVICES TO THE STATUTORY AUDITORS FOR ALL SUBSIDIARIES ON A CONSOLIDATED BASIS TO THE STATUTORY AUDITOR AND FOR ALL ENTITIES IN FIRM/NETWORK ENTITY

M/s. Gupta Vigg & Co., Chartered Accountants, Statutory Auditors of Sharda Motor Industries Limited (the Company) Audit Fees paid by the Company to M/s. Gupta Vigg & Co., Chartered Accountants, Statutory Auditors during the FY 2020-21 are as:

S. No.	Particular of Expenses	Total Amount (in Rs.)
Total Fees Paid by the Company for all the Services rendered by the Statutory Auditors		
1.	Audit Fees for FY 2020-21	13,35,000
2.	Certification fee:	5,000
	Out of Pocket Expenses incurred for the same	44,580
<b>Total</b>		<b>13,84,580</b>

### 14. DISCLOSURES WITH RESPECT TO THE COMPLAINT FOR SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the FY, the Company do hereby submit the following with respect to the Complaints under Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013:

- a. number of complaints filed during the FY - NIL
- b. number of complaints disposed of during the FY - NIL
- c. number of complaints pending as on end of the FY - NIL

### 15. MEANS OF COMMUNICATION

The un-audited quarterly / half yearly financial results and audited annual financial results were announced within the stipulated time under Listing Regulations. The aforesaid financial results was reviewed by the Audit Committee and was taken on record by the Board of Directors and the same was also communicated to the concerned Stock Exchanges within the stipulated time and in the prescribed manner, in compliance with the requirement of the SEBI Listing Regulations.

Such results are generally published within the stipulated time in two Newspapers, one in English newspaper (Financial Express) and the other one in Hindi newspaper (Vir Arjun), and are also displayed on the website of the Company [www.shardamotor.com](http://www.shardamotor.com).

The Company has not made any presentation to Institutional investors / Analysts during the year under review.

## Annexure to Directors' Report (Contd.)

Detailed Section on Management Discussion and Analysis is given by means of separate annexure and is attached to the Directors' Report.

**16. GENERAL SHAREHOLDERS' INFORMATION:**

36 Annual General Meeting held on:

Date : August 27, 2021

Day : Friday Time : 12:00 Noon

Venue : Through Video Conferencing (VC)/ Other Audio Video Means (OVAM)

FY : April 1 to March 31

Date of Book Closure: Saturday, August 21, 2021 to Friday, August 27, 2021 (both days inclusive)

No Dividend Payment was paid during the FY, whereas subject to the approval of Shareholders, an amount Rs. 2.63/- per share for face value of Rs.2/- each shall be paid as Final Dividend for the FY 2020-21.

Listing on Stock Exchanges: The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited and the annual listing fees for the FY 2020-21 has been paid in respect of both the stock exchanges.

**Stock Code and ISIN No.**

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001	535602 (Scrip Code)
National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra - Kurla Complex, Mumbai- 400051	SHARDAMOTR (Symbol)
ISIN No. prior to the Split of Face Value of Equity Share (Valid upto April 15,2021)	INE597I01010
ISIN No. post the Split of Face Value of Equity Share (Activated w.e.f April 16, 2021)	INE597I01028

**High, Low during each month of last FY:**

Month	BSE		NSE	
	High	Low	High	Low
April-20	821.20	535.00	894.00	531.35
May-20	719.0	575.55	700.00	574.55
June-20	941.90	595.05	941.00	598.70
July-20	900.00	705.25	877.85	701.00
August-20	1170.00	715.90	1,150.00	712.00
September-20	1011.00	773.60	1,024.75	800.00
October-20	949.80	802.00	945.40	800.00
November-20	1621.40	855.15	1,620.00	844.55
December-20	2156.40	1550.00	2,158.50	1,550.00
January-21	2248.00	1787.05	2,250.00	1,785.10
February-21	2525.00	1884.95	2,520.00	1,921.00
March-21	2295.00	1925.00	2,294.00	1,923.90

Source: www.bseindia.com, www.nseindia.com

**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 Limited at the address given below:-

M/s. Alankit Assignments Limited

Alankit Heights, 4E/2, Jhandewalan Extension, New Delhi - 110055

Tel: 011-42541234, 23541234 Fax: 011-41543474 • E-mail: rta@alankit.com

## Annexure to Directors' Report (Contd.)

### Share Transfer System and other related matters:

The request, if any received for transmission/ split / etc. of shares in physical form for were duly processed and dispatched within the stipulated time period. As in the past, the Company has sent 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 be transferred 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 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.

### SHAREHOLDING

Distribution of shareholding as on March 31, 2021

Category (No. of shares)	No. of shareholders	Percent of shareholders	No. of Shares	Percent of equity shares
1-500	6905	95.88	281988	4.74
501-1000	113	1.57	83243	1.40
1001-2000	75	1.04	116876	1.97
2001-3000	26	0.36	66670	1.12
3001-4000	21	0.29	73654	1.24
4001-5000	5	0.07	22634	0.38
5001-10000	21	0.29	143420	2.41
10001-more	36	0.50	5157841	86.74
<b>Total</b>	<b>7202</b>	<b>100.00</b>	<b>5946326</b>	<b>100.00</b>

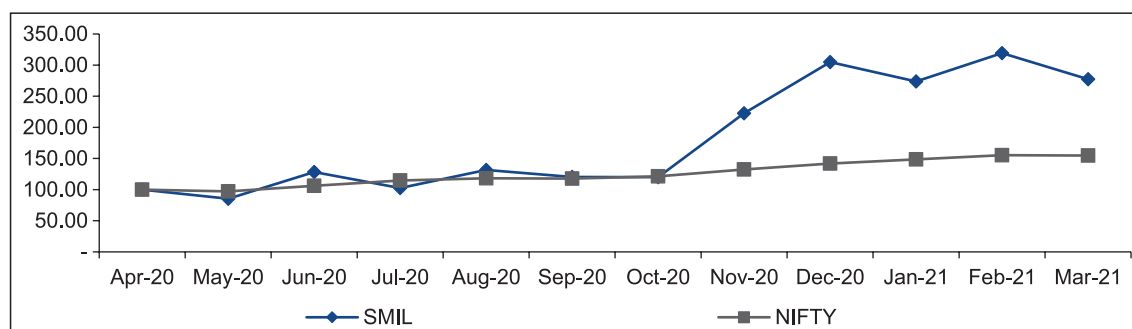
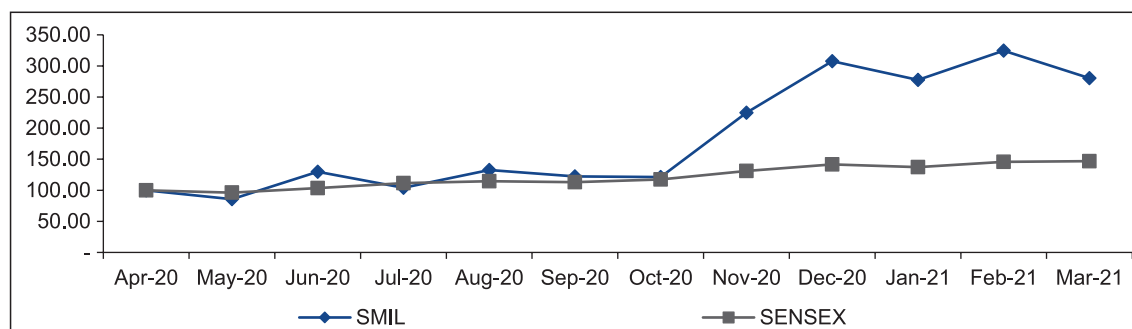
Shareholding Pattern as on March 31, 2021

Category Code	Category	Total No. of shares	Percent of total no. of Shares
<b>(A)</b>	<b>Promoters and Promoter Group</b>		
	(i) Resident Individual	4352579	73.20
<b>(B)</b>	<b>Public Shareholding</b>		
	Individuals	1117682	18.79
	Mutual Funds/ UTI	49817	0.84
	Foreign Portfolio Investors	11970	0.20
	Bodies Corporate	341169	5.74
	Non Resident Indians	22020	0.37
	Trust	7372	0.12
	Clearing Members	33	0.00
	Resident HUF	36584	0.62
	IEPF	7100	0.12
	<b>Total Shareholding</b>	<b>5946326</b>	<b>100.00</b>



## Annexure to Directors' Report (Contd.)

Performance of Sharda Motor Industries Limited (SMIL) share price in comparison of BSE SENSEX and NSE NIFTY 50



(Closing value of SMIL share price Vs. BSE Sensex & SMIL share price Vs. NSE NIFTY 50 on the last trading of the month)

Base is considered to be 100 as at April, 2020 in both the charts. Further, during the year under review, Securities were never suspended from trading on the above said Stock Exchanges

#### Dematerialisation of shares and liquidity

The shares of the Company are generally traded in dematerialised form and are available for trading with both the depositories i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2021, 98.59 Percent shares of the Company are held in dematerialised form.

Outstanding GDRs / ADRs / Warrants: Not Issued

#### Plant Locations:

1. Plot No. A-1/8, MVML Vendor Park MIDC, Phase-IV, Nigo JE Chakan, Pune - 411013
2. G-20, Sipcot Industrial Park, Irungattu Kottai, Sriperumbudur Taluka, Kancheepuram Dist. Tamilnadu - 602105
3. Mahindra World City, Changalpattu Taluk, Kancheepuram Dist. Industrial Park, Tamilnadu - 603002
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 (Uttarakhand)
6. Plot No.112, M.I.D.C., Satpur, Nasik-7, Maharashtra
7. Plot No. 52/1, 52/2, 53/2A, 54A, 54B, 54C & 54D, Behind Ceat Company, Satpur, Nashik-422007
8. Plot No. C-8 Tata Motor, Vendor Park, North Kotpura, Sanand, Ahmedabad, Gujarat.
9. Plot No. 558, 559, Surajpur Bypass Industrial Area, Greater Noida, (U.P.)\*

\* Plant operations was discontinued w.e.f April 30, 2021.

## Annexure to Directors' Report (Contd.)

## Annexure-IX

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members,  
Sharda Motor Industries Limited  
D-188, Okhla Industrial Area,  
Phase-1, New Delhi- 110020

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sharda Motor Industries Limited, having CIN: L74899DL1986PLC023202 and having its Registered Office at D-188, Okhla Industrial Area, Phase-1, New Delhi- 110020, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with sub clause (i) of clause 10 of Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of Director	DIN	Date of Appointment in Company
1	Sharda Relan	00252181	29.01.1986
2	Aiay Relan	00257584	29.01.1986
3	Udayan Banerjee	00339754	13.02.2019
4	Kishan Nagin Parikh	00453209	16.12.2005
5	Ashok Kumar Bhattacharya	02804551	28.10.2009
6	Satinder Kumar Lambah	07425155	05.02.2016
7	Nitin Vishnoi	08538925	03.09.2019
8	Sarita Dhuper	08776286	29.06.2020

Ensuring the eligibility of for the appointment /continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Gurugram  
June 15, 2021

**(Jaya Yadav)**  
Practising Company Secretary  
C.P. No. :12070  
Membership No. F10822  
UDIN: F010822C000464924

## Annexure to Directors' Report (Contd.)

## Annexure X

**BUSINESS RESPONSIBILITY REPORT**  
**[Pursuant to Regulation 34(2)(f) of the SEBI Listing Regulations]**  
**For The Financial Year 2020 – 2021**

The Business Responsibility disclosures in this Report illustrate the Company's efforts towards creating enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations 2015. This report provides an overview of the activities carried out by the Company under each of the nine principles.

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY****1. Corporate Identity Number (CIN) of the Company**

L74899DL1986PLC023202

**2. Name of the Company**

Sharda Motor Industries Limited ("Company")

**3. Registered Address**

D-188, Okhla Industrial Area, Phase - I, New Delhi - 110 020, India

**4. Website**[www.shardamotor.com](http://www.shardamotor.com)**5. E-mail id**[investorrelations@shardamotor.com](mailto:investorrelations@shardamotor.com)**6. FY reported**

01.04.2020 to 31.03.2021

**7. Sector(s) that the Company is engaged in (industrial activity code-wise)**

NIC Code	Description
29301	Manufacture of Motor vehicles parts such as suspension, silencer, exhaust pipes

**8. List three key products/services that the Company manufactures/provides (as in Balance Sheet)**

- (a) Motor Vehicle Exhaust System
- (b) Motor Vehicle Suspension System
- (c) Motor Vehicle Sheet Metal Components

**9. Total number of locations where business activity is undertaken by the Company****(a) Number of International Locations**

Total Number: 0 (Zero)

**(b) Number of National Locations**

The Company's manufacturing base is widespread across India. The Manufacturing Plant is located at 9 (Nine) as follows:

- i. Plot No. A-1/8, MVML Vendor Park MIDC, Phase-IV, Nigo JE Chakan, Pune – 411013, Maharashtra
- ii. G-20, Sipcot Industrial Park, Irungattu Kottai, Sriperumbudur Taluka, Kancheepuram Dist. Tamilnadu - 602105
- iii. Mahindra World City, Changalpattu Taluk, Kancheepuram Dist. Industrial Park, Tamilnadu - 603002
- iv. Plot No.4, Sector - 31, Greater Noida, Distt. Gautam Budh Nagar, (U.P.)
- v. Plot No. 4, Sector-2, I.I.E. Ranipur, Haridwar, Uttarakhand

## Annexure to Directors' Report (Contd.)

- vi. Plot No.112, M.I.D.C., Satpur, Nasik-7, Maharashtra
- vii. Plot No. 52/1, 52/2, 53/2A, 54A, 54B, 54C & 54D, Behind Ceat Company, Satpur, Nashik-422007, Maharashtra
- viii. Plot No. C-8 Tata Motor, Vendor Park, North Kotpura, Sanand, Ahmedabad, Gujarat.
- ix. Plot No. 558, 559, Surajpur Bypass Industrial Area, Greater Noida, (U.P.)\*

\* Plant operations was discontinued w.e.f April 30, 2021.

### 10. Markets served by the Company – Local/State/National/International

All Markets.

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (RS.) : 594.63 Lacs
2. Total Turnover (RS.) : 1,75,798.63 Lacs
3. Total profit after taxes (RS.) : 7,859.03 Lacs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (Percent) : 2 Percent  
(including the amount transferred to Unspent CSR Account)
5. List of activities in which expenditure in 4 above has been incurred :
  - (i) Distribution of food, help and support to the poor
  - (ii) Donation to "Sharda CSR Foundation Trust ("Trust")"
  - (iii) Activities undertaken through Trust over Ongoing Project identified as "Medical Clinics" - Purchase of Three Ambulances.
  - (iv) Donation / Subscription amount paid to Rotary Club, Jamshedpur by Trust.

### SECTION C: OTHER DETAILS

#### 1. Does the Company have any Subsidiary Company/ Companies?

No, the Sharda Motor Industries Limited does not have any Subsidiary Company(ies)

#### 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).

Since the Company does not have Subsidiary, therefore it is "Not Applicable" to the Company.

#### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30 Percent, 30-60 Percent, More than 60 Percent]

The Company has long lasting relationships with its suppliers. A majority of supplier base has been already covered by conducting awareness sessions on 'sustainability'. Suppliers, distributors are critical to the Company's operations and supply chain sustainability issues can impact its operations. The Company is also engage with suppliers through various channels for operational issues and also focus on emerging and futuristic technologies through Technology Day events.

The suppliers and vendors are provided awareness on environmental and social issues. The vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company.

Since this Business Responsibility Report was applicable to the Company from the FY 2019-20, the Company implemented the Policies made with respect to the Business Responsibility Report and have also communicated / shared with Suppliers & Distributors as our BR initiatives. Meaningly the Company has managed to increase the BR initiatives through from less than 30 Percent to 30-60 Percent but considering the impact of COVID-19 on the Company and nationwide lockdown which was implicated twice has resulted in the reduced efforts of the Company to implement the BR initiatives with all the suppliers. Further at present 30-60 Percent of value chain entities participate in the Company's BR initiatives and there is a constant effort by the Company to extend these initiatives to larger value chain base.

## Annexure to Directors' Report (Contd.)

**SECTION D: BR INFORMATION****1. Details of Director/Directors responsible for BR****a) Details of the Director/Directors responsible for implementation of the BR policy/policies.**

S No.	Particulars	Details
1.	DIN Number	08538925
2.	Name	Nitin Vishnoi
3.	Designation	Executive Director & Company Secretary
4.	Telephone	011-47334100
5.	E-mail id	<a href="mailto:investorrelations@shardamotor.com">investorrelations@shardamotor.com</a>

**b) Details of the BR head**

S No.	Particulars	Details
1.	DIN Number (if applicable)	Not Applicable
2.	Name	Divyang Jain
3.	Designation	Asst. Company Secretary & Compliance Officer
4.	Telephone	011-47334100
5.	E-mail id	<a href="mailto:investorrelations@shardamotor.com">investorrelations@shardamotor.com</a>

**2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)****(a) Details of Compliance**

The Business Responsibility Policy ("BR Policy") addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), duly approved by Board, is in place. This policy is operationalised and supported by various other policies, guidelines and manuals.

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

**P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

**P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

**P3 – Businesses should promote the well-being of all employees.**

**P4 – Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

**P5 – Businesses should respect and promote human rights.**

**P6 – Businesses should respect, protect, and make efforts to restore the environment.**

**P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

**P8 – Businesses should support inclusive growth and equitable development.**

**P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

SN	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	N*	Y	Y	N*	Y	Y
3.	Does the policy conform to any national /international standards, If yes, specify	Y	Y	Y	Y	Y	Y	Y	Y	Y

## Annexure to Directors' Report (Contd.)

SN	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	Has the policy being approved by the Board, if yes, has it been signed by MD/ owner/CEO/appropriate Board Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Does the Company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency	Y	Y	Y	N*	Y	N*	Y	Y	Y

\*Since this Business Responsibility Report was applicable to the Company from the FY 2019-20, the said Policies are being devised with the previous consultation with all stakeholders. the Company has implemented and have also communicated / shared the Policies with Stakeholders but considering the impact of COVID-19 on the Company and nationwide lockdown which was implicated twice has resulted in the reduced efforts of the Company to implement the Policies with all the Stakeholders. However the relevant policies that are implemented have been evolved over a period of time by taking inputs from concerned stakeholders. Therefore the policies shall be implemented / adopted across all the Group Companies / Joint Ventures / Suppliers / Contractors / Others / over a period of time.

Principle	Applicable Policies	Link for policies
<b>Principle1:</b> Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	a) Whistle Blower Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Whistle-Blower-Policy.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Whistle-Blower-Policy.pdf</a>
	b) Code of Conduct – Stakeholders	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Code-for-Stakeholders_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Code-for-Stakeholders_Sharda-Motor.pdf</a>
<b>Principle 2:</b> Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	a) Code of Conduct – Stakeholders	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Code-for-Stakeholders_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Code-for-Stakeholders_Sharda-Motor.pdf</a>
	b) Sustainability Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Sustainability-Policy_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Sustainability-Policy_Sharda-Motor.pdf</a>
	c) Quality Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Quality-Policy_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Quality-Policy_Sharda-Motor.pdf</a>
<b>Principle 3:</b> Businesses should promote the well-being of all employees.	a) Human Rights Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Human-Rights-Policy.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Human-Rights-Policy.pdf</a>
	b) Recruitment & Selection Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Recruitment-Policy-Selection-process.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Recruitment-Policy-Selection-process.pdf</a>
	c) CSR Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2016/07/Corporate-Social-Responsibility-Policy-1.pdf">https://www.shardamotor.com/wp-content/uploads/2016/07/Corporate-Social-Responsibility-Policy-1.pdf</a>
	d) Environment, Healthy & Safety Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Environment-Health-Safety-Policy_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Environment-Health-Safety-Policy_Sharda-Motor.pdf</a>
	e) NRC Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2018/08/NRC-policy.pdf">https://www.shardamotor.com/wp-content/uploads/2018/08/NRC-policy.pdf</a>

## Annexure to Directors' Report (Contd.)

Principle	Applicable Policies	Link for policies
<b>Principle 4:</b> Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	a) Code for Stakeholders	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Code-for-Stakeholders_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Code-for-Stakeholders_Sharda-Motor.pdf</a>
	b) CSR Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2016/07/Corporate-Social-Responsibility-Policy-1.pdf">https://www.shardamotor.com/wp-content/uploads/2016/07/Corporate-Social-Responsibility-Policy-1.pdf</a>
<b>Principle 5:</b> Businesses should respect and promote human rights.	Human Rights Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Human-Rights-Policy.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Human-Rights-Policy.pdf</a>
<b>Principle 6:</b> Businesses should respect, protect, and make efforts to restore the environment.	a) Sustainability Policy,	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Sustainability-Policy_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Sustainability-Policy_Sharda-Motor.pdf</a>
	b) Environment, Healthy & Safety Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Environment-Health-Safety-Policy_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Environment-Health-Safety-Policy_Sharda-Motor.pdf</a>
<b>Principle 7:</b> Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Code for Stakeholders	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Code-for-Stakeholders_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Code-for-Stakeholders_Sharda-Motor.pdf</a>
<b>Principle 8:</b> Businesses should support inclusive growth and equitable development.	a) Sustainability Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Sustainability-Policy_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Sustainability-Policy_Sharda-Motor.pdf</a>
	b) CSR Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2016/07/Corporate-Social-Responsibility-Policy-1.pdf">https://www.shardamotor.com/wp-content/uploads/2016/07/Corporate-Social-Responsibility-Policy-1.pdf</a>
	c) Quality Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Quality-Policy_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Quality-Policy_Sharda-Motor.pdf</a>
<b>Principle 9:</b> Businesses should engage with and provide value to their customers and consumers in a responsible manner.	a) Code for Stakeholder	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Code-for-Stakeholders_Sharda-Motor.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Code-for-Stakeholders_Sharda-Motor.pdf</a>
	b) Whistle Blower Policy	<a href="https://www.shardamotor.com/wp-content/uploads/2020/08/Whistle-Blower-Policy.pdf">https://www.shardamotor.com/wp-content/uploads/2020/08/Whistle-Blower-Policy.pdf</a>

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

SN	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months	Not Applicable								
5.	It is planned to be done within the next 1 year	Refer Note No. 1								
6.	Any other reason (please specify)									



## Annexure to Directors' Report (Contd.)

*"Note No.1- All relevant Policies are being formulated and implemented by the Company and have also communicated / shared the Policies with Stakeholders. Considering the impact of COVID-19 on the company and nationwide lockdown which was implicated twice has resulted in reduced efforts of the Company to implement the Policies with all the Stakeholders. The relevant policies are formulated over a period of time by taking inputs from concerned stakeholders. The rest of the other policies shall be implemented / adopted across all the Group Companies / Joint Ventures / Suppliers / Contractors / Others / over a period of time."*

### 3. Governance related to BR

**(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The Audit Committees of the Board of Directors of the Company at its Meeting held on June 23, 2021 has assessed the BR performance of the Company which was made applicable in the previous FY 2019-20. Since the Business Responsibility Report are being applicable from the previous FY 2019-20, therefore the Company has formulated, implemented and have also communicated / shared the Policies with Stakeholders of the Company. Considering the impact of COVID-19 on the Company and nationwide lockdown which was implicated twice has resulted in reduced efforts of the Company to implement the Policies with all the Stakeholders and there is a constant effort by the Company to extend these Policy initiatives to larger value chain base.

**(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Yes, this Report were applicable from the previous FY 2019-20 and was published in the 35 Annual Report of the Company for the first time to the Company. The Business Responsibility Report for the FY 2019-20 is available at the website of the Company at: <http://www.shardamotor.com/wp-content/uploads/2020/09/sharda-motor-annual-report-2019-20.pdf>

The BR Report shall be published as part of this 36 Annual Report for this FY 2020-21 and every financial year thereafter as applicable to the Company.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

**1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No.**

The Company adopts the governance standards to ensure protection of all stakeholder interests. All the employees are expected to adhere to the ethical principles detailed out in the various policies and code of the Company. The Whistle Blower Policy and code of conduct for Stakeholders encompasses aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption and is applicable on the all employees, Stakeholders including (Directors, employees, customers, vendors, traders, workers (including job-workers) and any other person, who has an interest attached to the Company's business and its functioning) of the Company.

**Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

No, since the Business Responsibility Report were applicable from the previous this FY 2019-20. the Company has devised the Policies with the previous consultation of all the stakeholders and are implemented have been evolved over a period of time by taking inputs from concerned stakeholders. the Company has implemented and have also communicated / shared the Policies with all the Stakeholders but considering the impact of COVID-19 on the Company and nationwide lockdown which was implicated twice has resulted in the reduced efforts of the Company to implement the Policies with all the Stakeholders. Therefore the policies shall be implemented / adopted across all the Group Companies / Joint Ventures / Suppliers / Contractors / Others /, if any over a period of time.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Complaints received from the Stakeholders of the Company were resolved with 100 Percent satisfaction, by the Management within the time frame. The complaint received by the Company was not material / significant in nature which belongs to past or present financial years.

## Annexure to Directors' Report (Contd.)

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.**

- (a) Motor Vehicle Exhaust System
- (b) Motor Vehicle Suspension System
- (c) Motor Vehicle Sheet Metal Components

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

**(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain**

The Company always strives to achieve the highest standards of energy conservation by its continuous efforts in the area of alternate source of energy and efficient use of existing ones. Energy saving initiatives through the organisation in all the plants has helped the Company to reduce its cost of energy. Some of the key initiatives carried out during the year towards conservation of energy are mentioned hereunder:

- Installation of automatic sensors for cutting off the electricity of electrical equipments or heavy motors / machines when not in use / idle for few minutes at several Plants.
- Maintenance of "Power Factor" to reduce consumption of electricity.
- Installation of efficient "Harmonic Panel" for reducing consumption of electricity
- Replacement of bulbs with LED lights across the plants.
- Installation of VFD drivers to save more power in machines and motors.
- Regular cleaning of Solar Panels to increase solar energy contribution.
- Installation / Implementation of Robotic Cell as Automation drive effective utilisation of energy.
- Replacement of electrical motor / other equipments with latest energy efficient equipments with higher standards.
- Protoshop Timer shave been installed to cut the idle running of the machines.
- Air Conservation system for Air Compressor.
- Auto stop timer for shop floor machines, exhaust fans, welding machines.
- Installation of Solar Norikool Advance Day Light System in Nasik Plant.
- Installation of Solar Power Plant in SIPCOT Chennai (300 KW) and 763KW in Chennai Mahindra World City.
- Portable compressor provided for WCC cleaning purpose in place of high capacity compressor in Chennai plant.
- 2 Hydraulic Pump (10 KW) eliminated by combining the hydraulic pump & operation in Chakan plant.
- Compressed Air Leakage reduced in plants.
- Heavy duty roof top exhaust fan idle time run has eliminated by providing timer.

**(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year**

The benefits derived, from efforts made towards technology absorption, like product improvement, cost reduction, product development or import substitution and water conservation

- Solar Power plant have been installed in the Nasik and Chakan Plant.
- Company is using Wind Power as its major power source in Chennai Plant.
- Product line extension, introduction of mixing devise for UI improvement.
- Improving fuel economy and consequent reduction in CO2 through low back pressure.

## Annexure to Directors' Report (Contd.)

- Improvement in core competencies and standardisation and correlation.
- Significant improvement in meeting demand of end user.
- The Company has taken steps towards solar and wind energy in its plants.
- Solar Power plant has been initiated in the Nasik and Chakan plant. Further, the Company is using Wind Power as its major power source in Chennai Plant.
- The Company has established the water treatment system and water recycling plant has been established at Sipkot Plant & Mahindra World City Plant in Chennai and some other Plants of the Company, considering that discharge of water / effluents are not allowed.
- The Manufacturing process / activities do not discharge any water effluent / pollutants during the process and the water utilised at the Plants are then recycled for reuse in the plant itself.

### 3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

**(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company continually works with its vendors and suppliers to reducing the environmental impacts of sourcing. The Company has Environment & Sustainability Policy to engage with its value chain partners on environmental sustainability. Significant initiatives have been taken to reduce the packaging impacts in the supply chain by using recycled / returnable packaging solutions for various components sourced. Transportation and logistics optimisation is an ongoing activity to reduce the related environmental impacts. There has been an effective communication channel with the Vendors / Suppliers and clients which lead to effective co-ordination and freely working environment in tandem with the need and requirements.

### 4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

**(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, the Company has taken steps towards purchasing goods and services from local suppliers. The Company has multiple plants spread across West, South and North of India and the Company obtained several goods and services from local and small vendors. Small and local vendors / suppliers plays a pivot role in supporting the needs and requirements of raw materials. The Company has been procuring several raw materials / equipments from local / regional vendors / suppliers that falls under the category of Micro, Small, Medium Enterprise, considering that the Company has always aimed for the development of local and regional vendors of supplies for the ease of carrying out of Business.

### 5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5 Percent, 5-10 Percent, >10 Percent). Also, provide details thereof, in about 50 words or so.

The Company has system in place to recycle the utilised water in Sipkot, Chennai Plant and other plants. The recycled water is then re-utilised for within the Plant for several uses. The exact percentage of recycling of water cannot be ascertained however on the approximate basis, we can assume that the recycled water should be ranging between 10-15 Percent of the each plant utilisation of water. The scrap / waste raw materials that arise during the manufacturing process are not recycled within the plant rather send to the Recycling Plants.

## Annexure to Directors' Report (Contd.)

**Principle 3: Businesses should promote the well being of all employees.**

1. Please indicate the Total number of employees and Total number of employees hired on temporary/contractual/casual basis:

Employee Status	As on March 31 2021
<b>Regular Employees</b>	
Staff	585
Workmen	392
Contractual	1722
Casual	459
<b>Total Employees</b>	<b>3158</b>

2. Please indicate the Number of permanent women employees. 24 (Twenty Four)
3. Please indicate the Number of permanent employees with disabilities –  
There are No permanent employees with disabilities
4. Do you have an employee association that is recognised by management.  
Yes, there is employee association that is recognised by the Management.
5. What percentage of your permanent employees is members of this recognised employee association  
Yes, 31 Percent
6. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the FY	No of complaints pending as on end of the FY
1	Child labour/ forced labour / involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

7. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year
- (a) Permanent Employees - 20 Percent (on an average)
- (b) Permanent Women Employees - Nil
- (c) Casual/Temporary/Contractual Employees – 30 Percent (on an average)
- (d) Employees with Disabilities - Nil

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

1. Has the Company mapped its internal and external stakeholders? Yes/No  
Yes, the Company has mapped its internal and external stakeholders.
2. Out of the above, has the Company has identified the disadvantaged, vulnerable & marginalised stakeholders.  
Yes, the Company is aware of the negative, disadvantaged, vulnerable of Stakeholders.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof.  
Yes, Sharda CSR Foundation Trust ("Trust") which is a philanthropic arm of the Company, the purpose of the trust is to sponsor various projects and programmes, like Medical Clinics-purchasing of Ambulances, Blood Donation Camps, Toilet

## Annexure to Directors' Report (Contd.)

Construction in the poor rural sectors, Stationary donation and infrastructure development to the low income government schools, blanket distribution to the poor and needy people of slum communities, based on the recommendation of the CSR Committee of the Company. the Company is moving rapidly towards achieving its goal by increasing the pace of the activities at various levels.

Apart from the above the Company is committed towards making a sustainable impact on the society through its CSR projects and programmes in the long term like Building of Medical Centers, clinics and dispensaries.

