Sharda Motor Industries Ltd.

SMIL: BSE/NSE: 2020-21/2804 **April 28, 2020**

BSE Limited
Department of Corporate Services
PherozeJeejeebhoy Towers
Dalal Street, Mumbai - 400 001
(SCRIP CODE - 535602)

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra - Kurla Complex, Mumbai - 400 051
(Symbol - SHARDAMOTR) (Series - EQ)

Sub: Update over the Apportionment of pre-demerger cost of acquisition of the equity shares of Sharda Motor Industries Limited consequent upon effectiveness of the Scheme of Arrangement ("Scheme") between Sharda Motor Industries Limited ("the Company") and NDR Auto Components Limited and their respective Shareholders and Creditors

Dear Sir/ Madam,

In continuous to our previous intimations made with respect to the Scheme of Arrangement ("Scheme") between Sharda Motor Industries Limited ("the Company") and NDR Auto Components Limited and their respective Shareholders and Creditors, please find enclosed herewith the details of Apportionment of pre-demerger cost of acquisition of the equity shares of the Company and NDR Auto Components Limited issued by the M/s. Sundae Capital Advisors Private Limited, Merchant Banker of the Company..

This is for your information and records.

Thanking You,

Your's Faithfully

For Sharda Motor Industries Limited

NITIN VISHNOI
Digitally signed by NITIN VISHNOI
Date: 2020.04.28 22:14:44 +05'30'

Nitin Vishnoi
Executive Director &
Company Secretary

Encl. as above

Copy to: Stakeholders of the Company

SUNDAE
Sundae Capital Advisors Private Limited
CIN: U65990DL2016PTC308412

3rd Floor, C - 11, Community Centre
Janak Puri, New Delhi - 110 058

Ph.: +91 11 49149740
E-mail: info@sundaecapital.com
www.sundaecapital.com

April 28, 2020

To,
Company Secretary
Sharda Motor Industries Limited
D - 188, Okhla Industrial Area, Phase - I
New Delhi - 110 020

Sub: Apportionment of pre-demerger cost of acquisition of the equity shares of Sharda Motor Industries Limited consequent upon effectiveness of the Scheme of Arrangement between Sharda Motor Industries Limited and NDR Auto Components Limited

Dear Sir,

This is in reference to our engagement for issuance of a certificate regarding apportionment of the pre-demerger cost of acquisition of the equity shares of Sharda Motor Industries Limited between the equity shares held by them now of Sharda Motor Industries Limited and NDR Auto Components Limited consequent upon effectiveness of the Scheme of Arrangement between Sharda Motor Industries Limited and NDR Auto Components Limited.

Pursuant to the Scheme of Arrangement between Sharda Motor Industries Limited (the "Company" or "SMIL") and NDR Auto Components Limited (the "Resulting Company"/"NACL") and their respective shareholders and creditors (the "Scheme"), the Automobile Seating Undertaking ("Demerged Undertaking") , as defined in the Scheme, has been demerged to NDR Auto Components Limited with an appointed date of December 31, 2018 (end day).

In this regard, the Board of Directors of SMIL had fixed March 27, 2020 as the record date for determining the shareholders of SMIL to whom the shares will be allotted by NDR Auto Components Limited ("New shares") as consideration of for transfer of Demerged Undertaking of SMIL to its shareholders as per the Scheme Sanction by Hon'ble National Company Law Tribunal, New Delhi Bench ("NCLT"). Accordingly, in terms of the Scheme, for every 1 (One) equity share of face value of Rs. 10/- (Rupees Ten only) each held in SMIL as on record date, the equity shareholders of SMIL shall be issued 1 (One) equity share of face value Rs 10/- (Rupees Ten only) each credited as fully paid-up in the Resulting Company.

In this regard, SMIL intends to inform its shareholders about the method of calculation of the Cost of Acquisition and Date of Acquisition of New Shares and Cost of Acquisition of the SMIL's Shares as per the provision of the Income Tax , 1961 ("the Act").

