Sharda Motor Industries Ltd.

SMIL: LISTING: 18-19/0903-01 9th March, 2019

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: Intimation of Scheme of Arrangement pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir / Madam,

In furtherance to our Letter No. SMIL: LISTING: 18-19/0503-02 dated 5th March, 2019 and in compliance with Regulation 30 of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015 ("LODR Regulations"), read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015 ("SEBI Circular), we wish to submit that the Board of Directors of Sharda Motor Industries Limited (the "Company") in its meeting held on 8th March, 2019 has considered and unanimously approved the scheme of arrangement of Sharda Motor Industries Limited with the Resulting Company presently under incorporation in the name of NDR Auto Components Limited and their respective shareholders and creditors, under Sections 230 to 232 read with Sections 66 of Companies Act, 2013 ("Scheme"). The Scheme provides for the demerger of Automobile Seating Undertaking into Resulting Company. The Appointed Date for the Scheme is December 31, 2018 (end of day). The Scheme will come into effect subject to the approval from the shareholders of the Companies, BSE Limited, National Stock Exchange of India Limited, SEBI, Hon'ble National Company Law Tribunal, New Delhi Bench and such other statutory authorities as may be required.

It may be noted that the proposed Scheme has been reviewed and recommended for approval by the Audit Committee of the Board of the Company at its meeting held on 8th March, 2019.

Also note that the necessary disclosure(s) / intimation(s) shall be given to the Stock Exchange(s) as and when actions are implemented/ arise.

SHARDA MOTOR INDUSTRIES LTD. NEW DELHI

Regd. Office : D-188, Okhla Industrial Area, Phase-I, New Delhi - 110 020 (INDIA)
Tel.: 91-11-47334100, Fax : 91-11-26811676
E-mail : smil@shardamotor.com, Website : www.shardamotor.com
CIN NO-L74899DL1986PLC023202

Sharda Motor Industries Ltd.

Enclosed as **Annexure A** is the information pursuant to Regulation 30 of the LODR Regulations.

Thanking you,

Yours faithfully,

For Sharda Motor Industries Limited

Nitin Vishnoi

Company Secretary

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ANNEXURE A

Disclosure of Information Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015

1. **Brief details of the division(s) to be demerged:**

The proposed scheme of arrangement **("Scheme")** involves Sharda Motor Industries Limited **("SMIL" or "Company")** and NDR Auto Components Limited**("Resulting Company"),** a wholly owned subsidiary of the Company which is currently under incorporation.

SMIL has the following business undertakings:

a) Suspension, Exhaust, Silencer, Canopy and White Goods Undertaking engaged in manufacturing of suspension, exhaust, silencer, Canopy and white goods i.e. Air Conditioner & Components thereof; and

b) Automobile Seating Undertaking engaged in manufacturing of automobile seating.

The Company is a public listed company and its equity shares are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The Scheme provides for the demerger of Automobile seating Undertaking and transferring and vesting the same to the Resulting Company on a going concern basis, on and with effect from the Appointed Date i.e. December 31, 2018 (end of day).

2. **Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year:**

Turnover of Automobile Seating Undertaking of the Company (INR lakhs) FY 2017-18*	% to the total turnover of the Company Standalone
32,235.70	26.38 %

*Net Revenues of Automobile Seating Undertaking as disclosed in the P&L following Ind-AS standards.

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3. **Rationale for demerger:**

The arrangement is aimed at demerger of "Automobile Seating undertaking" (hereinafter defined) of SMIL into NDR Auto Components Limited (NACL) to segregate the said business. The transfer and vesting by way of a demerger shall achieve the following benefits for SMIL and NACL:

a) The Automobile Seating Undertaking carried on by SMIL has significant potential for growth. The nature of risk, competition, challenges, opportunities and business methods for the Automobile Seating Undertaking is separate and distinct from the other business of the Company. The Automobile Seating Undertaking would become capable of attracting a different set of investors, strategic partners, lenders and other stakeholders and would further enhance the shareholders wealth.

b) The management teams and Board of Directors of SMIL and NACL would be able to chart out independent strategies of their respective businesses to maximize value creation for their respective stakeholders. Demerger shall enhance focus of management on the operations of the Automobile Seating Undertaking by NACL and Suspension, Exhaust, Silencer, Canopy and White goods Undertaking by SMIL.

c) As part of the Resulting Company, the Automobile Seating business shall be amenable to benchmarking, and be in a position to attract the right set of investors, strategic partners, employees and other relevant stakeholders.

d) The demerger will permit increased focus by SMIL and NACL on their respective businesses in order to better meet their respective customers' needs and priorities, develop their own network of alliances and talent models that are critical to success.

4. **Brief details of change in shareholding pattern (if any) of all entities:**

4.1 There will be no change in the shareholding pattern of the Company pursuant to the proposed Scheme as no shares are being issued by the Company in consideration of the proposed Scheme.

4.2 The Resulting Company which is currently in the process of incorporation shall be incorporated as a wholly owned subsidiary of the Company.

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As a result of the proposed Scheme, the Resulting Company will issue and allot shares to each member of the Company, whose name is recorded in the register of members on the record date as per the share entitlement ratio mentioned in the Scheme. Thus, all the existing shareholders of the Company on the record date shall become the shareholders of the Resulting Company.

4.3 Upon the Scheme being effective, the existing shareholding of Company in Resulting Company shall stand cancelled.

5. **In case of cash consideration — amount or otherwise share exchange ratio:**

The Scheme does not involve payment of any cash consideration. As a consideration for the transfer of Automobile Seating Undertaking to the Resulting Company, the Resulting Company shall issue and allot to each member of the Company, whose name is recorded in the register of members on the record date, in accordance with the terms of the Scheme, Share Entitlement Report and Fairness Opinion, i.e. 1 fully paid up equity share of Rs. 10 of the Resulting Company each credited as fully paid up for every 1 fully paid equity share of Rs. 10 each held by such shareholder or his / her / its heirs, executors, administrators or successors in the Company.

The said Share Entitlement Ratio has been considered by the Board based on the Draft Share Entitlement Ratio Report received by it, final report for which will be issued after incorporation of the Resulting Company.

6. **Whether listing would be sought for the Resulting Entity:**

As proposed in the Scheme, the Resulting Company will apply for listing of its equity shares on the BSE and NSE as per the applicable SEBI circulars post receipt of the order of the National Company Law Tribunal, New Delhi Bench and in compliance of the SEBI circulars and relevant regulations.

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