### **Principle 5: Businesses should respect and promote human rights.**

#### **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

No, the policy of Human Rights of the Company does not extends to the Group / Joint Ventures / Suppliers / Contractors / Others as of yet. The Company has devised the Human Rights Policy with the previous consultation of all the stakeholders and are implemented have been evolved over a period of time by taking inputs from concerned stakeholders. The Company has implemented and have also communicated / shared the Human Rights Policy with all the Stakeholders but considering the impact of COVID-19 on the Company and nationwide lockdown which was implicated twice has resulted in the reduced efforts of the Company to implement the Human Rights Policy with all the Stakeholders. Therefore the Human Rights Policy shall be implemented / adopted across all the Group Companies / Joint Ventures / Suppliers / Contractors / Others / , if any, over a period of time.

#### **1. How many stakeholder complaints have been received in the past FY and what Percent was satisfactorily resolved by the management?**

There were no complaints received by the Company specific to human rights violation, from its stakeholders.

### **Principle 6: Businesses should respect, protect, and make efforts to restore the environment.**

#### **1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

Sustainability is built into the Company's business processes through well-defined Sustainability Policy. This policy reaffirms value system committed to social expenditure, environmental preservation and governance structure that engages employees and other stakeholders. The Company also has Environmental Policy which is applicable to all its vendors, contractors and service providers. Since the Business Responsibility Report was applicable from the previous FY 2019-20. The Sustainability Policy and Environmental Policy are being devised with the previous consultation with all stakeholders.

The Company has implemented and have also communicated / shared the Sustainability Policy & Environmental Policy with all the Stakeholders but considering the impact of COVID-19 on the Company and nationwide lockdown which was implicated twice has resulted in the reduced efforts of the Company to implement the Sustainability Policy & Environmental Policy with all the Stakeholders. However, the relevant policies including the Sustainability Policy and Environmental Policy and other policies shall be implemented / adopted across all the Group Companies / Joint Ventures / Suppliers / Contractors / Others, if any, over a period of time.

#### **2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, the Company has adopted Environment policy to guide the organisational efforts towards mitigating and adapting to environmental issues such as climate change, global warming, etc. The Company approach towards climate change mitigation and pursuing low carbon growth by develop cleaner and reduce environmental impacts of manufacturing operations and build awareness among stakeholders. The Company has also developed and implemented the technology of exhaust and related components required for reducing the emission norms through BS-VI transformation and implementation. Hyperlink for Policy is as: [http://www.shardamotor.com/wp-content/uploads/2020/08/Environment-Health-Safety-Policy\\_Sharda-Motor.pdf](http://www.shardamotor.com/wp-content/uploads/2020/08/Environment-Health-Safety-Policy_Sharda-Motor.pdf)

Weblink for Product Developed for BS-VI Technology to reduce emission for supporting the global environmental/ climate change: <http://www.shardamotor.com/products-services/exhaust-system/>

## Annexure to Directors' Report (Contd.)

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, the Company has an Environmental Policy which guides the Company's efforts to manage its environmental impacts and continually improve its environmental performance.

**4. Does the Company have any project related to Clean Development Mechanism. If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?**

No, the Company does not produce any pollution (air, water) and no such other pollutants are discharged. Accordingly the Company does not maintain any Clean Development Mechanism.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

India comes in near the bottom of the global ranking of 168th out of 180 countries in the 2020 Environmental Performance Index (EPI) among the most Polluting countries. India is going through the most degraded phase in terms of pollution in all forms either it is air, water or soil pollution. Likewise, energy conservation offers a practical approach for reduction of green house gasses. A socially responsible organisation always keeps track of its operations being environmentally efficient. Your Company always strives to achieve the highest standards of energy conservation techniques by its continuous efforts in the area of alternate source of energy and efficient use of existing ones. Energy saving initiatives through the organisation in all the plants has helped the Company to reduce its cost of energy.

**(i) Some of the key initiatives carried out during the year towards conservation of energy are mentioned hereunder:**

- Installation of automatic sensors for cutting off the electricity of electrical equipments or heavy motors / machines when not in use / idle for few minutes at several Plants.
- Maintenance of "Power Factor" to reduce consumption of electricity.
- Installation of efficient "Harmonic Panel" for reducing consumption of electricity.
- Replacement of bulbs with LED lights across the plants.
- Installation of VFD drivers to save more power in machines and motors.
- Regular cleaning of Solar Panels to increase solar energy contribution.
- Installation / Implementation of Robotic Cell as Automation drive effective utilisation of energy.
- Replacement of electrical motor / other equipments with latest energy efficient equipments with higher standards.
- Protoshop Timer shave been installed to cut the idle running of the machines.
- Air Conservation system for Air Compressor.
- Auto stop timer for shop floor machines, exhaust fans, welding machines.
- Installation of Solar Norikool Advance Day Light System in Nasik Plant.
- Installation of Solar Power Plant in SIPCOT Chennai (300 KW) and 763KW in Chennai Mahindra World City.
- Portable compressor provided for WCC cleaning purpose in place of high capacity compressor in Chennai plant.
- 2 Hydraulic Pump (10 KW) eliminated by combining the hydraulic pump & operation in Chakan plant.
- Compressed Air Leakage reduced in plants.
- Heavy duty roof top exhaust fan idle time run has eliminated by providing timer.

**(ii) The steps taken by the Company for utilizing alternate sources of energy:**

Clean and renewable energy sources are the need of the time. Fossil fuels are non-renewable and causing a great damage to the environment. We have to find more efficient and feasible source of energy for our rapidly increasing demand of energy without harming the environment. Your Company has taken steps towards solar and wind energy in its plants.

- Solar Power plant have been initiated in the Nasik and Chakan plant.
- Company is using Wind Power as its major power source in Chennai Plant.



## Annexure to Directors' Report (Contd.)

### (A) Technology:

The efforts made towards technology absorption;

- Improved performance of exhaust system;
- Research is being carried out for developing new methods for reducing pollutants through Exhaust System;
- BS VI Advanced technology orientation through workshop and internship programmes;
- Managing extended enterprises for quality supply for better warranty Management Emphasis on absorption of design and manufacturing technology such as controlled canning, micro mig welding; Expansion and modernisation programme such robo welding uniform across plants.

The benefits derived like product improvement, cost reduction, product development or import substitution;

- Import substitution and less dependence on technical collaborators;
- Product line extension, introduction of mixing devise for UI improvement;
- Improving fuel economy and consequent reduction in CO<sub>2</sub> through low back pressure;
- Improvement in core competencies and standardisation and correlation;
- Significant improvement in meeting demand of end user.

### (B) Renewable Energy:

Clean and renewable energy sources are the need of the time. Fossil fuels are non-renewable and causing a great damage to the environment. We have to find more efficient and feasible source of energy for our rapidly increasing demand of energy without harming the environment. The Company has taken steps towards solar and wind energy in its plants.

- Solar Power plant has been initiated in the Nasik and Chakan plant.
- Company is using Wind Power as its major power source in Chennai Plant.

### 6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial year being reported?

The Company is in compliance within the prescribed permissible limits as per CPCB/SPCB for air emissions, effluent quality and discharge, solid and hazardous waste generation and disposal. Also, that no such emissions / pollutants of water, air and other fluids are discharged into air, water which affects the health and environment. Whereas fumes that are emitted are within the within the prescribed permissible limits as per CPCB/SPCB for air emissions.

### 7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) Financial year.

There is no such material/ significant show cause/ legal notices received from CPCB/SPCB which affects the Health, Safety and Environment of the employees.

### Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

#### 1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

No, the Company is not a member of any trade and chamber or association.

#### 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good

No.

### Principle 8: Businesses should support inclusive growth and equitable development.

#### 1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8, If yes details thereof.

Yes, Sharda CSR Foundation Trust ("Trust") which is a philanthropic arm of the Company, the purpose of the trust is to sponsor various projects and programmes, like Blood Donation Camps, Toilet Construction in the poor rural sectors, Stationary



## Annexure to Directors' Report (Contd.)

donation and infrastructure development to the low income government schools, blanket distribution to the poor and needy people of slum communities, based on the recommendation of the CSR Committee of the Company. the Company is moving rapidly towards achieving its goal by increasing the pace of the activities at various levels.

CSR Committee of the Company has identified certain long term projects and programmes which will be focused in the coming years in the area of education & healthcare. These can be implemented through Sharda CSR Foundation Trust or any other implementing agency in the most effective way to reach the society at large.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organisation?**

The Programmes and Projects are deployed by Company through its own Company promoted Trust i.e. Sharda CSR Foundation Trust which undertakes several projects for carrying out the CSR Activities.

**3. Have you done any impact assessment of your initiative?**

No, the provision of for Impact assessment of CSR projects as provided under sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 (including any amendment thereof) are not applicable to the Company.

**4. What is your Company's direct contribution to community development projects- Amount in Rs. and the details of the projects undertaken?**

During the FY 2020-21, Company has spent the entire required amount of 2 Percent of the Average net profit for last three years i.e. an amount of Rs. 210.56 Lacs which includes Rs. 72.98 Lacs towards the CSR activities and an amount of Rs. 137.58 Lacs that remains unspent for the FY 2020-21 has been transferred to Unspent CSR Account on account of the Ongoing Project in the name of "Medical Clinics"

For more details regarding with the community development projects / programmes, kindly refer Annexure II (Annual Report on CSR) in the Director's Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community.**

The Company continuously assesses and monitors the impact of its initiatives. the Company ensures that the projects that it undertakes have complete participation and support from the community, thus ensuring that they are sustainable and generate the necessary impact.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

No customer complaints/consumer cases are pending as on the end of financial year

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws?**

Yes, the Company display all the requisite product information on the product label, over and above what is mandated as per local laws.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year.**

There is no case filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

the Company conducts regular surveys to measure and analyse the satisfaction levels of customers with respect to its products and services at all Plant level.

## DECLARATIONS

### Compliance with Code of Conduct

In accordance to Regulation 34(3) read with part D of Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, I, Ajay Relan, Managing Director of Sharda Motor Industries Limited, 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 FY 2020-21.

For **Sharda Motor Industries Limited**

**Ajay Relan**

Managing Director

DIN 00257584

## CEO/CFO Certification

### CERTIFICATE FOR THE YEAR ENDED 31.03.2021

Pursuant to Regulation 17(8) read with part B of Schedule II of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Shri Aashim Relan, Chief Executive Officer and Shri Srinivasan Narasimhan, Chief Financial Officer of M/s. Sharda Motor Industries Limited do hereby certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the FY 2020-21 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the auditors and the Audit Committee:
  - (i) that there are no significant changes in internal control over financial reporting during the FY 2020-21;
  - (ii) that there are no significant changes in accounting policies during the FY 2020-21; and
  - (iii) that there are no instances of significant fraud of which we have become aware.

For **Sharda Motor Industries Limited**

June 23, 2021  
New Delhi

**Srinivasan Narasimhan**  
Chief Financial Officer

**Aashim Relan**  
Chief Executive Officer

**AUDITORS' CERTIFICATE**

To  
The Members of  
Sharda Motor Industries Limited

1. We have examined the compliance of the conditions of Corporate Governance by Sharda Motor Industries Limited ('the Company') for the year ended on March 31, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").
2. The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021 except under paragraph 4 given as under.
4. In view of the applicability of Regulation 17(1) (a) of the SEBI (LODR) (Amendment) Regulations, 2018, one independent woman director should have been on the Board of the Company w.e.f. April 1, 2020. However, as per the information and explanations given by the Company, due to the nationwide lockdown on account of outbreak of Covid-19 pandemic, the said appointment got delayed and thus the women director was appointed as Director of the Company w.e.f June 29, 2020 i.e. after the prescribed due date. Consequently, the Company has received letters from National Stock Exchange (NSE) & Bombay Stock Exchange (BSE) imposing a penalty of Rs.5.25 Lacs each on account of the failure of the Company to comply with the said requirement. However, subsequently, based on the representations made by the Company whereby they explained the reasons for such delay in appointment of Woman Director within the stipulated time period, the Exchange i.e. NSE vide its letter dated April 13, 2021 have waived off the penalty imposed upon the Company.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Gupta Vigg & Co.,**  
Chartered Accountants  
Firm Registration No. 001393N

**CA Deepak Pokhriyal**  
**Partner**  
Membership No. 524778  
UDIN: 21524778AAAACM1801

New Delhi  
June 23, 2021

## Annexure to Directors' Report (Contd.)

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Investors are cautioned that statements in this management discussion and analysis describing your Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect your Company's operations include a downtrend in the automobile industry global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relation and interest costs.

#### A. INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK

The automobile industry in India is the world's fourth largest and is expected to be world's third largest automotive market in terms of volume by 2026. India was the world's fourth largest manufacturer of cars and seventh largest manufacturer of commercial vehicles in 2019. India holds a strong position in the international heavy vehicles arena as it is the largest tractor manufacturer, second largest bus manufacturer and third largest heavy trucks manufacturer in the world. Indian automotive industry (including component manufacturing) is expected to reach between RS. 16.16-18.18 trillion (US\$ 251.40 - 282.80 billion) by 2026. Indian automobile industry (Includes automobiles and auto components) received Foreign Direct Investment (FDI) worth US\$ 25.39 billion between April 2000 and December 2020.

A cumulative investment of ~RS. 12.50 trillion (US\$ 180 billion) in vehicle production and charging infrastructure would be required until 2030 to meet India's electric vehicle (EV) ambitions. This is likely to boost the demand of auto components from local manufacturers.

In March 2021, the government announced to offer fresh incentives to companies making electric vehicles (EVs) as part of a broad auto sector scheme. The scheme is expected to attract US\$ 14 billion of investment in the next five years.

In November 2020, the Union Cabinet approved PLI scheme in automobile and auto components with an approved financial outlay over a five-year period of Rs. 57,042 Crore (US\$ 8.1 billion)

Domestic automobile production increased at 2.36 Percent CAGR during FY16-FY20 with 26.36 million vehicles being manufactured in the country in FY20. Production of two wheelers, passenger vehicles, commercial vehicles and three wheelers reached 21.03 million, 3.43 million, 0.75 million, and 1.13 million, respectively, in FY20.

Automobile export is expected to grow at a CAGR of 3.05 Percent during 2016-2026. The Government of India expects automobile sector to attract US\$ 8-10 billion in local and foreign investment by 2023.

In October 2020, Japan Bank for International Cooperation (JBIC) agreed to provide US\$ 1 billion (Rs. 7,400 Crore) to SBI (State Bank of India) for funding the manufacturing and sales business of suppliers and dealers of Japanese automobile manufacturers as well as providing auto loans for the purchase of Japanese automobiles in India.

In December 2020, Power PSU JV EESL announced plan to install ~500 electric vehicle (EV) charging stations in the country in FY 2020-21

Source: [Indian Auto Components Industry Analysis | IBEF & Investindia](#)

Domestic automobile production increased at 2.36 Percent CAGR between FY16-FY20 with 26.36 million vehicles being manufactured in the country in FY20. Overall, domestic automobiles sales increased at 1.29 Percent CAGR between FY16-FY20 with 21.55 million vehicles being sold in FY20. Two wheelers and passenger vehicles dominate the domestic Indian auto market. Passenger car sales are dominated by small and mid-sized cars. Two wheelers and passenger cars accounted for 80.8 Percent and 12.9 Percent market share, respectively, accounting for a combined sale of over 20.10 million vehicles in FY20.

Overall, automobile export reached 4.77 million vehicles in FY20, growing at a CAGR of 6.94 Percent during FY16-FY20. Two wheelers made up 73.90 Percent of the vehicles exported, followed by passenger vehicles at 14.2 Percent, three wheelers at 10.5 Percent and commercial vehicles at 1.30 Percent.

EV sales, excluding E-rickshaws, in India witnessed a growth of 20 Percent and reached 1.56 Lacs units in FY20 driven by two wheelers. According to NITI Aayog and Rocky Mountain Institute (RMI) India's EV finance industry is likely to reach Rs. 3.70 Lacs Crore (US\$ 50 billion) in 2030. A report by India Energy Storage Alliance estimated that EV market in India is likely

## Annexure to Directors' Report (Contd.)

to increase at a CAGR of 36 Percent until 2026. In addition, projection for EV battery market is forecast to expand at a CAGR of 30 Percent during the same period. EV industry will create five Crore direct and indirect jobs by 2030.

The Government aims to develop India as a global manufacturing and research and development (R&D) hub. It has set up National Automotive Testing and R&D Infrastructure Project (NATRiP) centres as well as National Automotive Board to act as facilitator between the Government and the industry. Under (NATRiP), five testing and research centres have been established in the country since 2015. NATRiP's proposal for "Grant-In-Aid for test facility infrastructure for Electric Vehicle (EV) performance Certification from NATRiP Implementation Society" under FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme was approved by Project Implementation and Sanctioning Committee (PISC) on January 03, 2019. In Union Budget 2021-22, the government introduced the voluntary vehicle scrappage policy, which is likely to boost demand for new vehicles after removing old unfit vehicles currently plying on the Indian roads.

The Government has also set up an ambitious target of having only EVs being sold in the country. The Ministry of Heavy Industries, Government of India, has shortlisted 11 cities in the country for introduction of EVs in their public transport system under the FAME scheme. The first phase of the scheme was extended to March 2019 while in February 2019, the Government approved FAME-II scheme with a fund requirement of Rs. 10,000 Crore (US\$ 1.39 billion) for FY20-22. Under Union Budget 2019-20, Government announced to provide additional income tax deduction of Rs. 1.50 Lacs (US\$ 2,146) on the interest paid on the loans taken to purchase EV.

The Union Cabinet outlaid Rs. 57,042 Crore (US\$ 7.81 billion) for automobiles & auto components sector in production-linked incentive (PLI) scheme under the Department of Heavy Industries.

The automobile industry is highly competitive, both domestically and internationally, and is characterised by rapidly changing technology, evolving industry standards and changes in customer needs. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely and cost competitive basis will be a significant factor in our ability to remain competitive. To compete effectively in the automotive technology and components industry, we must be able to develop and launch new products to meet our customers' demands in a timely manner.

Source : [Indian Automobiles Industry Analysis Presentation | IBEF](#)

### B. OPPORTUNITIES & THREATS

The Indian auto-components industry has experienced healthy growth over the last few years. The Auto-components industry account for 2.30 Percent of India's Gross Domestic Product (GDP) and employs as many as 1.50 million people directly and indirectly. Automobile component industry's revenue stood at US\$ 49.30 billion in FY20, up from US\$ 39.05 billion in FY16. Export of auto components grew at a CAGR of 7.60 Percent to reach Rs. 102,623 Crore (US\$ 14.5 billion) during the same time. As per Automobile Component Manufacturers Association (ACMA), automobile components export from India is expected to reach US\$ 80 billion by 2026. The Indian auto components industry is expected to reach US\$ 200 billion in revenue by 2026.

The Government of India's Automotive Mission Plan (AMP) 2006-2016 has come a long way in ensuring growth for the sector. Indian Automobile industry is expected to achieve a turnover of US\$ 300 billion by 2026 and will grow at a CAGR of 15 Percent from its current revenue of US\$ 74 billion.

Source :- [Automobile Components, Auto Components Industry in India, Auto Parts, Market Size \(ibef.org\)](#)

#### THREATS

The auto component industry has various threats which are common to all the players of the industry and to some extent are by-products of the growth in this sector like stiff competition from foreign players who are playing at large scale and giving price competition to the local manufacturers, low Product differentiation. To some extent bargaining power of both the suppliers and clients is also affecting the industry. Softening of interest rate lower than expected, tightening money supply, volatility in the price of raw materials and other inputs, currency fluctuations, stringent emission norms are other major threats faced by the Companies.

## Annexure to Directors' Report (Contd.)

The FY 2020-21 begin with the pandemic situation created by the spread of the Novel Corona virus COVID-19, all over the world. The operations of your Company were disrupted at all the manufacturing facilities and had closed its operations for some period, considering the wellness and safety of its people and complying with Government and Health authorities' advisories during lockdown. Sales of Your Company, during the first half of the year were impacted by lower volumes than expected in all segments considering various developments in auto sector like BS-VI norms transition, introduction of Electric Vehicles in passenger vehicle segment that resulted into low inventory / production for all OEMs and which was further exacerbated by COVID-19 related lockdown. However, during the second half Auto market showed signs of growth bouncing back to pre-Covid levels and higher in all segments.

### C. SEGMENT-WISE / PRODUCT-WISE PERFORMANCE

The Company is operating under single segment since Company's primary business segment involves manufacturing, assembling and trading of automobile component.

### D. RISKS AND CONCERNS

The risks and concerns of the Indian auto component industry are closely linked with stiff overseas competition, uncertainty arising from currency volatility, low-priced imports, counterfeit parts and oil pricing. The industry efforts to mitigate the above risks along with policy measures of the government would determine the impact of the above risks on the industry going forward.

Operational risks like shortage of power which leads to increase in cost of production and change in technology which makes existing technology obsolete, rupees Depreciation at the time of import are major concern for the business. In addition to this, demand of auto component sector is dependent on the automobile sector which makes the market uncertain at times. Constantly changing regulatory environment always carries with it the risk of high taxes or duties which may increase cost to the Company and also competition from foreign substitutes.

Apart from this, Company also face foreign exchange risk, fluctuation in the price of raw material, excess capacity, entry of foreign players in the domestic market, high market share of unorganised sector etc.

To counter these risks, the Company has in place adequate risk measures and control systems which identify the risks, assess their severity, their potential effect on the performance of the Company through systematic reports and charts. Reports generated from the system are monitored regularly to ensure that appropriate corrective actions are taken Management of your Company is continuously analyzing and evaluating various risks associated with the Company's business and has adopted risk management practices to minimize the adverse impact of these risks.

The COVID-19 pandemic can lead to disruption in supply chain management and manufacturing processes that may impact business goals and profitability. Your Company is taking all necessary measures to minimize the impact of COVID-19 outbreak.

### E. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has a comprehensive system of internal control to safeguard the Company's assets against any loss from unauthorised use and ensure proper authorisation of financial transactions. the Company has internal control systems commensurate with the size and nature of the business and has experienced personnel positioned adequately in the organisation to ensure internal control processes and compliances. The Company takes abundant care in designing, reviewing and monitoring regularly the working of internal control systems and their compliances for all important financial internal control processes.

The Audit findings are reported on quarterly basis to the Audit Committee of the Board headed by a Non-executive Independent Director. The Company has robust ERP systems based on Microsoft Dynamics platform. This ensures high degree of system-based checks and controls. The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness.



## Annexure to Directors' Report (Contd.)

**F. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The financial statements have been prepared in accordance with the requirements of applicable Corporate Laws of India. The management of your Company 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 Summary' of Board Report.

**G. HUMAN RESOURCES AND DEVELOPMENT**

At SMIL, we believe in fostering equal employment opportunities, where individuals are selected and treated on the basis of their job-relevant merits and are given equal opportunities within the organisation. Your Company always strives to achieve maximum employee satisfaction and has initiated many programs on up-skilling/ training and empowerment of its employees. the Company has criteria for hiring of best talent in the Company who can provide quality of work and add to the Company's growth.

The Company had 977 permanent employees as on March 31, 2021. The industrial relations remained peaceful and cordial throughout the year.

**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 functional heads and countersigned by Managing Director of the Company is placed at every Audit Committee Meeting.

Further pursuant to Listing Regulations, the Company regularly obtains CEO declaration in respect of compliance of Code of Conduct adopted by the Company. A certificate from CEO and CFO is also adopted on yearly basis certifying the compliances as stipulated in Listing Regulations.

**SIGNIFICANT CHANGES IN THE KEY FINANCIAL RATIOS & RETURN ON NET WORTH**

In pursuant to Schedule V to the Listing Regulations read with Regulation 34(3) of the SEBI Listing Regulations, The details of significant changes in Key Financial Ratios and Return on Net Worth are enclosed:

Ratios	Unit of Measurement	2019-20	2020-21	Change in Percent	Remarks
(i) Debtors Turnover	Times	6.93	7.87	13.6	
(ii) Inventory Turnover	Times	8.22	14.15	72.2	Due to increase in Non value-added Sales
(iii) Interest Coverage Ratio	Times	Not applicable			
(iv) Current Ratio	Times	1.64	1.44	(12.2)	
(v) Debt Equity Ratio	Times	Not applicable			
(vi) Operating Profit Margin (Percent)	Percent	11.70	7.30	(37.9)	Due to increase in Non value added Sales
(vii) Net Profit Margin (Percent)	Percent	6.70	4.50	(32.4)	Due to increase in Non value added Sales
(viii) Return on Net Worth (Percent)	Percent	15.70	17.60	12.2	

**Cautionary Statement**

Certain statements in the Management Discussion and Analysis describing your Company's views about the industry, expectations/ predictions, objectives, etc. may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied in these statements. Your Company's operations may, inter-alia, be affected by the supply and demand situations, input prices and availability, changes in government regulations, tax laws, government or court decisions and other factors such as industry relations and economic developments etc. Investors should bear the above in mind.



# Independent Auditors' Report

To The Members of Sharda Motor Industries Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Sharda Motor Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit including other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditors' Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note No. 43 of the standalone financial statements, which describes the possible effect of uncertainties relating to COVID-19 pandemic on the Company's financial performance as assessed by the management.

Our opinion is not modified in respect of the above matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditors' Response
<p><b>Completeness and measurement of Contingent Liabilities arising from uncertain tax positions and disputed matters</b></p> <p>In the standalone financial statements, contingent liabilities arising from uncertain tax positions and disputed matters as reported under the Note No. 20.1 to the financial statements for the year ended 31.03.2021. From our point of view, this matter was of particular importance for our audit because the recognition and measurement of this material item to a large extent based on the estimates and assumptions made by the Company's management.</p>	<p>Our audit procedure included the following:</p> <ul style="list-style-type: none"> <li>We discussed with the management regarding the internal control system for identifying and estimating such contingent liabilities, as well as the reporting of such contingent liabilities in the standalone financial statements.</li> <li>Obtained a detailed understanding and assumptions applied for considering these matters as contingent liabilities through discussion with the management of the Company. Assessed management's estimate of the possible outcome of the disputed cases.</li> <li>In addition, we engaged our internal tax expert to assess the appropriateness of Company's assumption and explanations for these matters.</li> <li>In light of the above, we reviewed and verified the adequacy of disclosures made for these matters in the standalone financial statements.</li> </ul>

## Independent Auditor's Report (Contd.)

### Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive loss), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

## Independent Auditor's Report (Contd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
  - g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

## Independent Auditor's Report (Contd.)

- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial – refer Note 20.1 to the standalone financial statements.
  - i. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

### **For Gupta Vigg & Co.**

Chartered Accountants

Firm's Registration Number: 001393N

### **(CA. Deepak Pokhriyal)**

Partner

Membership Number: 524778

UDIN: 21524778AAAACK1675

New Delhi

June 23, 2021

## Annexure 'A' To the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2021, we report that:

- (i) In respect of fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified at periodic intervals. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) On the basis of information and explanation provided by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) On the basis of information and explanation provided by the management, inventories have been physically verified by the management during the year, except for stock-in-transit and stocks lying with third parties. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on physical verification of inventories by the management.
- (iii) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of paragraphs 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) According to the information and explanations given to us, the Company has not entered into any transaction covered under section 185. The Company has complied with the provisions of Sections 186 of the Act in respect of investments made. The Company has not granted any loans and has not provided any guarantees or securities to parties covered under Section 186 of the Act.
- (v) The Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts maintained by the Company, pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (I) of Section 148 of the Act in respect of product covered and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, goods and service tax, cess and other applicable statutory dues with the appropriate authorities.  
There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, cess and other applicable statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, except as stated below, there are no dues of income tax, sales tax, value added tax, service tax, goods and services tax, duty of customs and duty of excise, which have not been deposited by the Company with the appropriate authorities on account of any dispute.