In this regard, please note the following:

1. As per Section 47(vid) of the Act, the issue of shares by NACL, pursuant to the Scheme of Arrangement to the shareholders of SMIL in consideration of demerger of the Demerged Undertaking will not be regarded as transfer and accordingly, there would not be any capital gains implications on the shareholders of SMIL. In respect of New Shares, date of acquisition for the

purpose of computation of capital gains will be deemed to be date when the equity shares of SMIL were acquired in accordance with clause (g) in Explanation 1 to section 2(42A) of the Act.

2. The cost of acquisition in respect of each shareholder will be different. The formula for ascertaining the cost of acquisition in each case in NDR Auto Components Limited and Sharda Motor Industries Limited as provided in Section 49(2C) and 49(2D) respectively of the Income Tax Act, 1961 will be as under:

   Cost of acquisition of equity shares of NACL: Section 49(2C) of the Act
   "The cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger."

   Cost of acquisition of equity shares of SMIL: Section 49(2D) of the Act
   "The cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount as so arrived at under sub-section (2C)."

   Accordingly, cost of Acquisition of New Shares of NACL should be as under:

   Cost of acquisition of shares in SMIL X Net book value of assets transferred to NACL
   Net Worth of SMIL before demerger

   The cost of acquisition of the shares of SMIL in the hands of the respective shareholders will be reduced by the cost of acquisition ascribable to the new shares in NACL.

3. The networth of SMIL as on December 31, 2018 was INR 41,358.47 (Indian Rupees Four Hundred Thirteen Crore Fifty Eight Lakhs Forty Seven Thousand only) (Based on the certificate dated March 25, 2019 issued by M/s Gupta Vigg & Co., Chartered Accountants bearing UDIN: 19524778AAAAAD8246). The post demerger networth of NACL as on December 31, 2018 was INR 13,119.93 (Indian Rupees One Hundred Thirty One Crore Nineteen Lakhs Ninety Three Thousand only) (Based on the certificate dated March 25, 2019 issued by M/s Gupta Vigg & Co., Chartered Accountants bearing UDIN: 19524778AAAAAK6340).

4. For the purpose of determining the post demerger Cost if Acquisition of equity shares of SMIL and New Shares in NACL under the Act, the shareholders are advised to apportion their pre demerger cost of acquisition of the SMIL's Shares in the following manner:

Name of the Company	Classification of shares	% of Cost of Acquisition of Company Shares
Sharda Motor Industries Limited (as under Section 49(2D) of the Income Tax Act 1961)	Original Shares Held	68.28%
NDR Auto Components Limited (as under Section 49(2C) of the Income Tax Act 1961)	New Shares allotted pursuant to Scheme of Arrangement	31.72%
Total		**100.00%**

This communication is merely for the general guidance and benefit of the Shareholders. This guidance should not be considered as a substitute for any independent opinion that the shareholders may obtain at their own discretion. Further, this is based on the representation that the Scheme is in the nature of qualifying demerged in terms of the Section 2(19AA) of the Income Tax Act, 1961, as provided in the Scheme.

Please note that if there is a change, including a change having a retrospective effect, in the statutory laws and regulations, the comments expressed in this communication would necessarily have to be re-evaluated in light of the changes. We do not undertake any responsibility of updating this communication at any time in future.

The concerned regulatory, statutory or judicial authorities, including any assessing officer / appropriate appellate authority, could take a different view. We take no express or implied liability in relation to this guidance.

for ***Sundae Capital Advisors Private Limited***
(SEBI Regn. No. INM000012494)

NITIN SOMANI

Digitally signed by NITIN SOMANI
DN: c=IN, o=Personal, postalCode=110075, st=Delhi, 2.5.4.20=9a7b251e16b291bd9502ef56ef40eea053a302b45d49602c27c2ae8078d943a3d, serialNumber=7d67284202b4793aa11abe6b2ea239129e9b111ea5cbd8b2716990d914d5e2877, cn=NITIN SOMANI
Date: 2020.04.28 19:53:03 +05'30'

NitiN Somani
Director