S. No.	Nature of statute	Nature of dues	Amount (Rs. in lacs)*	Period to which amount relates	Forum where dispute is pending
1	Maharashtra Sales Tax Act	VAT	23.69	F.Y. 2010-11	Sales Tax Tribunal, Nashik
			9.39	F.Y. 2011-12	Joint Commissioner, Nashik
2	Tamil Nadu Sales Tax Act	VAT	29.72	F.Y. 2005-06 & 2006-07	High Court, Madras
3	Uttar Pradesh VAT Act	VAT	21.30	F.Y. 2016-17	Additional Commissioner (Appeals), Commercial Tax Range II, Noida
4	Gujarat VAT Act	VAT	38.65	F.Y. 2016-17	Ld. Assistant Commissioner of Sales Tax (2), Unit- 11, Ahmedabad
			4.20	F.Y. 2017-18	Ld. Assistant commissioner of Sales Tax (2), Unit- 11, Ahmedabad

## Annexure 'A' To the Independent Auditors' Report (Contd.)

S. No.	Nature of statute	Nature of dues	Amount (Rs. in lacs)*	Period to which amount relates	Forum where dispute is pending
5	Central Excise Act	Cenvat Credit	440.00	F.Y. 2008-09 & 2009-10	Hon'ble Supreme Court of India
6	Income Tax Act	Income Tax	1.03	A.Y. 2013-14	Commissioner of Income Tax, Appeal
		Income Tax	308.15	A.Y. 2017-18	Commissioner of Income Tax, Appeal
		Income Tax	5.85	A.Y. 2018-19	National e-Assessment Centre, New Delhi
7	Maharashtra Goods and Service Tax Act	Transitional Credit	21.94	F.Y. 2017-18	Deputy Commissioner of State Tax, Nashik

\*Net of protest money paid.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not taken any loans or borrowings from any financial institution, bank or government nor has it issued any debentures. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **Gupta Vigg & Co.**

Chartered Accountants

Firm's Registration Number: 001393N

(**CA. Deepak Pokhriyal**)

Partner

Membership Number: 524778

UDIN: 21524778AAAACK1675

New Delhi

June 23, 2021



## Annexure 'B' To the Independent Auditors' Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Sharda Motor Industries Limited)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

#### Opinion

We have audited the internal financial controls with reference to financial statements of Sharda Motor Industries Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded



## Annexure 'B' To the Independent Auditors' Report (Contd.)

as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Gupta Vigg & Co.**

Chartered Accountants

Firm's Registration Number: 001393N

**(CA. Deepak Pokhriyal)**

Partner

Membership Number: 524778

UDIN: 21524778AAAACK1675

New Delhi

June 23, 2021

# Standalone Balance Sheet

As at March 31, 2021

(Currency: Rs. in Lacs except otherwise specified)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>I. Assets</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	16,796.27	17,544.07
(b) Capital work in progress	5	10.65	87.16
(c) Right-of-use assets	6	1,046.09	1,009.64
(d) Intangible assets	7	90.36	67.88
(e) Financial assets			
(i) Investment in associate & joint venture	8A	3,799.00	2,549.00
(ii) Other investments	8B	3.85	3.45
(iii) Other financial assets	9A	400.60	222.97
(f) Non-current tax asset (net)	10	448.86	278.22
(g) Other non-current assets	11A	301.68	1,011.36
(h) Deferred tax assets (net)	34	371.72	-
<b>Total non-current assets</b>		<b>23,269.08</b>	<b>22,773.75</b>
<b>Current assets</b>			
(a) Inventories	12	13,856.79	10,693.42
(b) Financial assets			
(i) Investments	8C	1,713.99	1,676.06
(ii) Trade receivables	13	32,432.56	11,705.33
(iii) Cash and cash equivalents	14	7,300.30	7,860.17
(iv) Bank balances other than (iii) above	15	19,002.57	6,770.51
(v) Other financial assets	9B	595.34	499.64
(c) Other current assets	11B	544.15	487.99
(d) Asset held for sale	16	18.00	18.00
<b>Total current assets</b>		<b>75,463.70</b>	<b>39,711.12</b>
<b>Total assets</b>		<b>98,732.78</b>	<b>62,484.87</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	17	594.63	594.63
(b) Other equity	18	43,949.96	36,128.07
<b>Total equity</b>		<b>44,544.59</b>	<b>36,722.70</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	19A	1,128.17	1,014.73
(ii) Other financial liabilities	19A	27.79	27.79
(b) Provisions	20A	520.21	444.33
(c) Deferred tax liabilities (net)	34	-	21.81
<b>Total non-current liabilities</b>		<b>1,676.17</b>	<b>1,508.66</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	21		
- Total outstanding dues of micro and small enterprises		1,023.12	349.28
- Total outstanding dues of creditors other than micro and small enterprises		46,105.82	20,302.37
(ii) Lease liabilities	19B	62.04	57.17
(iii) Other financial liabilities	19B	967.46	1,189.59
(b) Other current liabilities	22	3,608.97	1,710.72
(c) Provisions	20B	744.61	644.38
<b>Total current liabilities</b>		<b>52,512.02</b>	<b>24,253.51</b>
<b>Total liabilities</b>		<b>54,188.19</b>	<b>25,762.17</b>
<b>Total equity and liabilities</b>		<b>98,732.78</b>	<b>62,484.87</b>
Summary of Significant Accounting Policies	3		

The accompanying notes form an integral part of these standalone financial statements

As per our Report of even date attached

For **Gupta Vigg & Co.**

Chartered Accountants

Firm's Registration Number 001393N

For & on behalf of Board of Directors of  
**Sharda Motor Industries Limited**

(CA. Deepak Pokhriyal)  
Partner  
Membership Number: 524778  
UDIN: 21524778AAAACK1675

(Sharda Relan)  
Co-Chairperson  
DIN 00252181

(Ajay Relan)  
Managing Director  
DIN 00257584

(Aashim Relan)  
Chief Executive Officer

New Delhi  
June 23, 2021

(Srinivasan Narasimhan)  
Chief Financial Officer  
M.No. 214036

(Nitin Vishnoi)  
Executive Director & Company Secretary  
M.No. F3632

# Standalone statement of profit and loss

for year ended March 31, 2021

(Currency: Rs. in Lacs except otherwise specified)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I Revenue from operations</b>	23	1,73,653.60	86,298.81
<b>II Other income</b>	24	2,145.03	2,373.27
<b>III Total income (I+II)</b>		<b>1,75,798.63</b>	<b>88,672.08</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	25	1,39,305.35	53,710.75
(b) Purchases of stock-in-trade	26	3,386.07	4,548.02
(c) Changes in inventories of finished goods, work-in-progress and stock in trade	27	(745.72)	329.17
(d) Employee benefits expense	28	8,162.05	8,496.97
(e) Finance costs	29	142.70	92.82
(f) Depreciation and amortization expense	30	4,398.46	4,021.28
(g) Other expenses	31	10,621.73	9,625.54
<b>Total expenses</b>		<b>1,65,270.64</b>	<b>80,824.55</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>10,527.99</b>	<b>7,847.53</b>
<b>VI Exceptional items</b>		-	-
<b>VII Profit before tax (V-VI)</b>		<b>10,527.99</b>	<b>7,847.53</b>
<b>VIII Tax expense:</b>			
(a) Current tax	32	3,050.00	2,456.00
(b) Deferred tax	32	(381.04)	(383.83)
<b>Total tax expense</b>		<b>2,668.96</b>	<b>2,072.17</b>
<b>IX Profit for the year (VII-VIII)</b>		<b>7,859.03</b>	<b>5,775.36</b>
<b>X Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
- Re-measurement gains/ (losses) on defined benefit plans		(49.63)	(12.74)
- Income tax on items that will not be reclassified to profit or loss	33	12.49	3.21
<b>Total other comprehensive income for the year, net of tax</b>		<b>(37.14)</b>	<b>(9.53)</b>
<b>XI Total comprehensive income for the year, net of tax (IX+X)</b>		<b>7,821.89</b>	<b>5,765.83</b>
<b>XII Earnings per share: (Face value Rs. 10 per share)</b>	35		
1) Basic (amount in Rs.)		132.17	97.12
2) Diluted (amount in Rs.)		132.17	97.12
Summary of Significant Accounting Policies	3		

The accompanying notes form an integral part of these standalone financial statements

As per our Report of even date attached  
For **Gupta Vigg & Co.**  
Chartered Accountants  
Firm's Registration Number 001393N

For & on behalf of Board of Directors of  
**Sharda Motor Industries Limited**

(CA. Deepak Pokhriyal)  
Partner  
Membership Number: 524778  
UDIN: 21524778AAAACK1675

(Sharda Relan)  
Co-Chairperson  
DIN 00252181

(Ajay Relan)  
Managing Director  
DIN 00257584

(Aashim Relan)  
Chief Executive Officer

New Delhi  
June 23, 2021

(Srinivasan Narasimhan)  
Chief Financial Officer  
M.No. 214036

(Nitin Vishnoi)  
Executive Director & Company Secretary  
M.No. F3632

# Standalone statement of changes in equity

for year ended March 31, 2021

(Currency: Rs. in Lacs except otherwise specified)

## A. Equity Share Capital\*

	Amount
<b>Balance as at March 31, 2019</b>	<b>594.63</b>
Changes during the year	-
<b>Balance as at March 31, 2020</b>	<b>594.63</b>
Changes during the year	-
<b>Balance as at March 31, 2021</b>	<b>594.63</b>

## B. Other Equity\*\*

	Reserve & Surplus			Total
	Capital Reserve	General Reserve	Retained earnings	
<b>Balance as at March 31, 2019</b>	<b>0.20</b>	<b>21,025.68</b>	<b>9,336.36</b>	<b>30,362.24</b>
Profit for the year	-	-	5,775.36	<b>5,775.36</b>
Other comprehensive income for the year, net of tax	-	-	(9.53)	<b>(9.53)</b>
<b>Balance as at March 31, 2020</b>	<b>0.20</b>	<b>21,025.68</b>	<b>15,102.19</b>	<b>36,128.07</b>
Profit for the year	-	-	7,859.03	<b>7,859.03</b>
Other comprehensive income for the year, net of tax	-	-	(37.14)	<b>(37.14)</b>
<b>Balance as at March 31, 2021</b>	<b>0.20</b>	<b>21,025.68</b>	<b>22,924.08</b>	<b>43,949.96</b>

\* For details, refer note no. 17

\*\* For details, refer note no. 18

Summary of Significant Accounting Policies

3

**The accompanying notes form an integral part of these standalone financial statements**

As per our Report of even date attached  
For **Gupta Vigg & Co.**  
Chartered Accountants  
Firm's Registration Number 001393N

For & on behalf of Board of Directors of  
**Sharda Motor Industries Limited**

(**CA. Deepak Pokhriyal**)  
Partner  
Membership Number: 524778  
UDIN: 21524778AAAACK1675

(**Sharda Relan**)  
Co-Chairperson  
DIN 00252181

(**Ajay Relan**)  
Managing Director  
DIN 00257584

(**Aashim Relan**)  
Chief Executive Officer

New Delhi  
June 23, 2021

(**Srinivasan Narasimhan**)  
Chief Financial Officer  
M.No. 214036

(**Nitin Vishnoi**)  
Executive Director & Company Secretary  
M.No. F3632

# Standalone statement of cash flow

for year ended March 31, 2021

(Currency: Rs. in Lacs except otherwise specified)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before tax	10,527.99	7,847.53
Adjustments for:		
Balance transferred pursuant to scheme (refer note no - 42)	-	(12,871.71)
Depreciation and amortization expenses	4,398.46	4,021.28
Finance cost	142.70	92.82
Interest income	(1,002.18)	(545.12)
Loss / (Gain) on sale of financial asset measured at Fair value through profit and loss (FVTPL)	-	(250.54)
Loss / (Gain) on disposal of property, plant and equipment (net)	(455.90)	(886.79)
Fair value gain on investment in mutual fund designated at FVTPL	(37.94)	(13.85)
Unrealized loss/(gain) on reinstatement of foreign exchange (net)	(88.71)	11.80
<b>Operating profit / (loss) before adjustments</b>	<b>13,484.42</b>	<b>(2,594.58)</b>
Movement in working capital:		
Decrease/(increase) in inventories	(3,163.37)	(383.38)
Decrease/(increase) in trade receivables	(20,727.23)	1,506.13
Decrease/(increase) in other financial assets	69.74	(165.67)
Decrease/(increase) in other assets	(57.73)	12.17
Increase/(decrease) in trade payables	26,565.99	1,523.53
Increase/(decrease) in other liabilities	1,898.25	(1,149.17)
Increase/(decrease) in other financial liabilities	(177.39)	244.86
Increase/(decrease) in provisions	139.22	86.66
<b>Cash generated from operating activities</b>	<b>18,031.90</b>	<b>(919.45)</b>
<b>Income Tax (paid)/ refund</b>	<b>(3,220.64)</b>	<b>(2,086.26)</b>
<b>Net cash from operating activities - (A)</b>	<b>14,811.26</b>	<b>(3,005.71)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment including capital work-in-progress	(4,055.33)	(3,248.16)
Acquisition of intangible assets including intangible assets under development	(72.24)	(31.39)
Proceeds from disposal of property, plant and equipment	1,726.11	1,931.50
Payments for purchase of investments	(1,250.39)	(18,488.42)
Proceeds from sale of investments	-	22,977.36
Bank deposits (made)/realised	(12,232.06)	300.27
Interest received	659.11	482.54
<b>Net cash used in investing activities - (B)</b>	<b>(15,224.80)</b>	<b>3,923.70</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(50.48)	(6.59)
Cash payments for the Interest portion of the lease liability	(92.22)	(86.23)
Dividend paid (including corporate dividend tax)	(3.63)	(7.49)
<b>Net cash used in financing activities - (C)</b>	<b>(146.33)</b>	<b>(100.31)</b>
<b>Net increase / (decrease) in cash and cash equivalents - (A+B+C)</b>	<b>(559.87)</b>	<b>817.68</b>
Cash and cash equivalents at the beginning of the year	7,860.17	7,042.49
<b>Cash and cash equivalents at the end of the year [refer note 14]</b>	<b>7,300.30</b>	<b>7,860.17</b>

The accompanying notes form an integral part of these standalone financial statements

**Note:**

- The above cash flow statement has been prepared under the indirect method as set out in the Ind AS-7-"Statement of cash flow".
- Cash and cash equivalents consist of cash in hand and balances with scheduled banks in current accounts or deposits with original maturity of three months or less (refer note 14).
- For components of cash and cash equivalents refer note no.14.
- Cash flows from operating activities include Rs. 210.56 Lacs (March 31, 2020: Rs. 16.16 Lacs) being expenses towards Corporate Social Responsibility initiatives.

As per our Report of even date attached

For **Gupta Vigg & Co.**

Chartered Accountants

Firm's Registration Number 001393N

For & on behalf of Board of Directors of

**Sharda Motor Industries Limited**

(CA. Deepak Pokhriyal)

Partner

Membership Number: 524778

UDIN: 21524778AAAACK1675

(Sharda Relan)

Co-Chairperson

DIN 00252181

(Ajay Relan)

Managing Director

DIN 00257584

(Aashim Relan)

Chief Executive Officer

(Srinivasan Narasimhan)

Chief Financial Officer

M.No. 214036

(Nitin Vishnoi)

Executive Director & Company Secretary

M.No. F3632

New Delhi

June 23, 2021

# Notes to standalone financial statements

for the year ended March 31, 2021

## NOTE 1: CORPORATE INFORMATION

Sharda Motor Industries Limited ("the Company") is primarily engaged in the manufacturing and assembly of Auto Components and White Goods Components. The Company serves as a 'Tier I' vendor for some of the major Automobiles and Electronics Original Equipment Manufacturers (OEMs). It has got a 'State of Art' manufacturing facilities across nine locations in six states of India. The Company's production range includes Exhaust Systems, Catalytic Convertors, Suspension Systems, Sheet Metal Components and Plastic parts for the Automotive and White Goods Industries.

During the year ended March 31, 2020, a scheme of de-merger between the Automobile Seating Business of Sharda Motor Industries Limited ("Transferor Company") was filed before the National Company Law Tribunal, New Delhi ("The Scheme") and the approval on the same was pronounced via order dated February 20, 2020. The de-merger was effectuated for F.Y. 2018-19 in the effect of in provisions contained in Para 9 (iii) of Appendix C of Ind AS 103. Wherever applicable, the financial statements for the year ended March 31, 2020 represents the demerged financials of Sharda Motor Industries Limited.

## NOTE 2: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### 2.1 Statement of Compliance:

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, as amended.

The financial statements were authorized for issue by the Company's Board of Directors on June 23, 2021.

### 2.2 Basis of preparation and presentation:

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial assets and liabilities and net defined benefits (assets)/liability which are measured at fair value and fair value of the plan assets less present value of defined benefits obligations respectively at the end of each reporting year. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services.

The principal accounting policies are set out below.

### 2.3 Going concern:

The board of directors have considered the financial position of the Company at March, 31 2021 and the projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course. The board of directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

### 2.4 Use of estimates and judgments:

The preparation of financial statements is in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements:

- useful life of Property, plant and equipment
- useful life of Intangible assets
- provisions and contingent liabilities
- income taxes
- lease classification and judgement regarding whether an arrangement contain a lease

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2021:

- measurement of defined benefit obligations: key actuarial assumptions
- recognition and measurement of provision for warranties, provision for litigations and contingent liabilities: key assumptions about the likelihood and magnitude of an outflow of resources
- the liability for site restoration is measured on the basis of present estimated cost to decommission the asset, current inflation rate and discount rate.

### 2.5 Measurement of fair values:

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to measurement of fair values. The directors are responsible for overseeing all significant fair value measurements, including Level 3 fair values. Directors regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

### 2.6 Operating cycle:

All assets and liabilities have been classified as current or non-current according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

## NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Revenue recognition and presentation:

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and service tax, etc.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

#### Sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods. The sales are accounted for net of trade discount, sales tax and sales return. Export sales are recognized at the time of the



## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

clearance of goods and approval of Government authorities. Sale includes revision in prices received from customers with retrospective effect.

Revenue arises mainly from the sale of manufactured and traded goods.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

### Rendering of Services

Revenue from services is recognised as and when the services are rendered and on the basis of contractual terms with the parties.

### Dividend and Interest Income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

### 3.2 Impairment of Financial Assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting year.

### 3.3 Impairment of Non-Financial Assets:

The carrying amounts of the Company's non-financial assets, are reviewed at the end of each reporting year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

An impairment loss is recognized, if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount and is recognised in statement of profit and loss.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.4 Recognition of interest expense:

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments throughout the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

**3.5 Property, Plant and Equipment (PPE):**

Items of PPE are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, if any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work in progress includes cost of property, plant and equipment (including related expenditure) under installation/under development as at the balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continuous use of assets. Any gain or loss on disposal or retirement of an item of property, plant and equipment determined as the difference between the sale proceeds and the carrying amount of assets are recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**Depreciation:** Depreciation is provided using the written down value based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 and after retaining the residual value of 5% of the original cost of the asset in the said Schedule except in respect of the following cases, where useful life of assets is different than those prescribed in Schedule II based on the technical estimate made by the management.

Asset	Estimated Useful Life (Years)	Useful Life as per Companies Act, 2013 (Years)
Plant & Machinery	20	15
Electrical Fittings	15	10
Tools & Dies	10	Not Specified

The residual value and useful life and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

Assets purchased during the year costing Rs. 5,000 or less are depreciated at the rate of 100%.

**3.6 Intangible assets:**

Intangible assets comprise of computer software (which does not form an integral part of related hardware), Technical Know-How and Guidance Fee. Computer software which is acquired separately, is recognized initially at cost. Following initial recognition principle, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets under development include cost of assets under installation/under development as at the balance sheet date.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

**Amortisation method and useful lives:** Intangible assets other than Technical Know-How and Guidance Fee are amortized on a straight line basis over the estimated life of three years and Technical Know-How and Guidance Fee is amortised on straight line method over the estimated life of 6 years from the date of capitalisation.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

### 3.7 Research & Development Costs:

- a) The revenue expenditure on research and development is charged as an expense in the year in which it is incurred. However, expenditure on development activities, whereby research findings are applied to a future plan or design for the production of new or substantially improved products and process and has got future benefits is capitalized. Such capitalization includes cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the assets for its intended use.
- b) Capitalized development expenditure is stated at cost less accumulated depreciation and impairment losses. Depreciation on such capital assets is followed in accordance with the Company's Policy.

### 3.8 Borrowing costs:

Borrowing costs directly attributable to acquisition or construction or production of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets are deducted from the borrowing costs eligible for capitalisation.

### 3.9 Foreign currencies:

#### Functional and presentational currency

The Company's financial statements are presented in Indian Rupees ( Rs. ) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash. All the financial information presented in ( Rs. ) Lacs except where otherwise stated.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate prevailing on the date when the transaction first qualifies for recognition. Exchange differences arising on foreign currency transactions settled during the year are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognised in profit or loss.

The Company has one branch office outside India whose financial statement are translated into Indian Rupees as if the transaction of the foreign operation were those of Company itself. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at year end rates. The resultant exchange differences are recognised in profit or loss. Non-monetary assets are recorded at the rates prevailing at the rates on the date of the transaction.

### 3.10 Inventories:

Raw material, Consumable 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 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.

Stock in transit is valued at lower of cost or net realizable value. Scrap is valued at estimated net realizable value.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

### 3.11 Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 3.12 Employee Benefits:

#### Short Term Employee Benefits

All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences, bonus and ex-gratia etc. are recognised in statement of profit and loss in the period in which the employee renders the related service.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

A liability is recognised for the amount expected to be paid after deducting any amount already paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. If the amount already paid exceeds the undiscounted amount of the benefits, the Company recognises that excess as an asset /prepaid expense to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

### Post-Employment Benefits

#### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts.

Retirement benefits in the form of Provident Fund and employee state insurance are a defined contribution scheme and contributions paid/payable towards these funds are recognised as an expense in the statement of profit and loss during the year in which the employee renders the related service. There are no other obligations other than the contribution payable to the respective trusts.

#### Defined benefit plan

The Company has Defined benefits plans namely Gratuity for employees. The gratuity fund are recognised by the income tax authorities and are administered through Company's trusts where a policy with 'Life Insurance Corporation of India' has been taken 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.

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

Remeasurement of gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

### Other Long Term Employee Benefits

Liabilities for leave encashment / compensated absences which are not expected to be settled wholly within the operating cycle after the end of the year in which the employees render the related service are measured at the present value of the estimated future cash outflows which is expected to be paid using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

### 3.13 Provisions, Contingent liabilities and contingent assets:

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**Litigations:** Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The unwinding of discount is recognised in the statement of profit and loss as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are disclosed when there is a possible asset that arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

### 3.14 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial asset and financial liabilities are initially measured at fair value. Transaction cost which are directly attributable to the acquisition or issue of financial instruments (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

#### (a) Financial Assets

All purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.



## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

A financial asset that meets the following two conditions is measured at amortised cost unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test: the objective of the Company's business model is to hold the financial asset to collect the contractual cash flows.
- Cash flow characteristic test: the contractual term of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test: the financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets.
- Cash flow characteristic test: the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

### **Investments in equity instrument at fair value through other comprehensive income (FVTOCI)**

On initial recognition, the Company can make an irrevocable election (on an instrument by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instrument. This election is not permitted if the equity instrument is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains / losses arising from changes in fair value recognised in other comprehensive income. This cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

The Company has an equity investment in an entity which is not held for trading. The Company has elected to measure this investment at amortised cost. Dividend, if any, on this investments is recognised in profit or loss.

### **Equity investment in associate and joint venture**

Investments representing equity interest in associate and joint venture are carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

### **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that do not meet the amortised cost criteria or fair value through other comprehensive income criteria are measured at fair value through profit or loss. A financial asset that meets the amortised cost criteria or fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets and liabilities or recognising the gains or losses on them on different bases.

Investments in mutual funds are measured at fair value through profit and loss. Financial assets which are fair valued through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

### **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

### **Impairment of financial assets**

- financial assets measured at amortised cost
- financial assets measured at fair value through other comprehensive income



## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

Expected credit loss are measured through a loss allowance at an amount equal to:

- the twelve month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within twelve months after the reporting date); or
- full life time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

#### **Derecognition of financial assets**

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

#### **Foreign exchange gains and losses:**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost or fair value through profit or loss the exchange differences are recognised in profit or loss except for those which are designated as hedge instrument in a hedging relationship.

Further change in the carrying amount of investments in equity instruments at fair value through other comprehensive income relating to changes in foreign currency rates are recognised in other comprehensive income.

### **(b) Financial liabilities and equity instruments**

#### **Classification of debt or equity**

Debt or equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

#### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

#### **Trade and other payables**

Trade and other payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid.

#### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

### Foreign exchange gains or losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of the reporting period. For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

### 3.15 Derivative financial instruments:

The Company enters into foreign exchange forward contracts and certain other derivative financial instruments to manage its exposure to foreign exchange rate risks and commodity price risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument which is recognised in other comprehensive income (net of tax) and presented as a separate component of equity which is later reclassified to profit or loss when the hedge item affects profit or loss.

### 3.16 Taxes:

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

### 3.17 Operating segment:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's CODM to make decisions about resources to be allocated to the segments and assess their performance.

The operations of the Company falls under manufacturing & trading of auto component parts, which is considered to be the only reportable segment by the Company's CODM.

### 3.18 Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### 3.19 Dividends:

Final dividends on shares are recorded on the date of approval by the shareholders of the Company.

### 3.20 Assets Held for Sale:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met: (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition. (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

### 3.21 Earnings per share (EPS):

Basic earnings per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 4: PROPERTY, PLANT AND EQUIPMENT</b>									
	Freehold land	Leasehold land (Right of Use)	Plant & Machinery	Office Equipment	Computers	Furniture & Fixtures	Electric Fittings	Vehicles	Total
<b>Gross carrying amount</b>									
<b>As at March 31, 2019</b>	1,403.31	642.22	18,094.32	4,993.80	247.53	160.55	97.55	1,065.93	770.28
Less: Transfer pursuant to scheme of arrangements*	752.84	-	1,660.23	1,235.88	62.82	5.30	23.79	243.87	12.15
Add: Additions made during the year	-	-	6,821.92	15.50	17.36	47.75	2.06	8.30	54.44
Less: Disposals / adjustments during the year	-	-	1,463.20	-	1.40	1.41	0.86	6.59	19.49
<b>As at March 31, 2020</b>	650.47	642.22	21,792.81	3,773.42	200.67	201.59	74.96	823.77	793.08
Add: Additions made during the year	-	-	4,470.68	193.34	18.22	62.55	1.92	18.55	-
Less: Disposals / adjustments during the year	-	111.59	1,383.42	-	-	-	-	0.22	1,495.23
<b>As at March 31, 2021</b>	650.47	530.63	24,880.07	3,966.76	218.89	264.14	76.88	842.32	792.86
<b>Accumulated depreciation and impairment</b>									
<b>As at March 31, 2019</b>	-	26.01	7,702.29	1,344.44	142.25	110.97	55.57	484.41	290.02
Less: Transfer pursuant to scheme of arrangements *	-	-	109.49	31.27	3.62	0.70	1.77	12.77	1.13
Add: Depreciation charge for the year	-	8.67	2,930.94	247.15	18.31	34.84	5.56	66.49	145.02
Less: On disposals / adjustments during the year	-	-	450.97	-	1.39	1.41	0.86	6.56	12.49
<b>As at March 31, 2020</b>	-	34.68	10,072.77	1,560.32	155.55	143.70	58.50	531.57	421.42
Add: Depreciation charge for the year	-	7.89	3,517.27	238.78	17.59	42.37	4.50	52.93	109.37
Less: On disposals / adjustments during the year	-	5.84	219.18	-	-	-	-	-	225.02
<b>As at March 31, 2021</b>	-	36.73	13,370.86	1,799.10	173.14	186.07	63.00	584.50	530.79
<b>Total</b>									<b>16,744.19</b>

\* Refer note no-42.

# Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

## Research & Development

Particulars	Freehold land	Leasehold land (Right of Use)	Plant & Machinery	Building	Office Equipment	Computers	Furniture & Fixtures	Electric Fittings	Vehicles	Total
<b>Gross carrying amount</b>										
<b>As at March 31, 2019</b>	-	-	2,348.28	599.63	35.09	44.25	9.56	139.67	28.66	3,205.14
Add: Additions made during the year	-	-	-	-	0.42	16.10	1.85	-	-	18.37
Less: Disposals / adjustments during the year	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	-	-	2,348.28	599.63	35.51	60.35	11.41	139.67	28.66	3,223.51
Add: Additions made during the year	-	-	13.05	-	0.28	25.62	0.27	-	-	39.22
Less: Disposals / adjustments during the year	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2021</b>	-	-	2,361.33	599.63	35.79	85.97	11.68	139.67	28.66	3,262.73
<b>Accumulated depreciation and impairment</b>										
<b>As at March 31, 2019</b>	-	-	1,078.24	81.91	23.18	23.69	4.41	63.01	10.98	1,285.42
Add: Depreciation charge for the year	-	-	305.30	24.74	3.52	13.00	3.03	13.89	5.02	368.50
Less: On disposals / adjustments during the year	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	-	-	1,383.54	106.65	26.70	36.69	7.45	76.90	16.00	1,653.92
Add: Depreciation charge for the year	-	-	222.43	23.55	2.34	26.95	1.29	11.38	3.43	291.37
<b>As at March 31, 2021</b>	-	-	1,605.97	130.20	29.04	63.64	8.74	88.28	19.43	1,945.29
<b>Net carrying amount</b>										
<b>As at March 31, 2021</b>	650.47	493.90	12,264.57	2,637.09	52.50	100.40	16.83	309.21	271.30	16,796.27
<b>As at March 31, 2020</b>	650.47	607.54	12,684.78	2,706.08	53.93	81.55	20.43	354.97	384.32	17,544.07

## Notes:

### 1. Details of assets charged to Banks:

- Hypothecation of movable assets including Plant & Machinery in favour of Yes Bank, Kotak Mahindra Bank Ltd and HDFC Bank for their working capital facilities.
- Refer note no. 11, for disclosure of capital commitment for acquisition of property, plant and equipment.

CORPORATE  
OVERVIEW

STATUTORY  
REPORTS

STANDALONE

FINANCIAL  
SECTIONS

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 5: CAPITAL WORK IN PROGRESS</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Plant & Machinery	10.65	87.16
	<b>10.65</b>	<b>87.16</b>

\* Rs. 327.20 Lacs has been capitalised and transferred to property, plant & equipments during the year ended March 31, 2021 (March 31, 2020: Rs. 48.84 Lacs)

<b>NOTE 6: RIGHT-OF-USE ASSETS</b>	<b>Factory Building</b>	<b>Cars</b>	<b>Total</b>
<b><u>Gross Carrying Amount</u></b>			
<b>As at April 01, 2019</b>	-	-	-
Add: Transition impact of Ind AS 116*	1,065.79	-	<b>1,065.79</b>
Add: Additions made during the year	-	-	-
<b>As at March 31, 2020</b>	<b>1,065.79</b>	-	<b>1,065.79</b>
Add: Additions made during the year	-	119.03	<b>119.03</b>
Less: Disposals / adjustments during the year	15.95	-	<b>15.95</b>
<b>As at March 31, 2021</b>	<b>1,049.84</b>	<b>119.03</b>	<b>1,168.87</b>
<b><u>Accumulated depreciation and impairment</u></b>			
<b>As at April 01, 2019</b>	-	-	-
Add: Depreciation charge for the year	56.15	-	<b>56.15</b>
Less: On disposals / adjustments during the year	-	-	-
<b>As at March 31, 2020</b>	<b>56.15</b>	-	<b>56.15</b>
Add: Depreciation charge for the year	54.73	11.90	<b>66.63</b>
Less: On disposals / adjustments during the year	-	-	-
<b>As at March 31, 2021</b>	<b>110.88</b>	<b>11.90</b>	<b>122.78</b>
<b><u>Net carrying amount</u></b>			
<b>As at March 31, 2021</b>	<b>938.96</b>	<b>107.13</b>	<b>1,046.09</b>
<b>As at March 31, 2020</b>	<b>1,009.64</b>	-	<b>1,009.64</b>

\*Note: 1. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset ('ROU') at an amount equal to the lease liability.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**NOTE 7: INTANGIBLE ASSETS**

	Computer Software	Technical Knowhow & Guidance	Total
<b><u>Gross carrying amount</u></b>			
<b>As at March 31, 2019</b>	<b>88.94</b>	<b>1,179.20</b>	<b>1,268.14</b>
Less: Transfer pursuant to scheme of arrangements *	8.02	-	8.02
Add: Additions made during the year	23.05	-	23.05
<b>As at March 31, 2020</b>	<b>103.97</b>	<b>1,179.20</b>	<b>1,283.17</b>
Add: Additions made during the year	3.03	-	3.03
<b>As at March 31, 2021</b>	<b>107.00</b>	<b>1,179.20</b>	<b>1,286.20</b>
<b><u>Accumulated amortisation and impairment</u></b>			
<b>As at March 31, 2019</b>	<b>36.21</b>	<b>1,101.44</b>	<b>1,137.65</b>
Less: Transfer pursuant to scheme of arrangements *	1.39	-	1.39
Add: Amortisation for the year	22.23	77.76	99.99
<b>As at March 31, 2020</b>	<b>57.05</b>	<b>1,179.20</b>	<b>1,236.25</b>
Add: Amortisation for the year	25.96	-	25.96
<b>As at March 31, 2021</b>	<b>83.01</b>	<b>1,179.20</b>	<b>1,262.21</b>

\* Refer note no-42.

**Research & Development**

Particulars	Computer Software	Technical Knowhow & Guidance	Total
<b><u>Gross carrying amount</u></b>			
<b>As at March 31, 2019</b>	<b>168.12</b>	<b>22.54</b>	<b>190.66</b>
Add: Additions made during the year	14.97	-	14.97
<b>As at March 31, 2020</b>	<b>183.09</b>	<b>22.54</b>	<b>205.63</b>
Add: Additions made during the year	69.21	-	69.21
<b>As at March 31, 2021</b>	<b>252.30</b>	<b>22.54</b>	<b>274.84</b>
<b><u>Accumulated amortisation and impairment</u></b>			
<b>As at March 31, 2019</b>	<b>122.47</b>	<b>22.54</b>	<b>145.01</b>
Add: Amortisation for the year	39.66	-	39.66
<b>As at March 31, 2020</b>	<b>162.13</b>	<b>22.54</b>	<b>184.67</b>
Add: Amortisation for the year	23.80	-	23.80
<b>As at March 31, 2021</b>	<b>185.93</b>	<b>22.54</b>	<b>208.47</b>
<b><u>Net carrying amount</u></b>			
<b>As at March 31, 2021</b>	<b>90.36</b>	<b>-</b>	<b>90.36</b>
<b>As at March 31, 2020</b>	<b>67.88</b>	<b>-</b>	<b>67.88</b>



## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

NOTE 8: INVESTMENTS	As At March 31, 2021	As At March 31, 2020
<b>NON-CURRENT</b>		
<b>A - Investment in Associate and Joint Venture</b>		
Investments measured at cost		
<b>i. In equity shares of Associate</b>		
Unquoted, fully paid up		
490,000 (March 31, 2020: 490,000) Equity shares of Rs. 10 each of Relan Industrial Finance Limited	49.00	49.00
	<b>49.00</b>	<b>49.00</b>
<b>ii. In equity shares of Joint Venture</b>		
<b>Unquoted, fully paid up</b>		
37,500,000 (March 31, 2020: 25,000,000) Equity shares of Rs. 10 each of Exhaust Technology Private Limited	3,750.00	2,500.00
	<b>3,750.00</b>	<b>2,500.00</b>
<b>Total (i+ii)</b>	<b>3,799.00</b>	<b>2,549.00</b>
<b>B - Other Investment</b>		
<b>In equity shares of Other</b>		
Unquoted, fully paid up		
38,500 (March 31, 2020: 34,500) Equity shares of Rs. 10 each of Windage Power Company Private Limited	3.85	3.45
	<b>3.85</b>	<b>3.45</b>
<b>Total (A+B)</b>	<b>3,802.85</b>	<b>2,552.45</b>
<b>Information about Associate &amp; Joint Venture</b>		
Name of the Company, Country of Incorporation, Principal Activities	Proportion (%) of equity interest	
	As At March 31, 2021	As At March 31, 2020
<b>Associate</b>		
Relan Industrial Finance Limited, India, Service provider of investments	47.12	47.12
<b>Joint Venture</b>		
Exhaust Technology India Private Limited, India, Manufacturing of exhaust systems	50.00	50.00
<b>CURRENT</b>		
<b>Investment measured at fair value through profit or loss</b>		
<b>C. Investment In Mutual Fund (Quoted)</b>		
- 50 (March 31, 2020: 50) units NHA1 2030 - Tax free Bond	635.02	597.99
- 50,000 (March 31, 2020: 50,000) units REC 2022 - Tax free Bond	545.00	540.01
- 50,000 (March 31, 2020: 50,000) units IRFC 2022 - Tax free Bond	533.97	538.06
<b>Total (C)</b>	<b>1,713.99</b>	<b>1,676.06</b>
<b>Total (A+B+C)</b>	<b>5,516.84</b>	<b>4,228.51</b>
Aggregate value of unquoted investments	3,802.85	2,552.45
Aggregate value of quoted investments	1,606.91	1,606.91
Market value of quoted investments	1,713.99	1,676.06
Aggregate value of impairment in the value of investment	-	-

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 9: OTHER FINANCIAL ASSETS</b> (Unsecured and considered good, unless otherwise stated)	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>A - Non- current</b>		
Security deposits (Refer to note 'a' below)	205.43	222.97
Deposits with original maturity of more than 12 months and remaining maturity of more than 12 months (Refer to note 'b' below)	195.17	-
<b>Total (A)</b>	<b>400.60</b>	<b>222.97</b>
<b>B - Current</b>		
Staff Advance	24.30	28.24
Interest accrued on fixed deposits	561.87	214.79
Interest accrued others	2.07	6.07
Receivable from related parties (Refer to note 'b' below)	7.10	250.54
<b>Total (B)</b>	<b>595.34</b>	<b>499.64</b>
<b>Total (A+B)</b>	<b>995.94</b>	<b>722.61</b>

a) Security deposits are not in the nature of loans hence classified as part of other financial assets.

b) For detailed related party disclosures, refer note no. 37.

<b>NOTE 10: NON-CURRENT TAX ASSET</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Advance Income Tax (Net of provision for income tax of Rs. 15,880.40 Lacs (March 31, 2020: Rs. 12,830.39 Lacs)	448.86	278.22
	<b>448.86</b>	<b>278.22</b>

<b>NOTE 11: OTHER ASSETS</b> (Unsecured and considered good, unless otherwise stated)	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Non- Current</b>		
Capital advances (refer note below)	289.17	1,000.42
Prepaid Expenses	12.51	10.94
<b>Total (A)</b>	<b>301.68</b>	<b>1,011.36</b>
<b>Current</b>		
Balance with Statutory Authorities	38.59	28.42
Advances to Suppliers	261.75	280.75
Prepaid Expenses	237.00	174.85
Other Receivable *	6.81	3.97
<b>Total (B)</b>	<b>544.15</b>	<b>487.99</b>
<b>Total (A+B)</b>	<b>845.83</b>	<b>1,499.35</b>

\* Other receivable includes duty drawback receivable, staff imprest account etc.

**Note: Details of Capital commitment is as follows:**

<b>Particulars</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts, net of capital advance.	337.33	630.06
	337.33	630.06

<b>NOTE 12: INVENTORIES</b> (Valued at lower of cost or net realizable value)	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Raw Materials	10,890.29	8,604.20
Raw Materials - In Transit	290.14	232.27
Work In Progress	2,399.21	1,653.49
Consumable Stores and Spares	277.15	203.46
	<b>13,856.79</b>	<b>10,693.42</b>

**Note:**

1. The mode of valuation of inventories has been stated in note 3.10.
2. Inventories have been pledged to secure cash credit facilities from banks. Company is not allowed to pledge these assets as security for other borrowings.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 13: TRADE RECEIVABLES</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Unsecured, Considered Good	32,432.56	11,705.33
Unsecured, Considered credit impaired	32.40	2.51
	32,464.96	11,707.84
Less: Impairment allowance (allowance for bad and doubtful debts)		
Considered credit impaired	32.40	2.51
	<b>32,432.56</b>	<b>11,705.33</b>

- a) Trade receivables have been pledged to secure cash credit facilities from banks. Company is not allowed to pledge these assets as security for other borrowings.
- b) Trade receivables are non-interest bearing and are generally on terms of not more than 60 days.

<b>NOTE 14: CASH AND CASH EQUIVALENTS</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Balances with banks:</b>		
- on current account	2,799.46	7,859.97
- deposits with original maturity of less than 3 months	4,500.00	-
Cash on hand	0.84	0.20
	<b>7,300.30</b>	<b>7,860.17</b>

- a) Short-term deposits are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

<b>NOTE 15: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Balances with banks:</b>		
Unclaimed dividend account	28.58	32.21
Deposits with original maturity of more than 3 months but less than 12 months	3,120.16	2,628.30
Deposits with original maturity of more than 12 months but remaining maturity less than 12 months	15,853.83	4,110.00
	<b>19,002.57</b>	<b>6,770.51</b>

<b>NOTE 16: ASSET HELD FOR SALE</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Assets held for sale *	18.00	18.00
	<b>18.00</b>	<b>18.00</b>

\* During FY 2017-18 the company had identified certain Plant & Equipment of Rs. 17.23 Lacs, Electrical fittings of Rs. 0.74 Lacs and other assets\*\* of Rs. 0.03 lakh which were moved to Asset held for sale. During the year company could not sell these assets due to COVID-19 pandemic. However, the management of the company is intended to dispose off these assets within next 12 months as soon as the current pandemic situation eases.

\*\* Other assets includes electrical fitting, office equipment & computer.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

NOTE 17: EQUITY SHARE CAPITAL	As At March 31, 2021	As At March 31, 2020
<b>Authorised Share Capital</b>		
5,00,00,000* (March 31, 2020: 5,00,00,000) equity shares of Rs. 10 each	5,000.00	5,000.00
<b>Issued, subscribed and fully paid up</b>		
59,46,326* (March 31, 2020: 59,46,326) equity shares of Rs. 10 each	594.63	594.63
	<b>594.63</b>	<b>594.63</b>

\*Note: Number of Shares are given in absolute numbers.

## a) Reconciliation of share capital:

	As At March 31, 2021		As At March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
<b>Balance as at the beginning of the year</b>	<b>59,46,326</b>	<b>594.63</b>	<b>59,46,326</b>	<b>594.63</b>
Issue/buy back during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>59,46,326</b>	<b>594.63</b>	<b>59,46,326</b>	<b>594.63</b>

## b) Terms/ rights attached to equity shares:

- (i) 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. Dividend of Rs. 2.63/-\*\* per equity share was proposed by the Board of Directors during the year (March 31, 2020: Nil per share). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

\* The board of directors of the company at its meeting held on March 30, 2021, has considered & approved April 19, 2021 as the record date for determining eligibility of members for the purpose of sub-division of each equity shares of face value of Rs. 10/- each as 5 equity share of face value of Rs. 2/- each.

\*\* Proposed dividend of Rs. 2.63/- was declared per equity share of face value of Rs.2/- per share after sub-division.

- (ii) During the year, no interim dividend (March 31, 2020: Nil per share) has been recognized as distributions to equity shareholders.

## c) Details of shareholders holding more than 5% shares in the Company

Name of Party	As At March 31, 2021		As At March 31, 2020	
	No. of shares	Holding %	No. of shares	Holding %
Ajay Relan	34,74,276	58.43%	19,27,219	32.41%
Rohit Relan	-	-	7,00,268	11.78%
Ritu Relan	-	-	7,42,520	12.49%
Mala Relan	5,20,826	8.76%	5,20,826	8.76%
Aashim Relan	3,04,440	5.12%	3,04,440	5.12%

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 18: OTHER EQUITY</b>	<b>Amount</b>
<b>a) General Reserve</b>	
<b>Balance as at March 31, 2019</b>	<b>21,025.68</b>
Movement during the year	-
<b>Balance as at March 31, 2020</b>	<b>21,025.68</b>
Movement during the year	-
<b>Balance as at March 31, 2021</b>	<b>21,025.68</b>
The general reserve is created from, time to time transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.	
<b>b) Capital Reserve</b>	
<b>Balance as at March 31, 2019</b>	<b>0.20</b>
Movement during the year	-
<b>Balance as at March 31, 2020</b>	<b>0.20</b>
Movement during the year	-
<b>Balance as at March 31, 2021</b>	<b>0.20</b>
<b>c) Retained Earnings</b>	
<b>Balance as at March 31, 2019</b>	<b>22,208.07</b>
Loss on account of assets & liabilities transferred pursuant to scheme (refer note no.42)	(12,871.71)
Add:- Profit for the year	5,765.83
<b>Balance as at March 31, 2020</b>	<b>15,102.19</b>
Add:- Profit for the year	7,821.89
<b>Balance as at March 31, 2021</b>	<b>22,924.08</b>
<b>Notes:</b>	
1. General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.	
2. Capital Reserve: The company recognise profit & loss on sale, purchase, cancellation and forfeiture of the company's own equity instruments to capital reserve.	
3. Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.	
	<b>Amount</b>
<b>Total Other Equity:</b>	
<b>As at March 31, 2020</b>	<b>36,128.07</b>
a) General Reserve	21,025.68
b) Capital Reserve	0.20
c) Retained Earnings	15,102.19
<b>As at March 31, 2021</b>	<b>43,949.96</b>
a) General Reserve	21,025.68
b) Capital Reserve	0.20
c) Retained Earnings	22,924.08

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 19: OTHER FINANCIAL LIABILITIES</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>A - Non Current</b>		
Security deposit	27.79	27.79
Lease liabilities	1,128.17	1,014.73
<b>Total (A)</b>	<b>1,155.96</b>	<b>1,042.52</b>
<b>B - Current</b>		
Lease liabilities	62.04	57.17
Payable to related party (refer note no. 37)	47.14	241.23
Unclaimed dividends (refer note (a) below)	28.58	32.21
Creditors for capital goods-micro and small enterprises	28.09	11.39
Creditors for capital goods- Other than micro and small enterprises	863.65	904.76
<b>Total (B)</b>	<b>1,029.50</b>	<b>1,246.76</b>
<b>Total (A+B)</b>	<b>2,185.46</b>	<b>2,289.28</b>

a) There are no amount due for payment to the Investor Education and Protection Fund under Section 125(1) of the Companies Act, 2013 as at March 31, 2021 (March 31, 2020: Nil)

<b>NOTE 20: PROVISIONS</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>A - Non- current</b>		
<b>Provision for employee benefits :</b>		
Provision for compensated absences (refer note 36)	175.10	197.54
<b>Others :</b>		
Provision for warranty	345.11	246.79
<b>Total (A)</b>	<b>520.21</b>	<b>444.33</b>
<b>B - Current</b>		
<b>Provision for employee benefits :</b>		
Provision for compensated absences (refer note 36)	255.61	156.66
Provision for gratuity (refer note 36)	210.16	312.02
<b>Others :</b>		
Provision for warranty	278.84	175.70
<b>Total (B)</b>	<b>744.61</b>	<b>644.38</b>
<b>Total (A+B)</b>	<b>1,264.82</b>	<b>1,088.71</b>

**Disclosure for warranty claim payable**

	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Provision for warranty claim</b>		
Opening Balance	422.49	499.02
Less: Transfer pursuant to scheme of arrangements	-	185.96
Add: Provision made during the year	413.76	175.70
Less: Paid/reversed during the year	212.30	66.27
<b>Balance at the end of the year</b>	<b>623.95</b>	<b>422.49</b>



## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 20.1 CONTINGENT LIABILITIES</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
(a) Claims against the Company not acknowledged as debts		
i) Disputed State Tax Matters	129.83	65.01
ii) Disputed Excise Matters	-	1.51
iii) Disputed Service Tax Matters	-	53.75
iv) Disputed GST Matters	24.37	-
v) Disputed Income Tax Matters	397.61	385.20
vi) Disputed Central Excise Matters	440.00	440.00
vii) Bill discounting	2,331.60	749.16
viii) Dispute with Vendor	6.96	6.96
ix) Others	12.11	6.86
(b) Letter of Credit		
i) Foreign	4,507.77	3,121.84
ii) Inland	4,121.16	613.66

**Notes:**

- (i) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.
- (ii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Company does not expect any reimbursements in respect of the above contingent liabilities.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 21: TRADE PAYABLES</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
- Total outstanding dues of micro and small enterprises	1,023.12	349.28
- Outstanding dues of creditors other than micro and small enterprises	46,105.82	20,302.37
	<b>47,128.94</b>	<b>20,651.65</b>

a) Trade payables are non-interest bearing and are normally settled on 90-day terms (except for MSME). The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note no 41.

b) As per Schedule III of Companies Act, 2013 & notification number GSR 719 (E) dated November 16, 2007, the amount due as of March 31, 2021 to micro and small enterprises as defined in Industries (Development and Regulation) Act, 1951.

Details of dues to Micro and Small enterprises as defined under the MSMED Act, 2006.

	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
- Principal amount due	988.85	347.56
- Interest accrued and due on above	34.27	1.72
	<b>1,023.12</b>	<b>349.28</b>
(i) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payments made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(ii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	Nil	Nil
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	36.28	2.01
(iv) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	Nil	Nil

i. The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

<b>NOTE 22: OTHER LIABILITIES</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Current</b>		
Advance from customers	1,395.95	807.95
Statutory dues	2,066.02	864.64
Others *	147.00	38.13
<b>Total</b>	<b>3,608.97</b>	<b>1,710.72</b>

\* Other comprises of custom duty, earnest money received and staff payable etc.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 23: REVENUE FROM OPERATIONS</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>Sale of Product</b>		
- Finished goods	1,68,779.31	80,881.81
- Traded goods	3,621.58	4,839.27
	1,72,400.89	85,721.08
Sale of services	519.33	129.56
Other Operating Revenues		
- Sale of scrap	733.38	448.17
<b>Revenue from operations</b>	<b>1,73,653.60</b>	<b>86,298.81</b>

<b>NOTE 24: OTHER INCOME</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Interest Income		
- Fixed deposits with banks	878.12	421.97
- Others *	124.06	123.14
Profit on sale of current investments designated at FVTPL	-	250.54
Net gain on disposal of property, plant and equipments	455.90	886.79
Management support supply services **	-	227.61
Fair value gain on current investments designated at FVTPL	37.94	13.85
Net profit on foreign exchange fluctuation	88.48	-
Miscellaneous income	560.53	449.37
	<b>2,145.03</b>	<b>2,373.27</b>

\* Others comprises of interest received on Tax free bond, deposits with electricity boards etc.

\*\* Refer related party note no. 37.

<b>NOTE 25: COST OF RAW MATERIAL CONSUMED</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>Raw Material</b>		
Balance at the beginning of the year	8,604.20	7,659.54
Less: Transfer pursuant to scheme of arrangements (Refer note no-42)	-	410.38
Add:- Purchases during the year	1,41,591.44	55,065.79
Less:- Balances of raw material at the end of the year	10,890.29	8,604.20
<b>Total cost of raw material consumption</b>	<b>1,39,305.35</b>	<b>53,710.75</b>

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 26: PURCHASE OF STOCK IN TRADE</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Purchase of stock in trade	3,386.07	4,548.02
	<b>3,386.07</b>	<b>4,548.02</b>

<b>NOTE 27: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	-	-
Work- in- progress	1,653.49	2,108.06
Less: Transfer pursuant to scheme of arrangements (Refer note no-42)	-	125.40
<b>(A)</b>	<b>1,653.49</b>	<b>1,982.66</b>
<b>Inventories at the end of the year</b>		
Finished goods	-	-
Work- in- progress	2,399.21	1,653.49
<b>(B)</b>	<b>2,399.21</b>	<b>1,653.49</b>
<b>(Increase) / Decrease</b>		
Finished goods	-	-
Work- in- progress	(745.72)	329.17
<b>(Increase) / Decrease in Inventories (A-B)</b>	<b>(745.72)</b>	<b>329.17</b>

<b>NOTE 28: EMPLOYEE BENEFITS EXPENSE</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Salaries, wages & other benefits	7,130.08	7,531.04
Contribution to provident and other funds	394.48	382.32
Gratuity (refer note 36)	148.00	120.59
Staff welfare expenses	489.49	463.02
	<b>8,162.05</b>	<b>8,496.97</b>
<b>* Defined contribution plans</b>		
<b>Amount recognised in statement of profit &amp; loss</b>		
Employee state insurance	29.98	33.66
Provident fund	364.10	348.26
Welfare fund	0.40	0.40
	<b>394.48</b>	<b>382.32</b>

<b>NOTE 29: FINANCE COST</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Interest expense	50.48	6.59
Interest on lease liabilities	92.22	86.23
	<b>142.70</b>	<b>92.82</b>

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 30: DEPRECIATION AND AMORTIZATION EXPENSE</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Depreciation on property, plant and equipment	4,282.07	3,825.49
Amortization of intangible assets	49.76	139.64
Depreciation on right-of-use assets	66.63	56.15
	<b>4,398.46</b>	<b>4,021.28</b>

<b>NOTE 31: OTHER EXPENSES</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Consumable tools	134.38	207.05
Power & fuel	737.33	676.49
Hire labour charges	3,475.12	2,530.77
Manufacturing expenses	412.07	223.84
Rent, rates & taxes	125.71	236.40
Repair & maintenance		
-Repair to building	34.90	27.49
-Repair to plant & equipments	295.86	241.06
-Repair others	173.40	156.83
Net loss on foreign exchange fluctuation	-	10.40
Royalty fees	167.06	0.21
Research & development expenses (refer details 'c' below)	1,684.05	2,443.32
Travelling & conveyance	397.13	780.59
Insurance	123.37	66.21
Communication cost	58.48	71.59
Director's sitting fee & commission	15.40	17.80
Legal & professional expenses	326.19	356.43
Corporate Social Responsibility expenses (refer details 'b' below)	210.56	16.16
Warranty claim	413.76	175.70
Selling expenses	15.07	1.32
Packing material	326.33	166.28
Freight outward	497.07	355.31
Auditor's remuneration (refer details 'a' below)	19.35	16.25
Miscellaneous expenses	979.14	848.04
<b>Total</b>	<b>10,621.73</b>	<b>9,625.54</b>

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

## a) Details of payment made to auditors is as follows:

Payment to auditors	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>As auditor:</b>		
- Statutory audit fee	13.35	9.35
- Tax audit fee *	5.50	5.50
<b>In Other Capacity:</b>		
- Reimbursement of expenses	0.45	0.75
- Other services	0.05	0.65
	<b>19.35</b>	<b>16.25</b>

\* Tax audit fee has been provided for auditors other than Statutory Auditor for current year as well as previous year.

## b) Details of Corporate Social Responsibility (CSR) expenditure is as follows:

- Gross amount required to be spent by the Company during the year (i.e. 2% of Average Net profits u/s 198 of Companies Act, 2013 of last three years): Rs. 210.56 Lacs (March 31, 2020: Rs. 209.01 Lacs)
- Amount spent during the year

Purpose for which expenditure incurred	Remarks	For the year ended March 31, 2021	For the year ended March 31, 2020
- Construction/acquisitions of any asset		-	-
- On purpose other than (i) above	Payment to 'Sharda CSR Foundation Trust' for incurring CSR Expenditure	72.98	16.16
Amount transferred to unspent account *		137.58	-
Amount yet to be spent		-	192.85
<b>Total</b>		<b>210.56</b>	<b>209.01</b>

\* The Company has created a provision for unspent amount of Rs. 137.58 Lacs in FY 2020-21 and transferred the same in separate bank account as per notification no. G.S.R. 40(E) dated January 22, 2021 issued by the ministry of corporate affairs (MCA).

## c) Research &amp; Development Expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Research & development expenses include:		
- Purchases	39.16	90.96
- Salary, wages and other allowance	1,030.47	1,324.51
- Travelling expenses	21.60	169.13
- Design, development and other expenses	592.82	858.72
	<b>1,684.05</b>	<b>2,443.32</b>

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**NOTE 32: INCOME TAX**

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are as below:

**Income tax recognised in profit or loss**

Particulars	As At March 31, 2021	As At March 31, 2020
<b>Current tax</b>		
In respect of current year	3,050.00	2,456.00
	3,050.00	2,456.00
<b>Deferred tax</b>		
In respect of current year	(381.04)	(383.83)
	(381.04)	(383.83)
<b>Income tax expense recognised in the current year</b>	<b>2,668.96</b>	<b>2,072.17</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

	As At March 31, 2021	As At March 31, 2020
<b>Profit before tax</b>	<b>10,527.99</b>	<b>7,847.53</b>
Tax at the Indian tax rate of 25.168% (March 31, 2020: 25.168%)	2,649.68	1,971.48
Effect of expenses that are not deductible in determining taxable profit	65.84	4.07
Others	(46.56)	96.62
<b>Tax expenses recognised in statement of profit or loss</b>	<b>2,668.96</b>	<b>2,072.17</b>

The tax rate used for the current year reconciliation above is the corporate tax rate of 25.168% (March 31, 2020: 25.168%) payable by corporate entities in India on taxable profits under the Indian tax law.

**NOTE 33: INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME**

	As At March 31, 2021	As At March 31, 2020
<b>Deferred tax assets / (liabilities)</b>		
<b>Arising on income and expenses recognised in other comprehensive income</b>		
Remeasurement of defined benefit obligation	12.49	3.21
<b>Total tax recognised in other comprehensive income</b>	<b>12.49</b>	<b>3.21</b>



## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**NOTE 34: DEFERRED TAX BALANCES**

The following is the analysis of deferred tax (assets) / liabilities presented in the standalone balance sheet

Particulars	As At March 31, 2021	As At March 31, 2020
Deferred tax assets	348.96	305.68
Deferred tax liabilities/(reversal of deferred tax liabilities)	(22.76)	327.49
<b>Net deferred tax liabilities/(assets)</b>	<b>(371.72)</b>	<b>21.81</b>

	As At March 31, 2019	Recognised in Profit or loss	Recognised in OCI	As At March 31, 2020
<b>Deferred tax assets</b>				
Defined benefit obligation	171.32	(8.47)	3.21	166.06
Expenses deductible in future years	136.29	(32.50)	-	103.79
Others	0.93	34.90	-	35.83
<b>Total deferred tax assets</b>	<b>308.54</b>	<b>(6.07)</b>	<b>3.21</b>	<b>305.68</b>
<b>Deferred tax liabilities</b>				
Investment in mutual funds & bonds at FVTPL	289.65	(286.17)	-	3.48
Property, plant and equipment and intangible assets	614.09	(121.04)	-	493.05
Others	(189.55)	20.51	-	(169.04)
	<b>714.19</b>	<b>(386.70)</b>	<b>-</b>	<b>327.49</b>
<b>Net deferred tax liabilities/(assets)</b>	<b>405.65</b>	<b>(380.63)</b>	<b>(3.21)</b>	<b>21.81</b>

	As At March 31, 2020	Recognised in Profit or loss	Recognised in OCI	As At March 31, 2021
<b>Deferred tax assets</b>				
Defined benefit obligation	166.06	(6.38)	12.49	172.17
Expenses deductible in future years	103.79	(5.82)	-	97.97
Others	35.83	42.99	-	78.82
<b>Total deferred tax assets</b>	<b>305.68</b>	<b>30.79</b>	<b>12.49</b>	<b>348.96</b>
<b>Deferred tax liabilities</b>				
Investment in mutual funds & bonds at FVTPL	3.48	6.06	-	9.54
Property, plant and equipment and intangible assets	493.05	(375.33)	-	117.72
Others	(169.04)	19.02	-	(150.02)
	<b>327.49</b>	<b>(350.25)</b>	<b>-</b>	<b>(22.76)</b>
<b>Net deferred tax liabilities/(assets)</b>	<b>21.81</b>	<b>(381.03)</b>	<b>(12.49)</b>	<b>(371.72)</b>

**Note:** Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 35: EARNINGS PER SHARE (EPS)</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Profit attributable to equity holders of the Company used in calculating basic earnings per share and diluted earning per share <b>(A)</b>	7,859.03	5,775.36
Weighted average number of shares for the purpose of basic earning per share and diluted earning per share (numbers) <b>(B)</b>	<b>59.46</b>	<b>59.46</b>
<b>Basic earnings per share (in Rs.) - (A/B)</b>	132.17	97.12
<b>Diluted earnings per share (in Rs.) - (A/B)</b>	132.17	97.12

The board of directors of the company at its meeting held on March 30, 2021, has considered & approved April 19, 2021 as the record date for determining eligibility of members for the purpose of sub division of each equity shares of face value of Rs. 10/- each as 5 equity share of face value of Rs. 2/- each. The impact of the same is not considered in determining current year EPS.

**NOTE 36: GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS****a) Defined contribution plans**

The Company makes contribution towards Employees Provident Fund, Employee's State Insurance scheme and Employee Welfare Fund. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The contributions are made to registered funds administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The Company during the year recognised the following amount in the Statement of profit and loss account under Company's contribution to defined contribution plan:

	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Employer's Contribution to Provident Fund/ Pension Fund	364.10	348.26
Employer's Contribution to Employee State Insurance	29.97	33.66
Employer's Contribution to Employee Welfare Fund	0.40	0.40
<b>Total</b>	<b>394.47</b>	<b>382.32</b>

The contribution payable to these schemes by the Company are at the rates specified in the rules of the schemes.

**b) Defined benefit plans**

In accordance with Ind AS 19 "Employee benefits", an actuarial valuation on the basis of "Projected Unit Credit Method" was carried out, through which the Company is able to determine the present value of obligations. "Projected Unit Credit Method" recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation.

**i) Gratuity scheme**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. 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 services as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**ii) Compensated absences**

The Company operates compensated absences plan wherein every employee is entitled to the benefit equivalent to 26 days leave salary for every completed year of service subject to maximum 45 accumulations of leaves. The salary for calculation of earned leave is last drawn salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee. Short term compensated absences are recognised in the statement of profit and loss on the basis of actual liability and long term compensated absences are recognised on the basis of actuary valuation which is an unfunded defined benefit plan.

**These plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, longevity risk and salary risk.**

**Investment Risk**

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Interest Risk**

The plan expose the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

**Longevity Risk**

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Risk**

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

- c) The following tables summarize the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the defined benefit plan (viz. gratuity and compensated absences). Leave encashment include earned leaves and sick leaves. These have been provided on accrual basis, based on year end actuarial valuation.

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Present value of obligation as at the beginning of the year	1,300.50	354.21	1,212.65	336.61
Acquisition adjustment	-	-	(103.58)	(15.53)
Add: Interest cost	82.60	20.30	79.85	23.12
Add: Current service cost	142.28	82.73	132.65	77.80
Add: Past service cost	-	-	-	-
Less: Benefits paid	(97.42)	(22.78)	(35.94)	(15.03)
Add: Actuarial (gain) / loss	53.55	(3.75)	14.87	(52.76)
<b>Present value of obligation as at the end of the year</b>	<b>1,481.51</b>	<b>430.71</b>	<b>1,300.50</b>	<b>354.21</b>

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

## d) Components of expenses recognised in the statement of profit or loss in respect of:

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Current service cost	142.28	82.73	132.65	77.80
Past service cost	-	-	-	-
Interest cost	19.33	20.30	11.19	23.12
Remeasurements	-	(3.75)	-	-
Return on plan assets	-	-	-	-
Actuarial (gain) / loss	-	-	-	(52.76)
<b>Expenses recognised in profit/loss (Refer Note Below)</b>	<b>161.61</b>	<b>99.28</b>	<b>143.84</b>	<b>48.16</b>

**Note:** Gratuity expense of Rs. 160.53 Lacs (March 31, 2020: Rs. 130.12 Lacs) has been recognised in Statement of Profit & Loss and Rs. 12.53 Lacs (March 31, 2020: Rs. 26.52 Lacs) in R&D expenditure.

## e) Components of expenses recognised in the other comprehensive income in respect of:

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Actuarial (gains) / losses	-	-	14.87	0.02
Actuarial (gains) / losses	-	-	-	-
- changes in demographic assumptions	14.33	-	-	5.98
- changes in financial assumptions	39.22	-	-	(58.76)
- experience variance	(3.92)	-	(2.13)	-
Return on plan assets, excluding amount recognised in net interest expense	49.63	-	12.74	(52.76)
<b>Component of defined benefit costs recognised in other comprehensive income</b>				

**Note:**

- (i) The current service cost and the interest expense for the year are included in the 'Employee benefits expense' in the profit or loss.
- (ii) The remeasurement of the net defined benefit liability is included in other comprehensive income

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

## f) Changes in the fair value of the plan assets are as follows:

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Fair value of plan assets at the beginning	988.55	-	1,058.98	-
Acquisition adjustment	-	-	(105.36)	-
Add: Investment income	63.27	-	68.66	-
Add: Expected return on plan assets	3.92	-	2.13	-
Add: Employer's contribution	313.02	-	0.08	-
Add: Employee's contribution	-	-	-	-
Less: Benefits paid	(97.42)	-	(35.94)	-
Add: Actuarial gains / (losses) on the plan assets	-	-	-	-
Fair value of plan assets at the end	1,271.34	-	988.55	-

## g) The principal assumptions used for the purpose of the actuarial valuations were as follows:

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Economic assumptions				
1 Discount rate	6.20%	6.20%	6.40%	6.40%
2 Rate of increase in compensation levels	10.00%	10.00%	10.00%	10.00%
Demographic assumptions				
1 Expected average remaining working lives of employees (years)	22.29	22.22	23.26	23.19
2 Retirement Age (years)	58	58	58	58
3 Mortality Rate	Indian Assured Lives Mortality (2006-08) (modified) ultimate		Indian Assured Lives Mortality (2006-08) (modified) ultimate	
Withdrawal Rate				
1 Ages up to 30 Years	20.00%	20.00%	20.00%	20.00%
2 Ages from 30-44	20.00%	20.00%	20.00%	20.00%
3 Above 44 years	20.00%	20.00%	20.00%	20.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

h) **Net (assets) / liabilities recognized in the Balance Sheet and experience adjustments on actuarial gain / (loss) for benefit obligation and plan assets.**

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Present value of obligation	1,481.51	430.71	1,300.50	354.21
Fair value of plan assets	1,271.34	-	988.55	-
<b>Net (assets) / liability</b>	<b>210.17</b>	<b>430.71</b>	<b>311.96</b>	<b>354.21</b>
<b>Classification into long term and short term:</b>				
- Classified as long term	-	175.09	-	197.54
- Classified as short term	210.17	255.61	311.96	156.67
<b>Total</b>	<b>210.17</b>	<b>430.70</b>	<b>311.96</b>	<b>354.21</b>

i) **A quantitative sensitivity analysis for significant assumption is as shown below:**

Significant actuarial assumption for the determination of defined obligation are discount rate, expected salary growth rate, attrition rate and mortality rate. The sensitivity analysis below have been determined based on reasonably possible changes in respective assumption occurring at the end of reporting period, while holding all other assumptions constant.

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
<b>A. Discount rate</b>				
Effect on defined benefit obligation due to 1% increase in Discount Rate	(69.45)	(9.41)	(57.13)	(7.43)
Effect on defined benefit obligation due to 1% decrease in Discount Rate	73.75	10.01	60.29	7.90
<b>B. Salary escalation rate</b>				
Effect on defined benefit obligation due to 1% increase in Salary Escalation Rate	67.64	9.57	54.66	7.57
Effect on defined benefit obligation due to 1% decrease in Salary Escalation Rate	(61.96)	(9.17)	(51.32)	(7.25)
<b>C. Mortality rate *</b>				
Effect on defined benefit obligation due to 1% increase in mortality rate	-	-	-	-
Effect on defined benefit obligation due to 1% decrease in mortality rate	-	-	-	-

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

j) **Maturity profile of defined benefit obligation is as follows:**

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
1 year	253.88	176.85	234.48	156.66
2 to 5 years	794.84	185.18	598.80	146.86
More than 5 years	1,105.77	68.66	467.22	50.68

k) Enterprise best estimate of contribution during next year is Rs. 172.50 Lacs.

l) The change in assumption of withdrawal rate, retirement age and expected average remaining working lives of employees is not considered significant.

m) There is no change in the method used in the preparing the sensitive analysis from prior years.

**NOTE 37: 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 Limited	Associate Company
a) Exhaust Technology Private Limited	Joint Venture Company
a) Shri Kishan N Parikh (Chairman)	Key Managerial Personnel
b) Smt Sharda Relan (Co-Chairperson)	
c) Shri Ajay Relan (Managing Director)	
d) Shri Rohit Relan (Director) (up to 24/10/2020)	
e) Shri Bireswar Mitra (Executive Director) (up to 02/09/2019)	
f) Shri Ashok Kumar Bhattacharya (Director)	
g) Shri Satindar Kumar Lambah (Director)	
h) Shri Udayan Banerjee (Director) (from 13/02/2019)	
i) Shri Vivek Bhatia (President & Group CFO) (up to 30/03/2021)	
j) Shri Nitin Vishnoi (Whole time Director (WTD & Company Secretary) (WTD w.e.f.03/09/2019)	
k) Smt Sarita Dhuper (Director from 29/06/2020)	
l) Shri Srinivasan Narasimhan (CFO from 30/03/2021)	
a) Smt Mala Relan (spouse of Managing Director)	Relatives of Key Managerial Personnel
b) Smt Ritu Relan (spouse of Director)	
c) Smt Aashita Relan (Daughter of Managing Director)	
d) Shri Aashim Relan (Son of Managing Director)	
e) Shri Rishabh Relan (Son of Director)	
f) Shri Pranav Relan (Son of Director)	
g) Shri Ayush Relan (Son of Director)	



## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

Name of the Related Party	Relationship
a) Sharda Enterprises	Entities where Directors/ Close family members of Directors having control
b) N.D.Relan (HUF)	
c) Ajay Relan (HUF)	
d) Rohit Relan (HUF)	
e) Sharda Auto Solutions Private Limited	
f) A.N.I Hospitality LLP	
g) Sharda CSR Foundation Trust	
h) Bharat Seats Limited	
i) N D R Auto Components Limited	
j) AMR AI Digital Private Limited	

(Rs. in Lacs)

S. No.	Nature of Transactions	Joint Venture Company	Associate Company	Entities where Directors / Close family members of Directors having control	Key Management Personnel	Relative of Key Management Personnel
i.	<b>Sale of goods during the Year</b>					
	- Exhaust Technology Private Limited	1,811.01 (539.63)	- (-)	- (-)	- (-)	- (-)
	- Bharat Seats Limited	- (-)	- (-)	114.98 (24.37)	- (-)	- (-)
ii.	<b>Remuneration paid</b>					
	- Ajay Relan	- (-)	- (-)	- (-)	508.73 (375.24)	- (-)
	- Sharda Relan	- (-)	- (-)	- (-)	261.81 (386.55)	- (-)
	- Bireswar Mitra	- (-)	- (-)	- (-)	- (9.52)	- (-)
	- Nitin Vishnoi	- (-)	- (-)	- (-)	39.17 (24.02)	- (-)
iii.	<b>Salary Paid</b>					
	- Srinivasan Narasimhan	- (-)	- (-)	- (-)	7.68 (-)	- (-)
	- Nitin Vishnoi	- (-)	- (-)	- (-)	- (14.57)	- (-)
	- Mala Relan	- (-)	- (-)	- (-)	- (-)	7.68 (15.36)

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

S. No.	Nature of Transactions	Joint Venture Company	Associate Company	Entities where Directors / Close family members of Directors having control	Key Management Personnel	Relative of Key Management Personnel
	- Vivek Bhatia	- (-)	- (-)	- (-)	157.17 (145.10)	- -
	- Aashim Relan	- (-)	- (-)	- (-)	- -	72.30 (144.61)
iv.	<b>Reimbursement of Expenses - paid / received</b>					
	- A.N.I Hospitality LLP	- (-)	- (-)	- (0.16)	- (-)	- (-)
	- Exhaust Technology Private Limited	- (28.37)	- (-)	- (-)	- (-)	- (-)
	- NDR Auto Components Limited	- (-)	- (-)	207.02 (584.72)	- (-)	- (-)
	- Srinivasan Narasimhan	- (-)	- (-)	- (-)	14.14 (-)	- (-)
	- Bireswar Mitra	- (-)	- (-)	- (-)	- (3.60)	- (-)
	- Nitin Vishnoi	- (-)	- (-)	- (-)	- (2.92)	- (-)
	- Vivek Bhatia	- (-)	- (-)	- (-)	6.89 (7.19)	- (-)
v.	<b>Sitting Fee Paid</b>					
	- Kishan N Parikh	- (-)	- (-)	- (-)	2.95 (4.20)	- (-)
	- Rohit Relan	- (-)	- (-)	- (-)	- (0.40)	- (-)
	- Ashok Kumar Bhattacharya	- (-)	- (-)	- (-)	3.20 (4.40)	- (-)
	- Satinder Kumar Lambah	- (-)	- (-)	- (-)	4.25 (3.60)	- (-)
	- Udayan Banerjee	- (-)	- (-)	- (-)	3.90 (5.20)	- (-)
	- Sarita Dhuper	- (-)	- (-)	- (-)	1.10 (-)	- (-)
vi.	<b>Sale of Fixed Assets</b>					
	- Exhaust Technology Private Limited	913.10 (108.33)	- (-)	- (-)	- (-)	- (-)
vii.	<b>Sale of Assets held for Sale</b>					
	- Exhaust Technology Private Limited	- (652.89)	- (-)	- (-)	- (-)	- (-)
viii.	<b>Purchase of goods during the year</b>					
	- Exhaust Technology Private Limited	40.34 (82.23)	- (-)	- (-)	- (-)	- (-)

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

S. No.	Nature of Transactions	Joint Venture Company	Associate Company	Entities where Directors / Close family members of Directors having control	Key Management Personnel	Relative of Key Management Personnel
ix.	<b>CSR Expenditure paid</b>					
	- Sharda CSR Foundation Trust	- (-)	- (-)	70.70 (16.16)	- (-)	- (-)
x.	<b>Investment in Shares</b>					
	- Exhaust Technology Private Limited	1,250.00 (2,500.00)	- (-)	- (-)	- (-)	- (-)
xi.	<b>Management Services received (Inclusive of GST)</b>					
	- N D R Auto Components Limited	- (-)	- (-)	156.95 (268.58)	- (-)	- (-)
xii.	<b>Balance payable as at March 31, 2021</b>					
	- Ajay Relan	- (-)	- (-)	- (-)	250.08 (3.20)	- (-)
	- Srinivasan Narasimhan	- (-)	- (-)	- (-)	1.50 (-)	- (-)
	- Nitin Vishnoi	- (-)	- (-)	- (-)	8.36 (7.58)	- (-)
	- Vivek Bhatia	- (-)	- (-)	- (-)	15.91 (7.91)	- (-)
	- Sharda Relan	- (-)	- (-)	- (-)	0.08 (8.76)	- (-)
	- Mala Relan	- (-)	- (-)	- (-)	- (-)	0.08 (0.90)
	- Aashim Relan	- (-)	- (-)	- (-)	- (-)	0.08 (11.24)
	- Exhaust Technology Private Limited	39.87 (-)	- (-)	- (-)	- (-)	- (-)
	- NDR Auto Components Limited	- (-)	- (-)	47.14 (241.23)	- (-)	- (-)
xiii.	<b>Balance Receivable as at March 31, 2021</b>					
	- Bharat Seats Limited	- (-)	- (-)	3.17 (17.66)	- (-)	- (-)
	- Exhaust Technology Private Limited	1,005.99 (793.71)	- (-)	- (-)	- (-)	- (-)

- Figures in bracket represents figures for the year ended March 31, 2020.
- All the transaction with the related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party payables/receivables. No expenses has been recognized in the current year in respect of bad or doubtful debts/advances and further no specific provision for doubtful debts/advances has been made in respect of outstanding balances.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**NOTE 38: LEASES**
**Lease related disclosures**

The Company has taken factory building and car on leases. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability as a borrowings. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

**A. Lease payments not included in measurement of lease liability**

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	March 31, 2021	March 31, 2020
Short-term leases	16.06	18.50

**B.** Total cash outflow for leases for the year ended 31 March 2021: Rs. 77 Lacs (March 31, 2020: Rs. 80.11 Lacs)

**C.** The Company has total commitment for short-term leases as at 31 March 2021: Rs. 109.25 Lacs (March 31, 2020: Rs. 80.11 Lacs).

**D. Maturity of lease liabilities**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

Maturity analysis – contractual undiscounted cash flows	As At March 31, 2021	As At March 31, 2020
Less than one year	109.25	80.11
One to five years	608.61	485.42
More than five years	1,718.58	1,929.91
<b>Total undiscounted lease liabilities at year ended March 31, 2021</b>	<b>2,436.44</b>	<b>2,495.44</b>
<b>Lease liabilities included in the statement of financial position at year ended March 31, 2021</b>	<b>1,190.21</b>	<b>1,071.90</b>
Current	62.04	57.17
Non-Current	1,128.17	1,014.73

**E. Information about extension and termination options**

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Factory Building in Sanand, Gujarat	1	23 years	24 years	1	0	1
Factory Building in Chakan, Maharashtra	1	9 years	10 years	1	0	1
Car Lease	3	4.5 years	4.5 years	0	3	3

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**NOTE 39: FINANCIAL AND DERIVATIVE INSTRUMENTS****Particulars of Unhedged Foreign Currency Exposure as at Balance Sheet date :**

	As At March 31, 2021		As At March 31, 2020	
Foreign Currency Exposure not hedged (Sell)	US\$ 30.83 Lacs	2,265.95	US\$ 14.03 Lacs	1,057.30
		<b>2,265.95</b>		<b>1,057.30</b>
Foreign Currency Exposure not hedged (Buy)	US\$ 70.26 Lacs	5,164.59	US\$ 34.28 Lacs	2,584.17
	EURO 0.35 Lacs	30.06	EURO 0.08 Lacs	6.55
	JPY 26.75 Lacs	17.75	JPY 0.25 Lacs	0.18
			GBP 0.13 Lacs	11.77
		<b>5,212.40</b>		<b>2,602.67</b>

**NOTE 40: SEGMENT INFORMATION**

- In line with the provision of Ind AS 108- Operating Segments and on the basis of review of operations being done by the board of directors of the Company (which has been identified as the Chief Operating Decision Maker (CODM) who evaluates the Company's performance, allocates resources based on the analysis of the various performance indicator of the Company as a single unit), the operations of the Company falls under manufacturing & trading of auto component parts, which is considered to be the only reportable segment.
- Major Customer: Revenue from 3 customers (March 31, 2020, 2 customers) of the Company's manufacturing & trading business are Rs. 140,351.58 Lacs (March 31, 2020 Rs. 60,108.63 Lacs) which is more than 10% of the Company's total revenue. No other single customer contributed 10% or more to the Company's revenue for both March 31, 2021 and March 31, 2020.

**NOTE 41: FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT****41.1 Financial instruments by category and fair values**

	As At March 31, 2021			As At March 31, 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
<b>Non-current</b>						
Investments in equity instrument *	-	-	3.85	-	-	3.45
Other financial assets						
- Security deposits	-	-	205.43	-	-	222.97
- Deposits with original maturity of more than 12 months	-	-	195.17	-	-	-
<b>Current</b>						
Investments in tax free bonds and mutual funds	1,713.99	-	-	1,676.06	-	-
Trade receivables	-	-	32,432.56	-	-	11,705.33
Cash and cash equivalents	-	-	7,300.30	-	-	7,860.17
Bank balances other than above	-	-	19,002.57	-	-	6,770.51
- Staff advance	-	-	24.30	-	-	28.24
- Interest accrued on fixed deposits	-	-	561.87	-	-	214.79
- Interest accrued on others	-	-	2.07	-	-	6.07
- Receivable from related parties	-	-	7.10	-	-	250.54
<b>Total</b>	<b>1,713.99</b>	<b>-</b>	<b>59,735.22</b>	<b>1,676.06</b>	<b>-</b>	<b>27,062.07</b>

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

	As At March 31, 2021			As At March 31, 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial liabilities</b>						
<b>Non-current</b>						
Other financial liabilities						
- Security deposit	-	-	27.79	-	-	27.79
- Lease liabilities	-	-	1,128.17	-	-	1,014.73
<b>Current</b>						
Trade payables	-	-	47,128.94	-	-	20,651.65
Other financial liabilities						
- Lease liabilities	-	-	62.04	-	-	57.17
- Payable to related parties	-	-	47.14	-	-	241.23
- Unclaimed dividend	-	-	28.58	-	-	32.21
- Creditors for capital goods - Other than micro and small enterprises	-	-	863.65	-	-	904.76
<b>Total</b>	-	-	<b>49,286.31</b>	-	-	<b>22,929.54</b>

\* Investment value excludes investment in associate of Rs. 49 Lacs (March 31, 2020: Rs. 49 Lacs), investment in joint venture of Rs. 3,750 Lacs (March 31, 2020: Rs. 2,500 Lacs), which are shown at cost in balance sheet as per Ind AS 27: Financial Statements.

**Note:** The directors consider that the carrying amounts of investments in equity shares of other and in trust, which have been recognised in the financial statements, as approximate their fair values.

**Financial assets and liabilities measured at fair value - recurring fair value measurements (refer note 3.14)**

	As At March 31, 2021	As At March 31, 2020
<b>Financial assets</b>		
Level 1	-	-
Level 2		
- Financial instruments at FVTPL: Options, cross currency and interest rate swap contract	-	-
- Financial instruments at FVTPL: Investments in tax free bonds and mutual fund	1,713.99	1,676.06
Level 3		
- Financial instruments at FVTPL: Investment in other	-	-
<b>Total financial assets</b>	<b>1,713.99</b>	<b>1,676.06</b>

**41.2 Measurement of fair value**

Level 1: Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market.

Level 2: Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly. This level of hierarchy consists of options, cross currency and interest rate swap contract & investments in mutual funds.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

Level 3: Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data. The main item in this category are investments in unquoted equity instruments and other investment.

There have been no transfers between Level 1 and Level 2 during the period.

The fair value of the financial assets are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

- (i) Investments in mutual funds: Fair value is determined by reference to quotes, i.e. net asset value (NAV) for investments in mutual funds as declared.
- (ii) Unquoted equity and other investments: Fair value of same has not been derived as in the opinion of directors the carrying amounts of these investments approximate their fair values.
- (iii) Fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, other current financial liabilities approximate their carrying amount, largely due to the short-term nature of these instruments.
- (iv) Interest rates on long-term borrowings are equivalent to the market rate of interest. Accordingly, the carrying value of such long-term debt approximates fair value.
- (v) Fair value of all other non-current financial assets have not been disclosed as the change from carrying amount is not significant, as the discount rate has not changed significantly.

### Discount rate used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of borrower which in case of financial liabilities is average market cost of borrowings of the Company and in case of financial asset is the average market rate of similar credit rated instrument. The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 41.3 Capital management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitor the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

### 41.4 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk

#### Risk management framework:

The Company's principal financial liabilities other than derivatives comprise trade and other payables, borrowings, employees related payables, interest accrued, unpaid dividend, security deposit, capital creditors and others. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations.



## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

The Company's principal financial assets includes Investment in mutual funds, security deposits, trade receivables, cash and cash equivalents, deposits with banks, interest accrued in deposits, receivables from related and other parties and interest accrued thereon.

The Company's senior level management assess these risks and is supported by Treasury department that advises on the appropriate financial risk governance framework.

All derivative activities for risk management purposes are carried out in line with the policy duly approved by board of directors. The execution of the policy is done by treasury department which has appropriate skills, experience and supervision. The policy provides that the Company should hedge through prescribed instruments to cover all possible risks of foreign currency outstanding after considering the natural hedge available and customer arrangements. It also prohibits any hedging for speculative transactions.

### A. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates - will affect the Company's financial position or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Company.

#### **Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and functional currency of the Company, i.e. INR ( Rs. ). The currencies in which these transactions are primarily denominated are US dollar. The Company uses options, cross currency and interest rate swap contracts to hedge its currency risk on borrowings as per the approved policy of the Company. The Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate when necessary to address short term imbalances. However, the Company has not designated these derivatives as hedge relationship.

#### **Exposure to currency risk:**

(Amount in Lacs except otherwise specified)

(Rs. in Lacs)

March 31, 2021	US\$	EURO	JPY	GBP
Foreign currency exposure not hedged (Sell)	30.83	-	-	-
Foreign currency exposure not hedged (Buy)	70.26	0.35	26.75	-
Derivative contract outstanding	-	-	-	-
March 31, 2020	US\$	EURO	JPY	GBP
Foreign currency exposure not hedged (Sell)	14.03	-	-	-
Foreign currency exposure not hedged (Buy)	34.28	0.08	0.25	0.13
Derivative contract outstanding	-	-	-	-

#### **Sensitivity analysis:**

A reasonably possible strengthening (weakening) of US\$ against INR ( Rs.) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The company has arrangements with major customers on quarterly basis for settlement of exchange fluctuations based on average exchange rate for the previous quarter.

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

	(Profit) / Loss	
	Strengthening	Weakening
<b>March 31, 2021</b>		
US\$ (5% movement)	(258.23)	258.23
EUR (5% movement)	(1.50)	1.50
JPY (5% movement)	(0.89)	0.89
<b>March 31, 2020</b>		
US\$ (5% movement)	(129.21)	129.21
EUR (5% movement)	(0.33)	0.33
JPY (5% movement)	(0.01)	0.01
GBP (5% movement)	(0.59)	0.59

US\$: US Dollar, EUR: Euro, JPY: Japan Yen and GBP: Great British Pound.

**B. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers, foreign exchange transactions, deposits with banks and other financial instruments. The carrying amount of financial assets represent the maximum credit risk exposure.

**i) Trade receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company primarily has the exposure from following type of customer:

- Original equipment manufacturers (OEMs)

Company has established a policy under which each new OEMs are analysed individually for creditworthiness before goods are sold to them. The Company's review includes due diligence by analysing financial statements, industry information, promoter's background and in some cases bank references. In case of sales, the Company has limited its credit exposure to OEMs and dealers by providing a maximum payment period up to 60 days.

The Company's expected probability of default is nil and all major payments are received on due dates without any significant delays.

The ageing analysis of trade receivables as of the reporting date is as follows:

(Rs. in Lacs)

Particulars	Neither past due nor impaired	Upto 180 days	More than 180 days	Total
Trade Receivables as of March 31, 2020	-	11,670.01	35.32	11,705.33
Trade Receivables as of March 31, 2021	-	31,998.12	434.44	32,432.56

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade receivables, loans and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, their geographical location, industry and existence of previous financial difficulties.

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

However, Company need not required to provide for any risk allowance on account of trade receivable being bad and not recoverable as the amount of outstanding pertaining to trade receivables which exceeds the credit period allowed by the Company is less than 2% of the total outstanding from them.

### ii) Financial assets

The Company's exposure to credit risk for financial assets is as follows:

	Asat March 31, 2021	Asat March 31, 2020
Investments	5,516.84	4,228.51
Security deposits	205.43	222.97
Deposit with original maturity of more than 12 months	195.17	-
Interest accrued	561.87	214.79
Staff Advance	24.30	28.24
Interest accrued others	2.07	6.07
Receivable from related parties	7.10	250.54
<b>Total</b>	<b>6,512.78</b>	<b>4,951.12</b>

### C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities, when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's primary sources of liquidity include cash deposits, undrawn committed credit facilities and cash flow from operating activities. The Company seeks to increase income from its existing operations by maintaining quality standards for its goods and services while reducing the related costs and by controlling operating expenses.

Consequently, the Company believes its revenue, along with proceeds from financing activities will continue to provide the necessary funds to cover its short term liquidity needs. In addition, the Company projects cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. However, material changes in the factors described above may adversely affect the Company's net cash flows.

As on March 31, 2021, Company doesn't have any outstanding borrowings.

#### Exposure to liquidity risk:

The following are the remaining undiscounted contractual maturities of financial liabilities including interest at the reporting date:

March 31, 2021	Carrying amount	Total	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
<b>Non derivative financial liabilities</b>					
Interest accrued	47.14	47.14	47.14	-	-
Creditors for capital goods	891.74	891.74	891.74	-	-
Trade payables	47,128.94	47,128.94	47,128.94	-	-
Unclaimed dividends	28.58	28.58	28.58	-	-
Security deposit	27.79	27.79	-	27.79	-
	48,124.19	48,124.19	48,096.40	27.79	-

## Notes to standalone financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

March 31, 2020	Carrying amount	Total	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
<b>Non derivative financial liabilities</b>					
Interest accrued	241.23	241.23	241.23	-	-
Creditors for capital goods	916.15	916.15	916.15	-	-
Trade payables	20,651.65	20,651.65	20,651.65	-	-
Unclaimed dividends	32.21	32.21	32.21	-	-
Security deposit	27.79	27.79	-	27.79	-
	21,869.03	21,869.03	21,841.24	27.79	-

**NOTE 42:** With a view to create a separate and focused entity to support the 'Automobile Seating Business' of the Sharda Motor Industries Limited (the Company), and to capitalize the growth opportunities in a focused manner, the Board of Directors approved a Scheme of Arrangement u/s 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 between the Company and NDR Auto Components Limited (the Resulting Company) and their respective shareholders and creditors ("Scheme") which, inter-alia, envisaged demerger of 'Automobile Seating Business' of the Company, and transfer and vesting thereof to NDR Auto Components Limited, on a 'going concern' basis. The Scheme was sanctioned by Hon'ble National Company Law Tribunal ('NCLT') New Delhi Bench on February 20, 2020 and has become effective from the Appointed Date i.e. December 31, 2018.

Accordingly, the Company had transferred the assets and liabilities of the 'Automobile Seating Business' vested in it pursuant to the Scheme at the respective Book Values thereof. Further, in terms of the Scheme, the eligible shareholders of the Company have been allotted equity shares of NDR Auto Components Limited in the ratio of 1:1. The said equity shares have been listed on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE) and trading has commenced w.e.f. July 30, 2020 consequent upon effectiveness of the Scheme, NDR Auto Components Limited has ceased to be subsidiary of the Company.

**NOTE 43:** The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

**NOTE 44:** In view of the management, the current assets (financial & other) have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet.

**NOTE 45:** Figures have been rounded off to the nearest Lacs upto two decimal place except otherwise stated.

As per our Report of even date attached  
For **Gupta Vigg & Co.**  
Chartered Accountants  
Firm's Registration Number 001393N

For & on behalf of Board of Directors of  
**Sharda Motor Industries Limited**

(**CA. Deepak Pokhriyal**)  
Partner  
Membership Number: 524778  
UDIN: 21524778AAAACK1675

(**Sharda Relan**)  
Co-Chairperson  
DIN 00252181

(**Ajay Relan**)  
Managing Director  
DIN 00257584

(**Aashim Relan**)  
Chief Executive Officer

New Delhi  
June 23, 2021

(**Srinivasan Narasimhan**)  
Chief Financial Officer  
M.No. 214036

(**Nitin Vishnoi**)  
Executive Director & Company Secretary  
M.No. F3632

# Independent Auditors' Report

To the Members of Sharda Motor Industries Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Sharda Motor Industries Limited (hereinafter referred to as the "Parent Company"), its associate company and joint venture, which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Parent Company, its associate company and joint venture as at March 31, 2021, and its consolidated profit including other comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Parent Company, its associate company and joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note No. 44 of the consolidated financial statements, which describes the possible effect of uncertainties relating to COVID-19 pandemic on the Parent Company's financial performance as assessed by the management.

Our opinion is not modified in respect of the above matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditors' Response
<p><b>Completeness and measurement of Contingent Liabilities arising from uncertain tax positions and disputed matters</b></p> <p>In the consolidated financial statements, contingent liabilities arising from uncertain tax positions and disputed matters as reported under the Note No. 20.1 to the financial statements for the year ended 31.03.2021. From our point of view, this matter was of particular importance for our audit because the recognition and measurement of this material item to a large extent based on the estimates and assumptions made by the Company's management.</p>	<p>Our audit procedure included the following:</p> <ul style="list-style-type: none"> <li>We discussed with the management regarding the internal control system for identifying and estimating such contingent liabilities, as well as the reporting of such contingent liabilities in the consolidated financial statements.</li> <li>Obtained a detailed understanding and assumptions applied for considering these matters as contingent liabilities through discussion with the management of the Company. Assessed management's estimate of the possible outcome of the disputed cases.</li> <li>In addition, we engaged our internal tax expert to assess the appropriateness of Company's assumption and explanations for these matters.</li> <li>In light of the above, we reviewed and verified the adequacy of disclosures made for these matters in the consolidated financial statements.</li> </ul>

## Independent Auditor's Report (Contd.)

### Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Parent Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Parent Company's Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. The Parent Company's Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. When we read the Parent Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Management Responsibilities for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive loss), consolidated changes in equity and consolidated cash flows of the Parent Company, its associate company and joint venture in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the Parent Company, its associate company and joint venture are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the each entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Parent Company, its associate company and joint venture are responsible for assessing the ability of the Parent Company, its associate company and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Parent Company, its associate company and joint venture are responsible for overseeing the financial reporting process of the Parent Company, its associate company and joint venture.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for



## Independent Auditor's Report (Contd.)

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent Company, its associate company and joint venture, which are companies incorporated in India, have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Parent Company, its associate company and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Parent Company, its associate company and joint venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Parent Company, its associate company and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Parent Company, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

The consolidated financial statements include the Parent Company's share of net loss after tax of Rs.1194.13 lacs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of a joint venture and associate company, whose financial statements/financial information have not been audited by us. These financial statements/financial information are unaudited and have been furnished to us by the Management of the Parent Company and our opinion on the consolidated financial statements, in so far as it related to the amounts and disclosures included in respect of these joint venture and associate company and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid joint venture and associate company, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.



## Independent Auditor's Report (Contd.)

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to the financial statements/ financial information certified by the management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2021 taken on record by the Board of Directors of the Parent Company and on the basis of the representation received from the management in respect of one joint venture and associate company, which are companies incorporated in India, none of the directors of the Parent Company, its associate company and joint venture is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of internal financial controls with reference to the financial statements of the Parent Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- g) As required by Section 197(16) of the Act, based on our audit and on the basis of the representation received from the management in respect of associate company, we report that the Parent Company and its associate company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. The requirements of Section 197(16) of the Act are not applicable on the joint venture company, as it is registered as private limited company.
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Parent Company, its associate company and joint venture – refer Note 20.1 to the consolidated financial statements.
  - ii. The Parent Company, its associate company and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent company, its associate company and joint venture incorporated in India.

### For Gupta Vigg & Co.

Chartered Accountants

Firm Registration Number: 001393N

### (CA. Deepak Pokhriyal)

Partner

Membership Number: 524778

UDIN: 21524778AAAACL6596

New Delhi

June 23, 2021

## Annexure 'A' To the Independent Auditors' Report

(Referred to in paragraph (f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date to the Members of Sharda Motor Industries Limited)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

#### Opinion

In conjunction with our audit of the consolidated financial statements of the Parent Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Sharda Motor Industries Limited (hereinafter referred to as "the Company" or the "Parent Company") and its associate company and joint venture, which are companies incorporated in India, as of that date.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of management representation for un-audited joint venture and associate company referred to in the Other Matters Paragraph below, the Parent Company, its associate company and joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on "the internal controls with reference to the financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent Company, its associate company and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to the financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to the financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of one associate company and the representation received from the management for unaudited joint venture, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to the financial statements.

## Annexure 'B' To the Independent Auditors' Report (Contd.)

### Meaning of Internal Financial Controls with reference to the Financial Statements

A Company's internal financial control with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

Because of the inherent limitations of internal financial controls with reference to the financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the financial statements to future periods are subject to the risk that the internal financial controls with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the financial statements in so far as it relates to one joint venture and associate company, which are companies incorporated in India, is solely based on the representation received from the management for such companies. Our opinion is not modified in respect of this matter.

### For Gupta Vigg & Co.

Chartered Accountants

Firm Registration Number: 001393N

### (CA. Deepak Pokhriyal)

Partner

Membership Number: 524778

UDIN: 21524778AAAACL6596

New Delhi

June 23, 2021

# Consolidated Balance Sheet

As at March 31, 2021

(Currency: Rs. in Lacs except otherwise specified)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>I. Assets</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	16,796.27	17,544.07
(b) Capital work in progress	5	10.65	87.16
(c) Right-of-use assets	6	1,046.09	1,009.64
(d) Intangible assets	7	90.36	67.88
(e) Financial assets			
(i) Investment in associate & joint venture	8A	2,339.43	2,283.56
(ii) Other investments	8B	3.85	3.45
(iii) Other financial assets	9A	400.60	222.97
(f) Non-current tax asset (net)	10	448.86	278.22
(g) Other non-current assets	11A	301.68	1,011.36
(h) Deferred tax assets (net)	34	371.72	-
<b>Total non-current assets</b>		<b>21,809.51</b>	<b>22,508.31</b>
<b>Current assets</b>			
(a) Inventories	12	13,856.79	10,693.42
(b) Financial assets			
(i) Investments	8C	1,713.99	1,676.06
(ii) Trade receivables	13	32,432.56	11,705.33
(iii) Cash and cash equivalents	14	7,300.30	7,860.17
(iv) Bank balances other than (iii) above	15	19,002.57	6,770.51
(v) Other financial assets	9B	595.34	499.64
(c) Other current assets	11B	544.15	487.99
(d) Asset held for sale	16	18.00	18.00
<b>Total current assets</b>		<b>75,463.70</b>	<b>39,711.12</b>
<b>Total assets</b>		<b>97,273.21</b>	<b>62,219.43</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	17	594.63	594.63
(b) Other equity	18	42,490.39	35,862.63
<b>Total equity</b>		<b>43,085.02</b>	<b>36,457.26</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	19A	1,128.17	1,014.73
(ii) Other financial liabilities	19A	27.79	27.79
(b) Provisions	20A	520.21	444.33
(c) Deferred tax liabilities (net)	34	-	21.81
<b>Total non-current liabilities</b>		<b>1,676.17</b>	<b>1,508.66</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	21		
- Total outstanding dues of micro and small enterprises		1,023.12	349.28
- Total outstanding dues of creditors other than micro and small enterprises		46,105.82	20,302.37
(ii) Lease liabilities	19B	62.04	57.17
(iii) Other financial liabilities	19B	967.46	1,189.59
(b) Other current liabilities	22	3,608.97	1,710.72
(c) Provisions	20B	744.61	644.38
<b>Total current liabilities</b>		<b>52,512.02</b>	<b>24,253.51</b>
<b>Total liabilities</b>		<b>54,188.19</b>	<b>25,762.17</b>
<b>Total equity and liabilities</b>		<b>97,273.21</b>	<b>62,219.43</b>
Summary of Significant Accounting Policies	3		

The accompanying notes form an integral part of these consolidated financial statements

As per our Report of even date attached

For **Gupta Vigg & Co.**

Chartered Accountants

Firm's Registration Number 001393N

For & on behalf of Board of Directors of  
**Sharda Motor Industries Limited**

(CA. Deepak Pokhriyal)  
Partner  
Membership Number: 524778  
UDIN: 21524778AAAACL6596

(Sharda Relan)  
Co-Chairperson  
DIN 00252181

(Ajay Relan)  
Managing Director  
DIN 00257584

(Aashim Relan)  
Chief Executive Officer

(Srinivasan Narasimhan)  
Chief Financial Officer  
M.No. 214036

(Nitin Vishnoi)  
Executive Director & Company Secretary  
M.No. F3632

New Delhi  
June 23, 2021

# Consolidated statement of profit and loss

for year ended March 31, 2021

(Currency: Rs. in Lacs except otherwise specified)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I</b> Revenue from operations	23	1,73,653.60	86,298.81
<b>II</b> Other income	24	2,145.03	2,373.27
<b>III Total income (I+II)</b>		<b>1,75,798.63</b>	<b>88,672.08</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	25	1,39,305.35	53,710.75
(b) Purchases of stock-in-trade	26	3,386.07	4,548.02
(c) Changes in inventories of finished goods, work-in-progress and stock in trade	27	(745.72)	329.17
(d) Employee benefits expense	28	8,162.05	8,496.97
(e) Finance costs	29	142.70	92.82
(f) Depreciation and amortization expense	30	4,398.46	4,021.28
(g) Other expenses	31	10,621.73	9,625.54
<b>Total expenses</b>		<b>1,65,270.64</b>	<b>80,824.55</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>10,527.99</b>	<b>7,847.53</b>
<b>VI Exceptional items</b>		-	-
<b>VII Profit before tax (V-VI)</b>		<b>10,527.99</b>	<b>7,847.53</b>
<b>VIII Tax expense:</b>			
(a) Current tax	32	3,050.00	2,456.00
(b) Deferred tax	32	(381.04)	(383.83)
<b>Total tax expense</b>		<b>2,668.96</b>	<b>2,072.17</b>
<b>IX Profit for the year (VII-VIII)</b>		<b>7,859.03</b>	<b>5,775.36</b>
<b>X</b> Share of profit/(loss) of associate (net of tax)		(35.82)	46.55
<b>XI</b> Share of profit/(loss) of joint venture (net of tax)		(1,158.31)	(583.13)
<b>XII Profit for the year (IX+X+XI)</b>		<b>6,664.90</b>	<b>5,238.78</b>
<b>XIII Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
- Re-measurement gains/ (losses) on defined benefit plans		(49.63)	(12.74)
- Income tax on items that will not be reclassified to profit or loss	33	12.49	3.21
<b>Total other comprehensive income for the year, net of tax</b>		<b>(37.14)</b>	<b>(9.53)</b>
<b>XIV Total comprehensive income for the year, net of tax (XII+XIII)</b>		<b>6,627.76</b>	<b>5,229.25</b>
<b>XV Earnings per share: (Face value Rs. 10 per share)</b>	35		
1) Basic (amount in Rs.)		112.08	88.10
2) Diluted (amount in Rs.)		112.08	88.10
Summary of Significant Accounting Policies	3		

The accompanying notes form an integral part of these consolidated financial statements

As per our Report of even date attached  
For **Gupta Vigg & Co.**  
Chartered Accountants  
Firm's Registration Number 001393N

For & on behalf of Board of Directors of  
**Sharda Motor Industries Limited**

(CA. Deepak Pokhriyal)  
Partner  
Membership Number: 524778  
UDIN: 21524778AAAACL6596

(Sharda Relan)  
Co-Chairperson  
DIN 00252181

(Ajay Relan)  
Managing Director  
DIN 00257584

(Aashim Relan)  
Chief Executive Officer

New Delhi  
June 23, 2021

(Srinivasan Narasimhan)  
Chief Financial Officer  
M.No. 214036

(Nitin Vishnoi)  
Executive Director & Company Secretary  
M.No. F3632

# Consolidated statement of changes in equity

for year ended March 31, 2021

(Currency: Rs. in Lacs except otherwise specified)

## A. Equity Share Capital\*

	Amount
Balance as at March 31, 2019	594.63
Changes during the year	-
Balance as at March 31, 2020	594.63
Changes during the year	-
Balance as at March 31, 2021	594.63

## B. Other Equity\*\*

	Reserve & Surplus			Total
	Capital Reserve	General Reserve	Retained earnings	
Balance as at March 31, 2019	0.20	21,025.68	9,607.50	30,633.38
Profit for the year	-	-	5,238.78	5,238.78
Other comprehensive income for the year, net of tax	-	-	(9.53)	(9.53)
Balance as at March 31, 2020	0.20	21,025.68	14,836.75	35,862.63
Profit for the year	-	-	6,664.90	6,664.90
Other comprehensive income for the year, net of tax	-	-	(37.14)	(37.14)
Balance as at March 31, 2021	0.20	21,025.68	21,464.51	42,490.39

\* For details, refer note no. 17

\*\* For details, refer note no. 18

Summary of Significant Accounting Policies

3

The accompanying notes form an integral part of these Consolidated financial statements

As per our Report of even date attached

For **Gupta Vigg & Co.**

Chartered Accountants

Firm's Registration Number 001393N

For &amp; on behalf of Board of Directors of

**Sharda Motor Industries Limited**
**(CA. Deepak Pokhriyal)**

Partner

Membership Number: 524778

UDIN: 21524778AAAACL6596

**(Sharda Relan)**

Co-Chairperson

DIN 00252181

**(Ajay Relan)**

Managing Director

DIN 00257584

**(Aashim Relan)**

Chief Executive Officer

New Delhi

June 23, 2021

**(Srinivasan Narasimhan)**

Chief Financial Officer

M.No. 214036

**(Nitin Vishnoi)**

Executive Director &amp; Company Secretary

M.No. F3632

# Consolidated statement of cash flow

for year ended March 31, 2021

(Currency: Rs. in Lacs except otherwise specified)

Particulars	year ended March 31, 2021	year ended March 31, 2020
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before tax	10,527.99	7,847.53
Adjustments for:		
Balance transferred pursuant to scheme (refer note no - 42)	-	(16,234.59)
Depreciation and amortization expenses	4,398.46	4,021.28
Finance cost	142.70	92.82
Interest income	(1,002.18)	(545.12)
Loss / (Gain) on sale of financial asset measured at Fair value through profit and loss (FVTPL)	-	(250.54)
Loss / (Gain) on disposal of property, plant and equipment (net)	(455.90)	(886.79)
Fair value gain on investment in mutual fund designated at FVTPL	(37.94)	(13.85)
Unrealized loss/(gain) on reinstatement of foreign exchange (net)	(88.71)	11.80
<b>Operating profit / (loss) before adjustments</b>	<b>13,484.42</b>	<b>(5,957.46)</b>
Movement in working capital:		
Decrease/(increase) in inventories	(3,163.37)	(383.39)
Decrease/(increase) in trade receivables	(20,727.23)	1,506.13
Decrease/(increase) in other financial assets	69.74	(165.67)
Decrease/(increase) in other assets	(57.73)	11.90
Increase/(decrease) in trade payables	26,565.99	1,523.08
Increase/(decrease) in other liabilities	1,898.25	(1,149.22)
Increase/(decrease) in other financial liabilities	(177.39)	244.86
Increase/(decrease) in provisions	139.22	86.66
<b>Cash generated from operating activities</b>	<b>18,031.90</b>	<b>(4,283.11)</b>
<b>Income Tax (paid)/ refund</b>	<b>(3,220.64)</b>	<b>(2,086.26)</b>
<b>Net cash from operating activities - (A)</b>	<b>14,811.26</b>	<b>(6,369.37)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment including capital work-in-progress	(4,055.33)	(3,248.16)
Acquisition of intangible assets including intangible assets under development	(72.24)	(31.39)
Proceeds from disposal of property, plant and equipment	1,726.11	1,931.50
Payments for purchase of investments	(1,250.39)	(15,125.78)
Proceeds from sale of investments	-	22,977.40
Bank deposits (made)/realised	(12,232.06)	300.27
Interest received	659.11	482.54
<b>Net cash used in investing activities - (B)</b>	<b>(15,224.80)</b>	<b>7,286.38</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance cost paid	(50.48)	(6.59)
Cash payments for the Interest portion of the lease liability	(92.22)	(86.23)
Dividend paid (including corporate dividend tax)	(3.63)	(7.49)
<b>Net cash used in financing activities - (C)</b>	<b>(146.33)</b>	<b>(100.31)</b>
<b>Net increase / (decrease) in cash and cash equivalents - (A+B+C)</b>	<b>(559.87)</b>	<b>816.69</b>
Cash and cash equivalents at the beginning of the year	7,860.17	7,043.48
<b>Cash and cash equivalents at the end of the year [refer note 14]</b>	<b>7,300.30</b>	<b>7,860.17</b>

**Note: The accompanying notes form an integral part of these Consolidated financial statements**

- The above cash flow statement has been prepared under the indirect method as set out in the Ind AS-7-"Statement of cash flow".
- Cash and cash equivalents consist of cash in hand and balances with scheduled banks in current accounts or deposits with original maturity of three months or less (refer note 14).
- For components of cash and cash equivalents refer note no. 14.
- Cash flows from operating activities include Rs. 210.56 Lacs (March 31, 2020: Rs. 16.16 Lacs) being expenses towards Corporate Social Responsibility initiatives.

As per our Report of even date attached

For **Gupta Vigg & Co.**

Chartered Accountants

Firm's Registration Number 001393N

For & on behalf of Board of Directors of

**Sharda Motor Industries Limited**

(CA. Deepak Pokhriyal)  
Partner  
Membership Number: 524778  
UDIN: 21524778AAAACL6596

(Sharda Relan)  
Co-Chairperson  
DIN 00252181

(Ajay Relan)  
Managing Director  
DIN 00257584

(Aashim Relan)  
Chief Executive Officer

(Srinivasan Narasimhan)  
Chief Financial Officer  
M.No. 214036

(Nitin Vishnoi)  
Executive Director & Company Secretary  
M.No. F3632

New Delhi  
June 23, 2021



# Notes to Consolidated financial statements

for the year ended March 31, 2021

## NOTE 1: GROUP INFORMATION

Sharda Motor Industries Limited ("the Company") is primarily engaged in the manufacturing and assembly of Auto Components and White Goods Components. The Company serves as a 'Tier I' vendor for some of the major Automobiles and Electronics Original Equipment Manufacturers (OEMs). It has got a 'State of Art' manufacturing facilities across nine locations in six states of India. The Company's production range includes Exhaust Systems, Catalytic Convertors, Suspension Systems, Sheet Metal Components and Plastic parts for the Automotive and White Goods Industries.

During the year ended March 31, 2020, a scheme of de-merger between the Automobile Seating Business of Sharda Motor Industries Limited ("Transferor Company") was filed before the National Company Law Tribunal, New Delhi ("The Scheme") and the approval on the same was pronounced via order dated February 20, 2020. The de-merger was effectuated for F.Y. 2018-19 in the effect of provisions contained in Para 9 (iii) of Appendix C of Ind AS 103. Wherever applicable, the financial statements for the year ended March 31, 2020 represents the demerged financials of Sharda Motor Industries Limited.

## NOTE 2: BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### 2.1 Statement of Compliance:

The consolidated financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, as amended.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on June 23, 2021.

### 2.2 Basis of preparation and presentation:

The consolidated financial statements have been prepared on the historical cost convention on accrual basis except for certain financial assets and liabilities and net defined benefits (assets)/liability which are measured at fair value and fair value of the plan assets less present value of defined benefits obligations respectively at the end of each reporting year. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services.

The principal accounting policies are set out below.

### 2.3 Basis of consolidation and equity accounting:

#### (i) Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting (see note (iii) below), after initially being recognised at cost.

#### (ii) Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Interests in joint ventures are accounted for using the equity method of accounting (see note (iii) below), after initially being recognised at cost in the consolidated balance sheet.

#### (iii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit and loss, and the Company's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Company's share of losses in equity-accounted investments equals or exceeds its interest in the entity, including any other unsecured long term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment.

- (iv) To the extent possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's individual financial statements. Inconsistency, if any, between the accounting policies of the associates and joint ventures have been disclosed in the notes to accounts.

### 2.4 Going concern:

The board of directors have considered the financial position of the Company at March, 31 2020 and the projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these consolidated financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course. The board of directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

### 2.5 Use of estimates and judgments:

The preparation of consolidated financial statements is in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements:

- useful life of Property, plant and equipment
- useful life of Intangible assets
- provisions and contingent liabilities
- income taxes
- lease classification and judgement regarding whether an arrangement contain a lease

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2021:

- measurement of defined benefit obligations: key actuarial assumptions
- recognition and measurement of provision for warranties, provision for litigations and contingent liabilities: key assumptions about the likelihood and magnitude of an outflow of resources
- the liability for site restoration is measured on the basis of present estimated cost to decommission the asset, current inflation rate and discount rate.

### 2.6 Measurement of fair values:

A number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to measurement of fair values. The directors are responsible for overseeing all significant fair value measurements, including Level 3 fair values. Directors regularly reviews significant unobservable inputs and valuation adjustments.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

### 2.7 Operating cycle:

All assets and liabilities have been classified as current or non-current according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

## NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Revenue recognition and presentation:

Revenue is measured at fair value of consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and service tax, etc.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

#### Sale of goods

Revenue from sale of goods is recognised when the control of goods is transferred to the buyer as per the terms of the contract, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods. Control of goods refers to the ability to direct the use of and obtain substantially all of the remaining benefits from goods. The sales are accounted for net of trade discount, sales tax and sales return. Export sales are recognized at the time of the clearance of goods and approval of Government authorities. Sale includes revision in prices received from customers with retrospective effect.

Revenue arises mainly from the sale of manufactured and traded goods.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

#### Rendering of Services

Revenue from services is recognised as and when the services are rendered and on the basis of contractual terms with the parties.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

**Dividend and Interest Income**

Dividend income from investments is recognised when the shareholders' right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

**3.2 Impairment of Financial Assets :**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting year

**3.3 Impairment of Non-Financial Assets :**

The carrying amounts of the Company's non-financial assets, are reviewed at the end of each reporting year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

An impairment loss is recognized, if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount and is recognised in statement of profit and loss.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**3.4 Recognition of interest expense:**

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments throughout the expected life of the financial instrument to the amortised cost of the financial liability. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

**3.5 Property, Plant and Equipment (PPE):**

Items of PPE are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any.

Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, if any, directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Capital work in progress includes cost of property, plant and equipment (including related expenditure) under installation/ under development as at the balance sheet date.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

An items of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continuous use of assets. Any gain or loss on disposal or retirement of an item of property, plant and equipment determined as the difference between the sale proceeds and the carrying amount of assets are recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

**Depreciation:** Depreciation is provided using the written down value based on useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 and after retaining the residual value of 5% of the original cost of the asset in the said Schedule except in respect of the following cases, where useful life of assets is different than those prescribed in Schedule II based on the technical estimate made by the management.

Asset	Estimated Useful Life (Years)	Useful Life as per Companies Act, 2013 (Years)
Plant & Machinery	20	15
Electrical Fittings	15	10
Tools & Dies	10	Not Specified

The residual value and useful life and method of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively, if appropriate.

Assets purchased during the year costing Rs. 5,000 or less are depreciated at the rate of 100%.

### 3.6 Intangible assets:

Intangible assets comprise of computer software (which does not form an integral part of related hardware), Technical Know-How and Guidance Fee. Computer software which is acquired separately, is recognized initially at cost. Following initial recognition principle, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets under development include cost of assets under installation/under development as at the balance sheet date.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

**Amortisation method and useful lives:** Intangible assets other than Technical Know-How and Guidance Fee are amortized on a straight line basis over the estimated life of three years and Technical Know-How and Guidance Fee is amortised on straight line method over the estimated life of 6 years from the date of capitalisation.

### 3.7 Research & Development Costs:

- The revenue expenditure on research and development is charged as an expense in the year in which it is incurred. However, expenditure on development activities, whereby research findings are applied to a future plan or design for the production of new or substantially improved products and process and has got future benefits is capitalized. Such capitalization includes cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the assets for its intended use.
- Capitalized development expenditure is stated at cost less accumulated depreciation and impairment losses. Depreciation on such capital assets is followed in accordance with the Company's Policy.

### 3.8 Borrowing costs:

Borrowing costs directly attributable to acquisition or construction or production of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets are deducted from the borrowing costs eligible for capitalisation.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

**3.9 Foreign currencies:****Functional and presentational currency**

The Company's consolidated financial statements are presented in Indian Rupees ( Rs. ) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash. All the financial information presented in Rs. Lacs except where otherwise stated.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate prevailing on the date when the transaction first qualifies for recognition. Exchange differences arising on foreign currency transactions settled during the year are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/settlement of all monetary items are recognised in profit or loss.

The Company has one branch office outside India whose financial statement are translated into Indian Rupees as if the transaction of the foreign operation were those of Company itself. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at year end rates. The resultant exchange differences are recognised in profit or loss. Non-monetary assets are recorded at the rates prevailing at the rates on the date of the transaction.

**3.10 Inventories:**

Raw material, Consumable 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 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.

Stock in transit is valued at lower of cost or net realizable value. Scrap is valued at estimated net realizable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

**3.11 Leases:**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities



## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

### **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## **3.12 Employee Benefits:**

### **Short Term Employee Benefits**

All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences, bonus and ex-gratia etc. are recognised in statement of profit and loss in the period in which the employee renders the related service.

A liability is recognised for the amount expected to be paid after deducting any amount already paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. If the amount already paid exceeds the undiscounted amount of the benefits, the Company recognises that excess as an asset /prepaid expense to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

### **Post-Employment Benefits**

#### **Defined contribution plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts.

Retirement benefits in the form of Provident Fund and employee state insurance are a defined contribution scheme and contributions paid/payable towards these funds are recognised as an expense in the statement of profit and loss during the year in which the employee renders the related service. There are no other obligations other than the contribution payable to the respective trusts.



## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

**Defined benefit plan**

The Company has Defined benefits plans namely Gratuity for employees. The gratuity fund are recognised by the income tax authorities and are administered through Company's trusts where a policy with 'Life Insurance Corporation of India' has been taken 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.

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

Remeasurement of gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Other Long Term Employee Benefits**

Liabilities for leave encashment / compensated absences which are not expected to be settled wholly within the operating cycle after the end of the year in which the employees render the related service are measured at the present value of the estimated future cash outflows which is expected to be paid using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

**3.13 Provisions, Contingent liabilities and contingent assets:**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**Litigations:** Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The unwinding of discount is recognised in the statement of profit and loss as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

Contingent assets are disclosed when there is a possible asset that arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

### 3.14 Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial asset and financial liabilities are initially measured at fair value. Transaction cost which are directly attributable to the acquisition or issue of financial instruments (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

#### (a) Financial Assets

All purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset that meets the following two conditions is measured at amortised cost unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test: the objective of the Company's business model is to hold the financial asset to collect the contractual cash flows.
- Cash flow characteristic test: the contractual term of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test: the financial asset is held within a business model whose objective is achieved by both collecting cash flows and selling financial assets.
- Cash flow characteristic test: the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit or loss.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

**Investments in equity instrument at fair value through other comprehensive income (FVTOCI)**

On initial recognition, the Company can make an irrevocable election (on an instrument by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instrument. This election is not permitted if the equity instrument is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains / losses arising from changes in fair value recognised in other comprehensive income. This cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

The Company has an equity investment in an entity which is not held for trading. The Company has elected to measure this investment at amortised cost. Dividend, if any, on this investments is recognised in profit or loss.

**Equity investment in associate and joint venture**

Investments representing equity interest in subsidiaries, associates and joint ventures are carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that do not meet the amortised cost criteria or fair value through other comprehensive income criteria are measured at fair value through profit or loss. A financial asset that meets the amortised cost criteria or fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets and liabilities or recognising the gains or losses on them on different bases.

Investments in mutual funds are measured at fair value through profit and loss. Financial assets which are fair valued through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

**Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

**Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following :

- financial assets measured at amortised cost
- financial assets measured at fair value through other comprehensive income

Expected credit loss are measured through a loss allowance at an amount equal to:

- the twelve month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within twelve months after the reporting date); or
- full life time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

**Derecognition of financial assets**

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

### **Foreign exchange gains and losses:**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost or fair value through profit or loss the exchange differences are recognised in profit or loss except for those which are designated as hedge instrument in a hedging relationship.

Further change in the carrying amount of investments in equity instruments at fair value through other comprehensive income relating to changes in foreign currency rates are recognised in other comprehensive income.

### **(b) Financial liabilities and equity instruments**

#### **Classification of debt or equity**

Debt or equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

#### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

#### **Trade and other payables**

Trade and other payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid.

#### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### **Foreign exchange gains or losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of the reporting period. For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

#### **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

### **3.15 Derivative financial instruments:**

The Company enters into foreign exchange forward contracts and certain other derivative financial instruments to manage its exposure to foreign exchange rate risks and commodity price risks.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument which is recognised in other comprehensive income (net of tax) and presented as a separate component of equity which is later reclassified to profit or loss when the hedge item affects profit or loss.

### 3.16 Taxes:

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

### 3.17 Operating segment:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's CODM to make decisions about resources to be allocated to the segments and assess their performance.

The operations of the Company falls under manufacturing & trading of auto component parts, which is considered to be the only reportable segment by the Company's CODM.

### 3.18 Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

### 3.19 Dividends:

Final dividends on shares are recorded on the date of approval by the shareholders of the Company.

### 3.20 Assets Held for Sale:

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met: (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition. (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

### 3.21 Earnings per share (EPS):

Basic earnings per share are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

# Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

## NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Particulars	CORPORATE OVERVIEW				STATUTORY REPORTS				FINANCIAL SECTIONS
	Freehold Land	Leasehold land (Right of use)	Plant & Machinery	Building Equipment	Office Computers	Furniture & Fixtures	Electric Fittings	Vehicles	Total
<b>Gross carrying amount</b>									
<b>As at March 31, 2019</b>	<b>1,403.31</b>	<b>642.22</b>	<b>18,094.32</b>	<b>4,993.80</b>	<b>247.53</b>	<b>160.55</b>	<b>97.55</b>	<b>1,065.93</b>	<b>27,475.49</b>
Less: Transfer pursuant to scheme of arrangements*	752.84	-	1,660.23	1,235.88	62.82	5.30	23.79	243.87	3,996.88
Add: Additions made during the year	-	-	6,821.92	15.50	17.36	47.75	2.06	8.30	6,967.33
Less: Disposals / adjustments during the year	-	-	1,463.20	-	1.40	1.41	0.86	6.59	1,492.95
<b>As at March 31, 2020</b>	<b>650.47</b>	<b>642.22</b>	<b>21,792.81</b>	<b>3,773.42</b>	<b>200.67</b>	<b>201.59</b>	<b>74.96</b>	<b>823.77</b>	<b>28,952.99</b>
Add: Additions made during the year	-	-	4,470.68	193.34	18.22	62.55	1.92	18.55	4,765.26
Less: Disposals / adjustments during the year	-	111.59	1,383.42	-	-	-	-	-	1,495.23
<b>As at March 31, 2021</b>	<b>650.47</b>	<b>530.63</b>	<b>24,880.07</b>	<b>3,966.76</b>	<b>218.89</b>	<b>264.14</b>	<b>76.88</b>	<b>842.32</b>	<b>32,223.02</b>
<b>Accumulated depreciation and impairment</b>									
<b>As at March 31, 2019</b>	<b>-</b>	<b>26.01</b>	<b>7,702.29</b>	<b>1,344.44</b>	<b>142.25</b>	<b>110.97</b>	<b>55.57</b>	<b>484.41</b>	<b>10,155.96</b>
Less: Transfer pursuant to scheme of arrangements *	-	-	109.49	31.27	3.62	0.70	1.77	12.77	160.75
Add: Depreciation charge for the year	-	8.67	2,930.94	247.15	18.31	34.84	5.56	66.49	3,456.98
Less: On disposals / adjustments during the year	-	-	450.97	-	1.39	1.41	0.86	6.56	473.68
<b>As at March 31, 2020</b>	<b>-</b>	<b>34.68</b>	<b>10,072.77</b>	<b>1,560.32</b>	<b>155.55</b>	<b>143.70</b>	<b>58.50</b>	<b>531.57</b>	<b>12,978.51</b>
Add: Depreciation charge for the year	-	7.89	3,517.27	238.78	17.59	42.37	4.50	52.93	3,990.70
Less: On disposals / adjustments during the year	-	5.84	219.18	-	-	-	-	-	225.02
<b>As at March 31, 2021</b>	<b>-</b>	<b>36.73</b>	<b>13,370.86</b>	<b>1,799.10</b>	<b>173.14</b>	<b>186.07</b>	<b>63.00</b>	<b>584.50</b>	<b>16,744.19</b>

\* Refer note no-42

CONSOLIDATED

FINANCIAL SECTIONS



# Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

## Research & Development

Particulars	Freehold land	Leasehold land (Right of use)	Plant & Machinery	Building	Office Equipment	Computers	Furniture and Fixtures	Electric Fittings	Vehicles	Total
<b>Gross carrying amount</b>										
<b>As at March 31, 2019</b>	-	-	2,348.28	599.63	35.09	44.25	9.56	139.67	28.66	3,205.14
Add: Additions made during the year	-	-	-	-	0.42	16.10	1.85	-	-	18.37
Less: Disposals / adjustments during the year	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	-	-	2,348.28	599.63	35.51	60.35	11.41	139.67	28.66	3,223.51
Add: Additions made during the year	-	-	13.05	-	0.28	25.62	0.27	-	-	39.22
Less: Disposals / adjustments during the year	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2021</b>	-	-	2,361.33	599.63	35.79	85.97	11.68	139.67	28.66	3,262.73
<b>Accumulated depreciation and impairment</b>										
<b>As at March 31, 2019</b>	-	-	1,078.24	81.91	23.18	23.69	4.41	63.01	10.98	1,285.42
Add: Depreciation charge for the year	-	-	305.30	24.74	3.52	13.00	3.03	13.89	5.02	368.50
Less: On disposals / adjustments during the year	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	-	-	1,383.54	106.65	26.70	36.69	7.44	76.90	16.00	1,653.92
Add: Depreciation charge for the year	-	-	222.43	23.55	2.34	26.95	1.29	11.38	3.43	291.37
<b>As at March 31, 2021</b>	-	-	1,605.97	130.20	29.04	63.64	8.73	88.28	19.43	1,945.29
<b>Net carrying amount</b>										
<b>As at March 31, 2021</b>	650.47	493.90	12,264.57	2,637.09	52.50	100.40	16.83	309.21	271.31	16,796.27
<b>As at March 31, 2020</b>	650.47	607.54	12,684.78	2,706.08	53.93	81.55	20.43	354.97	384.32	17,544.07

## Notes:

### 1. Details of assets charged to Banks :

- Hypothecation of movable assets including Plant & Machinery in favour of Yes Bank, Kotak Mahindra Bank Ltd and HDFC Bank for their working capital facilities.
- Refer note no. 11, for disclosure of capital commitment for acquisition of property, plant and equipment.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 5: CAPITAL WORK IN PROGRESS</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Plant & Machinery *	10.65	87.16
	<b>10.65</b>	<b>87.16</b>

\* Rs. 327.20 Lacs has been capitalised and transferred to property, plant & equipments during the year ended March 31, 2021 (March 31, 2020: Rs. 48.84 Lacs).

<b>NOTE 6: RIGHT-OF-USE ASSETS</b>	<b>Factory Building</b>	<b>Cars</b>	<b>Total</b>
<b><u>Gross Carrying Amount</u></b>			
<b>As at April 01, 2019</b>	-	-	-
Add: Transition impact of Ind AS 116*	1,065.79	-	<b>1,065.79</b>
Add: Additions made during the year	-	-	-
<b>As at March 31, 2020</b>	<b>1,065.79</b>	-	<b>1,065.79</b>
Add: Additions made during the year	-	119.03	<b>119.03</b>
Less: Disposals / adjustments during the year	15.95	-	<b>15.95</b>
<b>As at March 31, 2021</b>	<b>1,049.84</b>	<b>119.03</b>	<b>1,168.87</b>
<b><u>Accumulated depreciation and impairment</u></b>			
<b>As at April 01, 2019</b>	-	-	-
Add: Depreciation charge for the year	56.15	-	<b>56.15</b>
Less: On disposals / adjustments during the year	-	-	-
<b>As at March 31, 2020</b>	<b>56.15</b>	-	<b>56.15</b>
Add: Depreciation charge for the year	54.73	11.90	<b>66.63</b>
Less: On disposals / adjustments during the year	-	-	-
<b>As at March 31, 2021</b>	<b>110.88</b>	<b>11.90</b>	<b>122.78</b>
<b><u>Net carrying amount</u></b>			
<b>As at March 31, 2021</b>	<b>938.96</b>	<b>107.13</b>	<b>1,046.09</b>
<b>As at March 31, 2020</b>	<b>1,009.64</b>	-	<b>1,009.64</b>

**\*Note:** 1. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method along with the transition option to recognise Right-of-Use asset ('ROU') at an amount equal to the lease liability.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

### NOTE 7: INTANGIBLE ASSETS

	Computer Software	Technical Knowhow & Guidance	Total
<b>Gross carrying amount</b>			
<b>As at March 31, 2019</b>	<b>88.94</b>	<b>1,179.20</b>	<b>1,268.14</b>
Less: Transfer pursuant to scheme of arrangements *	8.02	-	8.02
Add: Additions made during the year	23.05	-	23.05
<b>As at March 31, 2020</b>	<b>103.97</b>	<b>1,179.20</b>	<b>1,283.17</b>
Add: Additions made during the year	3.03	-	3.03
<b>As at March 31, 2021</b>	<b>107.00</b>	<b>1,179.20</b>	<b>1,286.20</b>
<b>Accumulated amortisation and impairment</b>			
<b>As at March 31, 2019</b>	<b>36.21</b>	<b>1,101.44</b>	<b>1,137.65</b>
Less: Transfer pursuant to scheme of arrangements *	1.39	-	1.39
Add: Amortisation for the year	22.23	77.76	99.99
<b>As at March 31, 2020</b>	<b>57.05</b>	<b>1,179.20</b>	<b>1,236.25</b>
Add: Amortisation for the year	25.96	-	25.96
<b>As at March 31, 2021</b>	<b>83.01</b>	<b>1,179.20</b>	<b>1,262.21</b>

\* Refer note no-42.

### Research & Development

Particulars	Computer Software	Technical Knowhow & Guidance	Total
<b>Gross carrying amount</b>			
<b>As at March 31, 2019</b>	<b>168.12</b>	<b>22.54</b>	<b>190.66</b>
Add: Additions made during the year	14.97	-	14.97
<b>As at March 31, 2020</b>	<b>183.09</b>	<b>22.54</b>	<b>205.63</b>
Add: Additions made during the year	69.21	-	69.21
<b>As at March 31, 2021</b>	<b>252.30</b>	<b>22.54</b>	<b>274.84</b>
<b>Accumulated amortisation and impairment</b>			
<b>As at March 31, 2019</b>	<b>122.47</b>	<b>22.54</b>	<b>145.01</b>
Add: Amortisation for the year	39.66	-	39.66
<b>As at March 31, 2020</b>	<b>162.13</b>	<b>22.54</b>	<b>184.67</b>
Add: Amortisation for the year	23.80	-	23.80
<b>As at March 31, 2021</b>	<b>185.93</b>	<b>22.54</b>	<b>208.47</b>
<b>Net carrying amount</b>			
<b>As at March 31, 2021</b>	<b>90.36</b>	<b>-</b>	<b>90.36</b>
<b>As at March 31, 2020</b>	<b>67.88</b>	<b>-</b>	<b>67.88</b>

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 8: INVESTMENTS</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>NON-CURRENT</b>		
<b>A - Investment in Associate and Joint Venture</b>		
Investments measured at cost		
<b>i. In equity shares of Associate</b>		
Unquoted, fully paid up		
4,90,000 (March 31, 2020: 4,90,000) Equity shares of Rs. 10 each of Relan Industrial Finance Limited	330.87	366.69
	<b>330.87</b>	<b>366.69</b>
<b>ii. In equity shares of Joint Venture</b>		
<b>Unquoted, fully paid up</b>		
3,75,00,000 (March 31, 2020: 2,50,00,000) Equity shares of Rs. 10 each of Exhaust Technology Private Limited	2,008.56	1,916.87
	<b>2,008.56</b>	<b>1,916.87</b>
<b>Total (i+ii)</b>	<b>2,339.43</b>	<b>2,283.56</b>
<b>B - Other Investments</b>		
<b>In equity shares of Other</b>		
Unquoted, fully paid up		
38,500 (March 31, 2020: 34,500) Equity shares of Rs. 10 each of Windage Power Company Private Limited	3.85	3.45
	<b>3.85</b>	<b>3.45</b>
<b>Total (A+B)</b>	<b>2,343.28</b>	<b>2,287.01</b>

## Information about Associate &amp; Joint Venture

Name of the Company, Country of Incorporation, Principal Activities	Proportion (%) of equity interest	
	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Associate</b>		
Relan Industrial Finance Limited, India, Service provider of investments	47.12	47.12
<b>Joint Venture</b>		
Exhaust Technology India Private Limited, India, Manufacturing. of exhaust systems	50.00	50.00
<b>CURRENT</b>		
<b>Investment measured at fair value through profit or loss</b>		
<b>C. Investment In Tax Free Bond (Quoted)</b>		
- 50 (March 31, 2020: 50) units NHAI 2030 - Tax free Bond	635.02	597.99
- 50,000 (March 31, 2020: 50,000) units REC 2022 - Tax free Bond	545.00	540.01
- 50,000 (March 31, 2020: 50,000) units IRFC 2022 - Tax free Bond	533.97	538.06
<b>Total (C)</b>	<b>1,713.99</b>	<b>1,676.06</b>
<b>Total (A+B+C)</b>	<b>4,057.27</b>	<b>3,963.07</b>
Aggregate value of unquoted investments	2,343.28	2,287.01
Aggregate value of quoted investments	1,606.91	1,606.91
Market value of quoted investments	1,713.99	1,676.06
Aggregate value of impairment in the value of investment	-	-

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 9: OTHER FINANCIAL ASSETS</b> (Unsecured and considered good, unless otherwise stated)	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>A - Non- current</b>		
Security deposits (Refer to note 'a' below)	205.43	222.97
Deposits with original maturity of more than 12 months and remaining maturity of more than 12 months	195.17	-
<b>Total (A)</b>	<b>400.60</b>	<b>222.97</b>
<b>B - Current</b>		
Staff Advance	24.30	28.24
Interest accrued on fixed deposits	561.87	214.79
Interest accrued others	2.07	6.07
Receivable from related parties (Refer to note 'b' below)	7.10	250.54
<b>Total (B)</b>	<b>595.34</b>	<b>499.64</b>
<b>Total (A+B)</b>	<b>995.94</b>	<b>722.61</b>

a) Security deposits are not in the nature of loans hence classified as part of other financial assets.

b) For detailed related party disclosures, refer note no. 37.

<b>NOTE 10: NON-CURRENT TAX ASSET</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Advance Income Tax [Net of provision for income tax of Rs. 15,880.40 Lacs (March 31, 2020: Rs. 12,830.39 Lacs)]	448.86	278.22
	<b>448.86</b>	<b>278.22</b>

<b>NOTE 11: OTHER ASSETS</b> (Unsecured and considered good, unless otherwise stated)	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>A - Non- Current</b>		
Capital advances (refer note below)	289.17	1,000.42
Prepaid Expenses	12.51	10.94
<b>Total (A)</b>	<b>301.68</b>	<b>1,011.36</b>
<b>B - Current</b>		
Balance with Statutory Authorities	38.59	28.42
Advances to Suppliers	261.75	280.75
Prepaid Expenses	237.00	174.85
Other Receivable *	6.81	3.97
<b>Total (B)</b>	<b>544.15</b>	<b>487.99</b>
<b>Total (A+B)</b>	<b>845.83</b>	<b>1,499.35</b>

\* Other receivable includes duty drawback receivable, staff imprest account etc.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**Note: Details of Capital commitment is as follows:**

Particulars	As At March 31, 2021	As At March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts, net of capital advance.	337.33	630.06
	337.33	630.06

**NOTE 12: INVENTORIES**

(Valued at lower of cost or net realizable value)

	As At March 31, 2021	As At March 31, 2020
Raw Materials	10,890.29	8,604.20
Raw Materials - In Transit	290.14	232.27
Work In Progress	2,399.21	1,653.49
Consumable Stores and Spares	277.15	203.46
	<b>13,856.79</b>	<b>10,693.42</b>

**Note:**

1. The mode of valuation of inventories has been stated in note 3.10.
2. Inventories have been pledged to secure cash credit facilities from banks. Company is not allowed to pledge these assets as security for other borrowings.

**NOTE 13: TRADE RECEIVABLES**

	As At March 31, 2021	As At March 31, 2020
Secured, Considered Good	-	-
Unsecured, Considered Good	32,432.56	11,705.33
Unsecured, Considered credit impaired	32.40	2.51
	32,464.96	11,707.84
Less: Impairment allowance (allowance for bad and doubtful debts)		
Considered credit impaired	32.40	2.51
	<b>32,432.56</b>	<b>11,705.33</b>

- a) Trade receivables have been pledged to secure cash credit facilities from banks. Company is not allowed to pledge these assets as security for other borrowings.
- b) Trade receivables are non-interest bearing and are generally on terms of not more than 60 days.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 14: CASH AND CASH EQUIVALENTS</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Balances with banks:</b>		
- on current account	2,799.46	7,859.97
- deposits with original maturity of less than 3 months	4,500.00	-
Cash on hand	0.84	0.20
- Foreign Currency	-	-
	<b>7,300.30</b>	<b>7,860.17</b>

a) Short-term deposits are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

<b>NOTE 15: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Balances with banks:</b>		
Unclaimed dividend account	28.58	32.21
Deposits with original maturity of more than 3 months but less than 12 months	3,120.16	2,628.30
Deposits with original maturity of more than 12 months but remaining maturity less than 12 months	15,853.83	4,110.00
	<b>19,002.57</b>	<b>6,770.51</b>

<b>NOTE 16: ASSET HELD FOR SALE</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Assets held for sale *	18.00	18.00
	<b>18.00</b>	<b>18.00</b>

\* During FY 2017-18 the company had identified certain Plant & Equipment of Rs. 17.23 Lacs, Electrical fittings of Rs. 0.74 Lacs and other assets\*\* of Rs. 0.03 lakh which were moved to Asset held for sale. During the year company could not sell these assets due to COVID-19 pandemic. However, the management of the company is intended to dispose off these assets within next 12 months as soon as the current pandemic situation eases.

\*\* Other assets includes electrical fitting, office equipment & computer.



## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 17: EQUITY SHARE CAPITAL</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Authorised Share Capital</b>		
5,00,00,000* (March 31, 2020: 5,00,00,000) equity shares of Rs. 10 each	5,000.00	5,000.00
<b>Issued, subscribed and fully paid up</b>		
59,46,326* (March 31, 2020: 59,46,326) equity shares of Rs. 10 each	594.63	594.63
	<b>594.63</b>	<b>594.63</b>

\*Note: Number of Shares are given in absolute numbers.

## a) Reconciliation of share capital:

	<b>As At March 31, 2021</b>		<b>As At March 31, 2020</b>	
	<b>No. of shares</b>	<b>Amount</b>	<b>No. of shares</b>	<b>Amount</b>
<b>Balance as at the beginning of the year</b>	<b>59,46,326</b>	<b>594.63</b>	<b>59,46,326</b>	<b>594.63</b>
Issue/buy back during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>59,46,326</b>	<b>594.63</b>	<b>59,46,326</b>	<b>594.63</b>

## b) Terms/ rights attached to equity shares:

- (i) 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. Dividend of Rs. 2.63/-\*\* per equity share was proposed by the Board of Directors during the year (March 31, 2020: Nil per share). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

\* The board of directors of the company at its meeting held on March 30, 2021, has considered & approved April 19, 2021 as the record date for determining eligibility of members for the purpose of sub-division of each equity shares of face value of Rs. 10/- each as 5 equity share of face value of Rs. 2/- each.

\*\* Proposed dividend of Rs. 2.63/- was declared per equity share of face value of Rs.2/- per share after sub-division.

- (ii) During the year, no interim dividend (March 31, 2020: Rs. Nil per share) has been recognized as distributions to equity shareholders.

## c) Details of shareholders holding more than 5% shares in the Company

<b>Name of Party</b>	<b>As At March 31, 2021</b>		<b>As At March 31, 2020</b>	
	<b>No. of shares</b>	<b>Holding %</b>	<b>No. of shares</b>	<b>Holding %</b>
Ajay Relan	34,74,276	58.43%	19,27,219	32.41%
Rohit Relan	-	-	7,00,268	11.78%
Ritu Relan	-	-	7,42,520	12.49%
Mala Relan	5,20,826	8.76%	5,20,826	8.76%
Aashim Relan	3,04,440	5.12%	3,04,440	5.12%

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 18: OTHER EQUITY</b>	<b>Amount</b>
<b>a) General Reserve</b>	
<b>Balance as at March 31, 2019</b>	<b>21,025.68</b>
Movement during the year	-
<b>Balance as at March 31, 2020</b>	<b>21,025.68</b>
Movement during the year	-
<b>Balance as at March 31, 2021</b>	<b>21,025.68</b>
The general reserve is created from, time to time transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.	
<b>b) Capital Reserve</b>	
<b>Balance as at March 31, 2019</b>	<b>0.20</b>
Movement during the year	-
<b>Balance as at March 31, 2020</b>	<b>0.20</b>
Movement during the year	-
<b>Balance as at March 31, 2021</b>	<b>0.20</b>
<b>c) Retained Earnings</b>	
<b>Balance as at March 31, 2019</b>	<b>25,842.09</b>
Loss on account of assets & liabilities transferred pursuant to scheme (refer note no.42)	(16,234.59)
Add:- Profit for the year	5,229.25
<b>Balance as at March 31, 2020</b>	<b>14,836.75</b>
Add:- Profit for the year	6,627.76
<b>Balance as at March 31, 2021</b>	<b>21,464.51</b>
<b>Notes:</b>	
1. General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.	
2. Capital Reserve: The company recognise profit & loss on sale, purchase, cancellation and forfeiture of the company's own equity instruments to capital reserve	
3. Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.	
	<b>Amount</b>
<b>Total Other Equity:</b>	
<b>As at March 31, 2020</b>	<b>35,862.63</b>
a) General Reserve	21,025.68
b) Capital Reserve	0.20
c) Retained Earnings	14,836.75
<b>As at March 31, 2021</b>	<b>42,490.39</b>
a) General Reserve	21,025.68
b) Capital Reserve	0.20
c) Retained Earnings	21,464.51

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 19: OTHER FINANCIAL LIABILITIES</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>A - Non Current</b>		
Security deposit	27.79	27.79
Lease liabilities	1,128.17	1,014.73
<b>Total (A)</b>	<b>1,155.96</b>	<b>1042.52</b>
<b>B - Current</b>		
Payable to related party (refer note no. 37)	47.14	241.23
Unclaimed dividends (refer note (a) below)	28.58	32.21
Lease liabilities	62.04	57.17
Creditors for capital goods-micro and small enterprises	28.09	11.39
Creditors for capital goods- Other than micro and small enterprises	863.65	904.76
<b>Total (B)</b>	<b>1,029.50</b>	<b>1,246.76</b>
<b>Total (A+B)</b>	<b>2,185.46</b>	<b>2,402.72</b>

a) There are no amount due for payment to the Investor Education and Protection Fund under Section 125(1) of the Companies Act, 2013 as at March 31, 2021 (March 31, 2020: Nil)

<b>NOTE 20: PROVISIONS</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>A - Non- current</b>		
<b>Provision for employee benefits :</b>		
Provision for compensated absences (refer note 36)	175.10	197.54
<b>Others :</b>		
Provision for warranty	345.11	246.79
<b>Total (A)</b>	<b>520.21</b>	<b>444.33</b>
<b>B - Current</b>		
<b>Provision for employee benefits :</b>		
Provision for compensated absences (refer note 36)	255.61	156.66
Provision for gratuity (refer note 36)	210.16	312.02
<b>Others :</b>		
Provision for warranty	278.84	175.70
<b>Total (B)</b>	<b>744.61</b>	<b>644.38</b>
<b>Total (A+B)</b>	<b>1,264.82</b>	<b>1,088.71</b>

**Disclosure for warranty claim payable**

	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Provision for warranty claim</b>		
Opening Balance	422.49	499.02
Less: Transfer pursuant to scheme of arrangements	-	185.96
Add: Provision made during the year	413.76	175.70
Less: Paid/reversed during the year	212.30	66.27
<b>Balance at the end of the year</b>	<b>623.95</b>	<b>422.49</b>

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

NOTE 20.1 CONTINGENT LIABILITIES	As At March 31, 2021	As At March 31, 2020
(a) Claims against the Company not acknowledged as debts		
i) Disputed State Tax Matters	129.83	65.01
ii) Disputed Excise Matters	-	1.51
iii) Disputed Service Tax Matters	-	53.75
iv) Disputed GST Matters	24.37	-
v) Disputed Income Tax Matters	397.61	385.20
vi) Disputed Central Excise Matters	440.00	440.00
vii) Bill discounting	2,331.60	749.16
viii) Dispute with Vendor	6.96	6.96
ix) Others	12.11	6.86
(b) Letter of Credit		
i) Foreign	4,507.77	3,121.84
ii) Inland	4,121.16	613.66

**Notes:**

- (i) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.
- (ii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Company does not expect any reimbursements in respect of the above contingent liabilities.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 21: TRADE PAYABLES</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
- Total outstanding dues of micro and small enterprises	1,023.12	349.28
- Outstanding dues of creditors other than micro and small enterprises	46,105.82	20,302.37
	<b>47,128.94</b>	<b>20,651.65</b>

- a) Trade payables are non-interest bearing and are normally settled on 90-day terms (except for MSME). The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note no 41.
- b) As per Schedule III of Companies Act, 2013 & notification number GSR 719 (E) dated November 16, 2007, the amount due as of March 31, 2021 to micro and small enterprises as defined in Industries (Development and Regulation) Act, 1951.

Details of dues to Micro and Small enterprises as defined under the MSMED Act, 2006.

	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
- Principal amount due	988.85	347.56
- Interest accrued and due on above	34.27	1.72
	<b>1,023.12</b>	<b>349.28</b>
(i) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payments made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(ii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	Nil	Nil
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	36.28	2.01
(iv) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	Nil	Nil

i. The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

<b>NOTE 22: OTHER LIABILITIES</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
<b>Current</b>		
Advance from customers	1,395.95	807.95
Statutory dues	2,066.02	864.64
Others *	147.00	38.13
<b>Total</b>	<b>3,608.97</b>	<b>1,710.72</b>

\* Other comprises of custom duty, earnest money received and staff payable etc.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 23: REVENUE FROM OPERATIONS</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>Sale of Product</b>		
- Finished goods	1,68,779.31	80,881.81
- Traded goods	3,621.58	4,839.27
	1,72,400.89	85,721.08
Sale of services	519.33	129.56
Other Operating Revenues		
- Sale of scrap	733.38	448.17
<b>Revenue from operations</b>	<b>1,73,653.60</b>	<b>86,298.81</b>

<b>NOTE 24: OTHER INCOME</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Interest Income		
- Fixed deposits with banks	878.12	421.97
- Others *	124.06	123.14
Profit on sale of current investments designated at FVTPL	-	250.54
Net gain on disposal of property, plant and equipments	455.90	886.79
Management support supply services **	-	227.61
Fair value gain on current investments designated at FVTPL	37.94	13.85
Net profit on foreign exchange fluctuation	88.48	-
Miscellaneous income	560.53	449.37
	<b>2,145.03</b>	<b>2,373.27</b>

\* Others comprises of interest received on Tax free bond, deposits with electricity boards etc.

\*\* Refer related party note no. 37.

<b>NOTE 25: COST OF RAW MATERIAL CONSUMED</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>Raw Material</b>		
Balance at the beginning of the year	8,604.20	7,659.54
Less: Transfer pursuant to scheme of arrangements (Refer note no-42)	-	410.38
Add:- Purchases during the year	1,41,591.44	55,065.79
Less:- Balances of raw material at the end of the year	10,890.29	8,604.20
<b>Total cost of raw material consumption</b>	<b>1,39,305.35</b>	<b>53,710.75</b>

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 26: PURCHASE OF STOCK IN TRADE</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Purchase of stock in trade	3,386.07	4,548.02
	<b>3,386.07</b>	<b>4,548.02</b>

<b>NOTE 27: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	-	-
Work- in- progress	1,653.49	2,108.06
Less: Transfer pursuant to scheme of arrangements (Refer note no-42)	-	125.40
<b>(A)</b>	<b>1,653.49</b>	<b>1,982.66</b>
<b>Inventories at the end of the year</b>		
Finished goods	-	-
Work- in- progress	2,399.21	1,653.49
<b>(B)</b>	<b>2,399.21</b>	<b>1,653.49</b>
<b>(Increase) / Decrease</b>		
Finished goods	-	-
Work- in- progress	(745.72)	329.17
<b>(Increase) / Decrease in Inventories (A-B)</b>	<b>(745.72)</b>	<b>329.17</b>

<b>NOTE 28: EMPLOYEE BENEFITS EXPENSE</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Salaries, wages & other benefits	7,130.08	7,531.04
Contribution to provident and other funds	394.48	382.32
Gratuity (refer note 36)	148.00	120.59
Staff welfare expenses	489.49	463.02
	<b>8,162.05</b>	<b>8,496.97</b>
<b>* Defined contribution plans</b>		
<b>Amount recognised in statement of profit &amp; loss</b>		
Employee state insurance	29.98	33.66
Provident fund	364.10	348.26
Welfare fund	0.40	0.40
	<b>394.48</b>	<b>382.32</b>

<b>NOTE 29: FINANCE COST</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Interest expense	50.48	6.59
Interest on lease liabilities	92.22	86.23
	<b>142.70</b>	<b>92.82</b>



## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 30: DEPRECIATION AND AMORTIZATION EXPENSE</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Depreciation on property, plant and equipment	4,282.07	3,825.49
Amortization of intangible assets	49.76	139.64
Depreciation on right-of-use assets	66.63	56.15
	<b>4,398.46</b>	<b>4,021.28</b>

<b>NOTE 31: OTHER EXPENSES</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Consumable tools	134.38	207.05
Power & fuel	737.33	676.49
Hire labour charges	3,475.12	2,530.77
Manufacturing expenses	412.07	223.84
Rent, rates & taxes	125.71	236.40
Repair & maintenance		
-Repair to building	34.90	27.49
-Repair to plant & equipments	295.86	241.06
-Repair others	173.40	156.83
Net loss on foreign exchange fluctuation	-	10.40
Royalty fees	167.06	0.21
Research & development expenses (refer details 'c' below)	1,684.05	2,443.32
Travelling & conveyance	397.13	780.59
Insurance	123.37	66.21
Communication cost	58.48	71.59
Director's sitting fee & commission	15.40	17.80
Legal & professional expenses	326.19	356.43
Corporate Social Responsibility expenses (refer details 'b' below)	210.56	16.16
Warranty claim	413.76	175.70
Selling expenses	15.07	1.32
Packing material	326.33	166.28
Freight outward	497.07	355.31
Auditor's remuneration (refer details 'a' below)	19.35	16.25
Miscellaneous expenses	979.14	848.04
<b>Total</b>	<b>10,621.73</b>	<b>9,625.54</b>

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

## a) Details of payment made to auditors is as follows:

Payment to auditors	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>As auditor:</b>		
- Statutory audit fee	13.35	9.35
- Tax audit fee *	5.50	5.50
<b>In Other Capacity:</b>		
- Reimbursement of expenses	0.45	0.75
- Other services	0.05	0.65
	<b>19.35</b>	<b>16.25</b>

\* Tax audit fee has been provided for auditors other than Statutory Auditor for current year as well as previous year.

## b) Details of Corporate Social Responsibility (CSR) expenditure is as follows:

- i) Gross amount required to be spent by the Company during the year (i.e. 2% of Average Net profits u/s 198 of Companies Act, 2013 of last three years): Rs. 210.56 Lacs (March 31, 2020: Rs. 209.01 Lacs)
- ii) Amount spent during the year

Purpose for which expenditure incurred	Remarks	For the year ended March 31, 2021	For the year ended March 31, 2020
- Construction/acquisitions of any asset		-	-
- On purpose other than (i) above	Payment to 'Sharda CSR Foundation Trust' for incurring CSR Expenditure	72.98	16.16
Amount transferred to unspent account *		137.58	-
Amount yet to be spent		-	192.85
<b>Total</b>		<b>210.56</b>	<b>209.01</b>

\* The Company has created a provision for unspent amount of Rs. 137.58 Lacs in FY 2020-21 and transferred the same in separate bank account as per notification no. G.S.R. 40(E) dated January 22, 2021 issued by the ministry of corporate affairs (MCA).

## c) Research &amp; Development Expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Research & development expenses include:		
- Purchases	39.16	90.96
- Salary, wages and other allowance	1,030.47	1,324.51
- Travelling expenses	21.60	169.13
- Design, development and other expenses	592.82	858.72
	<b>1,684.05</b>	<b>2,443.32</b>

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**NOTE 32: INCOME TAX**

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are as below:

**Income tax recognised in profit or loss**

	As At March 31, 2021	As At March 31, 2020
<b>Current tax</b>		
In respect of current year	3,050.00	2,456.00
	3,050.00	2,456.00
<b>Deferred tax</b>		
In respect of current year	(381.04)	(383.83)
	(381.04)	(383.83)
<b>Income tax expense recognised in the current year</b>	<b>2,668.96</b>	<b>2,072.17</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

	As At March 31, 2021	As At March 31, 2020
<b>Profit before tax</b>	<b>10,527.99</b>	<b>7,847.53</b>
Tax at the Indian tax rate of 25.168% (March 31, 2020: 25.168%)	2,649.68	1,971.48
Effect of expenses that are not deductible in determining taxable profit	65.84	4.07
Others	(46.56)	96.62
<b>Tax expenses recognised in statement of profit or loss</b>	<b>2,668.96</b>	<b>2,072.17</b>

The tax rate used for the current year reconciliation above is the corporate tax rate of 25.168% (March 31, 2020: 25.168%) payable by corporate entities in India on taxable profits under the Indian tax law.

**NOTE 33: INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME**

	As At March 31, 2021	As At March 31, 2020
<b>Deferred tax assets / (liabilities)</b>		
<b>Arising on income and expenses recognised in other comprehensive income</b>		
Remeasurement of defined benefit obligation	12.49	3.21
<b>Total tax recognised in other comprehensive income</b>	<b>12.49</b>	<b>3.21</b>

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**NOTE 34: DEFERRED TAX BALANCES**

The following is the analysis of deferred tax (assets) / liabilities presented in the Consolidated balance sheet

	As At March 31, 2021	As At March 31, 2020
<b>Deferred tax assets</b>	<b>348.96</b>	<b>305.68</b>
Deferred tax liabilities/(reversal of deferred tax liabilities)	(22.76)	327.49
<b>Net deferred tax liabilities/(assets)</b>	<b>(371.72)</b>	<b>21.81</b>

	As At March 31, 2019	Recognised in Profit or loss	Recognised in OCI	As At March 31, 2020
<b>Deferred tax assets</b>				
Defined benefit obligation	171.32	(8.47)	3.21	166.06
Expenses deductible in future years	136.29	(32.50)	-	103.79
Others	0.93	34.90	-	35.83
<b>Total deferred tax assets</b>	<b>308.54</b>	<b>(6.07)</b>	<b>3.21</b>	<b>305.68</b>
<b>Deferred tax liabilities</b>				
Investment in mutual funds & bonds at FVTPL	289.65	(286.17)	-	3.48
Property, plant and equipment and intangible assets	614.09	(121.04)	-	493.05
Others	(189.55)	20.51	-	(169.04)
	<b>714.19</b>	<b>(386.70)</b>	<b>-</b>	<b>327.49</b>
<b>Net deferred tax liabilities/(assets)</b>	<b>405.65</b>	<b>(380.63)</b>	<b>(3.21)</b>	<b>21.81</b>

	As At March 31, 2020	Recognised in Profit or loss	Recognised in OCI	As At March 31, 2021
<b>Deferred tax assets</b>				
Defined benefit obligation	166.06	(6.38)	12.49	172.17
Expenses deductible in future years	103.79	(5.82)	-	97.97
Others	35.83	42.99	-	78.82
<b>Total deferred tax assets</b>	<b>305.68</b>	<b>30.79</b>	<b>12.49</b>	<b>348.96</b>
<b>Deferred tax liabilities</b>				
Investment in mutual funds & bonds at FVTPL	3.48	6.06	-	9.54
Property, plant and equipment and intangible assets	493.05	(375.33)	-	117.72
Others	(169.04)	19.02	-	(150.02)
	<b>327.49</b>	<b>(350.25)</b>	<b>-</b>	<b>(22.76)</b>
<b>Net deferred tax liabilities/(assets)</b>	<b>21.81</b>	<b>(381.04)</b>	<b>(12.49)</b>	<b>(371.72)</b>

**Note:** Deferred tax assets and deferred tax liabilities have been offset as they are governed by the same taxation laws.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

<b>NOTE 35: EARNINGS PER SHARE (EPS)</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Profit attributable to equity holders of the Company used in calculating basic earnings per share and diluted earning per share <b>(A)</b>	6,664.90	5,238.78
Weighted average number of shares for the purpose of basic earning per share and diluted earning per share (numbers) <b>(B)</b>	<b>59.46</b>	<b>59.46</b>
Basic earnings per share (in Rs.) - <b>(A/B)</b>	112.08	88.10
Diluted earnings per share (in Rs.) - <b>(A/B)</b>	112.08	88.10

The board of directors of the company at its meeting held on March 30, 2021, has considered & approved April 19, 2021 as the record date for determining eligibility of members for the purpose of sub division of each equity shares of face value of Rs. 10/- each as 5 equity share of face value of Rs. 2/- each. The impact of the same is not considered in determining current year EPS.

### NOTE 36: GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

#### a) Defined contribution plans

The Company makes contribution towards Employees Provident Fund, Employee's State Insurance scheme and Employee Welfare Fund. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The contributions are made to registered funds administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The Company during the year recognised the following amount in the Statement of profit and loss account under Company's contribution to defined contribution plan:

	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Employer's Contribution to Provident Fund/ Pension Fund	364.10	348.26
Employer's Contribution to Employee State Insurance	29.97	33.66
Employer's Contribution to Employee Welfare Fund	0.40	0.40
<b>Total</b>	<b>394.47</b>	<b>382.32</b>

The contribution payable to these schemes by the Company are at the rates specified in the rules of the schemes.

#### b) Defined benefit plans

In accordance with Ind AS 19 "Employee benefits", an actuarial valuation on the basis of "Projected Unit Credit Method" was carried out, through which the Company is able to determine the present value of obligations. "Projected Unit Credit Method" recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation.

##### i) Gratuity scheme

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. 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 services as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**ii) Compensated absences**

The Company operates compensated absences plan wherein every employee is entitled to the benefit equivalent to 26 days leave salary for every completed year of service subject to maximum 45 accumulations of leaves. The salary for calculation of earned leave is last drawn salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee. Short term compensated absences are recognised in the statement of profit and loss on the basis of actual liability and long term compensated absences are recognised on the basis of actuary valuation which is an unfunded defined benefit plan.

**These plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, longevity risk and salary risk.**

**Investment Risk**

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Interest Risk**

The plan expose the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

**Longevity Risk**

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary Risk**

The present value of defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

- c) The following tables summarize the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the defined benefit plan (viz. gratuity and compensated absences). Leave encashment include earned leaves and sick leaves. These have been provided on accrual basis, based on year end actuarial valuation.

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Present value of obligation as at the beginning of the year	1,300.50	354.21	1,212.65	336.61
Acquisition adjustment	-	-	(103.58)	(15.53)
Add: Interest cost	82.60	20.30	79.85	23.12
Add: Current service cost	142.28	82.73	132.65	77.80
Add: Past service cost	-	-	-	-
Less: Benefits paid	(97.42)	(22.78)	(35.94)	(15.03)
Add: Actuarial (gain) / loss	53.55	(3.75)	14.87	(52.76)
<b>Present value of obligation as at the end of the year</b>	<b>1,481.51</b>	<b>430.71</b>	<b>1,300.50</b>	<b>354.21</b>

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

## d) Components of expenses recognised in the statement of profit or loss in respect of:

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Current service cost	142.28	82.73	132.65	77.80
Past service cost	-	-	-	-
Interest cost	19.33	20.30	11.19	23.12
Remeasurements	-	(3.75)	-	-
Return on plan assets	-	-	-	-
Actuarial (gain) / loss	-	-	-	(52.76)
<b>Expenses recognised in profit/loss (Refer Note Below)</b>	<b>161.61</b>	<b>99.28</b>	<b>143.84</b>	<b>48.16</b>

**Note:** Gratuity expense of Rs. 160.53 Lacs (March 31, 2020: Rs. 130.12 Lacs) has been recognised in Statement of Profit & Loss and Rs. 12.53 Lacs (March 31, 2020: Rs. 26.52 Lacs) in R&D expenditure.

## e) Components of expenses recognised in the other comprehensive income in respect of:

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Actuarial (gains) / losses	-	-	14.87	0.02
Actuarial (gains) / losses	-	-	-	-
- changes in demographic assumptions	14.33	-	-	5.98
- changes in financial assumptions	39.22	-	-	(58.76)
- experience variance	(3.92)	-	(2.13)	-
Return on plan assets, excluding amount recognised in net interest expense	-	-	-	-
<b>Component of defined benefit costs recognised in other comprehensive income</b>	<b>49.63</b>	<b>-</b>	<b>12.74</b>	<b>(52.76)</b>

**Note:**

- The current service cost and the interest expense for the year are included in the 'Employee benefits expense' in the profit or loss.
- The remeasurement of the net defined benefit liability is included in other comprehensive income.



## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

## f) Changes in the fair value of the plan assets are as follows:

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Fair value of plan assets at the beginning	988.55	-	1,058.98	-
Acquisition adjustment	-	-	(105.36)	-
Add: Investment income	63.27	-	68.66	-
Add: Expected return on plan assets	3.92	-	2.13	-
Add: Employer's contribution	313.02	-	0.08	-
Add: Employee's contribution	-	-	-	-
Less: Benefits paid	(97.42)	-	(35.94)	-
Add: Actuarial gains / (losses) on the plan assets	-	-	-	-
Fair value of plan assets at the end	<b>1,271.34</b>	-	<b>988.55</b>	-

## g) The principal assumptions used for the purpose of the actuarial valuations were as follows:

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Economic assumptions				
1 Discount rate	6.20%	6.20%	6.40%	6.40%
2 Rate of increase in compensation levels	10.00%	10.00%	10.00%	10.00%
Demographic assumptions				
1 Expected average remaining working lives of employees (years)	22.29	22.22	23.26	23.19
2 Retirement Age (years)	58	58	58	58
3 Mortality Rate	Indian Assured Lives Mortality (2006-08) (modified) ultimate		Indian Assured Lives Mortality (2006-08) (modified) ultimate	
Withdrawal Rate				
1 Ages up to 30 Years	20.00%	20.00%	20.00%	20.00%
2 Ages from 30-44	20.00%	20.00%	20.00%	20.00%
3 Above 44 years	20.00%	20.00%	20.00%	20.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

#### h) Net (assets) / liabilities recognized in the Balance Sheet and experience adjustments on actuarial gain / (loss) for benefit obligation and plan assets.

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
Present value of obligation	1,481.51	430.71	1,300.50	354.21
Fair value of plan assets	1,271.34	-	988.55	-
<b>Net (assets) / liability</b>	<b>210.17</b>	<b>430.71</b>	<b>311.96</b>	<b>354.21</b>
<b>Classification into long term and short term:</b>				
- Classified as long term	-	175.09	-	197.54
- Classified as short term	210.17	255.61	311.96	156.67
<b>Total</b>	<b>210.17</b>	<b>430.70</b>	<b>311.96</b>	<b>354.21</b>

#### i) A quantitative sensitivity analysis for significant assumption is as shown below:

Significant actuarial assumption for the determination of defined obligation are discount rate, expected salary growth rate, attrition rate and mortality rate. The sensitivity analysis below have been determined based on reasonably possible changes in respective assumption occurring at the end of reporting period, while holding all other assumptions constant.

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
<b>A. Discount rate</b>				
Effect on defined benefit obligation due to 1% increase in Discount Rate	(69.45)	(9.41)	(57.13)	(7.43)
Effect on defined benefit obligation due to 1% decrease in Discount Rate	73.75	10.01	60.29	7.90
<b>B. Salary escalation rate</b>				
Effect on defined benefit obligation due to 1% increase in Salary Escalation Rate	67.64	9.57	54.66	7.57
Effect on defined benefit obligation due to 1% decrease in Salary Escalation Rate	(61.96)	(9.17)	(51.32)	(7.25)
<b>C. Mortality rate *</b>				
Effect on defined benefit obligation due to 1% increase in mortality rate	-	-	-	-
Effect on defined benefit obligation due to 1% decrease in mortality rate	-	-	-	-

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

j) **Maturity profile of defined benefit obligation is as follows:**

	As At March 31, 2021		As At March 31, 2020	
	Gratuity (funded)	Earned leave (Unfunded)	Gratuity (funded)	Earned leave (Unfunded)
1 year	253.88	176.85	234.48	156.66
2 to 5 years	794.84	185.18	598.80	146.86
More than 5 years	1,105.77	68.66	467.22	50.69

k) Enterprise best estimate of contribution during next year is Rs. 172.50 Lacs.

l) The change in assumption of withdrawal rate, retirement age and expected average remaining working lives of employees is not considered significant.

m) There is no change in the method used in the preparing the sensitive analysis from prior years.

**NOTE 37: 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 Limited	Associate Company
a) Exhaust Technology Private Limited	Joint Venture Company
a) Shri Kishan N Parikh (Chairman)	Key Managerial Personnel
b) Smt Sharda Relan (Co-Chairperson)	
c) Shri Ajay Relan (Managing Director)	
d) Shri Rohit Relan (Director) (up to 24/10/2020)	
e) Shri Bireswar Mitra (Executive Director) (up to 02/09/2019)	
f) Shri Ashok Kumar Bhattacharya (Director)	
g) Shri Satindar Kumar Lambah (Director)	
h) Shri Udayan Banerjee (Director) (from 13/02/2019)	
i) Shri Vivek Bhatia (President & Group CFO) (up to 30/03/2021)	
j) Shri Nitin Vishnoi (Whole time Director (WTD & Company Secretary) (WTD w.e.f.03/09/2019)	
k) Smt Sarita Dhuper (Director from 29/06/2020)	
l) Shri Srinivasan Narasimhan (CFO from 30/03/2021)	
a) Smt Mala Relan (spouse of Managing Director)	Relatives of Key Managerial Personnel
b) Smt Ritu Relan (spouse of Director)	
c) Smt Aashita Relan (Daughter of Managing Director)	
d) Shri Aashim Relan (Son of Managing Director)	
e) Shri Rishabh Relan (Son of Director)	
f) Shri Pranav Relan (Son of Director)	
g) Shri Ayush Relan (Son of Director)	

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

Name of the Related Party	Relationship
a) Sharda Enterprises	Entities where Directors/ Close family members of Directors having control
b) N.D.Relan (HUF)	
c) Ajay Relan (HUF)	
d) Rohit Relan (HUF)	
e) Sharda Auto Solutions Private Limited	
f) A.N.I Hospitality LLP	
g) Sharda CSR Foundation Trust	
h) Bharat Seats Limited	
i) N D R Auto Components Limited	
j) AMR AI Digital Private Limited	

(Rs. in Lacs)

S. No.	Nature of Transactions	Joint Venture Company	Associate Company	Entities where Directors / Close family members of Directors having control	Key Management Personnel	Relative of Key Management Personnel
i.	<b>Sale of goods during the Year</b>					
	- Exhaust Technology Private Limited	1,811.01 (539.63)	- (-)	- (-)	- (-)	- (-)
	- Bharat Seats Limited	- (-)	- (-)	114.98 (24.37)	- (-)	- (-)
ii.	<b>Remuneration paid</b>					
	- Ajay Relan	- (-)	- (-)	- (-)	508.73 (375.24)	- (-)
	- Sharda Relan	- (-)	- (-)	- (-)	261.81 (386.55)	- (-)
	- Bireswar Mitra	- (-)	- (-)	- (-)	- (9.52)	- (-)
	- Nitin Vishnoi	- (-)	- (-)	- (-)	39.17 (24.02)	- (-)
iii.	<b>Salary Paid</b>					
	- Srinivasan Narasimhan	- (-)	- (-)	- (-)	7.68 (-)	- (-)
	- Nitin Vishnoi	- (-)	- (-)	- (-)	- (14.57)	- (-)
	- Mala Relan	- (-)	- (-)	- (-)	- (-)	7.68 (15.36)

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

S. No.	Nature of Transactions	Joint Venture Company	Associate Company	Entities where Directors / Close family members of Directors having control	Key Management Personnel	Relative of Key Management Personnel
	- Vivek Bhatia	- (-)	- (-)	- (-)	157.17 (145.10)	- -
	- Aashim Relan	- (-)	- (-)	- (-)	- -	72.30 (144.61)
iv.	<b>Reimbursement of Expenses - paid / received</b>					
	- A.N.I Hospitality LLP	- (-)	- (-)	- (0.16)	- (-)	- (-)
	-Exhaust Technology Private Limited	- (28.37)	- (-)	- (-)	- (-)	- (-)
	- NDR Auto Components Limited	- (-)	- (-)	207.02 (584.72)	- (-)	- (-)
	-Srinivasan Narasimhan	- (-)	- (-)	- (-)	14.14 (-)	- (-)
	-Bireswar Mitra	- (-)	- (-)	- (-)	- (3.60)	- (-)
	-Nitin Vishnoi	- (-)	- (-)	- (-)	- (2.92)	- (-)
	-Vivek Bhatia	- (-)	- (-)	- (-)	6.89 (7.19)	- (-)
v.	<b>Sitting Fee Paid</b>					
	- Kishan N Parikh	- (-)	- (-)	- (-)	2.95 (4.20)	- (-)
	- Rohit Relan	- (-)	- (-)	- (-)	- (0.40)	- (-)
	- Ashok Kumar Bhattacharya	- (-)	- (-)	- (-)	3.20 (4.40)	- (-)
	- Satinder Kumar Lambah	- (-)	- (-)	- (-)	4.25 (3.60)	- (-)
	- Udayan Banerjee	- (-)	- (-)	- (-)	3.90 (5.20)	- (-)
	- Sarita Dhuper	- (-)	- (-)	- (-)	1.10 (-)	- (-)
vi.	<b>Sale of Fixed Assets</b>					
	-Exhaust Technology Private Limited	913.10 (108.33)	- (-)	- (-)	- (-)	- (-)
vii.	<b>Sale of Assets held for Sale</b>					
	- Exhaust Technology Private Limited	- (652.89)	- (-)	- (-)	- (-)	- (-)
viii.	<b>Purchase of goods during the year</b>					
	- Exhaust Technology Private Limited	40.34 (82.23)	- (-)	- (-)	- (-)	- (-)

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

S. No.	Nature of Transactions	Joint Venture Company	Associate Company	Entities where Directors / Close family members of Directors having control	Key Management Personnel	Relative of Key Management Personnel
ix.	<b>CSR Expenditure paid</b>					
	- Sharda CSR Foundation Trust	- (-)	- (-)	70.70 (16.16)	- (-)	- (-)
x.	<b>Investment in Shares</b>					
	- Exhaust Technology Private Limited	1,250.00 (2,500.00)	- (-)	- (-)	- (-)	- (-)
xi.	<b>Management Services received (Inclusive of GST)</b>					
	- N D R Auto Components Limited	- (-)	- (-)	156.95 (268.58)	- (-)	- (-)
xii.	<b>Balance payable as at March 31, 2021</b>					
	- Ajay Relan	- (-)	- (-)	- (-)	250.08 (3.20)	- (-)
	- Srinivasan Narasimhan	- (-)	- (-)	- (-)	1.50 (-)	- (-)
	- Nitin Vishnoi	- (-)	- (-)	- (-)	8.36 (7.58)	- (-)
	- Vivek Bhatia	- (-)	- (-)	- (-)	15.91 (7.91)	- (-)
	- Sharda Relan	- (-)	- (-)	- (-)	0.08 (8.76)	- (-)
	- Mala Relan	- (-)	- (-)	- (-)	- (-)	0.08 (0.90)
	- Aashim Relan	- (-)	- (-)	- (-)	- (-)	0.08 (11.24)
	- Exhaust Technology Private Limited	39.87 (-)	- (-)	- (-)	- (-)	- (-)
	- NDR Auto Components Limited	- (-)	- (-)	47.14 (241.23)	- (-)	- (-)
xiii.	<b>Balance Receivable as at March 31, 2021</b>					
	- Bharat Seats Limited	- (-)	- (-)	3.17 (17.66)	- (-)	- (-)
	- Exhaust Technology Private Limited	1,005.99 (793.71)	- (-)	- (-)	- (-)	- (-)

- Figures in bracket represents figures for the year ended March 31, 2020.
- All the transaction with the related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party payables/receivables. No expenses has been recognized in the current year in respect of bad or doubtful debts/advances and further no specific provision for doubtful debts/advances has been made in respect of outstanding balances.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**NOTE 38: LEASES****Lease related disclosures**

The Company has taken factory building and car on leases. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability as a borrowings. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

**A. Lease payments not included in measurement of lease liability**

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	March 31, 2021	March 31, 2020
Short-term leases	16.06	18.50

**B.** Total cash outflow for leases for the year ended 31 March 2021: Rs. 77 Lacs (March 31, 2020: Rs. 80.11 Lacs)

**C.** The Company has total commitment for short-term leases as at 31 March 2021: Rs. 109.25 Lacs (March 31, 2020: Rs. 80.11 Lacs).

**D. Maturity of lease liabilities**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

Maturity analysis – contractual undiscounted cash flows	As At March 31, 2021	As At March 31, 2020
Less than one year	109.25	80.11
One to five years	608.61	485.42
More than five years	1,718.58	1,929.91
<b>Total undiscounted lease liabilities at year ended March 31, 2021</b>	<b>2,436.44</b>	<b>2,495.44</b>
<b>Lease liabilities included in the statement of financial position at year ended March 31, 2021</b>	<b>1,190.21</b>	<b>1,071.90</b>
Current	62.04	57.17
Non-Current	1,128.17	1,014.73

**E. Information about extension and termination options**

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Factory Building in Sanand, Gujarat	1	23 years	24 years	1	0	1
Factory Building in Chakan, Maharashtra	1	9 years	10 years	1	0	1
Car Lease	3	4.5 years	4.5 years	0	3	3



## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**NOTE 39: FINANCIAL AND DERIVATIVE INSTRUMENTS**
**Particulars of Unhedged Foreign Currency Exposure as at Balance Sheet date:**

	As At March 31, 2021		As At March 31, 2020	
Foreign Currency Exposure not hedged (Sell)	US\$ 30.83 Lacs	2,265.95	US\$ 14.03 Lacs	1,057.30
		2,265.95		1,057.30
Foreign Currency Exposure not hedged (Buy)	US\$ 70.26 Lacs	5,164.59	US\$ 34.28 Lacs	2,584.17
	EURO 0.35 Lacs	30.06	EURO 0.08 Lacs	6.55
	JPY 26.75 Lacs	17.75	JPY 0.25 Lacs	0.18
			GBP 0.13 Lacs	11.77
		5,212.40		2,602.67

**NOTE 40: SEGMENT INFORMATION**

- In line with the provision of Ind AS 108- Operating Segments and on the basis of review of operations being done by the board of directors of the Company (which has been identified as the Chief Operating Decision Maker (CODM) who evaluates the Company's performance, allocates resources based on the analysis of the various performance indicator of the Company as a single unit), the operations of the Company falls under manufacturing & trading of auto component parts, which is considered to be the only reportable segment.
- Major Customer: Revenue from 3 customers (March 31, 2020, 2 customers) of the Company's manufacturing & trading business are Rs. 140,351.58 Lacs (March 31, 2020 Rs. 60,108.63 Lacs) which is more than 10% of the Company's total revenue. No other single customer contributed 10% or more to the Company's revenue for both March 31, 2021 and March 31, 2020.

**NOTE 41: FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT**
**41.1 Financial instruments by category and fair values**

	As At March 31, 2021			As At March 31, 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
<b>Non-current</b>						
Investments in equity instrument *	-	-	3.85	-	-	3.45
Other financial assets						
- Security deposits	-	-	205.43	-	-	222.97
- Deposits with original maturity of more than 12 months	-	-	195.17	-	-	-
<b>Current</b>						
Investments in tax free bonds and mutual funds	1,713.99	-	-	1,676.06	-	-
Trade receivables	-	-	32,432.56	-	-	11,705.33
Cash and cash equivalents	-	-	7,300.30	-	-	7,860.17
Bank balances other than above	-	-	19,002.57	-	-	6,770.51
- Staff advance	-	-	24.30	-	-	28.24
- Interest accrued on fixed deposits	-	-	561.87	-	-	214.79
- Interest accrued on others	-	-	2.07	-	-	6.07
- Receivable from related parties	-	-	7.10	-	-	250.54
<b>Total</b>	<b>1,713.99</b>	<b>-</b>	<b>59,735.22</b>	<b>1,676.06</b>	<b>-</b>	<b>27,062.07</b>

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

	As At March 31, 2021			As At March 31, 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial liabilities</b>						
<b>Non-current</b>						
Other financial liabilities						
- Security deposit	-	-	27.79	-	-	27.79
- Lease liabilities	-	-	1,128.17	-	-	1,014.73
<b>Current</b>						
Trade payables	-	-	47,128.94	-	-	20,651.65
Other financial liabilities						
- Lease liabilities	-	-	62.04	-	-	57.17
- Payable to related parties	-	-	47.14	-	-	241.23
- Unclaimed dividend	-	-	28.58	-	-	32.21
- Creditors for capital goods - Other than micro and small enterprises	-	-	863.65	-	-	904.76
<b>Total</b>	-	-	<b>49,286.31</b>	-	-	<b>22,929.54</b>

\* Investment value excludes investment in associate of Rs. 330.87 Lacs (March 31, 2020: Rs. 366.69 Lacs), investment in joint venture of Rs. 2,008.56 Lacs (March 31, 2020: Rs. 1,916.87 Lacs), which are shown at cost in balance sheet as per Ind AS 27: Financial Statements.

Note: The directors consider that the carrying amounts of investments in equity shares of other and in trust, which have been recognised in the financial statements, as approximate their fair values.

**Financial assets and liabilities measured at fair value - recurring fair value measurements (refer note 3.14)**

	As At March 31, 2021	As At March 31, 2020
<b>Financial assets</b>		
Level 1	-	-
Level 2		
- Financial instruments at FVTPL: Options, cross currency and interest rate swap contract	-	-
- Financial instruments at FVTPL: Investments in tax free bonds and mutual fund	1,713.99	1,676.06
Level 3		
- Financial instruments at FVTPL: Investment in other	-	-
<b>Total financial assets</b>	<b>1,713.99</b>	<b>1,676.06</b>

**41.2 Measurement of fair value**

Level 1: Quoted prices in the active market. This level of hierarchy includes financial assets that are measured by reference to quoted prices in the active market.

Level 2: Valuation techniques with observable inputs. This level of hierarchy includes items measured using inputs other than quoted prices included within Level 1 that are observable for such items, either directly or indirectly. This level of hierarchy consists of options, cross currency and interest rate swap contract & investments in mutual funds.

Level 3: Valuation techniques with unobservable inputs. This level of hierarchy includes items measured using inputs that are not based on observable market data (unobservable inputs). Fair value determined in whole or in part, using a valuation model

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data. The main item in this category are investments in unquoted equity instruments and other investment.

There have been no transfers between Level 1 and Level 2 during the period.

The fair value of the financial assets are determined at the amount that would be received to sell an asset in an orderly transaction between market participants. The following methods and assumptions were used to estimate the fair values:

- (i) Investments in mutual funds: Fair value is determined by reference to quotes, i.e. net asset value (NAV) for investments in mutual funds as declared.
- (ii) Unquoted equity and other investments: Fair value of same has not been derived as in the opinion of directors the carrying amounts of these investments approximate their fair values.
- (iii) Fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, other current financial liabilities approximate their carrying amount, largely due to the short-term nature of these instruments.
- (iv) Interest rates on long-term borrowings are equivalent to the market rate of interest. Accordingly, the carrying value of such long-term debt approximates fair value.
- (v) Fair value of all other non-current financial assets have not been disclosed as the change from carrying amount is not significant, as the discount rate has not changed significantly.

### Discount rate used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of borrower which in case of financial liabilities is average market cost of borrowings of the Company and in case of financial asset is the average market rate of similar credit rated instrument. The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 41.3 Capital management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The management and the Board of Directors monitor the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

### 41.4 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk

#### Risk management framework:

The Company's principal financial liabilities other than derivatives comprise trade and other payables, borrowings, employees related payables, interest accrued, unpaid dividend, security deposit, capital creditors and others. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

The Company's principal financial assets includes Investment in mutual funds, security deposits, trade receivables, cash and cash equivalents, deposits with banks, interest accrued in deposits, receivables from related and other parties and interest accrued thereon.

The Company's senior level management assess these risks and is supported by Treasury department that advises on the appropriate financial risk governance framework.

All derivative activities for risk management purposes are carried out in line with the policy duly approved by board of directors. The execution of the policy is done by treasury department which has appropriate skills, experience and supervision. The policy provides that the Company should hedge through prescribed instruments to cover all possible risks of foreign currency outstanding after considering the natural hedge available and customer arrangements. It also prohibits any hedging for speculative transactions.

**A. Market risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates - will affect the Company's financial position or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Company.

**Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and functional currency of the Company, i.e. INR ( Rs. ). The currencies in which these transactions are primarily denominated are US dollar. The Company uses options, cross currency and interest rate swap contracts to hedge its currency risk on borrowings as per the approved policy of the Company. The Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate when necessary to address short term imbalances. However, the Company has not designated these derivatives as hedge relationship.

**Exposure to currency risk:****(Amount in Lacs except otherwise specified)**

<b>March 31, 2021</b>	<b>US\$</b>	<b>EURO</b>	<b>JPY</b>	<b>GBP</b>
Foreign currency exposure not hedged (Sell)	30.83	-	-	-
Foreign currency exposure not hedged (Buy)	70.26	0.35	26.75	-
Derivative contract outstanding	-	-	-	-

<b>March 31, 2020</b>	<b>US\$</b>	<b>EURO</b>	<b>JPY</b>	<b>GBP</b>
Foreign currency exposure not hedged (Sell)	14.03	-	-	-
Foreign currency exposure not hedged (Buy)	34.28	0.08	0.25	0.13
Derivative contract outstanding	-	-	-	-

**Sensitivity analysis:**

A reasonably possible strengthening (weakening) of US\$ against INR ( Rs.) at the end of the year, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The company has arrangements with major customers on quarterly basis for settlement of exchange fluctuations based on average exchange rate for the previous quarter.

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

	(Profit) / Loss	
	Strengthening	Weakening
<b>March 31, 2021</b>		
US\$ (5% movement)	(258.23)	258.23
EUR (5% movement)	(1.50)	1.50
JPY (5% movement)	(0.89)	0.89
<b>March 31, 2020</b>		
US\$ (5% movement)	(129.21)	129.21
EUR (5% movement)	(0.33)	0.33
JPY (5% movement)	(0.01)	0.01
GBP (5% movement)	(0.59)	0.59

US\$: US Dollar, EUR: Euro, JPY: Japan Yen and GBP: Great British Pound.

## B. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers, foreign exchange transactions, deposits with banks and other financial instruments. The carrying amount of financial assets represent the maximum credit risk exposure.

### i) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company primarily has the exposure from following type of customer:

- Original equipment manufacturers (OEMs)

Company has established a policy under which each new OEMs are analysed individually for creditworthiness before goods are sold to them. The Company's review includes due diligence by analysing financial statements, industry information, promoter's background and in some cases bank references. In case of sales, the Company has limited its credit exposure to OEMs and dealers by providing a maximum payment period up to 60 days.

The Company's expected probability of default is nil and all major payments are received on due dates without any significant delays.

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due nor impaired	Upto 180 days	More than 180 days	Total
Trade Receivables as of March 31, 2020	-	11,670.01	35.32	11,705.33
Trade Receivables as of March 31, 2021	-	31,998.12	434.44	32,432.56

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade receivables, loans and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, their geographical location, industry and existence of previous financial difficulties.

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

However, Company need not required to provide for any risk allowance on account of trade receivable being bad and not recoverable as the amount of outstanding pertaining to trade receivables which exceeds the credit period allowed by the Company is less than 2% of the total outstanding from them.

**ii) Financial assets**

The Company's exposure to credit risk for financial assets is as follows:

	Asat March 31, 2021	Asat March 31, 2020
Investments	4,057.27	3,963.07
Security deposits	205.43	222.97
Deposit with original maturity of more than 12 months	195.17	-
Interest accrued	561.87	214.79
Staff Advance	24.30	28.24
Interest accrued others	2.07	6.07
Receivable from related parties	7.10	250.54
<b>Total</b>	<b>5,053.21</b>	<b>4,685.68</b>

**C. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities, when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's primary sources of liquidity include cash deposits, undrawn committed credit facilities and cash flow from operating activities. The Company seeks to increase income from its existing operations by maintaining quality standards for its goods and services while reducing the related costs and by controlling operating expenses.

Consequently, the Company believes its revenue, along with proceeds from financing activities will continue to provide the necessary funds to cover its short term liquidity needs. In addition, the Company projects cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. However, material changes in the factors described above may adversely affect the Company's net cash flows.

As on March 31, 2021, Company doesn't have any outstanding borrowings.

**Exposure to liquidity risk:**

The following are the remaining undiscounted contractual maturities of financial liabilities including interest at the reporting date:

March 31, 2021	Carrying amount	Total	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
<b>Non derivative financial liabilities</b>					
Interest accrued	47.14	47.14	47.14	-	-
Creditors for capital goods	891.74	891.74	891.74	-	-
Trade payables	47,128.94	47,128.94	47,128.94	-	-
Unclaimed dividends	28.58	28.58	28.58	-	-
Security deposit	27.79	27.79	-	27.79	-
	48,124.19	48,124.19	48,096.40	27.79	-

## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

March 31, 2020	Carrying amount	Total	Contractual cash flow		
			Less than 1 year	1-5 years	More than 5 years
<b>Non derivative financial liabilities</b>					
Interest accrued	241.23	241.23	241.23	-	-
Creditors for capital goods	916.15	916.15	916.15	-	-
Trade payables	20,651.65	20,651.65	20,651.65	-	-
Unclaimed dividends	32.21	32.21	32.21	-	-
Security deposit	27.79	27.79	-	27.79	-
	21,869.03	21,869.03	21,841.24	27.79	-

**NOTE 42:** With a view to create a separate and focused entity to support the 'Automobile Seating Business' of the Sharda Motor Industries Limited (the Company), and to capitalize the growth opportunities in a focused manner, the Board of Directors approved a Scheme of Arrangement u/s 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 between the Company and NDR Auto Components Limited (the Resulting Company) and their respective shareholders and creditors ("Scheme") which, inter-alia, envisaged demerger of 'Automobile Seating Business' of the Company, and transfer and vesting thereof to NDR Auto Components Limited, on a 'going concern' basis. The Scheme was sanctioned by Hon'ble National Company Law Tribunal ('NCLT') New Delhi Bench on February 20, 2020 and has become effective from the Appointed Date i.e. December 31, 2018.

Accordingly, the Company had transferred the assets and liabilities of the 'Automobile Seating Business' vested in it pursuant to the Scheme at the respective Book Values thereof. Further, in terms of the Scheme, the eligible shareholders of the Company have been allotted equity shares of NDR Auto Components Limited in the ratio of 1:1. The said equity shares have been listed on National Stock Exchange of India Limited (NSE) & BSE Limited (BSE) and trading has commenced w.e.f. July 30, 2020 consequent upon effectiveness of the Scheme, NDR Auto Components Limited has ceased to be subsidiary of the Company.

**NOTE 43: INVESTMENTS IN ASSOCIATE & JOINT VENTURE**

S. No.	Name of Company	Relationship	Ownership Interest*	Country of Residence
1	Relan Industrial Finance Limited	Associate	47.12% (47.12%)	India
2	Exhaust Technology Private Limited	Joint Venture	50.00% (50.00%)	India

\*Figures in bracket represents figures for the year ended March 31, 2020.

Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Associate/Joint Venture.

Particulars	Net Assets (Total Assets less Total Liability)				Share in Profit & Loss			
	As at March 31, 2021		As at March 31, 2020		FY 2020-21		FY 2019-20	
	As a % of Consolidated Net Asset	Amount	As a % of Consolidated Net Asset	Amount	As a % of Consolidated Total Comprehensive Income	Amount	As a % of Consolidated Total Comprehensive Income	Amount
<b>Holding Company</b>								
Sharda Motor Industries Limited	94.43%	40,687.80	93.59%	34,120.63	118.02%	7,821.89	110.26%	5,765.84
<b>Associate</b>								
Relan Industrial Finance Limited	0.89%	381.89	1.15%	417.70	(0.54%)	(35.82)	0.89%	46.55
<b>Joint Venture</b>								
Exhaust Technology Private Limited	4.68%	2,015.33	5.26%	1,918.93	(17.48%)	(1,158.31)	(11.15%)	(583.13)
<b>Total</b>	<b>100.00%</b>	<b>43,085.02</b>	<b>100.00%</b>	<b>36,457.26</b>	<b>100.00%</b>	<b>6,627.76</b>	<b>100.00%</b>	<b>5,229.25</b>



## Notes to Consolidated financial statements for the year ended March 31, 2021 (Contd.)

(Currency: Rs. in Lacs except otherwise specified)

**NOTE 44:** The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, Investments, Inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

**NOTE 45:** In view of the management, the current assets (financial & other) have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet.

**NOTE 46:** Figures have been rounded off to the nearest Lacs upto two decimal place, except otherwise stated.

As per our Report of even date attached  
For **Gupta Vigg & Co.**  
Chartered Accountants  
Firm's Registration Number 001393N

For & on behalf of Board of Directors of  
**Sharda Motor Industries Limited**

**(CA. Deepak Pokhriyal)**  
Partner  
Membership Number: 524778  
UDIN: 21524778AAAACL6596

**(Sharda Relan)**  
Co-Chairperson  
DIN 00252181

**(Ajay Relan)**  
Managing Director  
DIN 00257584

**(Aashim Relan)**  
Chief Executive Officer

New Delhi  
June 23, 2021

**(Srinivasan Narasimhan)**  
Chief Financial Officer  
M.No. 214036

**(Nitin Vishnoi)**  
Executive Director & Company Secretary  
M.No. F3632

## Notes

[illegible]





**SHARDA MOTOR  
INDUSTRIES LIMITED**

**SHARDA MOTOR INDUSTRIES LTD.**

CIN: L74899DL1986PLC023202

**Registered Office**

D-188, Okhla Industrial Area,  
Phase- I, New Delhi- 110020, India  
Phones:+91-11- 47334100, Fax:+91-11-26811676